



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

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## Bureau of Special Investigations 4<sup>th</sup> Quarter Report

Fiscal Year 2016  
April 1, 2016 – June 30, 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 throughout the Commonwealth. The diligent work of BSI investigators ensures 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 Families<sup>1</sup> (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 4<sup>th</sup> quarter of fiscal year 2016.

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<sup>1</sup> 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 4<sup>th</sup> quarter of fiscal year 2016, the Bureau of Special Investigations (BSI) opened 4,406 new investigations, completed 4,011 total investigations, and identified fraud in 318 cases. BSI identified \$4,091,063.64 in public assistance fraud this quarter. 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.

This quarter included a number of notable events. BSI's Data Analytics Unit expanded its proactive work by focusing on analyzing overlapping MassHealth and Long Term Care claims, which resulted in a significant increase of internal fraud referrals for the Central Processing Unit. In addition, a partnership of BSI fraud examiners from different units completed an investigation into two individuals engaged in an alleged food stamp trafficking scheme at a local supermarket, which resulted in criminal charges being filed. This quarter also saw a Boston Municipal Court jury convict the subject of a BSI investigation on one count of larceny over \$250 by single scheme, one count of public assistance fraud, and one count of medical assistance fraud.

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.

## 4<sup>th</sup> QUARTER SUMMARY

Caseload	EEC	MassHealth	DTA	Hotline	Other	Total
<b>Beginning Balance</b>	18	332	1,515	1	111	1,977
<b>New Investigations</b>	25	251	1,590	1	2,542	4,409
<b>Total Completed Investigations</b>	9	281	1,437	0	2,284	4,011
<b>Completed w/ No Fraud</b>	3	245	725	0	2,211	3,184
<b>Completed w/ Identified Fraud</b>	6	36	207	0	69	318
<b>Completed as Potential IPV</b>	0	0	505	0	4	509
<b>Ending Balance</b>	<u>34</u>	<u>302</u>	<u>1,668</u>	<u>2</u>	<u>369</u>	<u>2,375</u>

