



Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

Bureau of Special Investigations Annual Report

Fiscal Year 2018
July 1, 2017–June 30, 2018



TABLE OF CONTENTS

ABOUT THE BUREAU OF SPECIAL INVESTIGATIONS.....	1
EXECUTIVE SUMMARY	2
BSI YEAR IN REVIEW	4
FISCAL YEAR 2018 SUMMARY BY UNIT	7
NOTABLE BSI ACTIVITY.....	14

ABOUT THE BUREAU OF SPECIAL INVESTIGATIONS

As a part of the Office of the State Auditor, the Bureau of Special Investigations (BSI) is charged with investigating allegations of public assistance fraud throughout the Commonwealth. The diligent work of BSI examiners ensures that taxpayer dollars, which fund Massachusetts’s public benefits programs, are used effectively so that those benefits are available to residents who truly need them.

Under state law, BSI’s investigative authority extends to any assistance program administered by the Department of Transitional Assistance (DTA), the Department of Children and Families (DCF),¹ and the Division of Medical Assistance (which administers MassHealth, the state’s Medicaid program). Although the Department of Early Education and Care (EEC) is not included in the BSI statute, BSI works with EEC through a Memorandum of Understanding. As a result of BSI’s investigations, public assistance fraud cases are referred to agencies for administrative action, fraudulent overpayments are recovered through civil agreements, individuals are disqualified from programs for specified periods of time, and cases are prosecuted in state district or superior courts and the United States District Court for the District of Massachusetts. BSI recommends cases for prosecution based on the severity of the fraud, the intent of the perpetrator, and the possibility for the case to serve as a deterrent to future fraud.

Working under Section 17 of Chapter 11 of the Massachusetts General Laws, BSI examiners operate from five offices across the Commonwealth. BSI consists of four separate investigative units: the Central Processing Unit, the MassHealth Unit, the DTA Unit, and the Data Analytics Unit. Each unit is headed by an Assistant Director who reports directly to the Director of BSI. While each unit has its own specific concentration, all of the BSI units collaborate with one another, as investigations often involve more than one benefit program activity. BSI participates in joint investigations and task forces that focus on combating fraudulent activities with other state and federal agencies across the Commonwealth.

This report, as statutorily required, summarizes BSI’s work in fiscal year 2018.

¹ DCF does not administer public assistance funding and therefore does not fall within the scope of BSI’s investigative work.

EXECUTIVE SUMMARY

The fiscal year 2018 (FY18) Annual Report of the Bureau of Special Investigations (BSI) summarizes BSI's work and initiatives to execute the Office of the State Auditor's mission to make government work better. This is done through BSI's statutory charge to investigate fraud, abuse, and illegal acts involving public assistance benefits throughout the Commonwealth. During FY18, BSI continued to investigate and identify fraud in order to maintain program integrity and uphold the Commonwealth's residents' faith in public assistance programs. BSI's efforts ensure that public assistance programs operate with integrity so that benefits are available to residents who truly need them.

In FY18, BSI identified \$14,424,830.22 in fraud.

BSI's fraud investigation strategy is twofold: investigations involving individual recipient fraud, and those involving provider fraud. In FY18, BSI opened 7,630 new investigations and completed 8,114 investigations. This report includes a comprehensive breakdown of the fraud identified within each of the specific programs BSI investigates. Of the 922 completed cases with identified fraud, the average amount of fraud was \$15,645.15, keeping pace with FY17, during which BSI completed 1,150 identified-fraud cases with an average of \$14,678 in identified fraud per case.

