

A. JOSEPH De NUCCI
AUDITOR

The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

BUREAU OF SPECIAL INVESTIGATIONS

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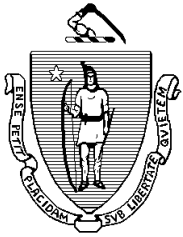
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Office of the State Auditor Bureau of Special Investigations

FY 2007

2nd Quarterly Report
October 1, 2006 - December 31, 2006

February 7, 2007



The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

STATE HOUSE, BOSTON 02133

A. JOSEPH DE NUCCI
AUDITOR

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February 7, 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 October 1, 2006 – December 31, 2006.

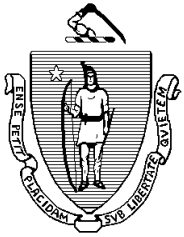
Please feel free to contact me if you require any additional information.

Sincerely,

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

A. Joseph DeNucci
Auditor of the Commonwealth

AJD/law



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STATE HOUSE, BOSTON 02133

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February 7, 2007

The Honorable Therese Murray
Chairwoman
Senate Committee on Ways and Means
State House
Room 212
Boston, MA 02133

Dear Chairwoman Murray:

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 October 1, 2006 – December 31, 2006.

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".

A. Joseph DeNucci
Auditor of the Commonwealth

AJD/law

Bureau of Special Investigations

FY 2007

Quarterly Report

October 1, 2006 – December 31, 2006

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.

Second Quarter Activities and Accomplishments

At the start of the second quarter of FY 2007, BSI's caseload included 4181 cases in various stages of investigation. During the period of October 1, 2006 through December 31, 2006, BSI received 374 new allegations of public assistance fraud.

During the same period BSI completed the investigation of 190 cases. In 96 of these investigations, BSI examiners found illegal activities that resulted in \$754,056.43 of fraudulently obtained public assistance benefits and services. Of this amount, \$440,000 (58%) involved fraud in the Medicaid program. Each of these cases has been referred to the appropriate agency for either criminal prosecution or civil recoupment of lost funds.

BSI has a number of cases of identified fraud pending within the court system and is working with the appropriate District Attorneys to prosecute these cases. In addition, BSI is working with the Attorney General's office to investigate over \$750,000 in Personal Care Assistance (PCA) fraud. PCA fraud not only results in the loss of valuable public resources, but it often indicates that disabled persons are not receiving the services they need to remain independent and safe in the community. Due to BSI's increased involvement in PCA cases, BSI met with the Disabled Persons Protection Commission to enhance staff knowledge about abuse and neglect of disabled citizens. BSI and DPPC have begun to work cooperatively on PCA investigations.

The total caseload of open investigations on December 31, 2006 totaled 4365 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>(10/1/2006 – 12/31/2006)</i>	
Number of Open Investigations as of 10/1/2006	4,181
New Referrals received	374
Completed Investigations with Identified Fraud	(96)
Completed Investigations with no Fraud Identified	<u>(94)</u>
Number of Open Investigations as of 12/31/2006	4,365

<i>Identified Fraud by Program of Assistance</i> <i>(10/1/2006 –12/31/2006)</i>	
Transitional Assistance to Families with Dependent Children (TAFDC)	\$ 177,093.83
Emergency Aid to Elderly, Disabled and Children (EAEDC)	\$ 15,874.40
Food Stamps (FS)	\$ 75,847.00
Medical Assistance (MA)	\$ 440,099.30
Child Care	<u>\$ 45,141.90</u>
<i>Total</i>	\$ 754,056.43