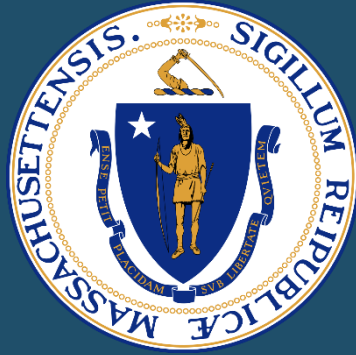


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**Kimberley Driscoll**  
Lieutenant Governor



**Kathleen E. Walsh**  
Secretary

**Mary Sheehan**  
Acting Commissioner

# **CONSOLIDATED REPORT ON THE DEPARTMENT OF TRANSITIONAL ASSISTANCE PROGRAM INTEGRITY DIVISION**

**March 2023**



**DEPARTMENT OF TRANSITIONAL ASSISTANCE  
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ASSISTANCE PROGRAM INTEGRITY DIVISION**

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**OVERVIEW**

The Department of Transitional Assistance (DTA) submits this comprehensive report on the efforts of its Program Integrity Division (PI), as required by sections 2(B) and 5I of Chapter 18 of the Massachusetts General Laws.

DTA's mission is to assist and empower low-income individuals and families to meet their basic needs, improve their quality of life, and achieve long-term economic self-sufficiency. DTA offers a comprehensive system of programs and supports to help individuals and families achieve greater economic self-sufficiency, including food and nutritional assistance, economic assistance, and employment supports.

DTA serves one out of every seven residents of the Commonwealth including families, children, older adults, and people with disabilities.

**PROGRAM INTEGRITY**

Preventing fraud, waste, and abuse is one of DTA's core functions and every staff member is responsible for prioritizing these functions. The Program Integrity Division's primary purpose is to ensure that public assistance remains accessible to individuals and families who are eligible for them by acting as a safeguard against fraudulent or improper access to benefits.

The Program Integrity Division (PI) uses advanced data analytics and a variety of fraud detection practices to promote program integrity. PI performs non-criminal fraud investigations, data matching, Electronic Benefit Transfer (EBT) monitoring, overpayment calculations and referrals, audit supervision, and other regulatory compliance functions. It currently employs approximately 50 staff members to carry out its various functions.

**PROGRAMS ADMINISTERED BY DTA**

To meet the agency's mission, DTA administers four core programs that encompass two primary areas of focus: food security and economic assistance.

**SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM**

Supplemental Nutrition Assistance Program (SNAP) benefits help families supplement their food budgets to afford nutritious food. Massachusetts SNAP recipients include, but are not limited to, families with children, elders, and persons with disabilities. While administered by DTA, SNAP benefits are 100% federally funded and regulated by the U.S. Department of Agriculture (USDA). The Commonwealth is responsible for 50% of the costs to administer the program.

**TRANSITIONAL AID TO FAMILIES WITH DEPENDENT CHILDREN**

Transitional Aid to Families with Dependent Children (TAFDC) is a state and federally funded program that provides economic assistance and employment support to families with children,

and pregnant women, with little or no assets or income. TAFDC is operated under the federal Temporary Assistance for Needy Families (TANF) block grant. TAFDC clients are eligible for childcare and transportation supports to help them participate in employment or employment-related services. Some TAFDC clients are required to participate in work-related activities as a condition of eligibility.

#### **EMERGENCY AID TO THE ELDERLY, DISABLED, AND CHILDREN**

Emergency Aid to The Elderly, Disabled, And Children (EAEDC) is a state-funded program that provides economic assistance primarily to the elderly or disabled. Those eligible for EAEDC include people over 65 who are waiting for Supplemental Security Income payments to begin and individuals unable to work due to disability or health problems.

#### **STATE SUPPLEMENTAL PAYMENTS**

The Supplemental Security Income (SSI) program is a federal program that provides cash assistance to the elderly, disabled, and blind. Massachusetts funds a supplement to SSI. DTA administers State Supplemental Payments (SSP) in conjunction with the University of Massachusetts Medical School.

#### **IDENTIFYING POTENTIAL FRAUD**

DTA identifies suspected fraud in several different ways. Internally, case managers can make fraud referrals, or referrals can be generated as a result of data matches. Ongoing reports, *ad-hoc* analytics, and algorithms developed by the Department also alert PI staff to potentially fraudulent situations for further investigation. In addition, DTA runs a fraud hotline where allegations of fraud can be reported anonymously by the public.

Each case of potential fraud is reviewed and investigated by respective Program units to determine whether the allegation can be substantiated. If an allegation of fraud is substantiated, actions are taken, including, but not limited to, case closures, program disqualifications, and referrals to the appropriate criminal justice agencies.

