



Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

Issued January 13, 2014

Bureau of Special Investigations

1st Quarter Report – FY 2014

July 1, 2013 – September 30, 2013

BUREAU OF SPECIAL INVESTIGATIONS

The Bureau of Special Investigations (BSI) continues to serve an important and necessary function in the State Auditor's Office by diligently protecting public assistance programs from fraud and recovering taxpayer dollars from those who choose to cheat the system, thereby maximizing resources for those citizens truly in need of services. During challenging economic times, the identification and recoupment of fraudulently used public assistance takes on an even greater importance as agencies and assistance programs struggle to stretch limited resources to help those in need.

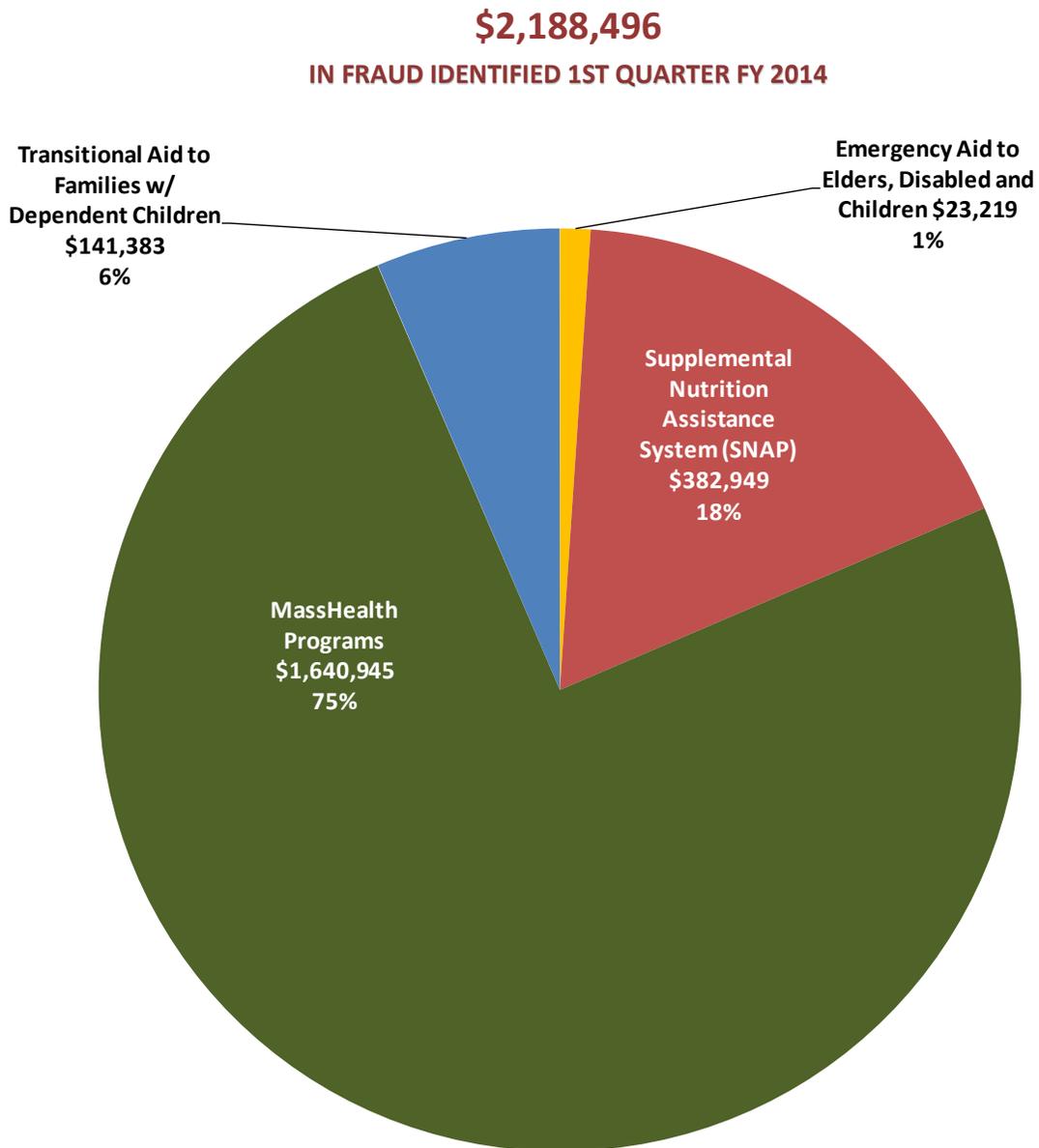
BSI has embraced State Auditor Bump's mission to help government work better by instituting and enhancing several initiatives and organizational changes, focused around this simple, yet vital, goal - to ensure taxpayer dollars are spent properly and as efficiently as possible.

