



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

Making government work better

Issued: October 7, 2014

Bureau of Special Investigations
4th Quarter Report – FY 2014

April 1, 2014 – June 30, 2014

BUREAU OF SPECIAL INVESTIGATIONS

The Bureau of Special Investigations (BSI) continues to serve an important and necessary function in the State Auditor's Office by diligently protecting public assistance programs from fraud and recovering taxpayer dollars from those who choose to cheat the system, thereby maximizing resources for those citizens truly in need of services. BSI has embraced State Auditor Bump's resolve to help government work better by instituting and enhancing several initiatives and organizational changes, focused around this simple, yet vital, mission: to ensure that taxpayer dollars are spent as properly and as efficiently as possible.

It is important to keep in mind, however, that fraud is not endemic to public benefits programs, and that the amount of identified fraud is a small fraction of the billions of dollars spent to help those Massachusetts residents who are truly in need.

Working under the provisions of M.G.L. Chapter 11, Section 17, BSI examiners operate from five offices across the state, investigating referrals from the Department of Transitional Assistance (DTA), MassHealth, law enforcement agencies, and the general public. BSI examiners participate in joint investigations and serve on task forces that focus on preventing and combating fraudulent activities, and interact with numerous agencies, including the Federal Bureau of Investigation, the U.S. Food and Drug Administration, the U.S. Health and Human Services, the U.S. Attorney's Office, the Office of the Attorney General, the State Police, District Attorneys' Offices, local police, and administering agencies.

Under Auditor Bump's leadership in bringing in an experienced prosecutor to direct BSI's operations, BSI not only investigates potential fraud in public benefits programs, but also prosecutes criminal cases that arise out of those investigations.

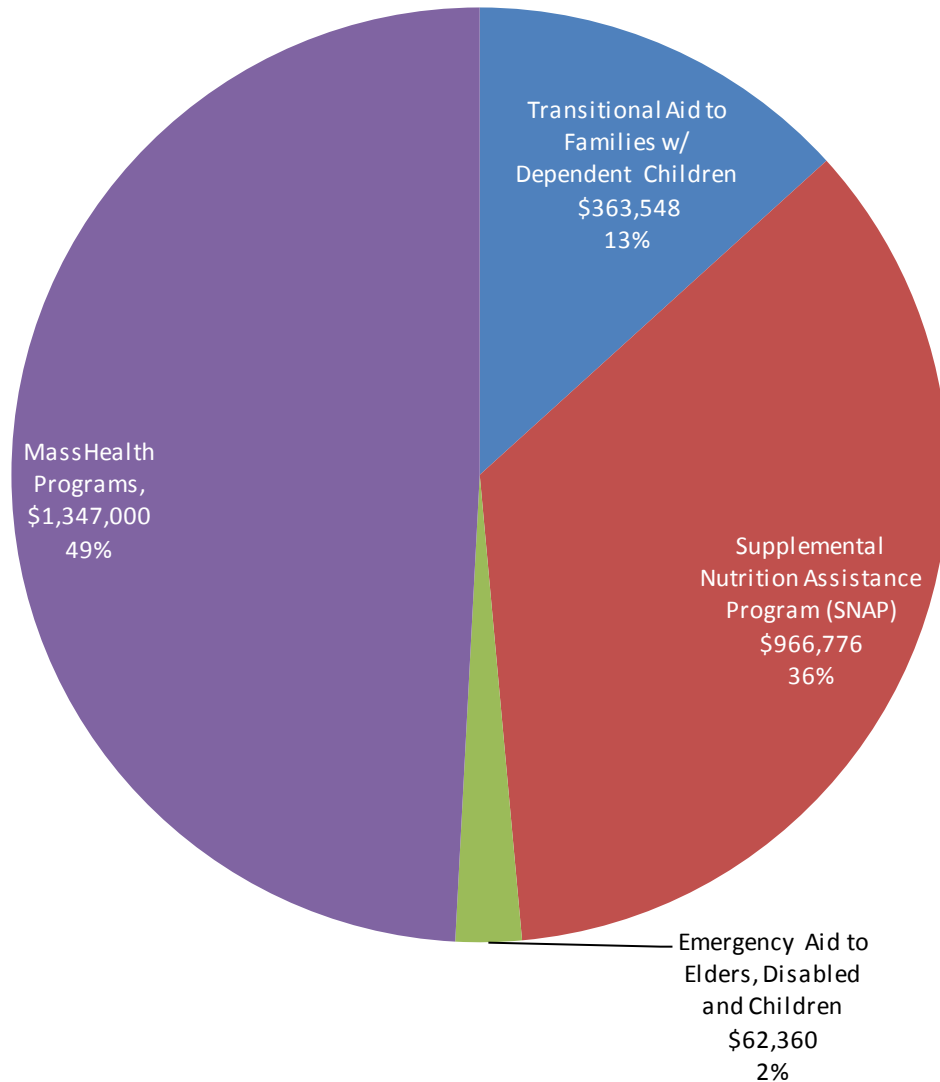
4TH QUARTER AND FY 2014 ACTIVITIES AND ACCOMPLISHMENTS

FRAUD IDENTIFIED IN 4TH QUARTER FY 2014

During the 4th quarter of FY 2014, BSI received 2501 complaints of suspected fraud in public assistance programs. Of the completed investigations, BSI examiners identified over \$2.7 million in fraudulent claims that are subject to civil recovery or prosecution by the Commonwealth.

