



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

*Making government work better*

Official Report – October 16, 2018

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**Bureau of Special Investigations 4<sup>th</sup> Quarter Report**  
Fiscal Year 2018  
April 1, 2018 – June 30, 2018



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## 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 in order to make government work better. The diligent work of BSI fraud examiners ensures taxpayer dollars used to fund Massachusetts' public benefits programs are managed effectively so that programs 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, the Department of Children and Families (DCF),<sup>1</sup> 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 also 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 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 fraud examiners operate from five offices across the Commonwealth. BSI consists of four separate investigative units: the Central Processing Unit, the MassHealth Unit, the Department of Transitional Assistance Unit, and the Data Analytics Unit. An Assistant Director, who reports to the Director of BSI, heads each unit. While each unit has its own specific concentration, there is extensive cross-unit collaboration, and investigations often involve overlap. BSI also participates in joint investigations and task forces with other state and federal agencies that focus on combating fraudulent activities throughout the Commonwealth.

This report, as statutorily required, summarizes BSI's work in the 4<sup>th</sup> quarter of fiscal year 2018, during which BSI identified \$5,573,829.52 in fraud.

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<sup>1</sup> DCF does not administer public assistance funding and therefore does not fall within the scope of BSI's investigative work.

**Figure 1. Total Identified Fraud by Referral Source**

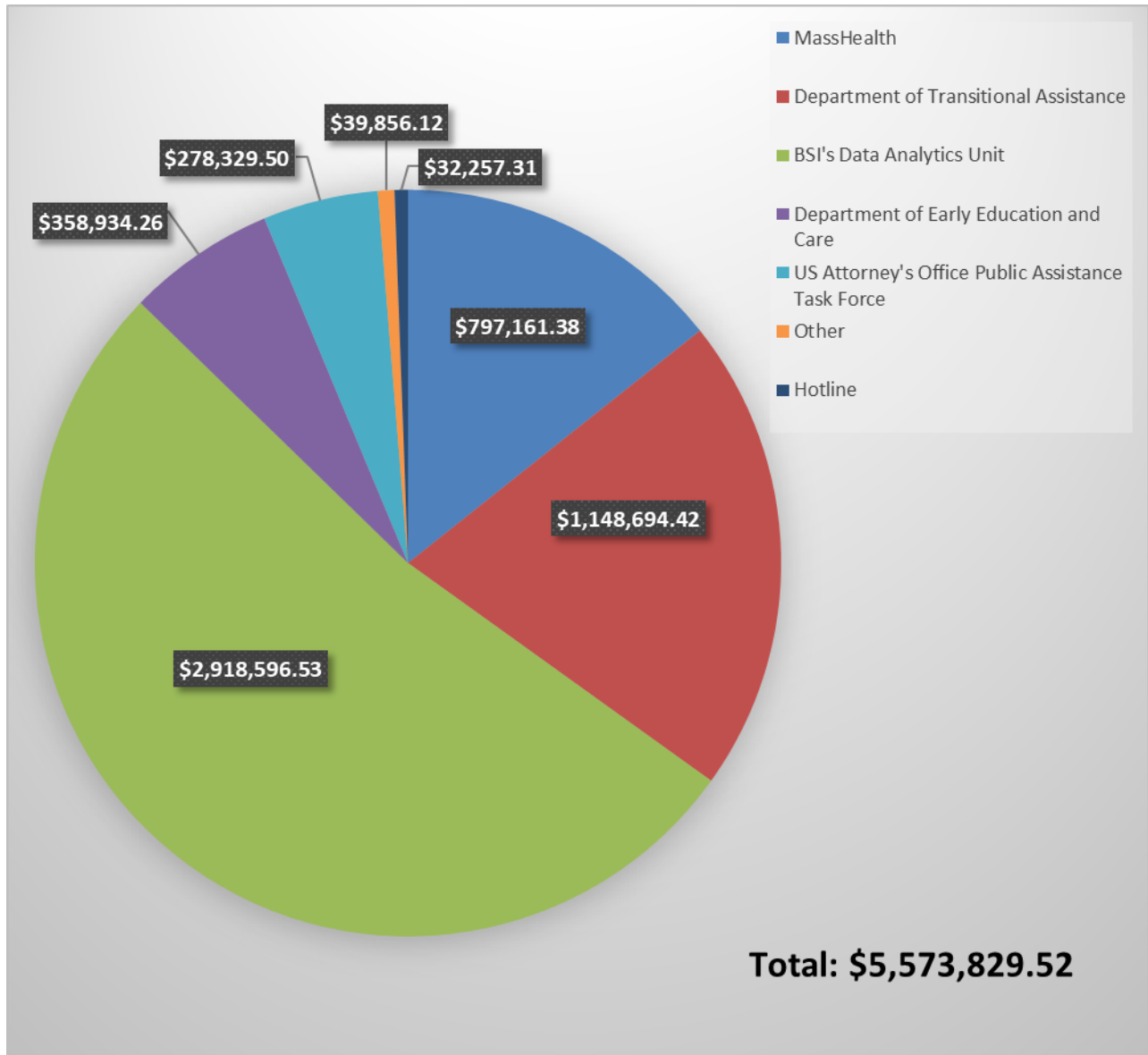


Figure 1. The total amount of fraud BSI identified in the 4<sup>th</sup> quarter of fiscal year 2018, organized by the referral source.

