

A. JOSEPH De NUCCI
AUDITOR

The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

BUREAU OF SPECIAL INVESTIGATIONS

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Office of the State Auditor Bureau of Special Investigations

FY 2007

4th Quarterly Report
April 1, 2007 - June 30, 2007

August 17, 2007



The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH
STATE HOUSE, BOSTON 02133

A. JOSEPH DE NUCCI
AUDITOR

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August 17, 2007

The Honorable Robert A. DeLeo
Chairman
House Committee on Ways and Means
State House
Room 243
Boston, MA 02133

Dear Chairman DeLeo:

In compliance with the provisions of Chapter 139 of the Acts of 2006, line item 0710-0200, I hereby submit a quarterly report of the activities and accomplishments of the Bureau of Special Investigations of the Office of the State Auditor. The report covers the period of April 1, 2007 – June 30, 2007.

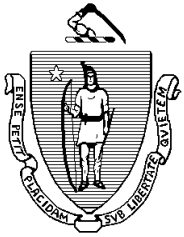
Please feel free to contact me if you require any additional information.

Sincerely,

A handwritten signature in black ink, reading "A. Joseph DeNucci".

A. Joseph DeNucci
Auditor of the Commonwealth

AJD/law



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August 17, 2007

The Honorable Steven C. Panagiotakos
Chairman
Senate Committee on Ways and Means
State House
Room 212
Boston, MA 02133

Dear Chairman Panagiotakos:

In compliance with the provisions of Chapter 139 of the Acts of 2006, line item 0710-0200, I hereby submit a quarterly report of the activities and accomplishments of the Bureau of Special Investigations of the Office of the State Auditor. The report covers the period of April 1, 2007 – June 30, 2007.

Please feel free to contact me if you require any additional information.

Sincerely

A handwritten signature in black ink, reading "A. Joseph DeNucci". The signature is written in a cursive style with a large initial "A" and "D".

A. Joseph DeNucci
Auditor of the Commonwealth

AJD/law

Bureau of Special Investigations

FY 2007

Quarterly Report

April 1, 2007 – June 30, 2007

Introduction

The Office of the State Auditor's Bureau of Special Investigations (BSI) is charged with investigating fraudulent claims for or wrongful receipt of payments or services under public assistance programs. BSI receives referrals from various state and federal agencies, the general public and the State Police. The majority of these allegations involve suspected fraud in the Department of Transitional Assistance (DTA) cash assistance and Food Stamp Programs and the Division of Medical Assistance (DMA) MassHealth program.

When an investigation results in identified public assistance fraud, the case is referred to the appropriate legal authority for criminal prosecution or the appropriate agency for civil recoupment of illegally obtained benefits or services. BSI examiners work closely with District Attorneys offices and/or appropriate agency personnel to assure the recovery of lost funds. These entities establish settlement restitution payment amounts and are responsible for the actual collection of these payments.

Fourth Quarter Activities and Accomplishments

At the start of the fourth quarter of FY 2007, BSI's caseload included 4,553 cases in various stages of investigation. During the period of April 1, 2007 through June 30, 2007, BSI received 505 new allegations of public assistance fraud.

During the same period BSI completed the investigation of 612 cases. In 83 of these investigations, BSI examiners found illegal activities that resulted in \$710,259.38 of fraudulently obtained public assistance benefits and services. Each of these cases has been referred to the appropriate agency for either criminal prosecution or civil recoupment of lost funds.

Court action is expected shortly on a child care fraud case involving \$123,000 in illegally obtained benefits, as well as on two Personal Care Attendant (PCA) fraud cases. Among other cases completed this past quarter, the most serious involved a surrogate for a disabled person, who created fictitious PCAs, then billed the state for \$21,000 for services that were never rendered. In addition to uncovering the scheme, BSI investigators reported the case to the Disabled Persons Protection Commission and helped in the restoration of services. The majority of other completed cases involved the false reporting of family income. In one of these cases, a family that earned \$87,000 fraudulently obtained \$33,000 in benefits; in a similar case, a family illegally received over \$63,000 in cash, medical assistance, and housing benefits.

The caseload of open investigations on June 30, 2007 totaled 4,446 cases.

Summary of BSI Investigative Activities

The charts below provide a summary of caseload activities and the amounts of identified fraud by program of assistance.

| <i>Caseload Summary</i> <i>(4/01/2007 – 6/30/2007)</i> | |
|--|--------------|
| Number of Open Investigations as of 4/1/2007 | 4,553 |
| New Referrals received | 505 |
| Completed Investigations with Identified Fraud | (84) |
| Completed Investigations with no Fraud Identified | <u>(528)</u> |
| Number of Open Investigations as of 6/30/2007 | 4,446 |

| <i>Identified Fraud by Program of Assistance</i> <i>(4/01/2007 –6/30/2007)</i> | |
|--|----------------------|
| Transitional Assistance to Families with Dependent Children (TAFDC) | \$ 157,707.43 |
| Emergency Aid to Elderly, Disabled and Children (EAEDC) | \$ 24,835.21 |
| Food Stamps (FS) | \$ 63,034.44 |
| Medical Assistance (MA) | \$ 473,074.47 |
| (SSI) | <u>\$ 1,607.83</u> |
| <i>Total</i> | \$ 720,259.38 |