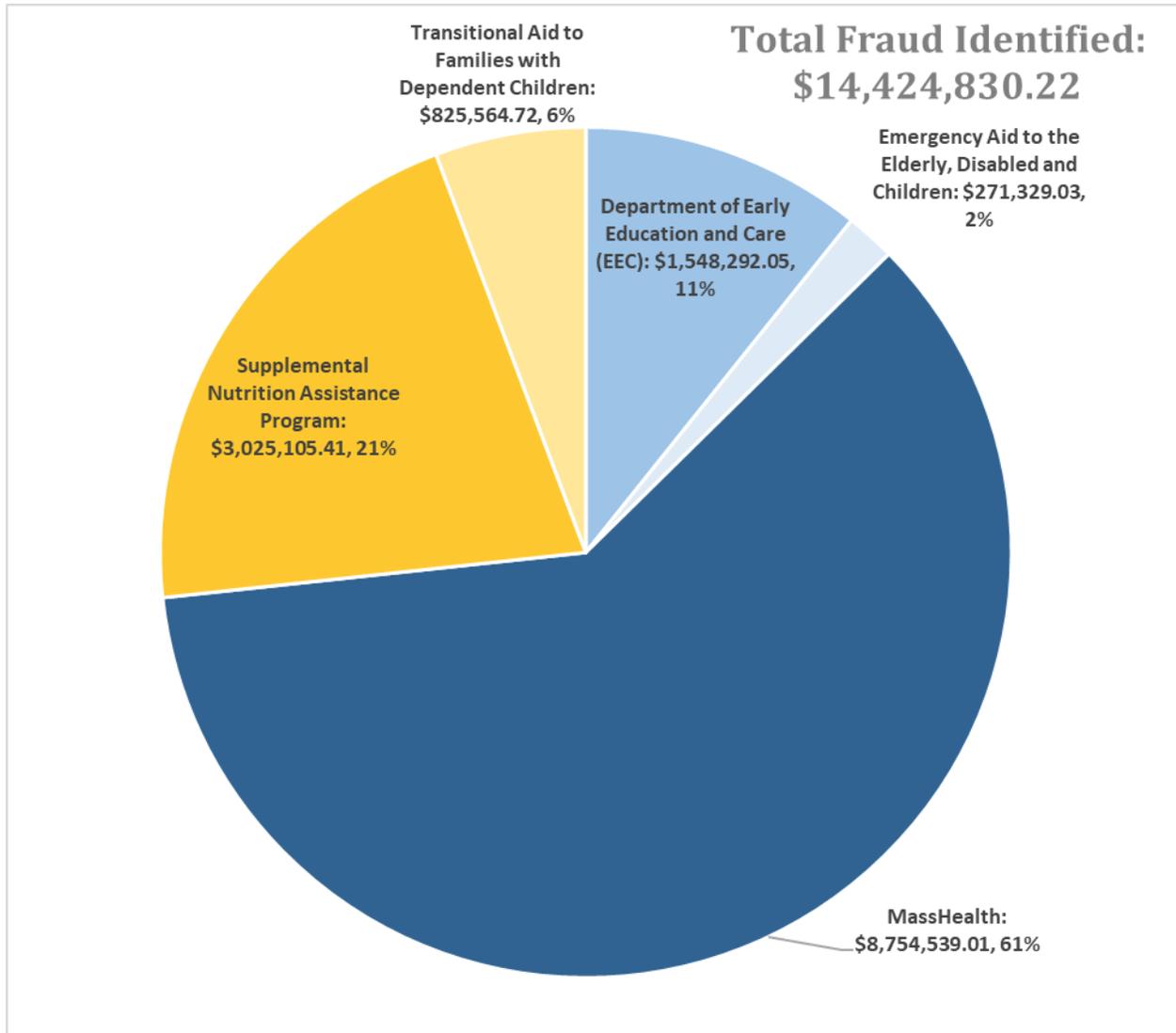
Public assistance programs administered by the Department of Transitional Assistance (DTA), the Department of Early Education and Care (EEC), and MassHealth provide vital social services for the Commonwealth's most vulnerable and disadvantaged residents—children, people with disabilities, low-income individuals and families, and seniors. Statistical data on BSI cases from FY17 and FY18 demonstrate that BSI identified less fraud in investigations involving children (10–19 years old) and seniors (70–99 years old) in comparison with other age demographics. BSI identified the highest levels of fraud in cases involving subjects 30–49 years old; subjects 30–39 years old produced the highest dollar amount of identified fraud. Cases that involved four-member households generated the highest levels of fraud, whereas households with more than four members generated the least amount of fraud. In FY18, allegations regarding a non-custodial parent (the parent who does not have primary custody) produced cases with the largest amount of fraud, totaling \$1,236,430.91. By contrast, cases with allegations of undisclosed employment produced cases with the most fraud in FY17, totaling \$1,740,972.37. Overall, allegations about employment, a non-custodial parent, a personal care attendant, or another earner in the home generated cases with the largest amounts of fraud in FY18.

Of particular note, this year BSI completed 300 cases involving Personal Care Attendant (PCA) fraud, totaling \$1,379,493.93. The number of BSI cases involving PCA fraud has more than doubled since FY16 when the Bureau identified 147 such cases.