#### **AGENCY PROGRAM INTEGRITY EFFORTS**

DTA's PI Division has been an important piece of the agency's successful effort to meet the needs of the many Massachusetts families receiving supports and services from the Department. In January of 2020, PI began a data-driven approach to reviewing SNAP applications submitted online via DTACONNECT.com to quickly provide a thorough validation of the information included on applications, including key identifying information for applicants, and to serve as an early detection tool for identifying and responding to potential digital fraud concerns. As the Department transitioned to fully remote services at the outset of the pandemic, this initiative became an invaluable tool in the Department's efforts to both process applications quickly and to ensure programmatic integrity. As the agency innovated during the pandemic, this initiative extended to online applications for the agency's two economic assistance programs. Today, this effort continues to provide an important layer of front-end programmatic integrity.

DTA's reputation as an agency on the forefront of innovation among public-benefits-administering states is bolstered by a PI division in continuous pursuit of new opportunities to improve the way it detects and prevents fraud, waste, and abuse. When FNS recently requested states to participate in initial development and testing of an interstate data system, called the National Accuracy Clearinghouse, DTA was one of the few states to join the effort, with a focus on better serving applicants arriving from other states and minimizing the likelihood of overpayments that can result from duplicate receipt of benefits in multiple states. With a focus on expanding analytic insights into patterns of suspicious benefits transactions, DTA has procured an advanced transaction-monitoring software that will run alongside DTA's internal transaction-monitoring framework, alerting PI to additional instances of potential fraud. Lastly, DTA is one of only a few states to submit a plan in response to the recent FNS Mobile Payments Pilot, which will enable mobile technologies for the purpose of accessing SNAP benefits for payment at the point-of-sale and will safeguard benefits from increasing trends of organized benefit theft by methods such as *skimming*.

### **BENEFITS THEFT VIA 'SKIMMING', 'PHISHING' AND SIMILAR METHODS**

In 2022, DTA's PI Division's role in detecting and preventing fraud required a focus on safeguarding SNAP benefits for unsuspecting recipients. Theft from card *skimming* – the fraudulent capturing of credit and debit card data and PIN numbers when the user is at an automated teller machine (ATM) or point of sale (POS) – and *phishing* – the fraudulent practice of sending emails or other messages purporting to be from reputable companies in order to induce individuals to reveal personal information, such as passwords and credit card numbers – was first identified to be occurring with EBT cards in Massachusetts in April 2022. Since that time, DTA has taken multiple proactive steps to notify clients of these scams and ways to protect their benefits, including: reminding them via text messages to change their PIN, adding an alert on the agency's mobile application, DTA Connect, updating the message on the DTA Assistance Line, inserting flyers in regular DTA mailings and providing flyers in DTA local offices, sending out notices, creating multilingual outreach materials and a dedicated webpage, [Mass.gov/ProtectYourEBT](https://Mass.gov/ProtectYourEBT) and [Mass.gov/ProtejaSuEBT](https://Mass.gov/ProtejaSuEBT), which includes step-by-step instructions on how to change a PIN in 11 languages, and sending out several media advisories.

Despite the State Agency's outreach efforts, many clients do not change their PINs, making them vulnerable to skimming schemes. DTA has required clients in locations with a high incidences of skimming to change their EBT card PINs. Required PIN-change campaigns have resulted in decreases of benefits thefts exceeding 75% in the immediate weeks thereafter.

DTA has also engaged with an expansive range of retailers, state, municipal and local client support and advocacy groups, who have helped to amplify messaging around awareness of skimming and best practices for securing EBT cards.

DTA, in collaboration with its EBT vendor, continues to explore all reasonable and feasible procedural and technical improvements that will limit the theft of SNAP benefits, including being one of five states to be selected for the Mobile Payments Pilot recently announced by USDA Food & Nutrition Services (FNS). From an analytics standpoint, DTA has developed new

algorithms to support the early detection of suspicious EBT card activity, and recently purchased commercial transaction-monitoring software that is providing fraud alerts.

## **DATA MATCHING**

PI's Data Match Unit (DMU) gathers data from many agencies within and outside of the Commonwealth regarding DTA applicants and recipients. This data is reviewed to ensure that benefit eligibility is accurately determined, and to prevent potential fraud and benefit overpayments. Some match data is deemed "verified upon receipt" and can be acted on immediately, while other data requires further verification by a PI data match specialist before it can be used to determine its impact on a client's eligibility.

Each month, data match specialists review and process approximately 5,000 matches and make related inquiries/responses. These include actively working with agencies in other states to prevent the simultaneous receipt of assistance in more than one state.

