



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

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Bureau of Special Investigations 3rd Quarter Report

Fiscal Year 2016
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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 in the Commonwealth. The diligent work of BSI investigators ensures that 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 Families¹ (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 3rd quarter of fiscal year 2016.

1. 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 3rd quarter of fiscal year 2016, the Bureau of Special Investigations (BSI) opened 2,048 new investigations, completed 2,174 total investigations, and identified fraud in 312 cases. BSI identified \$5,379,701.33 in public assistance fraud this quarter. The Federal Public Assistance Fraud Task Force sent BSI, the only state agency to sit on the task force, 20 case referrals this quarter, five of which were opened as joint investigations with the Office of Inspector General for the U.S. Department of Health and Human Services. 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 United States Department of State, 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.

3RD QUARTER SUMMARY

Caseload	EEC	MassHealth	DTA	Hotline	Other	Total
Beginning Balance	11	394	1,661	1	36	2,103
New Investigations	12	265	1,613	0	158	2,048
Total Completed Investigations	5	327	1,759	0	83	2,174
Completed w/ No Fraud	2	246	821	0	50	1,119
Completed w/ Identified Fraud	3	81	195	0	33	312
Completed as Potential IPV	0	0	743	0	0	743
Ending Balance	<u>18</u>	<u>332</u>	<u>1,515</u>	<u>1</u>	<u>111</u>	<u>1,977</u>

Identified Fraud Cases by Disposition

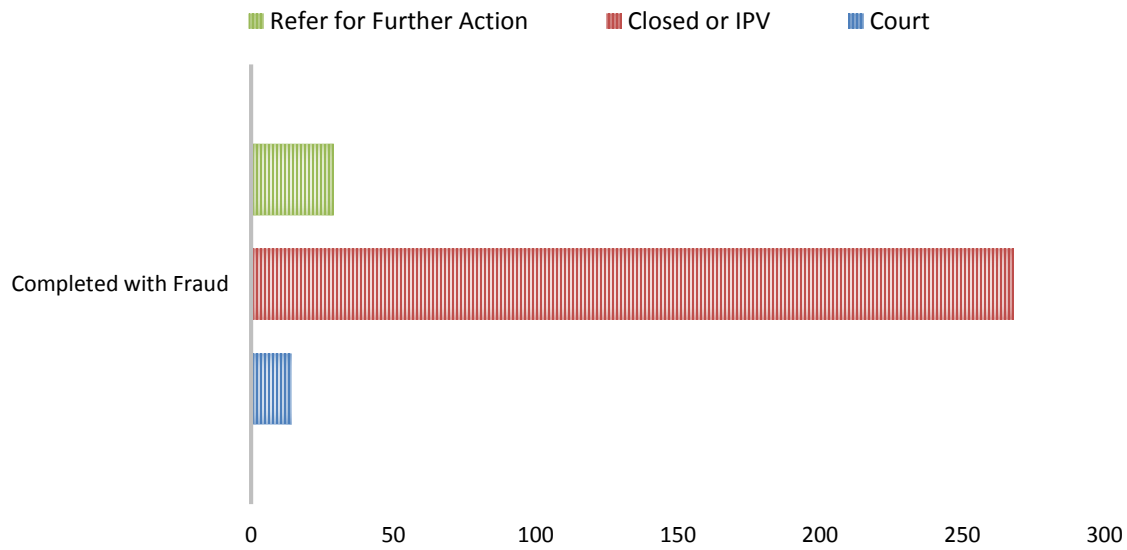
- Total Cases with Identified Fraud: 312
- Closed or Intentional Program Violation (IPV): 268
- Referred for Prosecution: 14
- Civil Recovery: 1
- Referred for Further Action: 29

