



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

*Making government work better*

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## Bureau of Special Investigations 2<sup>nd</sup> Quarter Report

Fiscal Year 2016  
October 1, 2015 – December 31, 2015



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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. The diligent work of BSI investigators ensures taxpayer dollars used to fund Massachusetts' public benefits programs are used 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 (DTA), the Department of Children and Families<sup>1</sup> (DCF), and the Division of Medical Assistance (DMA), which administers MassHealth (the state's Medicaid program). Although not included in the BSI statute, BSI also works with the Department of Early Education and Child Care (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 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. Each Unit is headed by an Assistant Director who reports to the Director of BSI. 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 2nd quarter of fiscal year 2016.

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

## **EXECUTIVE SUMMARY**

In the 2<sup>nd</sup> quarter of fiscal year 2016, the Bureau of Special Investigations (BSI) opened 1,692 new investigations, completed 1,602 total investigations, and identified fraud in 207 cases. BSI identified \$2,695,343.53 in public assistance fraud this quarter. The next section of this report includes a comprehensive breakdown of the fraud identified within each of the specific programs BSI is statutorily obligated to investigate.

In the course of its work, BSI investigators interacted with numerous state and federal agencies, including the United States Department of Agriculture, the United States Department of Health and Human Services, the Massachusetts Office of the Inspector General, the United States Attorney, the Massachusetts Attorney General, District Attorneys, and local law enforcement.

BSI's partnerships with these agencies are crucial to its efforts to ensure that public benefits programs operate with integrity and are available to the citizens of the Commonwealth who truly need them.

## 2<sup>nd</sup> QUARTER SUMMARY

Caseload	EEC	MassHealth	DTA	Hotline	Other	Total
<b>Beginning Balance</b>	4	425	1,572	1	11	2,013
<b>New Investigations</b>	8	298	1,352	0	34	1,692
<b>Total Completed Investigations</b>	1	329	1,263	0	9	1,602
<b>Completed w/ No Fraud</b>	0	259	791	0	1	1,051
<b>Completed w/ Identified Fraud</b>	1	70	128	0	8	207
<b>Completed as Potential IPV</b>	0	0	344	0	0	344
<b>Ending Balance</b>	<u>11</u>	<u>394</u>	<u>1,661</u>	<u>1</u>	<u>36</u>	<u>2,103</u>

