



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

Official Report – July 25, 2018

Bureau of Special Investigations 3rd Quarter Report
Fiscal Year 2018
January 31, 2018 – March 31, 2018



TABLE OF CONTENTS

ABOUT THE BUREAU OF SPECIAL INVESTIGATIONS.....	1
3RD QUARTER SUMMARY BY UNIT	3
NOTABLE BSI ACTIVITY.....	6

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 3rd quarter of fiscal year 2018, which identified \$3,252,645.91 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

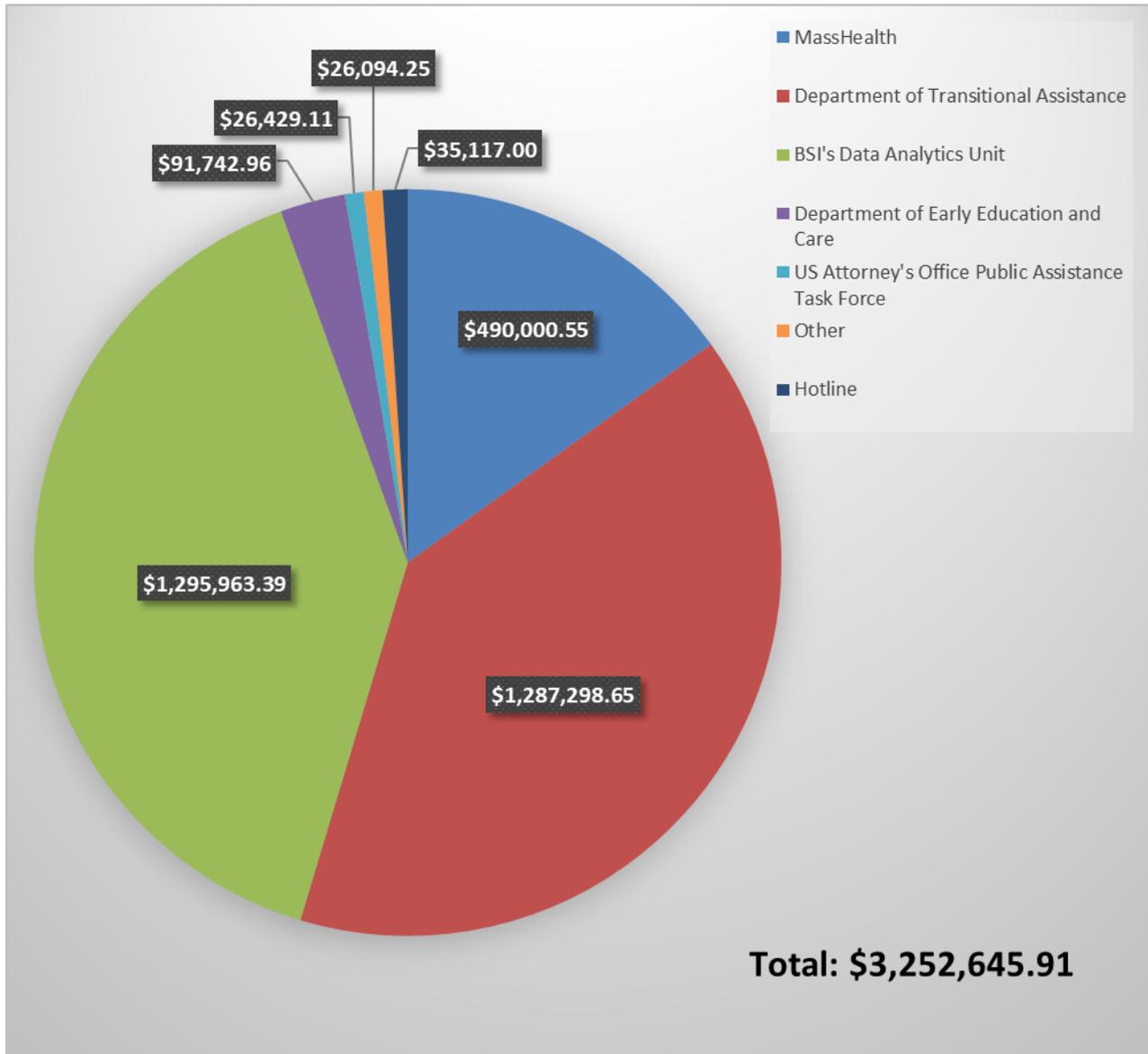


Figure 1. The total amount of fraud BSI identified in the 3rd quarter of fiscal year 2018, organized by the referral source.

3rd QUARTER SUMMARY BY UNIT

Central Processing Unit

The Central Processing Unit (CPU) received 1,692 new referrals for investigation in the 3rd quarter of fiscal year 2018 (FY18) from the following sources:

Source	Number of Referrals	Percentage of Total
Department of Transitional Assistance (DTA)	1,313	77.6%
Hotline	185	10.9%
MassHealth	174	10.3%
Task Force	11	0.6%
Department of Early Education and Care (EEC)	8	0.5%
BSI's Data Analytics Unit (DAU)	1	0.1%

The primary sources of the 1,692 new referrals by program are as follows:

Type	Number of Cases	Percentage of Total
Supplemental Nutrition Assistance Program (SNAP)	742	43.8%
Transitional Aid to Families with Dependent Children (TAFDC)	425	25.1%
MassHealth	274	16.2%
Emergency Aid to the Elderly, Disabled, and Children (EAEDC)	232	13.7%
Other	13	0.8%
Classification to Be Determined	6	0.4%

CPU processed, analyzed, and reviewed 1,601 cases in the 3rd quarter of FY18. The unit identified 258 cases (16.1%) 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 985 cases administratively (61.5%) with a finding of no fraud after completing a preliminary

investigation. CPU recommended the remaining 358 cases (22.4%) for assignment to either the DTA or MassHealth Units.