BSI receives referrals from myriad sources, including DTA, MassHealth, EEC, BSI's fraud hotline, various federal agencies, and internal referrals generated by BSI's Data Analytics Unit. BSI also collaborates with many federal agencies and is the only Commonwealth agency to participate on the US Attorney's Public Assistance Task Force. In the course of its work, BSI examiners interact with numerous state and federal agencies, including the US Department of Agriculture, the US Department of Health and Human Services, the Massachusetts Office of the Inspector General, the US Attorney's Office, the Massachusetts Attorney General's Office, District Attorneys throughout the Commonwealth, and local law enforcement. BSI's partnerships with these agencies are crucial to its efforts to combat fraud, maintain the public's trust in public assistance programs, and protect benefits for residents of the Commonwealth who truly need them.

BSI YEAR IN REVIEW

Figure 1. FY18 Fraud Dollars Identified, by Public Benefit Program*



* Percentages do not total 100 due to rounding.

Fraud Investigations

- 2,852: Number of BSI cases at the start of FY18
- 7,630: Number of new investigations
- 8,114: Total completed investigations
- 922: Completed investigations with identified fraud
- 2,368: Number of BSI cases at the start of FY19

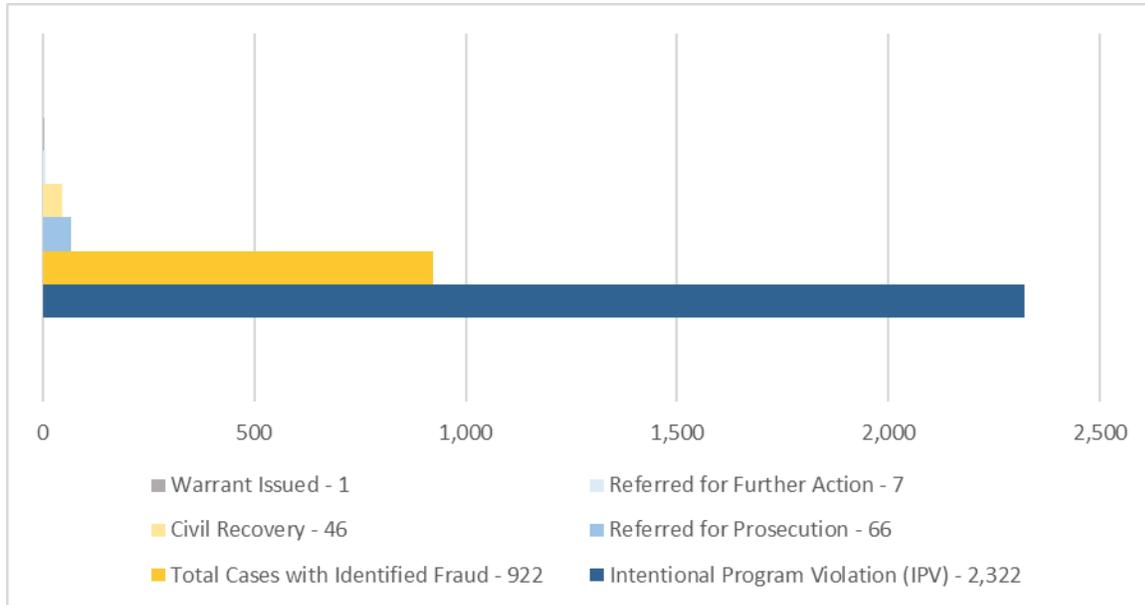
Investigations by Source

Figure 2. FY18 Caseload by Referral Source

Caseload	EEC	Data Analytics Unit	MassHealth	Department of Transitional Assistance	Hotline	Task Force	Other	Total
Beginning Balance	28	114	540	2,000	14	6	150	<u>2,852</u>
New Investigations	40	248	788	6,041	470	44	0	<u>7,631</u>
Total Completed Investigations	31	137	1,104	6,340	336	22	144	<u>8,114</u>
Completed with No Fraud	10	24	961	3,550	314	0	11	<u>4,870</u>
Completed with Identified Fraud	21	113	143	478	12	22	133	<u>922</u>
Completed as Potential Intentional Program Violation	0	0	0	2,312	10	0	0	<u>2,322</u>

Identified Fraud Cases by Disposition

Figure 3. Summary of Cases with Identified Fraud for FY18



BSI uses different disposition codes to categorize its investigations, including Intentional Program Violation (IPV), Referred for Further Action, Referred for Prosecution, Civil Recovery, and Returned to DTA as Potential IPV. Below is a summary description of some of the more commonly used BSI codes:

- Intentional Program Violation, or IPV, is a case that is returned to the Department of Transitional Assistance (DTA), MassHealth, or the Department of Early Education and Care (EEC) to be handled administratively by those agencies.
- Cases referred for further action are completed cases with identified fraud that require management discussions to determine appropriate resolutions. These cases are referred for prosecution, or BSI will facilitate a civil recovery, or are returned to the appropriate agency for its administrative process.
- Cases referred for prosecution are cases in which BSI files criminal complaints against the subjects or refers the cases to the Attorney General's Office, a District Attorney's Office, or the US Attorney's Office.
- Civil recovery cases are resolved through an agreement in which the subject agrees to pay back part or all of the fraudulently obtained benefits to the Commonwealth.
- Cases returned to DTA as potential IPVs are cases that are completed by the Central Processing Unit and determined to have potential overpayments but do not merit the deployment of BSI resources.

FISCAL YEAR 2018 SUMMARY BY UNIT

Central Processing Unit

The Central Processing Unit (CPU) received 7,630 new referrals for investigation in fiscal year 2018 (FY18) from the following sources:

Source	Number of Referrals	Percentage of Total*
Department of Transitional Assistance	6,041	79.1%
MassHealth	788	10.3%
Hotline	470	6.2%
Data Analytics Unit	248	3.2%
Task Force	44	0.6%
Department of Early Education and Care	40	0.5%

* Percentages do not total 100 due to rounding.

The following public assistance programs were the primary basis for potential fraud in the 7,630 new referrals:

Type	Number of Cases	Percentage of Total*
Supplemental Nutrition Assistance Program	3,374	44.2%
Transitional Aid to Families with Dependent Children	1,890	24.8%
MassHealth	1,307	17.1%
Emergency Aid to the Elderly, Disabled and Children	1,010	13.2%
Other	42	0.5%
Classification to Be Determined	7	0.1%

* Percentages do not total 100 due to rounding.

In FY18, CPU processed, analyzed, and reviewed 7,848 referrals. CPU team members identified 2,166 referrals as potential Intentional Program Violation (IPV) cases, where BSI determined that a fraud claim had merit but returned the case to the Department of Transitional Assistance (DTA) for further action based on the evidence, including possible disqualification or recoupment of benefits. Additionally, CPU

closed 4,090 referrals administratively with no fraud determined after completing a preliminary investigation. CPU designated 1,592 referrals for case assignment; of those, the MassHealth and DTA Units completed 954 cases.

Department of Transitional Assistance Unit

The DTA Unit received a total of 6,041 new cases in FY18, completed 6,340 cases, and identified fraud totaling \$4,121,999.16 in 478 cases. The DTA Unit’s breakdown of identified fraud by public benefit program was as follows: \$3,025,105.41 for Supplemental Nutrition Assistance Program (SNAP) investigations (21%); \$825,564.72 for Transitional Aid to Families with Dependent Children (TAFDC) investigations (6%); and \$271,329.03 for Emergency Aid to the Elderly, Disabled and Children (EAEDC) investigations (2%).

In FY18, the DTA Unit filed criminal charges in 13 cases in various courts throughout the Commonwealth. Seven cases resulted in indictments: three in US District Court, one in Suffolk Superior Court, two in Hampden Superior Court, and one in Bristol Superior Court. The remaining six cases were in charged in district courts.