\$2,739,684

FRAUD IDENTIFIED IN 4TH QUARTER FY 2014

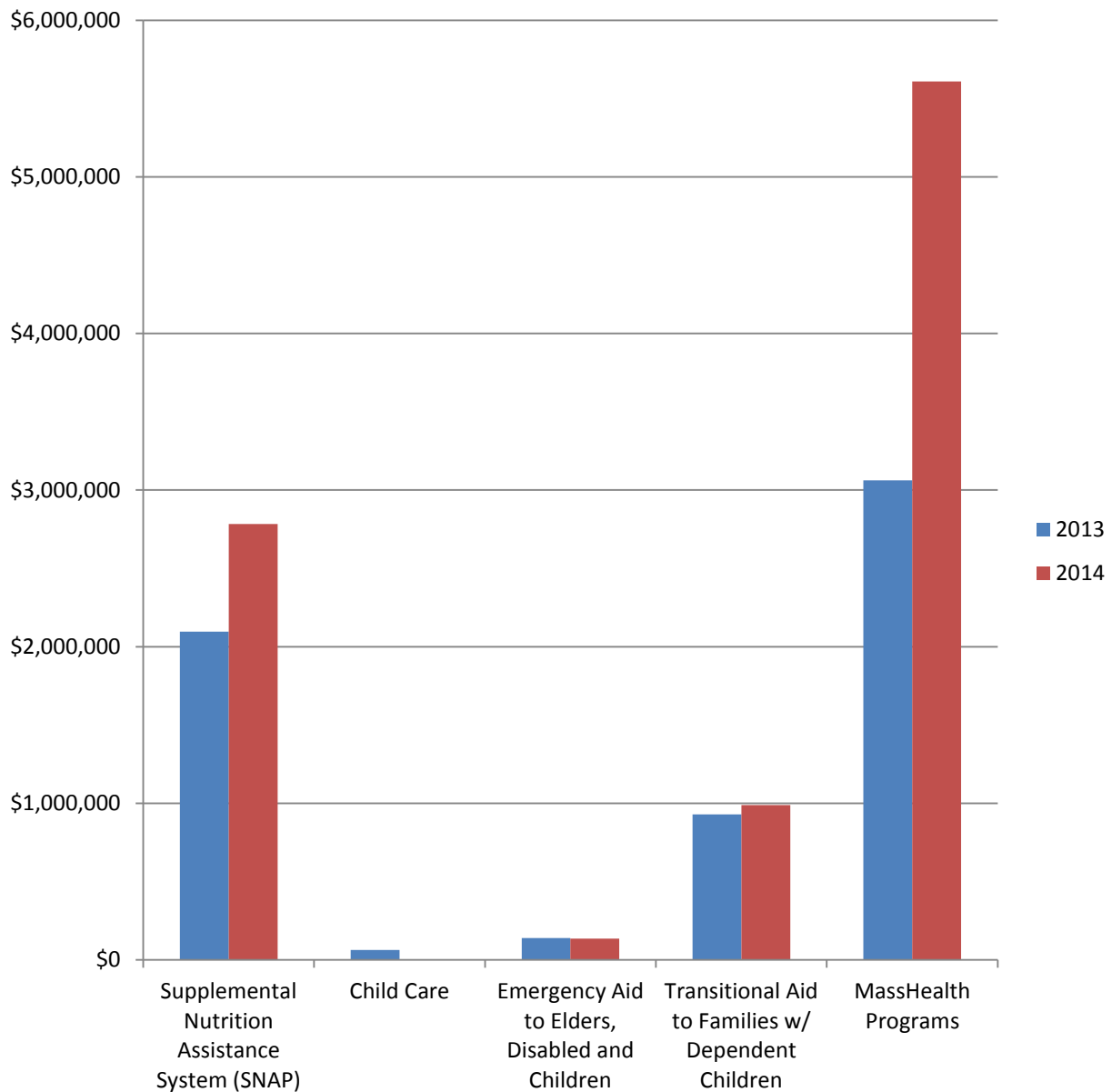


FRAUD IDENTIFIED IN FY 2014

BSI's 4th quarter performance capped a record year for fraud identification. Of 9,538 completed investigations, 824 resulted in fraud identifications totaling over \$9.5 million. This total represents a nearly 50% increase over the previous record of \$6.3 million, set in FY 2013.