MassHealth Unit

During the 3rd quarter of FY18, there were 85 new cases assigned to the MassHealth Unit, including 24 new DTA cases. The unit completed 110 investigations and identified \$605,434.80² in fraud in 67 cases. The remaining 43 cases resulted in findings of no fraud or were closed administratively.

The MassHealth Unit's fraud examiners also investigated DTA cases, completing 27 investigations and identifying \$160,051.83 in 15 cases.

On January 25, 2018, the Assistant Director for the MassHealth Unit and a senior fraud examiner met with directors from the MassHealth Enrollment Center in Quincy to discuss referrals and cases and to answer questions about BSI. This meeting, along with monthly meetings with MassHealth management and its Program Integrity Unit, is part of the MassHealth Unit's ongoing effort to foster communication, cooperation, and collaboration with MassHealth.

Department of Transitional Assistance Unit

For the 3rd quarter of FY18, the DTA Unit, which investigates public assistance fraud involving DTA and EEC benefits, completed 172 investigations and identified \$1,438,396.10 in fraud. The breakdown of identified fraud by public assistant benefit program was \$817,856.07 for SNAP; \$391,646.68 for TAFDC; \$137,150.39 for EAEDC; and \$91,742.96 for EEC.

During this quarter, the DTA Unit settled four cases via civil recovery. In these cases, the unit recovered \$50,120.56 in fraudulent overpayments and executed agreements that disqualified subjects from receiving future benefits. Subjects send both initial and future payments directly to DTA and/or EEC.

The DTA Unit has 13 new cases with the status of "court"; these cases could end up in the court system or be handled as civil recoveries.

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

Data Analytics Unit

For the 3rd quarter of FY18, the MassHealth and DTA Units completed 14 cases from referrals generated by DAU and identified fraud in 12 of those cases. The majority of those referrals (11) 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. The remaining case identified fraud involving a PCA who allegedly concealed personal income from DTA to fraudulently receive DTA benefits.

Finally, DAU referred a case to the Office of the Attorney General totaling \$1,272,865 in identified fraud in connection with a home health care agency's billing practices.

NOTABLE BSI ACTIVITY

Petersham Woman Arraigned for PCA Fraud

On February 6, 2018, a resident of Petersham was arraigned in Gardner District Court on Larceny Over \$250 by Single Scheme, in violation of M.G.L. c. 266, §30(1). The woman, who served as the surrogate for her husband, allegedly used the identity of her husband's daughter to submit time sheets for personal care attendant (PCA) services that were never provided. In total, she received \$18,809.21 in fraudulent payments.

Weymouth Man Arraigned for PCA Fraud

On March 2, 2018, a Weymouth man was arraigned in Quincy District Court on Larceny Over \$250 by Single Scheme, in violation of M.G.L. c. 266, §30(1); making a False Statement to the Division of Medical Assistance, in violation of M.G.L. c. 188E, §39; and Identity Fraud, in violation of M.G.L. c. 266, §37E. The investigation revealed that the defendant, a MassHealth consumer, allegedly submitted fraudulent time sheets using the identity of his former PCA. He received fraudulent payments totaling \$48,082.06.

Boston Man Indicted for Using Stolen Identity to Obtain State Benefits

On March 7, 2018, a Suffolk County Grand Jury indicted a Boston resident for allegedly using stolen identities to obtain public assistance and avoid the consequences for multiple criminal charges incurred over the past several years.

The Suffolk County Grand Jury returned indictments charging the man with two counts of identity fraud, in violation of M.G.L. c. 266, §37E; four counts of furnishing a false name at arrest, in violation of M.G.L. c. 268, §37A; and two counts of larceny over \$250 by single scheme, in violation of M.G.L. c. 266, §30(1).

The charges resulted from the collaborative investigative efforts of the Bureau of Special Investigations (BSI), Boston Police Department, Lynn Police Department, Revere Police Department, Massachusetts State Police, US Social Security Administration, and US Immigration and Customs Enforcement.

The defendant allegedly used an innocent Millbury man's identity to obtain more than \$4,720 in MassHealth and Supplemental Nutrition Assistance Program (SNAP) benefits. As result, the victim

suffered hardships, including preclusion from enrolling in MassHealth. In addition, when the Boston Police Department and Revere Police Department arrested the defendant on four separate dates, he assumed the victim's name and identity.

The defendant was arraigned on March 23, 2018.

Worcester County Resident Arraigned for Fraudulent Receipt of SNAP Benefits

On March 26, 2018, BSI charged a Worcester County woman in Clinton District Court with one count of Larceny Over \$250 by Single Scheme, in violation of M.G.L. c. 266, §30(1); and two counts of Public Assistance Fraud, in violation of M.G.L. c. 18, §5B. The defendant allegedly fraudulently collected \$18,373 in SNAP benefits. BSI's investigation revealed that the woman intentionally failed to disclose to the Department of Transitional Assistance (DTA) that she no longer lived with her three children. In fact, the children resided with her ex-husband, the children's biological father. Moreover, she did not report, as required by DTA, her remarriage or her new husband's employment and income. Her intentional concealment made her eligible for SNAP benefits to which she might not have been entitled.

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.