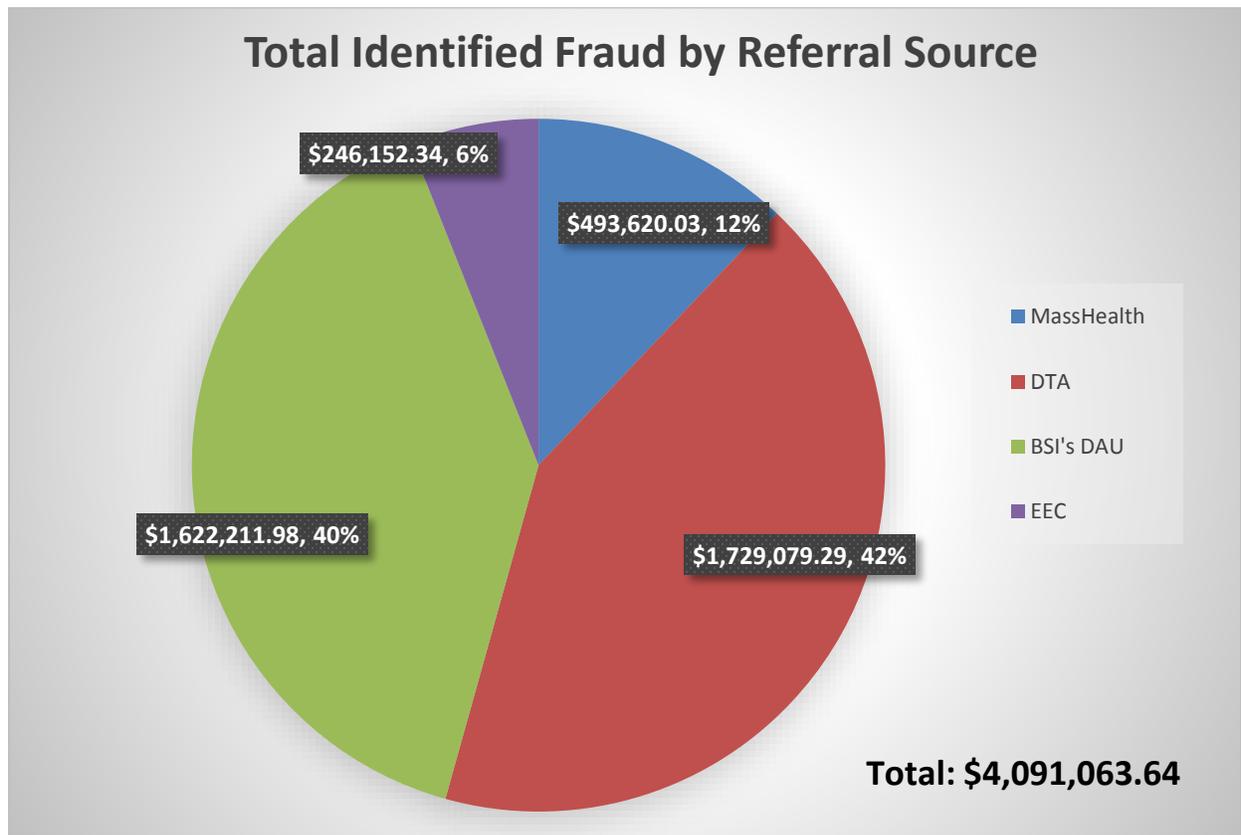
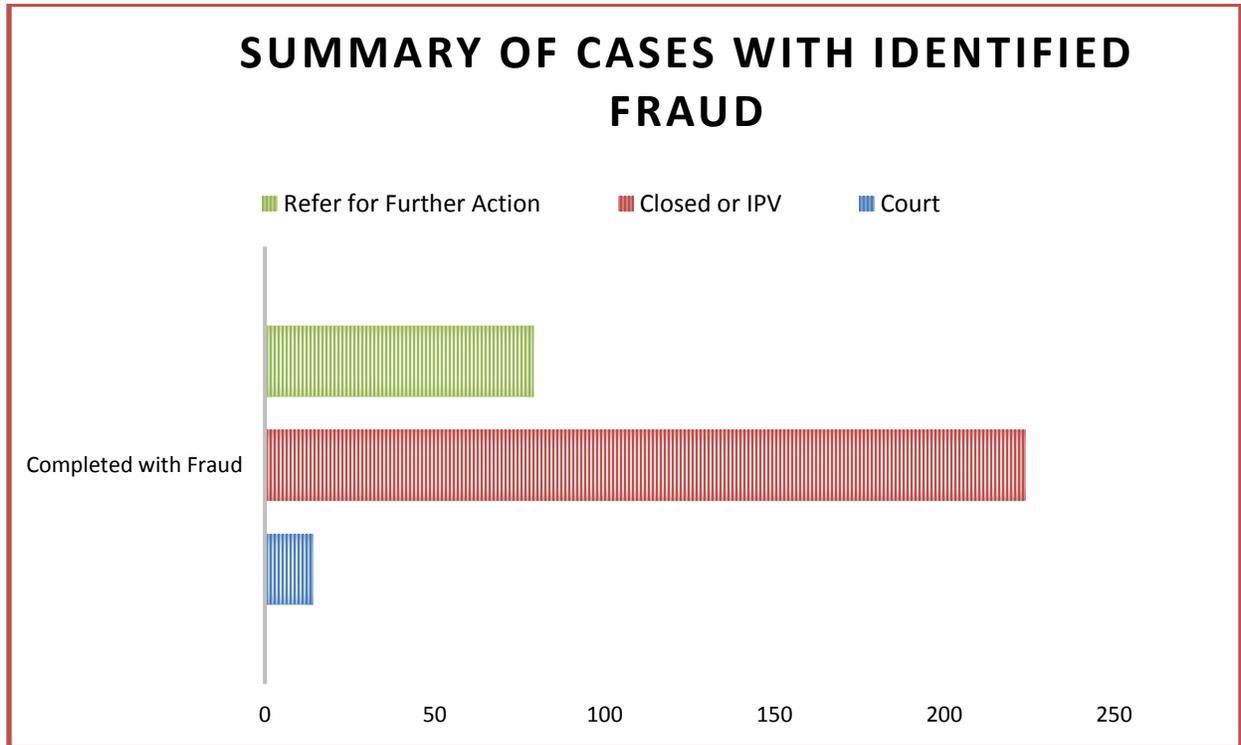
### Identified Fraud Cases by Disposition

- Total Cases with Identified Fraud: 318
- Closed or Intentional Program Violation (IPV): 225
- Referred for Prosecution: 14
- Civil Recovery: 0
- Referred for Further Action: 78
- Warrant Issued: 1

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 which have been referred to the Attorney General's Office, a District Attorney's Office, or U.S. Attorney's Office for prosecution.
- Civil recovery cases are those which BSI has resolved through an agreement with the subject 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.



## 4<sup>th</sup> QUARTER SUMMARY BY UNIT

### Central Processing Unit

In the 4<sup>th</sup> quarter of FY16, CPU received, analyzed, and reviewed 4,449 referrals from various sources, including Early Education and Child Care (EEC), the Department of Transitional Assistance (DTA), MassHealth, the fraud hotline, and BSI's Data Analytics Unit. The breakdown of referrals that became investigations is below (only referrals that meet basic requirements become new investigations):

- EEC: 25
- MassHealth: 255
- DTA: 1,621
- Hotline: 2
- BSI's Data Analytics Unit/Other: 2,548

After conducting preliminary analysis, CPU identified 509 of the 1,621 DTA referrals as potential Intentional Program Violation (IPV) cases that were sent back to DTA to be handled administratively.

The significant increase in referrals from BSI's DAU resulted from DAU's focus on proactively creating referrals for CPU through its analysis of overlapping MassHealth personal care attendants (PCA) and long term care (LTC) claims, which uncovered fraudulent duplicative billing.