The information gained from data matches pertains to the following eligibility factors: household composition, income/asset eligibility, residency, death, incarceration, identity, intentional program violations with other states and law enforcement issues that make clients permanently or temporarily ineligible for assistance.

PI gathers information from multiple sources, including, but not limited to:

- Massachusetts Department of Children & Families
- Massachusetts Department of Public Health
- Massachusetts Department of Veterans Affairs
- Massachusetts Department of Corrections
- Massachusetts Department of Revenue
- Office of the Comptroller
- Criminal Justice Information System
- Sex Offender Registry Board
- Massachusetts State Lottery Commission
- Massachusetts Gaming Commission
- Social Security Administration
- United States Department of Commerce
- Internal Revenue Service
- Administration of Children & Families Public Assistance Reporting Information System
- Warrant Management System
- Hampden County Prison
- Plymouth County Prison
- Berkshire County Prison
- Rhode Island County Prison
- NYS Office of Temporary/Disability Assistance
- FNS National Accuracy Clearinghouse (in dev.)

## **PROGRAM VIOLATIONS**

There are two types of program violations that may be committed by a client: intentional and unintentional. DTA is authorized to issue an Intentional Program Violation (IPV) if it is found, after a hearing, that a client purposefully made a false or misleading statement or representation or concealed or withheld facts to obtain benefits for which they did not qualify. During fiscal year 2022, approximately 625 cases were closed due to an IPV resulting in

\$225,441 in savings. Generally, three IPV findings will lead to permanent disqualification from DTA programs.

When a program violation is identified but is not found to be intentional, it is characterized as an Unintentional Program Violation (UPV). Another 166 cases were closed or had reduced benefits due to a UPV in FY2022, resulting in \$190,938 in savings.

The number of cases closed as a result of IPV and UPV declined significantly as a result of the agency's response to the COVID-19 public health emergency, which included temporary suspensions of targeted policies and procedures aimed at mitigating adverse actions against families at a time of increased need. As these policies and procedures began to be reinstated as a part of the Department's phased reopening strategy, PI is prepared to handle an increase in the number of cases referred to the division as referrals may return to pre-COVID levels.

As a part of the agency's phased reopening strategy, administrative disqualification unit (ADU) hearings resumed in September 2021. ADU hearings are a key part of the process through which fraud investigations are dispositioned. While ADU hearings were temporarily suspended, fraud referrals continued to be made. The Department's Hearings Division, in collaboration with the PI Division, is in the process of conducting hearings and dispositioning investigations received during the pandemic.

### **BUREAU OF SPECIAL INVESTIGATIONS**

The State Auditor's Bureau of Special Investigations (BSI) is charged with investigating allegations of fraud from public assistance programs, including DTA public assistance benefits. As a law enforcement agency, BSI has the authority to bring criminal actions against those committing fraud. DTA is responsible for identifying cases where fraud may exist, referring alleged fraud cases to BSI for review and pursuing those cases administratively, if BSI has declined to pursue criminal action. Owing in large part to DTA's strong framework for fraud identification and detection, and the strength of its partnership with BSI, 95% of DTA-related fraud dollars *reported* by BSI for DTA programs were first identified, screened, and then referred to BSI by DTA. 2,368 cases of potential fraud were referred to BSI by the Department in FY2022.

### **ATM AND POINT OF SALE BLOCKING**

Most recipients of DTA assistance access their benefits using an EBT card at a POS retail terminal or by withdrawing funds from an ATM. Massachusetts law limits both where economic assistance funds may be used and the items that can be purchased with those funds. For example, a client cannot use their EBT card to purchase anything at a package store and cannot lawfully purchase cigarettes with an EBT card at any type of store. SNAP benefits cannot be redeemed for cash at ATMS or through cash back options at POS terminals.

To limit the use of economic assistance at prohibited locations, DTA has monitored ATM and POS transactions made by recipients in retail and other establishments since February 2013. Each year PI monitors millions of transactions to identify ATMs and POS terminals where

economic assistance may not be used. Once identified, PI can block all EBT transactions at the prohibited establishment. In FY2022, DTA blocked 430 new POS and ATM terminals at prohibited locations, bringing the total number of blocked Massachusetts locations to more than 4,500. DTA continues to work with third party financial processors to enhance and expand this important PI initiative.