\$9,519,153

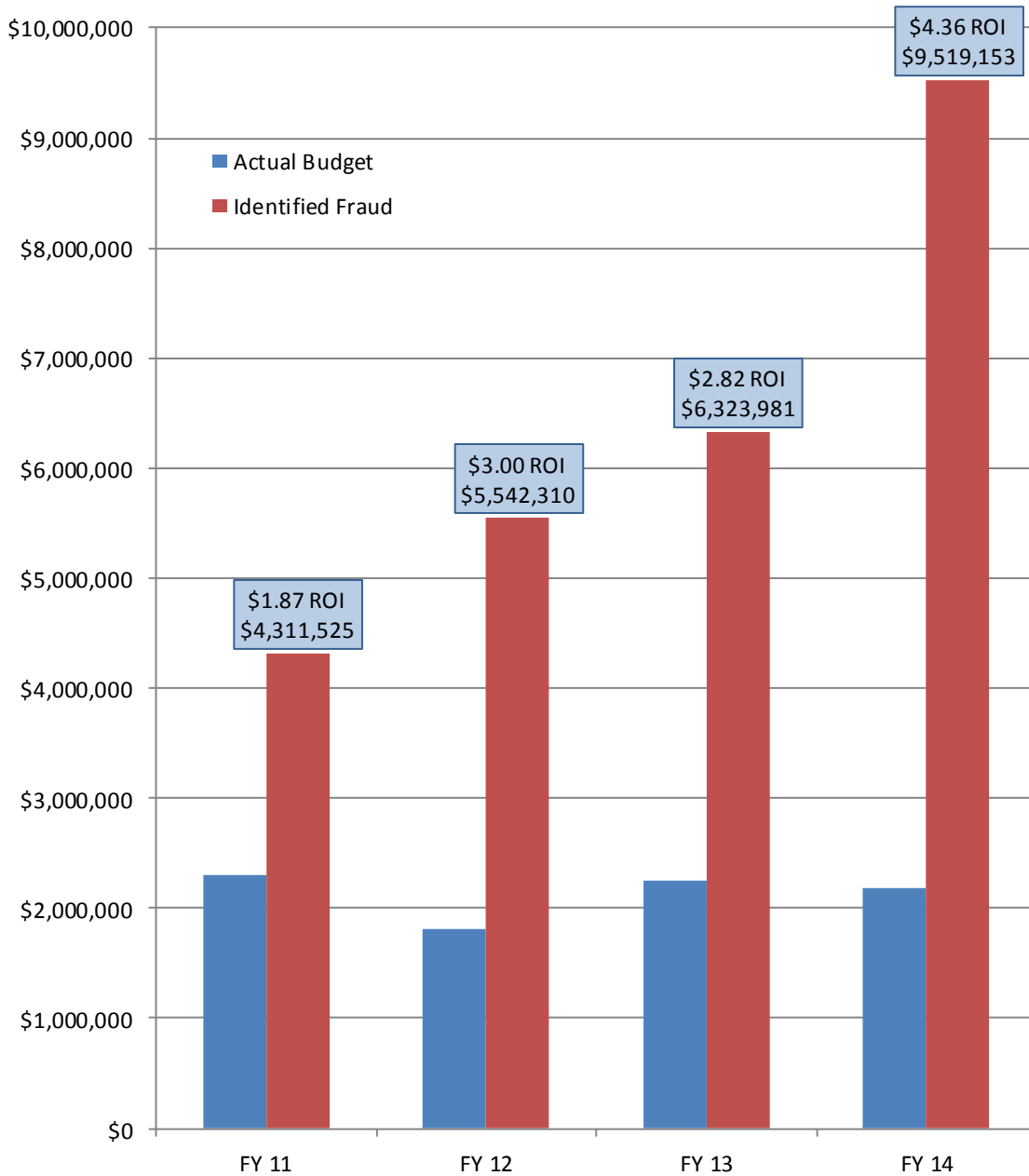
FRAUD IDENTIFIED IN FY 2014



BSI RETURN ON INVESTMENT

In FY 2014, BSI increased its return on investment (ROI) to the Commonwealth from \$2.82 in FY 2013 to \$4.36. This 55% increase from the previous year sets another BSI record for its ROI.