## 4<sup>th</sup> QUARTER SUMMARY BY UNIT

### Central Processing Unit

The Central Processing Unit (CPU) received 2,078 new referrals for processing and investigation in the 4<sup>th</sup> quarter of fiscal year 2018 (FY18) from the following sources:

| Source   | Number of Referrals | Percentage of Total |
|--|---------------------|---------------------|
| <b>Department of Transitional Assistance (DTA)</b>       | 1,354               | 65.2%               |
| <b>MassHealth</b>  | 293                 | 14.1%               |
| <b>BSI's Data Analytics Unit (DAU)</b>                   | 239                 | 11.5%               |
| <b>Hotline</b>   | 150                 | 7.2%                |
| <b>US Attorney's Office Public Assistance Task Force</b> | 23                  | 1.1%                |
| <b>Department of Early Education and Care (EEC)</b>      | 19                  | 0.9%                |

The primary basis for the potential fraud broken down by program type for the 2,078 new referrals is as follows:

| Type  | Number of Cases | Percentage of Total |
|---|-----------------|---------------------|
| <b>Supplemental Nutrition Assistance Program (SNAP)</b>             | 650             | 31.3%               |
| <b>MassHealth</b>   | 624             | 30.0%               |
| <b>Transitional Aid to Families with Dependent Children (TAFDC)</b> | 507             | 24.4%               |
| <b>Emergency Aid to the Elderly, Disabled, and Children (EAEDC)</b> | 259             | 12.5%               |
| <b>Other</b>  | 22              | 1.0%                |
| <b>Classification to Be Determined</b>                              | 16              | 0.8%                |

In addition to taking in referrals, CPU's three-person staff processed, analyzed, and reviewed 2,080 cases in the 4<sup>th</sup> quarter of FY18. The unit identified 336 (16.1%) as potential Intentional Program Violation cases, where BSI determined that a fraud claim had merit but did not warrant the further

deployment of BSI's resources. BSI returned these cases to DTA for further action based on our evidence. Additionally, CPU closed 1,050 cases administratively (50.5%) with a finding of no fraud after completing a preliminary investigation. CPU recommended the remaining 694 cases (33.4%) for assignment to either BSI's DTA or MassHealth Units.

## **MassHealth Unit**

During the 4<sup>th</sup> quarter of FY18, there were 218 new cases assigned to the MassHealth Unit, including 10 new DTA/EEC cases. The unit completed 141 investigations and identified \$887,161.94<sup>2</sup> in fraud in 77 cases. The remaining 64 cases resulted in findings of no fraud or were closed administratively.

The MassHealth Unit's fraud examiners also investigated DTA/EEC cases,<sup>3</sup> completing eight investigations and identifying fraud totaling \$36,377.91 in five cases.

The unit filed two criminal complaints: one in Lowell District Court and the other in Hingham District Court.

The unit continues to meet monthly with MassHealth management and is in frequent contact with its stakeholders within MassHealth, including the Office of Compliance and Program Integrity, the Executive Office of Elder Affairs, the Estate Recovery Unit, and fiscal intermediaries, as well as with the Attorney General's Office. During this quarter, the unit's Assistant Director and a senior fraud examiner attended a presentation by MassHealth's Office of Compliance and Program Integrity regarding its new procedures for calculating fraudulent overpayments and discussed how the agencies could assist each other in streamlining and making the process of obtaining calculations easier and more efficient for both units.

## **Department of Transitional Assistance Unit**

For the 4<sup>th</sup> quarter of FY18, the DTA Unit, which investigates public assistance fraud involving DTA and EEC benefits, identified \$1,512,097.91 in fraud. The breakdown of identified fraud by public assistance benefit program was \$898,536.48 for SNAP; \$301,401.93 for EEC; \$235,324.87 for TAFDC; and \$76,824.63 for EAEDC.

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<sup>2</sup> This figure includes referrals from MassHealth and BSI's DAU.

<sup>3</sup> These cases represent cases with collaboration with the DTA/EEC Unit and/or cases with multiple allegations of fraud regarding MassHealth and/or DTA/EEC benefits.

During this quarter, the DTA Unit settled 23 cases via civil recovery. In these cases, the unit executed agreements that disqualified subjects from receiving future benefits and repayment agreements totaling \$541,896.44 to be paid back to the Commonwealth. Subjects send both initial and future payments directly to DTA and/or EEC.

The DTA Unit filed criminal complaints against five defendants in various courts throughout the Commonwealth, including Boston Municipal Court, Brockton District Court, Holyoke District Court, and Worcester District Court.

### **Data Analytics Unit**

For the 4<sup>th</sup> quarter of FY18, the MassHealth and DTA Units completed four cases based on referrals generated by DAU and identified fraud in all four of those cases. The referrals identified fraud in connection with personal care attendants (PCAs) falsely submitting time sheets for services allegedly provided to members residing in long-term care facilities; MassHealth prohibits PCA services for members who reside in long-term care facilities.