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

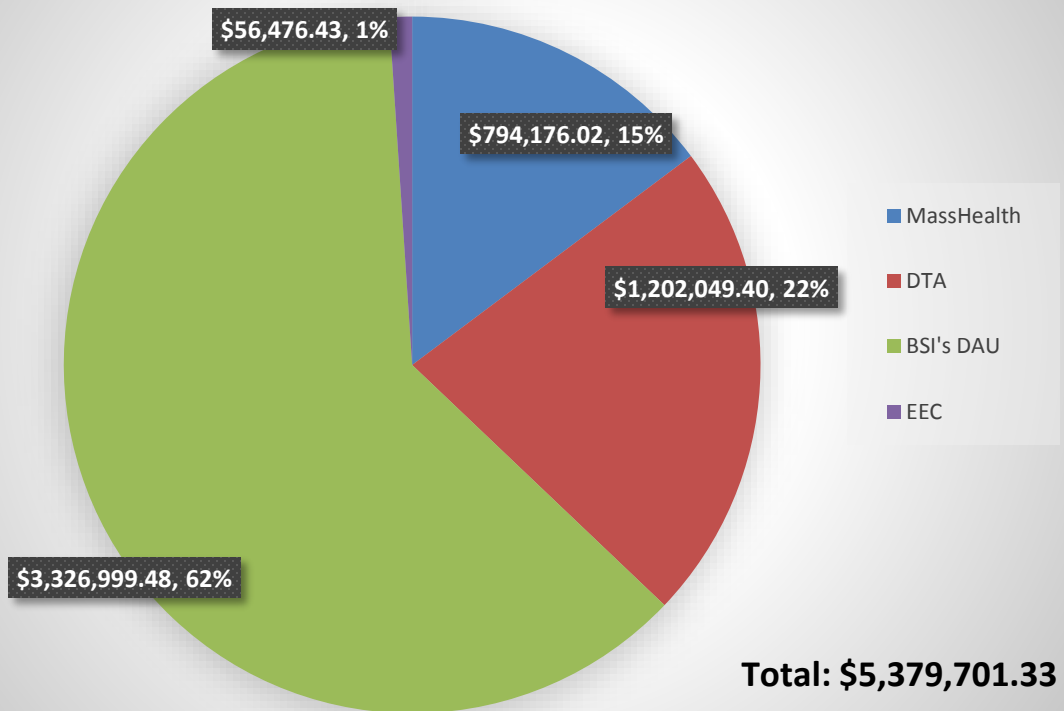
- Closed cases include all investigations that were completed and closed by BSI, with or without identified fraud. In some instances, cases are closed not because there was no fraud present, but because BSI cannot obtain the necessary documents to substantiate the fraud or the individual was not receiving 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), MassHealth, or the Department of Early Education and Child Care (EEC) to be handled administratively.

- 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.
- 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.
- A warrant is issued when BSI takes out a criminal complaint against a subject and they fail to show up for a hearing.

SUMMARY OF CASES WITH IDENTIFIED FRAUD



Total Identified Fraud by Referral Source



3rd QUARTER SUMMARY BY UNIT

Central Processing Unit

In the 3rd quarter of fiscal year 2016 (FY16), the Central Processing Unit (CPU) processed, analyzed, and reviewed 2,126 fraud referrals from four sources: MassHealth, the Department of Transitional Assistance (DTA), the fraud hotline, and BSI's Data Analytics Unit (DAU). During this quarter, BSI opened 2,048 new investigations and completed 2,174. Of the completed investigations, 1,119 were closed with no fraud identified, 312 were completed with fraud identified, and 743 were returned to DTA as a potential Intentional Program Violation (IPV) to be handled administratively.

MassHealth Unit

During the 3rd quarter of FY16, 254 new cases were assigned to the MassHealth Unit. The Unit completed 176 investigations, of which fraud was identified in 110, resulting in \$1,022,064.39 in identified fraud. The remaining 66 cases resulted in a finding of no fraud determined or were closed because there was not enough evidence to substantiate an investigation.

The MassHealth Unit filed two criminal complaints during the 3rd quarter. One complaint was filed in Springfield District Court involving a MassHealth member cashing checks for personal care attendant (PCA) services she never received. The second complaint, filed in Attleboro District Court, involved an individual who was residing out of state and was employed while receiving MassHealth benefits. Both cases are highlighted in the "Notable Cases" section in this report.

Department of Transitional Assistance Unit

During the 3rd quarter of FY16, BSI received 1,654 referrals for investigation from DTA, of which fraud was identified in 271 cases, broken down as follows:

- 160 Supplemental Nutrition Assistance Program (SNAP), also known as food stamps, cases
- 68 Transitional Assistance for Families with Dependent Children (TAFDC) benefit cases
- 20 Emergency Aid for the Elderly, Disabled and Children (EAEDC) benefit cases
- One case involving a subject residing out of the Commonwealth while in receipt of benefits

During this quarter, the DTA Unit filed criminal complaints on five completed investigations. The total amount of identified fraud for the 3rd quarter was \$1,171,348.02.

The Department of Early Educations and Childcare (EEC), which falls under the umbrella of the DTA Unit, sent 12 case referrals to BSI in the 3rd quarter. The total amount of identified fraud for EEC cases was \$205,583.62.