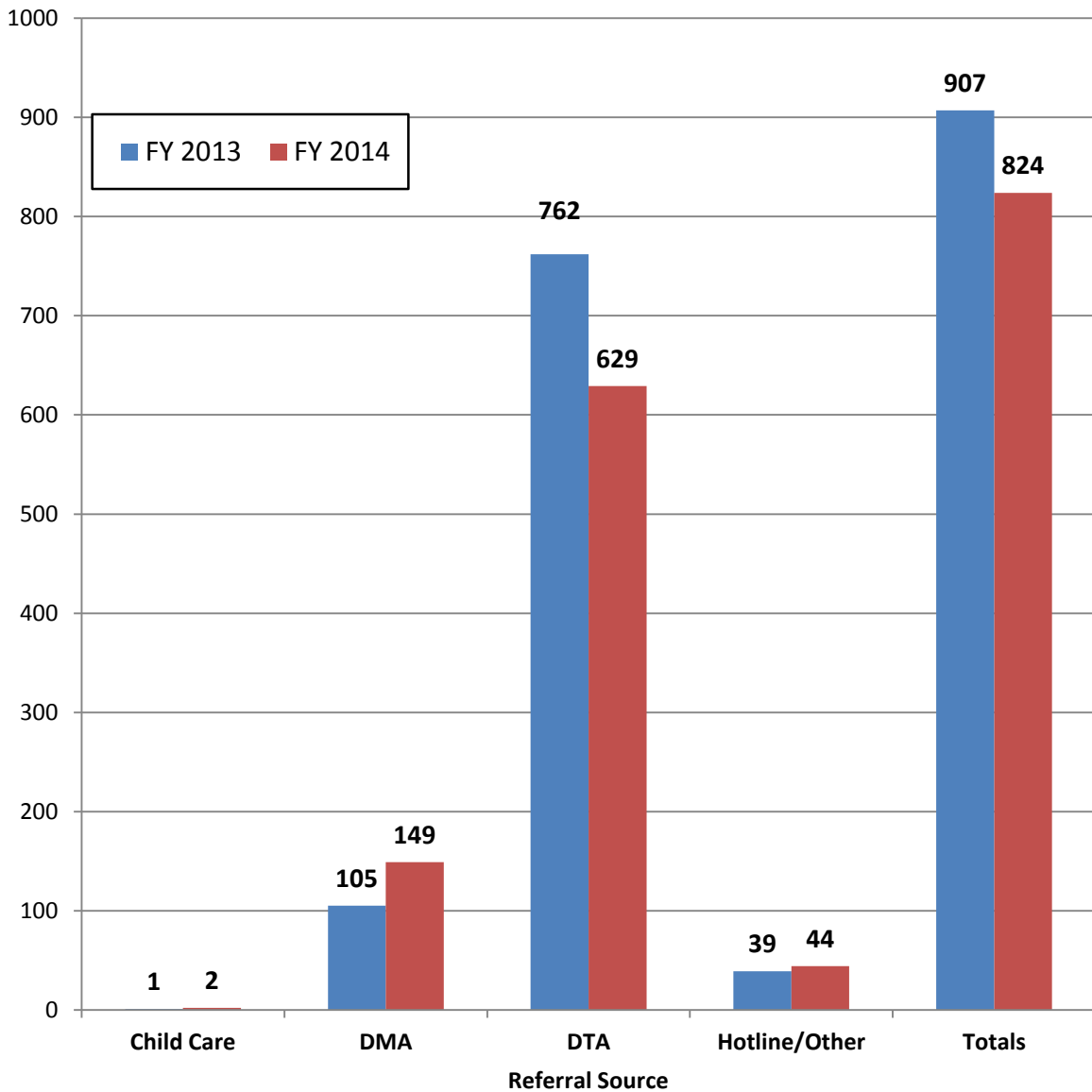
\$4.30 / \$1 BSI RETURN ON INVESTMENT



BSI CASE COUNT WITH IDENTIFIED FRAUD

BSI identified fraud in a total of 824 cases in FY 2014, a slight decrease from FY 2013.

