



Commonwealth of Massachusetts
Office of the State Auditor
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Making government work better

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Bureau of Special Investigations 2nd Quarter Report
Fiscal Year 2018
October 1, 2017 – December 31, 2017



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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),¹ 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 2nd quarter of fiscal year 2018, which identified \$4,016,718.18 in fraud.

¹ 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

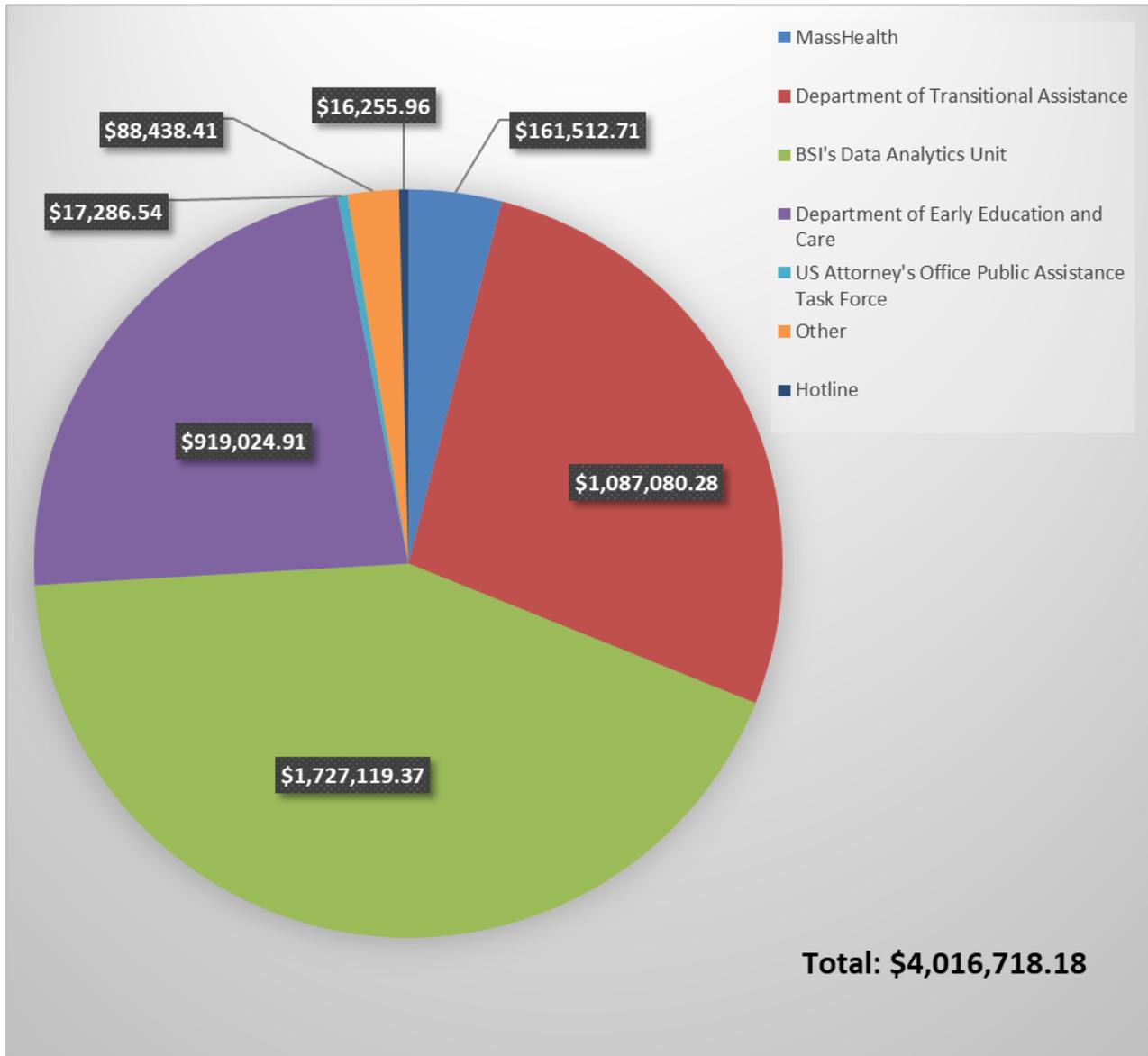


Figure 1. The total amount of fraud BSI identified in the 2nd quarter of fiscal year 2018, organized by the referral source. For example, BSI identified \$919,024.91 in fraud as a result of referrals from EEC.

2nd QUARTER SUMMARY BY UNIT

Central Processing Unit

The Central Processing Unit (CPU) received 2,306 new referrals for investigation in the 2nd quarter of fiscal year 2018 (FY18) from the following sources:

Source	Number of Referrals	Percentage of Total
Department of Transitional Assistance (DTA)	1,951	84.6%
MassHealth	239	10.4%
Hotline	96	4.2%
Task Force	8	0.3%
Department of Early Education and Care (EEC)	7	0.3%
Data Analytics Unit (DAU)	5	0.2%

The primary sources of the 2,306 new referrals by program are as follows:

Type	Number of Cases	Percentage of Total
Supplemental Nutrition Assistance Program	886	38.4%
Transitional Aid to Families with Dependent Children	666	28.9%
Emergency Aid to the Elderly, Disabled, and Children	398	17.3%
MassHealth	293	12.7%
Classification to Be Determined	56	2.4%
Other	7	0.3%

CPU processed, analyzed, and reviewed 2,393 cases. CPU identified 930 referrals as potential Intentional Program Violation cases, where BSI determined that a fraud claim had merit but returned the case to DTA for further action based on our evidence. Additionally, CPU closed 1,139 cases administratively with a finding of no fraud after completing a preliminary investigation. CPU designated the remaining 324 cases for assignment to either the MassHealth or DTA Units.

