



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

Official Report – Issued June 25, 2019

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**Bureau of Special Investigations 3<sup>rd</sup> Quarter Report**  
Fiscal Year 2019  
January 1, 2019 – March 31, 2019



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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 (DTA); the Department of Children and Families (DCF);<sup>1</sup> 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 adjudicated in the following ways: 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 US 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 three offices across the Commonwealth. BSI consists of four separate investigative units: the Central Processing Unit, the MassHealth Unit, the DTA 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 3<sup>rd</sup> quarter of fiscal year 2019, during which BSI identified \$2,555,122.99 in fraud.

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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**

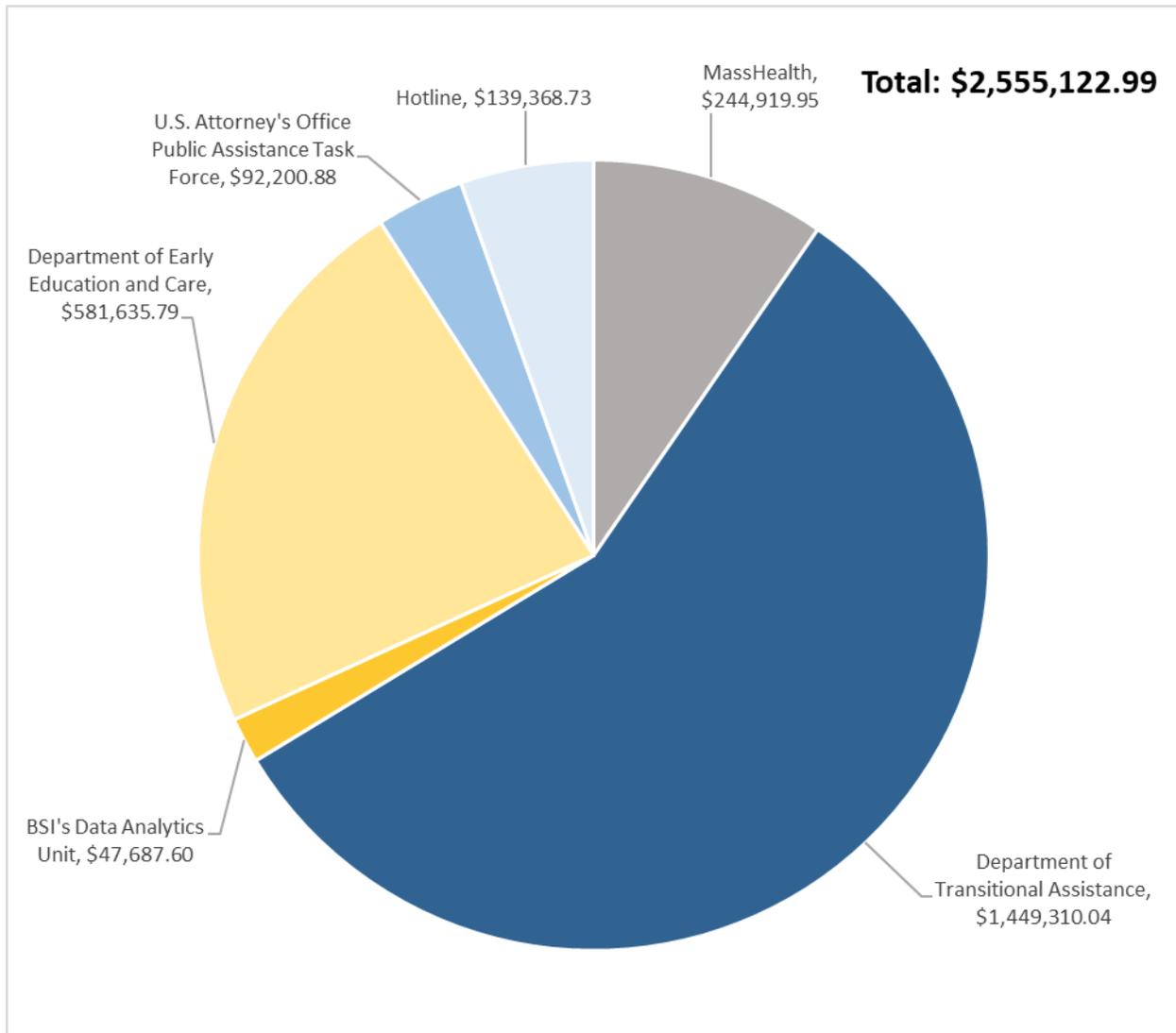


Figure 1. The total amount of fraud BSI identified in the 3<sup>rd</sup> quarter of fiscal year 2019, organized by the referral source.