Figure 4. FY18 DTA Caseload

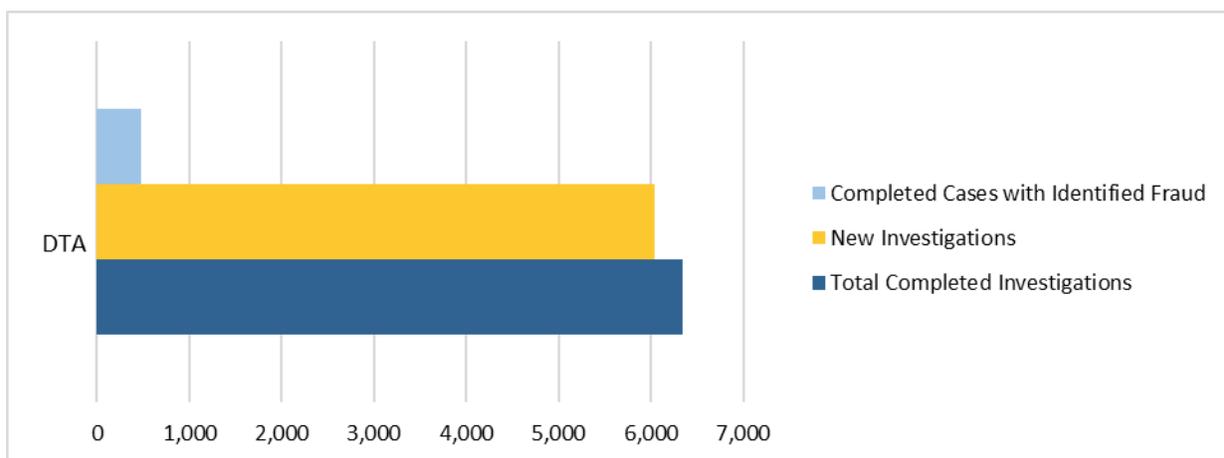


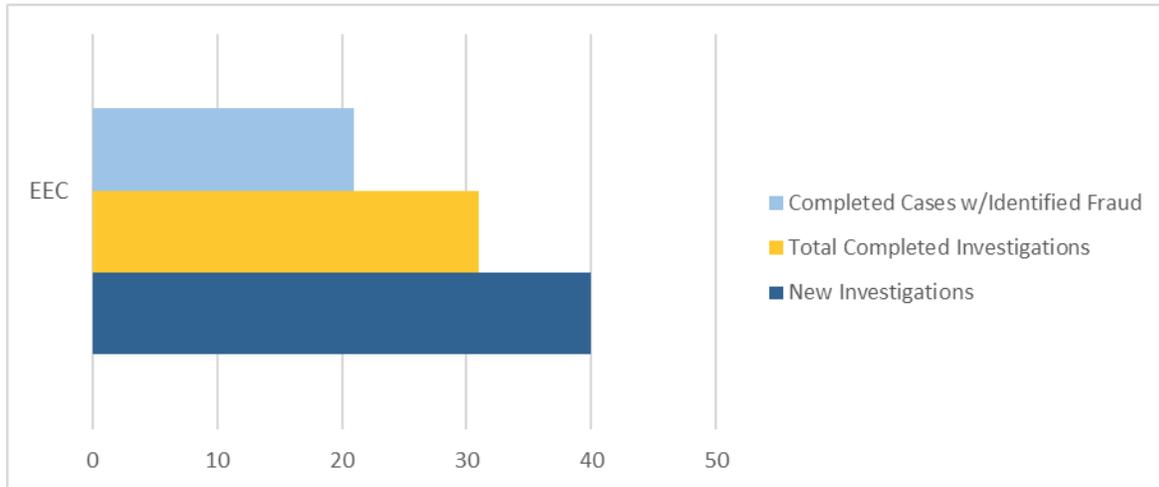
Figure 4. BSI’s DTA caseload for FY18 included SNAP, TAFDC, and EAEDC cases.

In addition, the DTA Unit received 40 referrals from the Department of Early Education and Care (EEC) and identified \$1,548,292.05 in fraud. As part of BSI’s continued working relationship with EEC, EEC’s designated Financial Assistance Worker liaison with BSI is able to efficiently track and assist with BSI’s EEC caseload and provide much-needed documentation and information in an expedited manner for speedier investigations.

Because individuals suspected of defrauding EEC often also receive other forms of public assistance, BSI routinely checks into EEC subjects’ other public assistance benefits and, in particular, their reporting of

household income and composition to other agencies. These supplemental investigations have led to the discovery of additional fraud in DTA and MassHealth public benefit programs.

Figure 5. FY18 EEC Caseload



DTA also conducted 25 civil recoupments in FY18. In those cases, subjects had the opportunity to enter into repayment agreements with DTA and/or EEC. In FY18, BSI initiated repayment agreements and disqualification consent agreements (DCA) totaling \$530,966.41. DCAs are agreements subjects sign to disqualify themselves from receiving further DTA and/or EEC benefits because of their IPVs. When pursuing civil recovery for DTA and EEC cases, BSI requires a DCA rather than an administrative hearing.

MassHealth Unit

During FY18, the MassHealth Unit received a total of 481 new cases, completed 591 cases, and identified fraud totaling \$2,429,372.57 in 324 cases. In addition, the MassHealth Unit contributed to the DTA Unit, including EEC cases, and identified fraud totaling \$196,075.23 in 25 cases.