MassHealth Unit

During the 2nd quarter of FY18, there were 130 new cases assigned to the MassHealth Unit, which completed 189 investigations that were assigned in this and previous quarters and identified \$460,839.94² in fraud in 131 cases. The remaining 58 cases resulted in findings of no fraud or were closed administratively.

The MassHealth Unit also collaborated with the DTA Unit on 15 investigations, identifying fraud in 8 of those cases, totaling \$152,173.95.

The Unit's ongoing investigative efforts into MassHealth's Personal Care Attendant (PCA) Program contribute to the safety and wellbeing of individuals receiving care under the program. When suspicions or allegations of abuse and/or neglect arise, the Unit's fraud examiners immediately contact the Executive Office of Elder Affairs or the Disabled Persons Protection Commission to request a wellness check by a skills trainer from the relevant personal care management agency.

The MassHealth Unit works closely with MassHealth management and meets monthly with MassHealth's Program Integrity Unit, resulting in increased referrals to BSI. In addition, BSI regularly schedules trainings for the directors and staff of the four MassHealth Enrollment Centers located throughout the Commonwealth in order to foster greater communication and shared goals between the agencies.

Department of Transitional Assistance Unit

For the 2nd quarter of FY18, the DTA Unit completed 172 cases, identifying fraud totaling \$2,006,105.19 in 127 cases. One hundred sixteen of those cases were DTA referrals, generating \$1,087,080.28 in identified fraud. In the remaining 11 cases, the DTA Unit identified \$919,024.91 in additional fraud related to EEC. In addition, the DTA Unit reached civil settlements in six cases totaling \$207,951.16 in identified fraud.

² The figure includes referrals from MassHealth and BSI's DAU.

Data Analytics Unit

For the 2nd quarter of FY18, the MassHealth and DTA Units completed 66 cases from DAU-generated referrals from previous quarters and identified fraud totaling \$1,718,544.37 in 59 of those cases. The majority (45) of those cases uncovered \$97,773.04 in identified fraud in connection with PCAs falsely submitting timesheets for services allegedly provided to MassHealth members residing in long-term care facilities; MassHealth prohibits PCA services for long-term-care facility residents. Thirteen cases, totaling \$14,590.62 in identified fraud, involved PCAs fraudulently receiving DTA benefits by concealing from DTA the PCA income they received from MassHealth. Finally, DAU referred one case with \$1,606,180.71 in identified fraud to the Massachusetts Attorney General’s Office in connection with a MassHealth dental provider’s fraudulent billing practices.

NOTABLE BSI ACTIVITY

Medford Woman Indicted for Social Security, Medicare, MassHealth, and Food Stamp Fraud

On November 2, 2017, a Medford woman was arrested and charged in US District Court for the District of Massachusetts with three counts of theft of public funds, two counts of making false statements, and one count of falsely representing a Social Security number.

Based on the Bureau of Special Investigation's (BSI) investigative efforts and collaboration with the federal Public Assistance Task Force, a federal grand jury indicted the defendant for allegedly stealing \$73,288 in Social Security benefits, \$8,455 in Medicare benefits, \$8,615 in MassHealth benefits, and \$17,929 in Supplemental Nutritional Assistance Program (food stamp) benefits from October 2007 through May 2017.

Two Springfield Women Indicted in Connection with Defrauding State Agencies, Stealing from a Women's Shelter

On October 4, 2017, two Springfield women were arraigned in Hampden County Superior Court in Springfield for allegedly stealing more than \$14,000 through various larceny schemes, including defrauding state agencies of benefits and stealing from a local women's shelter. The charges filed against the two defendants include larceny over \$250, conspiracy to commit larceny, forgery, and failure to disclose any material fact affecting eligibility or level of benefits.

BSI's investigation, arising out of a 2015 referral from the Department of Housing and Community Development (DHCD), alleged that one defendant, who worked as an advocate at a local women's shelter, stole more than \$4,000 in donated gift cards intended for shelter participants between 2013 and 2015. She allegedly used the gift cards to purchase furniture for herself and family members.

In addition, the defendant allegedly defrauded MassHealth out of more than \$7,000 in benefits by failing to inform MassHealth about changes to her eligibility status, including the availability of employer-sponsored health insurance.

Furthermore, the charging documents asserted that the defendants defrauded the Commonwealth of more than \$3,000 in benefits by conspiring to apply for benefits from DHCD's Residential Assistance for

Families in Transition Program, which provides short-term financial assistance to low-income families; using the identities of shelter participants; creating a fake property management company; and forging housing court documents.

BSI Staff Training

BSI's Director gave a presentation on evidence to staff members. The presentation covered a wide array of topics including admissibility, relevance, the rules of evidence, and subsequent exceptions to those rules. In addition, the training covered the role evidence plays as it relates to BSI's efforts to prosecute criminal cases and the government's burden of providing evidence to prove each element of an alleged crime beyond a reasonable doubt.

The presentation was part of an ongoing series to promote staff education, development, and training. Moreover, these presentations equip BSI's staff with the tools and information to work smarter and more efficiently in safeguarding the Commonwealth's public assistance benefit programs.

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.