DAU also closed two joint investigations involving home health agencies, totaling \$696,305.44 in identified fraud. The investigations targeted impermissible billing practices identified in connection with a home health agency task force that comprised BSI, the Office of the Massachusetts Attorney General, the US Department of Health and Human Services' Office of the Inspector General, and the Federal Bureau of Investigation.

## **NOTABLE BSI ACTIVITY**

### **Hingham Woman Arraigned for PCA Fraud**

On May 8, 2018, a Hingham resident was arraigned in Hingham District Court on three counts of Larceny Over \$250 by Single Scheme, in violation of Section 30(1) of Chapter 266 of the Massachusetts General Laws; one count of Public Assistance Fraud, in violation of Section 5B of Chapter 18 of the General Laws; and one count of Making a False Statement to the Division of Medical Assistance, in violation of Section 39 of Chapter 118E of the General Laws. BSI's investigation alleges that the defendant, acting as health surrogate for her daughter, used a stolen identity to falsify time sheets for personal care attendant (PCA) services for her daughter and to defraud the Commonwealth of \$135,014.77.

### **Holyoke Resident Charged with SNAP and TAFDC Fraud**

On May 9, 2018, a bench warrant was issued to a Holyoke man who failed to appear for his arraignment in Holyoke District Court. BSI filed a criminal complaint for two counts of Larceny Over \$250 by Single Scheme, in violation of Section 30(1) of Chapter 266 of the General Laws, and one count of Public Assistance Fraud, in violation of Section 5B of Chapter 18 of the General Laws, against the man for allegedly intentionally concealing his spouse's income from the Department of Transitional Assistance (DTA), which rendered him falsely eligible for approximately \$45,000 in benefits paid to him.

### **Boston Woman Sentenced to Eight Months for DTA Fraud**

On May 16, 2018, a Boston woman pled guilty in Boston Municipal Court to one count of Larceny Over \$250, in violation of Section 30(1) of Chapter 266 of the General Laws, and two counts of Public Assistance Fraud, in violation of Section 5B of Chapter 18 of the General Laws. In court, the defendant 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.

### **Woman Charged with Identity Fraud and Theft of Public Money**

On May 17, 2018, a federal grand jury indicted a woman in United States District Court, District of Massachusetts, on one count of False Representation of a Social Security Number, in violation of Section 408(a)(7)(B) of Chapter 42 of the United States Code (USC); five counts of Theft of Public Money, in violation of 18 USC 641; and one count of Aggravated Identity Theft, in violation of 18 USC 1028A(a)(1).



The defendant allegedly used a stolen identity to fraudulently receive public benefits, including over \$9,000 in MassHealth benefits to which she was not entitled.

## **Task Force Leads to Indictment for Identity Theft and Theft of Public Money**

On May 24, 2018, a federal grand jury indicted a Dominican national in United States District Court, District of Massachusetts, on one count each of Aggravated Identity Theft, in violation 18 USC 1028(A)(a)(1); Identity Theft, in violation of 18 USC 1028(a)(4) and 1028(b)(1)(D); Theft of Public Money, in violation of 18 USC 641; and Unlawful Reentry, in violation of 8 USC 1326(a). The defendant, who had been previously deported following a conviction for drug offenses, allegedly used the Social Security number of a US citizen from Puerto Rico in order to receive unemployment insurance and in so doing stole approximately \$9,000 in MassHealth benefits.

The indictment was the result of a joint investigation between BSI, the US Attorney's Office, the US Department of Homeland Security, and the US Department of Labor.

## **Tewksbury Woman Arraigned for PCA Fraud**

On June 6, 2018, a Tewksbury resident was arraigned in Lowell District Court on one count of Larceny Over \$250 by Single Scheme, in violation of Section 30(1) of Chapter 266 of the General Laws, and one count of Making a False Statement to the Division of Medical Assistance, in violation of Section 39 of Chapter 118E of the General Laws. The defendant allegedly knowingly submitted time sheets for a deceased PCA consumer, by which she received \$12,768 in fraudulent payments.

## **Boston Resident Charged with EEC Fraud**

On June 14, 2018, BSI filed charges in Boston Municipal Court, alleging that a Boston woman intentionally withheld from the Department of Early Education and Care (EEC) that her employed spouse resided in the benefit household. During the two-year period of alleged fraud, the defendant collected \$22,042.61 in child care vouchers.

### **Worcester Resident Arraigned for EEC, SNAP, and TADFC Fraud**

On June 22, 2018, a Worcester woman was arraigned in Worcester District Court on three counts of Larceny Over \$250 by Single Scheme, in violation of Section 30(1) of Chapter 266 of the General Laws, and one count of Public Assistance Fraud, in violation of Section 5B of Chapter 18 of the General Laws. BSI alleges that the defendant fraudulently collected \$241,156.77 in public benefits between 2010 and 2017, for which she would have otherwise been ineligible, by failing to report the non-custodial parent living in her household and his income.

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's 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.