The DTA Unit also received a total of 15 referrals from federal agencies, including the Office of the Inspector General for the Social Security Administration, Office of the Inspector General of Housing and Urban Development, and the United States Department of Homeland Security.

Data Analytics Unit

During the 3rd quarter, BSI's DAU received six referrals for investigation from the Federal Public Assistance Fraud Task Force. Five of the referrals involved services billed for deceased public assistance recipients, one of which involved an additional allegation of receiving benefits for dependents no longer residing in the home. BSI opened joint investigations on these cases with the Office of Inspector General for the U.S. Department of Health and Human Services to identify fraud across multiple public assistance programs.

The remaining referral involves stolen identities and a fraudulent address that several individuals were using to obtain MassHealth benefits. DAU was able to identify both past and current residents of the address, thereby identifying several individuals fraudulently obtaining public assistance benefits. This is an active investigation.

DAU initiated a monthly internal meeting with OSA's Audit Planning, Medicaid Audit Unit, and IT Data Analytics to discuss opportunities and overlapping interests. DAU staff also attended trainings on opioid fraud, mathematical statistics, laboratory testing, and behavioral health schemes.

NOTABLE BSI ACTIVITY

Quincy Woman Fraudulently Collecting MassHealth, SNAP, and Child Care Benefits

A BSI investigation revealed that a Quincy woman fraudulently collected \$24,769 in Supplemental Nutritional Assistance Program (SNAP) benefits, \$49,279 in MassHealth benefits, and \$52,024 in Early Education and Child Care (EEC) benefits from 2011 to 2015 by misrepresenting her income. Furthermore, evidence shows that she intentionally withheld that the father of her children resided in her home and had earned income. EEC initially sent this referral to BSI because the agency suspected that the father had been residing in the home and was unreported to EEC. BSI filed a criminal complaint on the woman in Boston Municipal Court on March 4, 2016. Her next court date is scheduled for May 31, 2016.

Western Mass Woman Collecting Benefits for Phantom PCA Services

A BSI investigation uncovered a scheme orchestrated by a woman in western Massachusetts who fraudulently collected \$97,585 in Personal Care Attendant (PCA) program benefits by providing false and misleading information to MassHealth from 2012 to 2015. The woman submitted hiring information, daily activity logs, PCA payroll checks, and other documents indicating that three different individuals provided hands-on PCA services for her. However, BSI's investigation revealed that two of the alleged PCAs were residing in North Carolina, one of whom is incarcerated in a North Carolina prison. The third PCA stated that the woman must have stolen her identity and was unaware of the PCA billing until BSI notified her. BSI filed a criminal complaint on the woman in Springfield District Court on January 29, 2016. The woman failed to appear at her arraignment on February 19, 2016 and a warrant was issued. The warrant is still in effect and the woman is believed to be living in North Carolina.

Springfield Woman Claimed to Be Single Mother While Living with Husband and Collecting Benefits

A BSI investigation revealed that a woman in Springfield fraudulently collected \$8,320 in Transitional Aid to Families with Dependent Children (TAFDC) benefits, \$30,026 in Supplemental

Nutritional Assistance Program (SNAP) benefits, and \$36,891 in MassHealth benefits from 2010 to 2015 by misrepresenting her household size, income, and available health insurance. Tax and employment records and other evidence show that the woman's husband resided in the home with her and their children from 2010 to 2015 while she was claiming to DTA and MassHealth to be a single parent. Evidence also reveals that her husband had family health insurance coverage available through his employer, in which he failed to enroll. BSI filed a complaint in Springfield District Court on January 26, 2016. Her next court date is scheduled for July 7, 2016.

Man Living in Rhode Island Collecting Massachusetts Benefits

A BSI investigation uncovered a scheme by a Rhode Island man who fraudulently received \$45,645 in MassHealth benefits from 2012 to 2015 and \$8,324 in DTA benefits from 2013 to 2015 by falsely claiming to be a resident of the Commonwealth and failing to report his earned income to MassHealth and DTA. Evidence, such as court documents, landlord information, and employment records, show that the alleged perpetrator resided in Rhode Island while receiving both MassHealth and DTA benefits from 2012 to 2015. MassHealth eligibility regulations state that the member must be a resident of the Commonwealth. BSI filed a complaint on the individual in Attleboro District Court on March 11, 2016. His next court date is scheduled for July 6, 2016.

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.