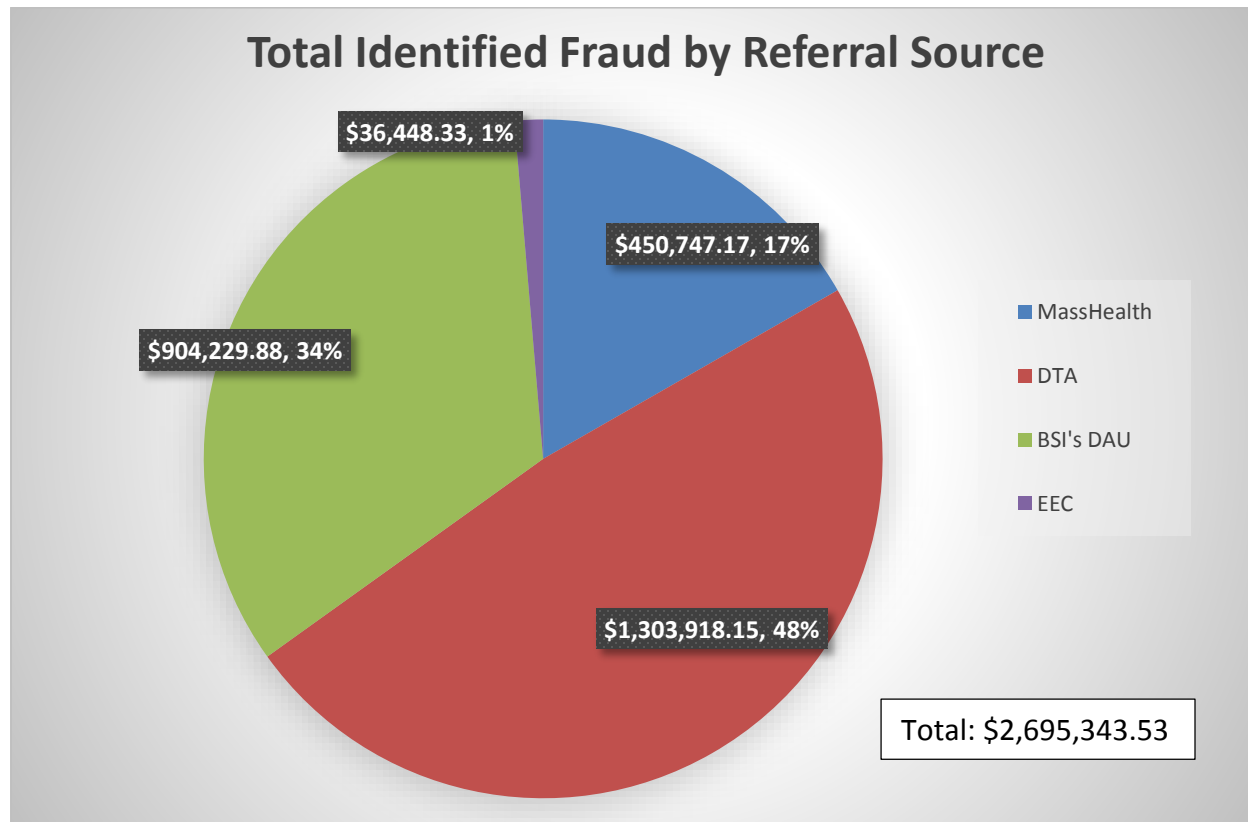
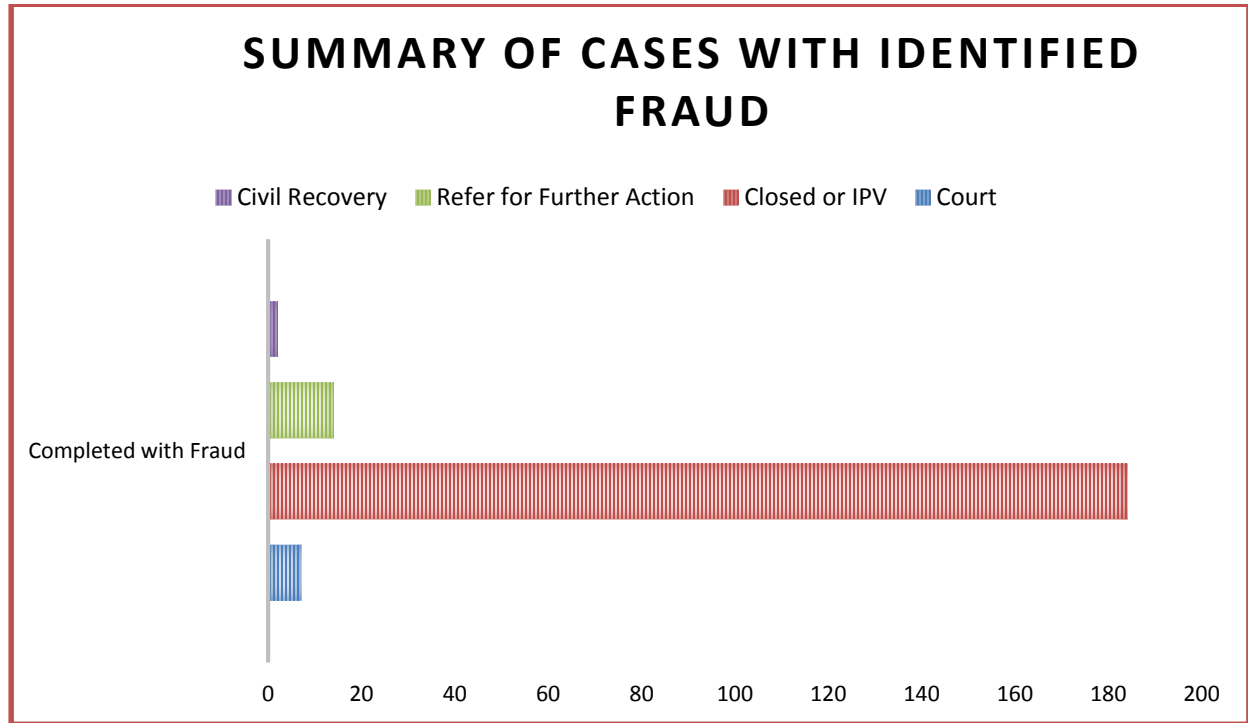
### Identified Fraud Cases by Disposition

- Total Cases with Identified Fraud: 207
- Closed or Intentional Program Violation (IPV): 184
- Referred for Prosecution: 7
- Civil Recovery: 2
- Referred for Further Action: 14

BSI uses different disposition codes to categorize completed investigations: closed, IPV, referred for further action, referred for prosecution, civil recovery, and warrant issued.

- Closed cases include all investigations that were completed and closed by BSI, with or without identified fraud. In some instances, cases are closed not because there was no fraud present, but because BSI cannot obtain the necessary documents to substantiate the fraud or the individual was not receiving benefits during the period of allegation.
- An Intentional Program Violation, or IPV, is a case that is returned to the Department of Transitional Assistance (DTA) to be handled administratively.