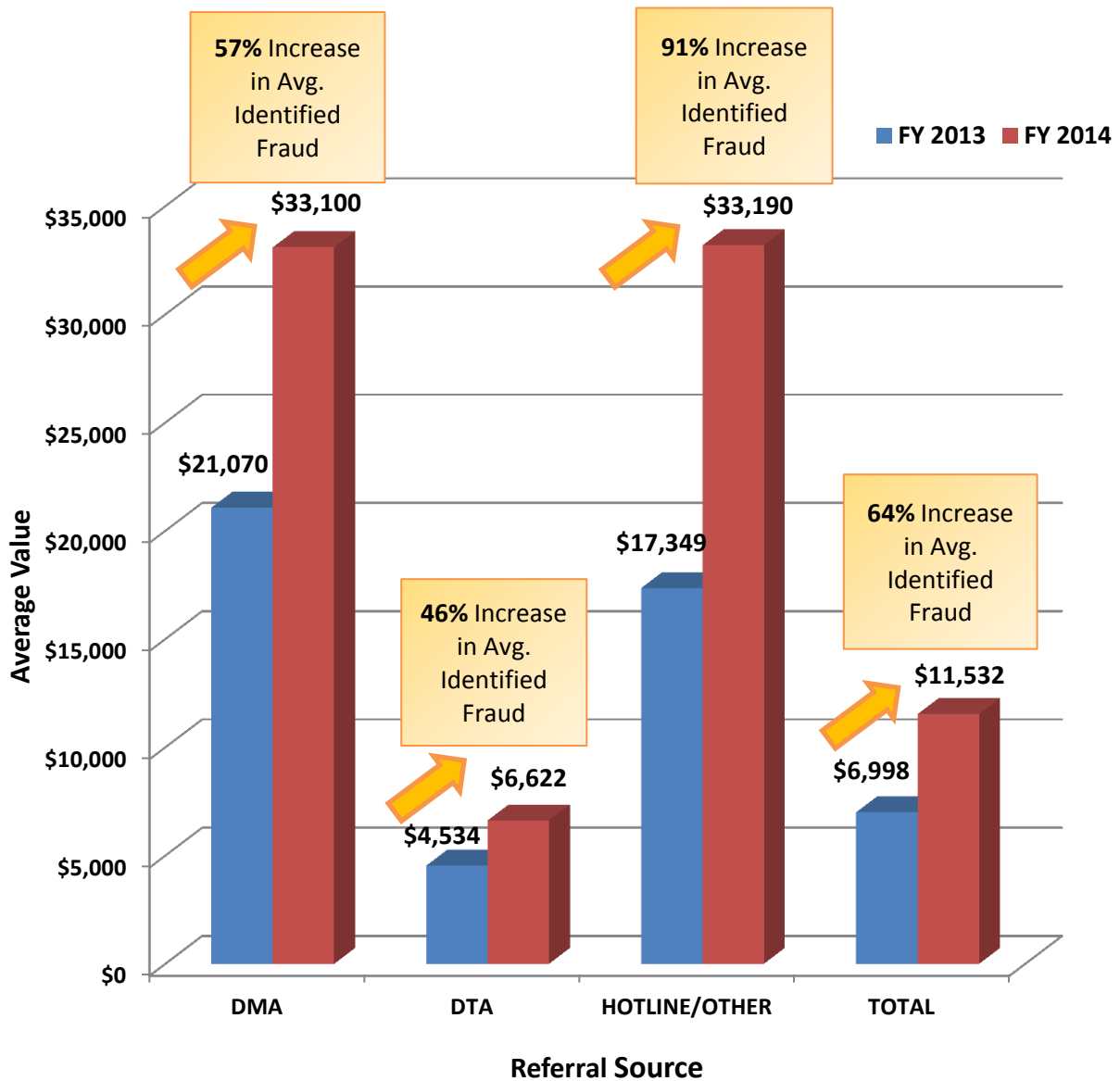
BSI CASE COUNT BY REFERRAL SOURCE



BSI IDENTIFIED FRAUD AVERAGE

During FY 2014, the average amount of identified fraud per case was \$11,538.36, a 65.49% increase from \$6,972.41 per case of identified fraud in FY 2013. This increase was due to BSI's focus on the more complex cases with the greatest potential for fraud. The average amount of identified fraud increased in all of BSI's referral sources.

IDENTIFIED FRAUD AVERAGE – VALUE BY REFERRAL SOURCE



4TH QUARTER AND FY 2014 CASE SUMMARIES

CASE SUMMARY 4TH QUARTER FY 2014

At the end of the previous quarter, BSI's caseload included 3,335 cases in various stages of investigation. BSI received 2501 new allegations of fraudulently obtained public assistance benefits and services between April 01, 2014 and June 30, 2014. BSI ended the 4th quarter of FY 2014 with a caseload of 2819. During this quarter, BSI examiners completed a total of 3018 cases.

	Child Care	Mass Health	DTA	Hotline	Other	Total Case Counts
Beginning Balance	5	512	2760	3	55	3335
New Investigations	0	279	2220	0	2	2501
Completed w/o Fraud	0	253	2468	2	34	2757
Completed w/ Fraud	2	38	203	0	18	261
Ending Balance	3	500	2309	1	6	2819

CASE SUMMARY FY 2014

At the end of the previous fiscal year, BSI's caseload included 3706 cases in various stages of investigation. BSI received 8650 new allegations of fraudulently obtained public assistance benefits and services between July 01, 2013 and June 30, 2014. During this fiscal year, BSI examiners completed a total of 9537 cases.

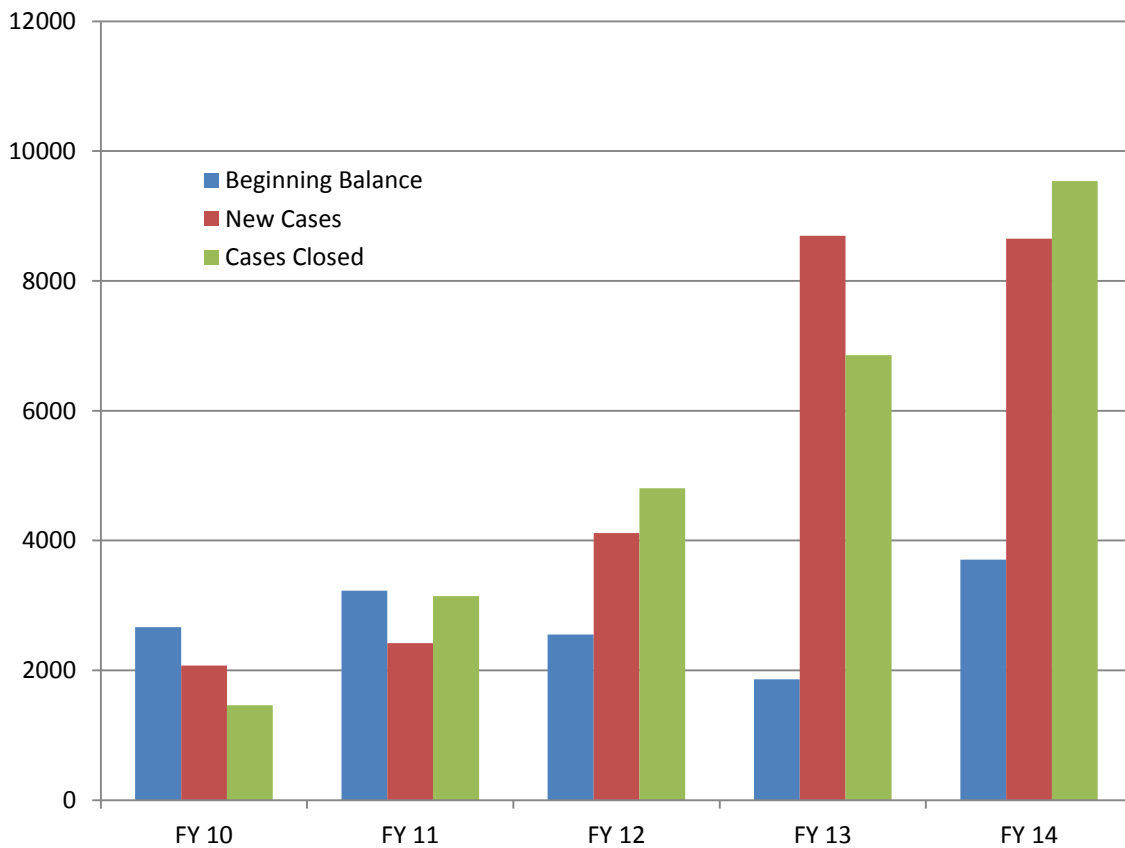
	Child Care	Mass Health	DTA	Hotline	Other	Total Case Counts
Beginning Balance	3	603	3028	14	58	3706
New Investigations	5	843	7746	0	56	8650
Completed w/o Fraud	3	797	7836	13	64	8713
Completed w/ Fraud	2	149	629	0	44	824
Ending Balance	3	500	2309	1	6	2819