Working with retailers is also essential to PI's success. When they are able, PI staff members conduct outreach and provide training to small, independent retailers across the Commonwealth to ensure that owners and employees are aware of their legal responsibilities. DTA has developed downloadable signage for retailers that describe what products are ineligible for purchase with economic assistance. Any business that accepts EBT card payments is required to post the signage.<sup>1</sup>

### **RECREATIONAL MARIJUANA LEGALIZATION**

In 2017, when the sale of recreational marijuana was legalized, the legislature amended the list of items prohibited for purchase with economic assistance to include recreational marijuana.<sup>2</sup>

DTA has developed a responsive protocol to engage newly licensed retail recreational marijuana establishments. The protocol includes an initial letter sent from DTA's Commissioner to new licensees informing them of relevant law and potential sanctions for violations of the law. PI then works with licensees to answer questions, provide resources, and conducts on-site visits to ensure DTA's ATM and POS blocking initiative is working properly. This protocol has been successful. As of December 2022, this initiative has prevented the use of more than \$30,000 in benefits from being used at recreational marijuana dispensaries since it was implemented.

As the Cannabis Control Commission continues to approve retail licenses across the Commonwealth, DTA will continue to engage licensees and monitor relevant transactions to ensure compliance by retailers and clients.

### **ENSURING MASSACHUSETTS RESIDENCY**

Massachusetts residency is an eligibility requirement for all benefit programs administered by DTA. If a household moves out of state, they are no longer eligible for Massachusetts benefits. Although individuals and families that receive public assistance are not restricted to spending benefits within Massachusetts, DTA closely monitors out of state spending as it may indicate a household's change of residency.

Under PI's current process, when cash benefits are accessed 45 consecutive days outside of Massachusetts but within New England and/or New York, this shows up on an 'Out of State EBT Card Usage' report and must be reviewed by the Data Match Unit (DMU). DMU staff then review the transactions to determine if they are consistent with the shopping patterns of

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<sup>1</sup> M.G.L. Ch. 18, Sec. 5N

<sup>2</sup> M.G.L. Chapter 18, Secs. 5I and 5J (As amended by Chapter 55 of the Acts of 2017)

clients residing in border cities and towns. The review includes checking the distance between the client's listed address and the location of the out-of-state transactions, as well as the frequency of those transactions. Sometimes other individualized variables are also considered, e.g., whether the client works or attends school in the other state.

When cash benefits are accessed outside of New York or the New England region there is a more stringent protocol and clients must respond to a residency verification request or else their benefits will be terminated. The Department is currently reviewing both of these protocols (i.e., out-of-state/in region and out-of-state/ out of region) to better detect inappropriate out-of-state expenditures.

### **SNAP TRAFFICKING ENFORCEMENT**

SNAP trafficking is when SNAP benefits, which can only be lawfully used for food products, are traded for cash. Most commonly, retail establishments involved in such trafficking pay the SNAP recipient a reduced value for the EBT card on which the SNAP benefit is held. Once in possession, traffickers swipe that card without processing a food purchase or exchanging any food product. The retail establishment is then refunded the total value by the federal government. While DTA does not have the legal authority to enforce trafficking laws regarding retailers, DTA works alongside the federal government to ensure SNAP benefits are being accessed and utilized properly.

### **STATE LAW ENFORCEMENT BUREAU (SLEB) AGREEMENTS**

In 2013, DTA entered into a SLEB agreement with USDA that allows it to partner with local law enforcement agencies across Massachusetts to investigate SNAP trafficking. SLEB agreements allow law enforcement to investigate retailers that are suspected of SNAP trafficking based on transaction data. Retailers may then be subject to legal proceedings and, if found guilty, may face fines, jail time, or other action.

As of December 2022, 221 SLEB agreements have been signed with local law enforcement agencies, the Massachusetts State Police, and the Office of the Attorney General. DTA has held summits for law enforcement agencies across the Commonwealth to train law enforcement officers on SNAP trafficking and related laws. DTA's efforts augment the federal government's program integrity arm.

If, as a result of a retailer trafficking investigations, recipients are also found to have committed SNAP trafficking, they will face disqualification from the SNAP program and may be forced to repay the value of the trafficked benefits. On average, DTA conducts 20 client SNAP trafficking-related hearings per month.

### **CONCLUSION**

Program integrity remains a top priority for the Department and ensuring that essential benefits are available to the individuals and families who are eligible for them is foundational to the agency's work, particularly as the Commonwealth continues to navigate the residual impacts of the public health emergency. Nearly all individuals receiving public assistance



through DTA programs use benefits as intended – to meet their family’s basic needs. The Program Integrity Division’s fraud-fighting procedures and initiatives are comprehensive, creative, and effective. DTA plans to continue to focus our efforts on developing additional tools and data collection analysis that will further our program integrity goals in 2023 and beyond.