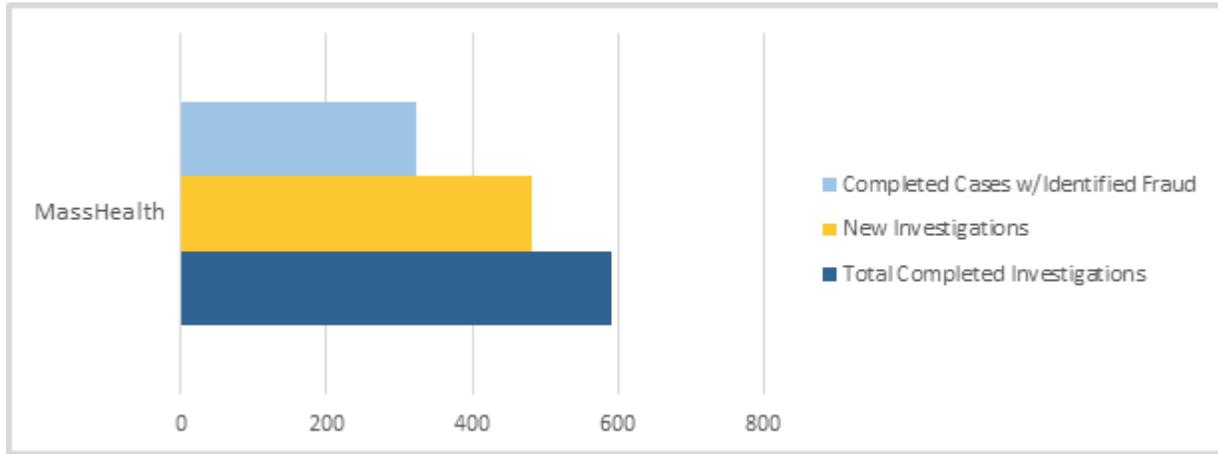
The unit filed four criminal complaints in district courts during FY18. In Lowell District Court, the Massachusetts Attorney General's Office is prosecuting a defendant for \$12,768.00. Another case was filed in Quincy District Court for \$48,082.00. A case initially filed in Hingham District Court for \$135,014.00 resulted in a grand jury indictment. Finally, in Gardner District Court, a warrant was issued for a defendant charged with fraud in the amount of \$18,809.21.

The MassHealth Unit's continued collaboration with the BSI Data Analytics Unit (DAU) contributed to BSI's success. The two units successfully investigated personal care attendants (PCAs) who fraudulently received payment from MassHealth by billing the program for services to patients who were in long-term care facilities. MassHealth prohibits PCA services for members who reside in long-term care facilities.

The MassHealth Unit's relationships with stakeholders within MassHealth—including the Program Integrity Unit, the Executive Office of Elder Affairs, fiscal intermediaries, UMass Medical Center, and the Attorney General's Office—have led to more frequent meetings, increased communication, and greater efficiency. The unit meets monthly with MassHealth's management from its Program Integrity and Elder Affairs offices to discuss referrals and their respective workflows. The MassHealth Unit also provides monthly updates on the referrals it has received electronically.

In March 2018, the Assistant Director of the MassHealth Unit and a Senior Fraud Examiner led a presentation for the MassHealth Enrollment Center directors and staff about BSI, the referral process, and BSI's investigative process. Staff members were encouraged to submit all suspected cases of fraud to the MassHealth Unit and to call with any questions.

Figure 6. FY18 MassHealth Caseload



In FY18, the MassHealth Unit conducted 12 civil recoupments, in which subjects entered into repayment agreements with MassHealth totaling \$281,505.49. Factors taken into consideration when determining whether to enter into civil recoupment agreements include the subject’s past criminal involvement and the frequency and severity of fraud.

Data Analytics Unit

The growth of BSI's DAU, its increasing technical capabilities, and its continued collaboration with partners led to 241 referrals: 232 to CPU, and 9 to MassHealth provider-related referrals. The vast majority of the CPU referrals alleged that PCAs falsely submitted timesheets for services to MassHealth members in long-term care facilities. DAU also uncovered PCAs who did not report income earned as PCAs to DTA as required while receiving public assistance benefits.