CASE SUMMARIES – OVER 5 FISCAL YEARS

BSI’s Central Processing Unit now identifies cases with the highest possibility of identified fraud and delivers those cases to examiners in an expedited manner. The automation of the close-out process has saved significant time closing out cases, and allows examiners to focus on the actual case analysis.

	Beginning Balance	New Cases	Cases Closed	Ending Balance
Fiscal Year 2010	2664	2075	1462	3277
Fiscal Year 2011	3227	2422	3145	2554
Fiscal Year 2012	2554	4118	4807	1865
Fiscal Year 2013	1865	8698	6857	3706
Fiscal Year 2014	3706	8650	9537	2819

CASE LOAD BY FISCAL YEAR

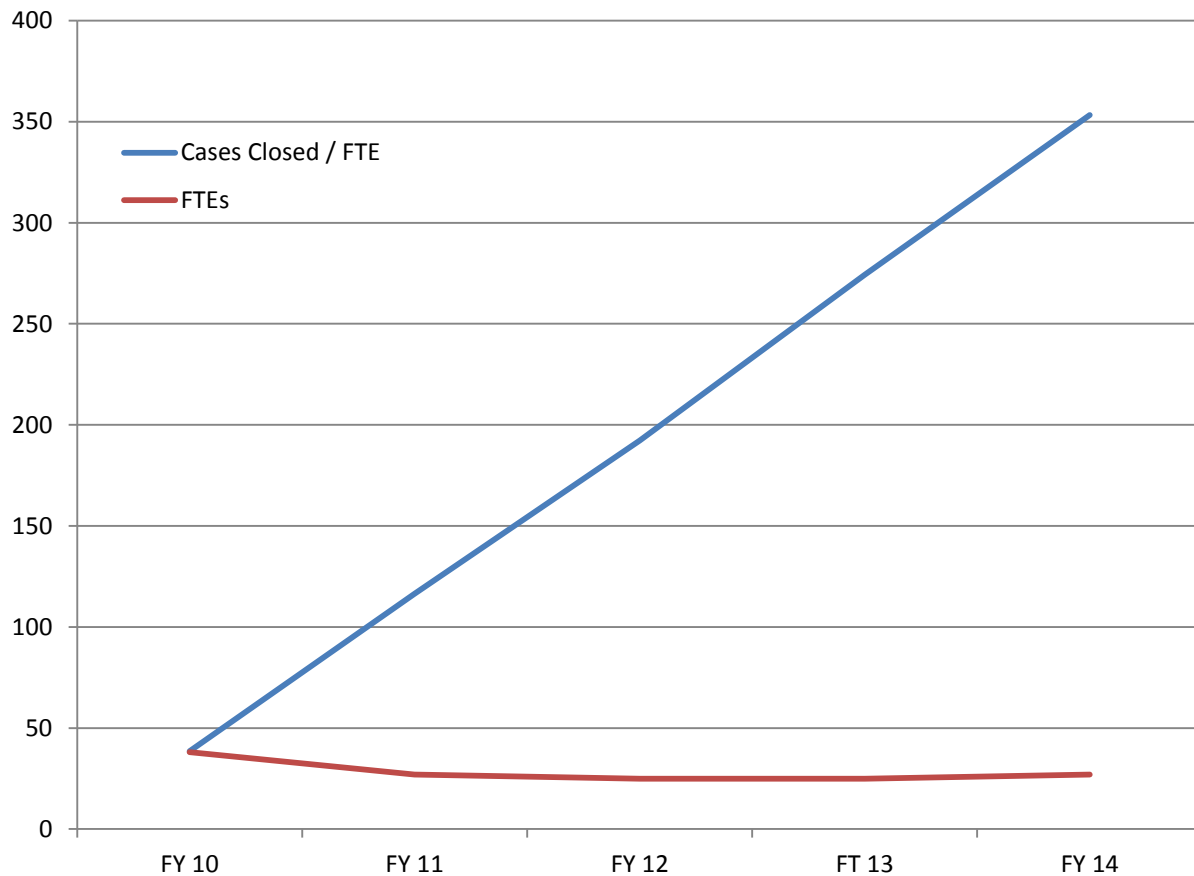


CASE SUMMARIES – IMPROVED PRODUCTIVITY

Pursuant to a “fast track” referral process, cases with egregious, current, or a large dollar amount of fraud by-pass the intake processes and are assigned to an examiner at the time of referral. This saves valuable time and allows the examiners to focus on these cases right away, which has facilitated an increase in completed investigations.