### MassHealth Unit

During the 4<sup>th</sup> quarter of FY16, the MassHealth Unit completed 133 investigations and identified \$876,590.31 in fraud. Of the 133 cases completed, 100 had identified fraud and 33 cases resulted in a finding of no fraud. These numbers include investigations resulting from both the referrals received directly from MassHealth and referrals from other sources, such as BSI's Data Analytics Unit (DAU).

Successful collaboration with the BSI DAU continues to contribute to the detection of personal care attendants wrongly in receipt of MassHealth benefits. The unit also continues regular correspondence and meetings with the MassHealth Program Integrity Unit, the Executive Office of Elder Affairs, and the Attorney General's Office.

MassHealth unit investigations resulted in one criminal complaint, filed in Brockton District Court, this quarter. In addition, a subject of one of the MassHealth Unit's cases that resulted in criminal filing last quarter was presented to a Bristol County Grand Jury and has been indicted. The combined alleged fraudulent benefits of the two cases include MassHealth, EAEDC, and SNAP benefits, totaling \$105,558.99.

### **Department of Transitional Assistance Unit**

For the 4<sup>th</sup> quarter of FY16, the DTA Unit completed 216 cases with identified fraud. The following is a breakdown of those cases, many of which have overlapping instances of fraud. For example, someone may be fraudulently receiving both SNAP and TAFDC benefits:

- 191 SNAP (food stamp) cases
- 76 TAFDC benefit cases
- 23 cases involving a MassHealth component
- 11 Emergency Aid for the Elderly, Disabled and Children (EAEDC) benefit cases
- 9 Early Education and Child Care (EEC) cases

DTA unit investigations identified \$1,993,511.58 in fraud this quarter. Investigations also resulted in the filing of eight criminal complaints in various district courts around the Commonwealth.

### **Data Analytics Unit**

In the 4<sup>th</sup> quarter of FY16, DAU referred over 2,000 allegations of fraudulent MassHealth consumers to BSI's Central Processing Unit for preliminary investigation based on analysis of overlapping MassHealth personal care attendant (PCA) and long term care (LTC) claims. The Executive Office of Elder Affairs provided BSI with a list of high earning personal care attendants (PCA) for 2015 with total earnings that exceeded the MassHealth eligibility threshold. DAU analyzed the list and queried for additional information to identify potential fraud. A high earning PCA may be legitimately caring for an individual; however, some high earners are falsely submitting timesheets while working at another job or falsely reporting their income to DTA. High earners identified as potentially committing fraud were referred to BSI's Central Processing Unit for case creation and investigation.

DAU also investigated four referrals from the Public Assistance Fraud Federal Task Force and opened a case on one subject. DAU referred three additional Adult Day Health (ADH) and Long-term Care (LTC) overlap referrals to the Department of Health and Human Services, Office of the Inspector General.

## **NOTABLE BSI ACTIVITY**

### **BSI Uncovers Food Stamp Trafficking**

A partnership of fraud examiners from different BSI units completed an investigation into two individuals engaged in an alleged food stamp trafficking scheme at a local supermarket. The investigators worked with the supermarket's security staff to uncover the scheme, first witnessed on security camera footage. On top of selling their food stamp benefits, the subjects were also found to be misrepresenting their household size and income, and fraudulently collecting SNAP, EEC and MassHealth benefits in excess of \$60,000. As a result of the investigation, the individuals were criminally charged with larceny, false representations, and food stamp trafficking in Boston Municipal Court on May 24, 2016. The next court date is set for August 24, 2016.

### **BSI Subject Found Guilty After Jury Trial**

On June 3, 2016, a jury convicted defendant J. Lewis of one count of larceny over \$250 by single scheme, one count of public assistance fraud, and one count of medical assistance fraud. The two day jury trial included seven government witnesses and two defense witnesses, including the defendant. Judge Eleanor C. Sinnott of the Boston Municipal Court adopted the Commonwealth's recommendation of three years supervised probation and full restitution. The jury concluded that the defendant obtained over \$37,000 in DTA (SNAP and TAFDC) and MassHealth benefits over nearly 4 years. The key issue at trial was whether the defendant's child's father was living with the defendant during this period of time. The father, who made over \$72,000 a year, is employed as a bus driver for the MBTA. The defendant did not claim his income on her applications for public assistance.

### **Plymouth County Man Falsely Claims Custody of Child**

A BSI investigation uncovered a Plymouth County man fraudulently collected over \$12,000 in Transitional Assistance for Families with Dependent Children (TAFDC) and Supplemental Nutritional Assistance Program (SNAP) benefits from 2012 to 2015 by providing false and misleading information concerning the custody of his child. The man made false representations on five Department of Transitional Assistance (DTA) forms by falsely reporting his child residing in his home. DTA regulations require recipients to notify the Department of any changes in circumstances or income within ten days of the change. Probate court

documents, school records and a statement from the child's mother all show that the child resided in another city in the custody of his mother while the subject was claiming him. The defendant was charged with larceny over \$250 and public assistance fraud in Brockton District Court on June 7, 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.