## 3<sup>rd</sup> QUARTER SUMMARY BY UNIT

### Central Processing Unit

The Central Processing Unit (CPU) received 1,095 new referrals for investigation in the 3<sup>rd</sup> quarter of fiscal year 2019 (FY19) from the following sources:

| Source                                      | Number of Referrals | Percentage of Total |
|---|---------------------|---------------------|
| Department of Transitional Assistance (DTA) | 539                 | 49.2%               |
| MassHealth                                  | 334                 | 30.5%               |
| Hotline                                     | 143                 | 13.1%               |
| Data Analytics Unit (DAU)                   | 64                  | 5.8%                |
| Task Force                                  | 12                  | 1.1%                |
| Other                                       | 3                   | 0.3%                |

The primary sources of fraud in these 1,095 new referrals based on the number of cases are as follows:

| Type   | Number of Cases | Percentage of Total |
|--|-----------------|---------------------|
| Supplemental Nutrition Assistance Program (SNAP)             | 447             | 40.8%               |
| MassHealth   | 332             | 30.3%               |
| Classification to Be Determined                              | 178             | 16.3%               |
| Transitional Aid to Families with Dependent Children (TAFDC) | 106             | 9.7%                |
| Emergency Aid to the Elderly, Disabled, and Children (EAEDC) | 23              | 2.1%                |
| Other  | 9               | 0.8%                |

CPU processed, analyzed, and reviewed 1,064 cases. CPU identified 99 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 649 cases administratively with a finding of no fraud after completing a preliminary investigation. CPU designated the remaining 316 cases for assignment to either the MassHealth Unit or the DTA Unit. CPU team members also completed 82 DTA investigations, identifying fraud in 72 of those cases.

CPU continued to assist with ongoing investigations conducted by BSI units by requesting outstanding leads as they pertain to the allegation type. To substantiate allegations, CPU sent out electronic requests for information to various agencies, completing 253 Massachusetts Department of Revenue (DOR) tax return document transcriptions, 53 DOR child support record requests, and 83 Department of Unemployment Assistance benefit claim record reviews.

## **MassHealth Unit**

During the 3<sup>rd</sup> quarter of FY19, there were 91 new cases assigned to the MassHealth Unit, which completed 147 investigations assigned in this and previous quarters, and identified \$500,148.85<sup>2</sup> in fraud in 82 cases. The remaining 65 cases resulted in findings of no fraud or were closed administratively.

The MassHealth Unit also completed eight civil recovery cases, totaling \$183,016.14.

The MassHealth Unit filed three criminal complaints during the 3<sup>rd</sup> quarter of FY19. The first case, filed in Newburyport District Court, involved a couple that was residing out of state and allegedly received \$49,305 in MassHealth benefits. In that case, both subjects were charged. The second case, also filed in Newburyport District Court, involved an individual who allegedly failed to report his income to MassHealth accurately and as a result improperly received \$14,700 in MassHealth benefits. The third case, filed in North Attleboro District Court, involved a couple that lived together, but the defendant allegedly failed to disclose their correct household composition and earnings, which resulted in their unlawfully receiving \$58,548 in MassHealth benefits.

The MassHealth Unit works closely with MassHealth management and meets monthly with MassHealth's Program Integrity Unit, while maintaining constant contact with stakeholders, including the Executive Office of Elder Affairs, fiscal intermediaries, UMass Medical Center, and the Attorney General's Office, resulting in increased referrals to BSI. In addition, the MassHealth Unit will be participating in the Personal Care Attendant (PCA) Task Force along with MassHealth and the Attorney General's Medicaid Fraud Control Unit, where the collaborative goals are to identify fraud in the PCA program, avoid duplicative investigations, and foster greater communication and productivity between the agencies.