	FTEs	Cases Closed	Cases Closed / FTE
Fiscal Year 2010	38	1462	38
Fiscal Year 2011	27	3145	116
Fiscal Year 2012	25	4807	192
Fiscal Year 2013	25	6857	274
Fiscal Year 2014	27	9537	353

CASES CLOSED PER FULL TIME EMPLOYEE



DTA RECOVERIES THROUGH 4TH QUARTER FY 2014

To provide a better understanding of the fiscal impact of BSI's investigations, DTA submits monthly reports on the payments received through court order and civil recovery as the result of BSI investigations.

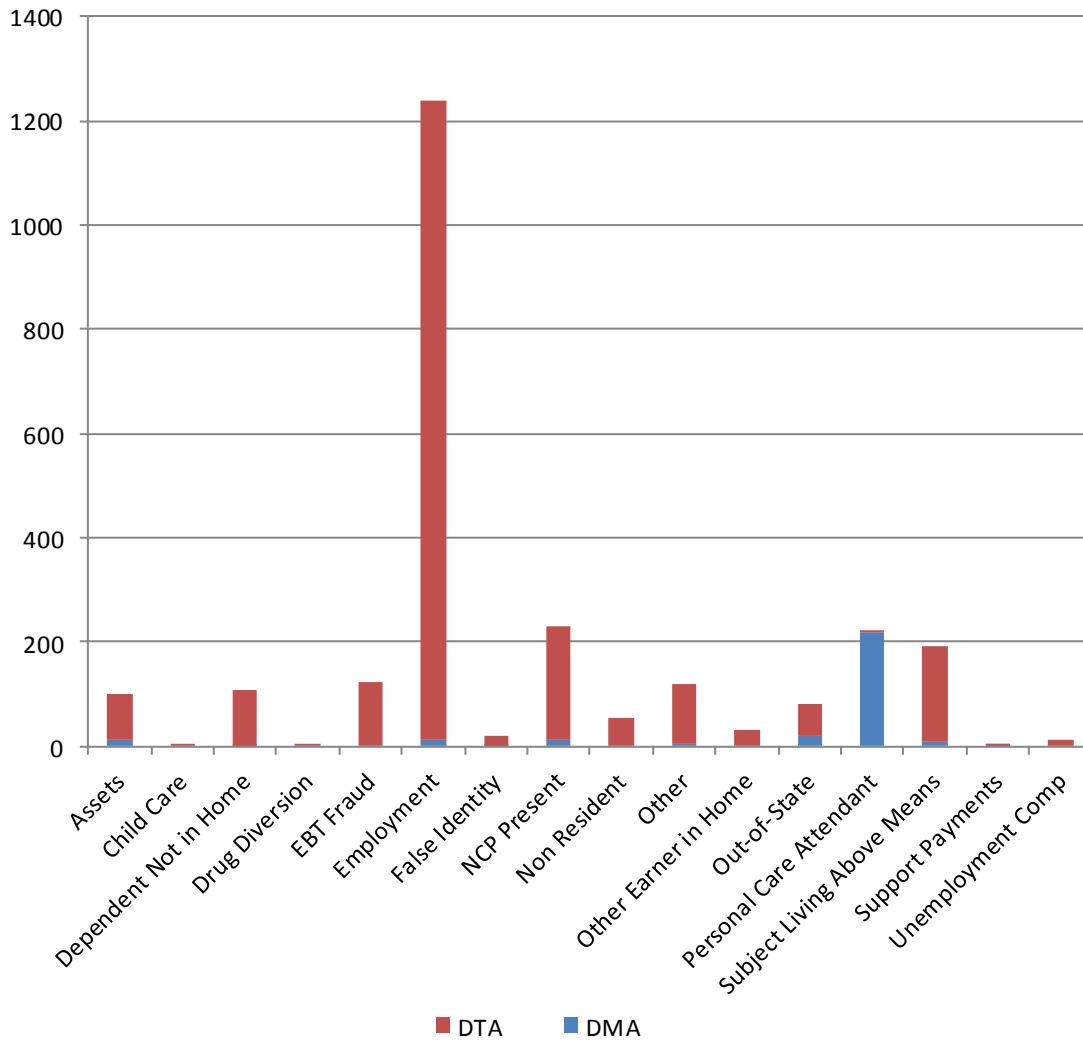
Month	Collected Amount	# of Payments
July 2013	\$46,588	1033
August 2013	\$50,952	899
September 2013	\$37,928	844
October 2013	\$85,475	983
November 2013	\$59,075	909
December 2013	\$202,362	971
January 2014	\$53,678	866
February 2014	\$262,086	1017
March 2014	\$328,714	1048
April 2014	\$84,592	1010
May 2014	\$80,257	1123
June 2014	\$123,727	1437
Fiscal Year Total	\$1,415,434	12140