In addition, using advanced data analysis, DAU was able to identify MassHealth providers, including home health agencies and dental providers, with a high potential for fraud. Ultimately, DAU referred nine cases to outside agencies for prosecution. Seven cases involving MassHealth providers were forwarded to the Massachusetts Attorney General's Medicaid Fraud Control Unit. The remaining two referrals were forwarded to the federal Office of the Inspector General's Office of Investigations, which investigates fraud associated with Department of Health and Human Services programs.

DAU continues to support multiple state and federal partners through data assists and joint investigative work, in addition to accepting referrals for investigation and creating and sending referrals to the appropriate entities. For example, DAU is collaborating with federal partners, including the federal Office of the Inspector General's Office of Investigations on an ongoing investigation that involves multiple home health agencies that have engaged in improper billing practices across both Medicaid and Medicare programs.

NOTABLE BSI ACTIVITY

Springfield Woman Pleads Guilty to EEC and SNAP Fraud

On December 29, 2017, BSI filed charges in Springfield District Court, alleging that a Springfield woman intentionally withheld from the Department of Early Education and Care (EEC) and the Supplemental Nutrition Assistance Program (SNAP) that the father of her children, who was employed, resided in the benefit household. During the four-year period of alleged fraud, the defendant collected \$47,886.33 in child care vouchers and \$8,900 in SNAP benefits (formerly known as food stamps). On July 13, 2018, the Springfield woman pled guilty to larceny over \$250 and public assistance fraud. She was subsequently sentenced to probation until 2023 with full restitution of \$59,000.

Malden Woman Sentenced for Theft of Government Benefits

On January 3, 2018, US District Court Judge F. Dennis Saylor IV sentenced a Malden woman to one month in prison; two years of supervised release, with the first six months to be served in home confinement; and restitution to be split among the Social Security Administration, MassHealth (\$31,688.91), and the Department of Transitional Assistance (DTA) (\$47,745.84). BSI's investigation uncovered that the subject collected over \$166,487 in Supplemental Security Income, SNAP, and MassHealth benefits by providing false information about her family.

The woman had owned and lived in a Malden home with her children and their father since at least 2003, during which time she collected needs-based government benefits. The subject failed to disclose that the father of her children lived in the home and failed to report his income, which resulted in the fraudulent payments of government benefits that she would not have been eligible for had she truthfully disclosed her household composition and income.

Clinton Resident Charged with SNAP Fraud

On March 1, 2018, BSI filed charges in Clinton District Court, alleging that a Clinton woman intentionally withheld from DTA her marriage to a new spouse and his income, and that her three dependents did not reside with her and her husband. The defendant collected \$18,373 in SNAP benefits during the nearly two-year period of alleged fraud. On October 11, 2018, the Clinton woman admitted that there were sufficient facts to find her guilty and was sentenced to probation until 2020 with restitution.

Framingham Woman Settles Case Involving Multiple Programs and Agrees to Repay \$113,633

A Framingham resident fraudulently collected \$63,246 in EEC benefits between November 26, 2011 and December 31, 2016. She also collected \$19,997 in SNAP benefits and \$30,390.18 in MassHealth benefits beginning in 2010 through December 31, 2016 by providing false and misleading information concerning her total household income. The subject received thousands of dollars in public assistance benefits by intentionally underreporting her earned income.

On April 10, 2018, she settled the matter civilly and agreed to repay \$113,633, with an initial payment of \$35,000 provided that same day, a second payment of \$28,246 due in February 2019, and \$840 in monthly payments beginning June 1, 2018 until the balance is paid.

Boston Resident Sentenced for SNAP and TAFDC Fraud

On May 16, 2018, a Boston woman was sentenced in Boston Municipal Court to eight months incarceration for one count of larceny over \$250, in violation of Section 30(1) of Chapter 266 of the Massachusetts General Laws, and two counts of public assistance fraud, in violation of Section 5B of Chapter 18 of the General Laws. The defendant, who admitted that she fraudulently collected SNAP and Transitional Aid to Families with Dependent Children (TAFDC) benefits from July 2014 to December 2015 by concealing her income from DTA, received \$7,208.30 in SNAP and TAFDC benefits.

While the bulk of cases BSI investigates are referred from state agencies and law enforcement, the general public also plays a vital role in reporting fraud. The State Auditor's Office has an online form to report public assistance fraud: <https://www.mass.gov/forms/report-public-benefit-fraud-online>. Citizens can also use BSI's fraud reporting hotline: (617) 727-6771. All complaints are kept confidential.