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

## **Department of Transitional Assistance Unit**

For the 3<sup>rd</sup> quarter of FY19, the DTA Unit completed 199 cases, identifying fraud totaling \$1,957,684.36 in 168 cases. In total, the DTA Unit identified the following fraud: \$1,043,850.32 in SNAP benefits, \$436,875.37 in EEC benefits, \$289,346.15 in TAFDC benefits, and \$133,021.86 in EAEDC benefits.

The DTA Unit conducted seven civil recoveries totaling \$116,948 fraudulently obtained from the Commonwealth.

The DTA Unit filed criminal charges in four cases during the 3<sup>rd</sup> quarter of FY19. In the first case, filed in the Boston Municipal Court, the subject allegedly failed to report to DTA that her dependents did not reside with her while she was in receipt of \$17,159 in SNAP and \$14,491.71 in TAFDC benefits. The second case, also filed in the Boston Municipal Court, involved a subject who allegedly failed to report to DTA that a non-custodial parent (NCP) was residing in the home and failed to report the NCP's income to DTA, which led to her unlawful receipt of \$40,277 in SNAP benefits. The third and fourth cases involved similar allegations of an NCP in the home; the subject charged in Pittsfield District Court received \$22,175 in SNAP and 21,100.52 in EEC benefits, while the subject charged in Lynn District Court received \$14,389 in SNAP benefits.

## **Data Analytics Unit**

For the 3<sup>rd</sup> quarter of FY19, the MassHealth and DTA Units completed 23 cases from DAU-generated referrals from previous quarters and identified fraud totaling \$47,687.60 in 20 of those cases. The majority of the cases 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.

The DAU continued its efforts to uncover suspicious activity related to providers participating in the MassHealth program. In addition to opening an investigation into a MassHealth provider following a complaint made via BSI's fraud hotline, the DAU also joined three joint investigations with federal law enforcement partners that participate in the Public Benefits Fraud Federal Task Force. Like the MassHealth Unit, the DAU will be participating in the PCA Task Force. The DAU also referred 54 cases to the DTA Unit after identifying individuals who failed to disclose, or attempted to conceal, their earned income while they were in receipt of cash assistance or SNAP benefits from DTA.

## **NOTABLE BSI ACTIVITY**

### **Medford Woman Sentenced for Social Security, Medicare, MassHealth, and Food Stamp Fraud**

On February 26, 2019, a Medford woman received a sentence of one year in jail and was ordered to pay full restitution, totaling \$108,288.11, in US District Court in Boston after pleading guilty to stealing over \$100,000 through various larceny schemes defrauding state agencies of benefits. The defendant previously pled guilty to three counts of theft of public funds, two counts of making false statements, and one count of falsely representing a Social Security number.

A BSI senior fraud examiner's investigation revealed that from October 2007 through May 2017, the defendant stole \$73,288 in Social Security benefits, \$8,455 in Medicare benefits, \$8,615 in MassHealth benefits, and \$17,929 in SNAP benefits (food stamps). BSI collaborated with the US Office of Inspector General over the course of its investigation; the US Attorney's Office Major Crimes Unit prosecuted the case.

### **Quincy Man Pleads Guilty, Sentenced for Submitting False Timesheets**

On March 14, 2019, a Quincy man pled guilty in Quincy District Court for his scheme to defraud MassHealth. The man, who was a MassHealth member, submitted false timesheets claiming that an individual was providing personal care attendant (PCA) services for him, even though his former PCA had stopped working for him in 2015. He pled guilty to one count of larceny over \$250.

After his plea, the defendant received a sentence of 18 months of probation.

### **BSI Staff Training**

On February 6, 2019, BSI's legal counsel gave a presentation to BSI staff members on what to expect when going to court. The presentation covered a wide array of topics, including the types of courts throughout Massachusetts, the various District Attorneys' Offices by county, places to know in the courthouse, and best practices for attending court. The PowerPoint presentation will serve as a lasting resource for court-related information, because it contains links to various relevant court-related websites.

The presentation is 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.