MASSHEALTH AND DTA- PROGRAM SUMMARY

The majority of fraud referrals that BSI receives from its agency partners involves eligibility issues, such as unreported assets and income, and false identities. This quarter, BSI identified fraud in:

- 7 cases totaling \$62,359.69 in Emergency Aid to Elders, Disabled and Children benefits
- 64 cases totaling \$1,347,000.43 in MassHealth Programs benefits
- 203 cases totaling \$966,776.19 in Supplemental Nutrition Assistance Program (SNAP) benefits
- 51 cases totaling \$363,547.94 in Transitional Aid to Families w/ Dependent Children benefits

CASES REFERRED BY ALLEGATION TYPE



BSI's DATA ANALYTICS UNIT

Only in existence since FY 2013, BSI's Data Analytics Unit ("DAU") remains committed to proactively identifying fraud through the use of large data sets. During FY 2014, DAU examiners learned to work with additional analytical tools such as InformationBuilders and Access. Working with direct access to MassHealth data and these new analytic tools, DAU examiners identified Personal Care Attendants ("PCA") who submitted timesheets for periods when the consumer was in the hospital or a long term care facility, and not entitled to PCA services. DAU examiners proactively generated 37 referrals using ACL, an audit and risk management software tool. This resulted in the identification of \$116,652.54 in PCA overpayments. Overall, DAU identified \$486,066.00 in fraudulent benefits for FY 2014.

Although DAU's mission is to identify recipient fraud, in the course of their work they sometimes come across provider fraud as well. For example, in conducting an analysis of MassHealth's Vision Care Program from January 2009 to April 2014, specifically the relationship between MassHealth providers and consumers, DAU examiners identified a MassHealth provider whose patient count, number of claims, and use of specific procedure codes were far greater than his peers. DAU examiners concluded that there was substantial evidence that the provider billed MassHealth for hundreds of thousands of dollars over the five-year period for services that he could not possibly have rendered. DAU examiners believed that there were not enough hours in the day to properly service the patients for whom the provider submitted bills to MassHealth. DAU has referred the case to the Attorney General's Office for potential prosecution.

Thus far, because of the difficulty in accessing data from DTA, DAU examiners have concentrated their efforts on MassHealth. BSI's major goal for FY 2015 is to gain the kind of access to DTA data that DAU's examiners have for MassHealth data, so that they can produce the kinds of results for DTA that they have already produced for MassHealth.

BSI PROSECUTIONS

Commonwealth v. Stephen Daly

“I wish to thank you for your part in initiating the investigation and any work you did behind the scenes in making for a successful prosecution.” Kenneth Daley, in a letter, expressing his gratitude to the Office of the State Auditor.

BSI successfully prosecuted Stephen Daly for using his brother’s identification to collect Supplemental Nutritional Assistant Program (“SNAP”) benefits from the Department of Transitional Assistance (“DTA”). On August 8, 2011, Stephen Daly first applied for and received SNAP benefits for himself. Subsequently, on October 25, 2011, Stephen Daly again applied for SNAP benefits, but this time on behalf of his brother, Kenneth Daly, while using Kenneth’s Social Security Number. Over the course of a year-and-a-half, from October 25, 2011 to May 7, 2013, Stephen Daly fraudulently collected \$3,492 in SNAP benefits by using both his brother’s identity in addition to his own.

After an investigation, BSI filed a criminal complaint against Stephen Daly, charging him with larceny over \$250 and two counts of welfare fraud. On August 24, 2014, Stephen Daly pled guilty to all charges. Before sentencing, Kenneth Daley gave a victim impact statement to the Court. In his statement, Kenneth Daley credited BSI as being the only law enforcement agency that had listened to his complaint and opened a criminal investigation into the activities of his brother, Stephen Daly. “It was an emotionally tough moment for me giving that victim impact statement against my own brother, Steve Daley, but unfortunately it was necessary. The opportunity to do so was thanks to your department’s diligent efforts to investigate the case and obtain the evidence necessary to prosecute. . . . It was refreshing to see your agency/department follow through with my brother’s case that resulted in a successful prosecution.”

The Court sentenced Stephen Daly to 18 months in the House of Corrections and ordered him to pay full restitution to the Commonwealth.

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](#). Citizens can also utilize our fraud reporting hotline: (617)727-6771. All complaints are kept confidential.