- Cases designated as referred for further action are completed cases with identified fraud that require management discussions to determine appropriate resolutions. The case will be referred for prosecution, civil recovery, or returned to the appropriate agency for their administrative process, at which time the BSI status changes to completed and closed.
- Cases that are referred for prosecution are cases in which BSI examiners file criminal complaints against the subjects or the case has been referred to the Attorney General's Office or a District Attorney's Office for prosecution.
- Civil recovery cases are those for which BSI has resolved the case through an agreement in which the subject agrees to pay back part or all of the fraudulently obtained benefits to the Commonwealth.
- A warrant is issued when BSI takes out a criminal complaint against a subject and they fail to show up for a hearing.



## 2<sup>nd</sup> QUARTER SUMMARY BY UNIT

### Central Processing Unit

During the 2<sup>nd</sup> quarter of fiscal year 2016 (FY16), the Central Processing Unit (CPU) analyzed and processed 1,747 referrals for investigation. The referral breakdown was as follows: 341 MassHealth referrals, 1,365 DTA referrals, and 41 referrals from BSI's Data Analytics Unit (DAU) and other sources. During this quarter, BSI opened 1,692 new investigations and completed 1,602. Of the completed investigations, 1,051 were closed with no fraud identified, 207 were completed with identified fraud, and 344 were returned to DTA as a potential Intentional Program Violation (IPV) cases to be handled administratively.

### MassHealth Unit

One hundred and two new cases were assigned to the MassHealth Unit during the 2<sup>nd</sup> quarter of FY16. The unit completed 139 investigations and identified \$478,865.05 in fraud. Of the 139 cases completed, 75 had identified fraud; 64 resulted in a finding of no fraud or were closed administratively.

The Unit continued regular correspondence and meetings with stakeholders, including MassHealth's Program Integrity Unit, the Massachusetts Executive Office of Elder Affairs, and UMASS Medical Center. The Unit also developed a new stakeholder: the UMASS Casualty Recovery Unit, which will begin sending referrals to BSI for cases involving individuals receiving MassHealth benefits that have collected money from workers' compensation but did not report it to MassHealth. The Unit also continued to receive referrals from the Massachusetts Attorney General's Office and participated in ongoing conversations about how to continue collaborating.

### Data Analytics Unit

In the 2<sup>nd</sup> quarter of FY16, BSI's Data Analytics Unit (DAU) referred the findings of a case involving overlapping Adult Foster Care and Long Term Care program billing practices to the Office of the State Auditor's (OSA) Medicaid Audit Unit, which facilitated the pre-audit work for an audit of this practice.

The Data Analytics Unit took part in several webinars and a week-long training called *Querying Microsoft SQL Server*, which allows DAU to customize queries to better serve and develop BSI investigations.



DAU also analyzed MassHealth dental claims, identifying MassHealth dental providers with billing practices that were not always in compliance with MassHealth rules. The cases involved three different dental providers and schemes involving unbundling, improper claims, duplicative billing, and other suspicious billing activity. The investigation is ongoing, but has identified over \$3 million in fraud in improperly paid claims.

DAU also secured access to a subset of the Secretary of State's Registry of Deeds database and received permission to connect to the DTA Beacon Data Warehouse. This provides DAU with more resources to conduct analysis and can increase fraud referrals for BSI.

### **Department of Transitional Assistance Unit**

During the 2<sup>nd</sup> quarter of FY16, BSI received 1,352 referrals from the Department of Transitional Assistance (DTA) and completed 128 investigations with identified fraud. The case breakdown was as follows:

- 66 cases involved subjects who were not reporting or underreporting their income.
- 22 cases were identified as “non-custodial parents residing in the home.” This means the subject claimed to be a single parent supporting his/her dependent(s) without the help of the absent parent, but the investigation determined the other parent actually lived with the subject and was contributing income. This is a violation because the subject is underreporting the household size and income, which impact eligibility.
- 11 cases were identified as “subject having income from undisclosed sources,” or “living beyond means.” The investigation revealed that the subjects' circumstances (living expenses, owning multiple cars, lifestyle choices, etc.) suggest they may have other sources of income that are not being reported (receiving money from friends/family, lottery winnings, working under the table, etc.).
- Eight involved subjects failing to report assets to DTA for consideration when applying for cash benefits.
- Two consisted of cases in which incomes from other members of the household were not reported.
- One involved unreported receipt of child support payments.
- One involved a DTA recipient residing outside the Commonwealth.

- One was a result of an undocumented resident who was receiving welfare benefits.

The total amount of identified fraud from DTA referrals in the 2<sup>nd</sup> quarter was \$1,303,918.15. The largest amount of identified fraud resulted from cases of non-custodial parent residing in the home and not reporting income.

BSI's newest source of referrals, EEC, which falls under the umbrella of the DTA Unit, sent BSI eight referrals this quarter. One EEC case was completed with an identified fraud amount of \$36,448.33. EEC referrals have also generated cases that have DTA and MassHealth components.

The DTA Unit also received ten case referrals from the U.S. Attorney's Public Benefits Fraud Task Force, which consists of the Office of the Inspector General for Social Security; Office of the Inspector General of Housing and Urban Development; and U.S. Department of Homeland Security.

## **NOTABLE BSI ACTIVITY**

### **Woman Fraudulently Receiving EEC Benefits**

A BSI investigation found that subject Y. Adames fraudulently collected \$225,730.00 in Department of Early Education and Child Care (EEC) benefits from 2005 to 2014 by making false representations concerning her total household size and income. Evidence shows that on ten separate EEC Application and Fee Agreements, Adames falsely claimed to be a single mother receiving no alimony or child care assistance from her spouse. BSI's investigation uncovered that F. Reyes, Adames's spouse, resided in the home and was employed while she was receiving benefits for the nearly ten-year period. EEC regulations require recipients to notify EEC of any changes in circumstances or income that may affect eligibility within ten days of the change. As a result of BSI's investigation, Adames was charged with two counts of larceny over \$250 on November 5, 2015 at Boston Municipal Court. Adames was arraigned on January 13, 2016 and her next court date is set for June 8, 2016.

### **Woman Claims Role as Caretaker to Receive Benefits**

A BSI investigation found that subject C. Brown fraudulently received \$30,619.50 in Emergency Aid to the Elderly, Disabled and Children (EAEDC) program and \$12,463.00 in Supplemental Nutritional Assistance Program (SNAP) benefits (also known as food stamps) by misrepresenting her household size on six Department of Transitional Assistance (DTA) forms from 2007 to 2014. Brown reported that she had custody of her niece and nephew and that they were living with her in Dorchester, MA. Evidence, including school records and witness statements, shows the children were actually living with their mother in Randolph, MA while Brown was claiming them. The scheme was uncovered when the children's mother applied to DTA for benefits for herself and her children after she was laid off, only to find out her children were already in the system as Brown's dependents. As a result of BSI's investigation, C. Brown was charged with larceny over \$250 and public assistance fraud on October 16, 2015 at Boston Municipal Court. Brown was arraigned on December 12, 2015 and her next court date is set for July 8, 2016.

### **PCA High Earner Project**

The Executive Office of Elder Affairs (EOEA) provided BSI with the top earning Personal Care Attendants (PCA) in calendar year 2014, which consisted of all PCAs earning over \$40,000 for the year. BSI's Data Analytics Unit (DAU) reviewed the list and cross-referenced it with enrollment information from other

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MassHealth and Department of Transitional Assistance (DTA) benefit programs. Following this analysis, DAU identified potential subjects for fraud investigation and referred the subjects to the Central Processing Unit (CPU). CPU performed preliminary investigations on the PCA top earner referrals by verifying the subject's enrollment with their reported 2014 earnings, the dates of reporting, as well as reviewing the Federal Poverty Level charts to determine eligibility for MassHealth and DTA programs. This analysis identified 35 potential PCAs that may be receiving MassHealth benefits despite incomes that should make them ineligible. These cases are currently under investigation by the MassHealth Unit.

### **BSI Annual All Staff Meeting**

BSI held its annual all staff meeting on November 11, 2015. The BSI All Staff Meeting has matured from its humble beginnings as a staff get-together into a full day, mark-your-calendar event with guest speakers, unit updates, and a "State of BSI" speech given by the Director. The day served not only as a way for staff to interact and share ideas, but was also a valuable training and learning tool for BSI. BSI heard from representatives from the Department of Early Education and Child Care (EEC) and Joan Senatore, of the Executive Office of Health and Human Services' Program Integrity, who spoke about MassHealth and BSI's longstanding relationship and possible ways to make combating fraud more efficient. Representatives from BSI's Data Analytics Unit commented on the Commonwealth's current opioid crisis and the techniques BSI is using to uncover possible opioid fraud. BSI also heard from Director Allie Alland, OSA IT Department representative Roy McKinney, and former Deputy Auditor and General Counsel Gerry McDonough.

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 use BSI's fraud reporting hotline: (617) 727-6771. All complaints are kept confidential.