Working under the provisions of M.G.L. Chapter 11, Section 17, BSI examiners operate from five offices across the state, investigating referrals from the Department of Transitional Assistance (DTA), MassHealth, law enforcement agencies, and the general public. BSI examiners participate in joint investigations, serve on task forces that focus on preventing and combating fraudulent activities, and interact with numerous agencies including the Federal Bureau of Investigation, the U.S. Food and Drug Administration, U.S. Health and Human Services, the U.S. Attorney's Office, the Office of the Attorney General, the State Police, District Attorneys' Offices, local police, and administering agencies.

BSI's case tracking application and its business intelligence software continue to be a valuable investigation management tool for examiners and other staff. Using this technology, which electronically collects investigative data, performs analytical tasks, and helps to prioritize casework, examiners are able to expedite fraud investigations, accelerate cases for recoveries, and gather information to enhance prevention activities. In the past year, the case tracking system and business intelligence software have become a necessary tool for effective and well-organized case management, while giving BSI the ability to improve compliance rates established by the United States Department of Agriculture Food and Nutrition Service.

1ST QUARTER ACTIVITIES AND ACCOMPLISHMENTS

During the 1st quarter of FY 2014, BSI received 1,756 complaints of suspected fraud in public assistance programs. Of the investigations BSI examiners completed, they identified nearly \$2.2 million in fraudulent claims which are subject to civil recovery or prosecution by the Commonwealth.



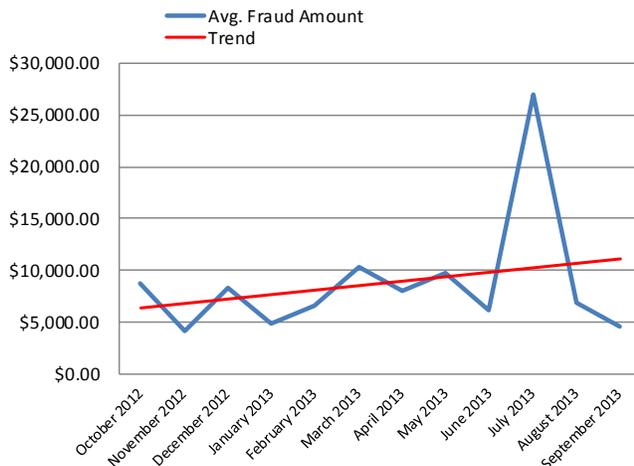
CASE SUMMARY 1ST QUARTER FY 2014

Investigations where examiners document fraudulent receipt of benefits are reviewed for potential prosecution, or sent to the appropriate administering agency responsible for recoupment of fraudulently obtained funds. In some cases, BSI examiners establish restitution payments and collect settlement amounts.

	Child Care	Mass Health	DTA	Hotline	Other	Total Case Counts
Beginning Balance	3	603	3,028	14	58	3,706
New Investigations	2	207	1,543	0	3	1,756
Completed w/o Fraud	0	(245)	(1,164)	0	(21)	(1,430)
Completed w/ Fraud	0	(33)	(110)	0	(14)	(157)
Ending Balance	5	532	3,297	14	26	3,875

At the end of the previous quarter, BSI's caseload included 3,706 cases in various stages of investigation. BSI received 1,756 new allegations of fraudulently obtained public assistance benefits and services between July 1, 2013 and September 30, 2013. BSI ended the quarter of FY 2014 with a case load of 3,875. During this quarter, BSI examiners completed a total of 1,587 cases.

MONTHLY AVERAGE CASE FRAUD AMOUNT AND TREND



Of those cases completed, 157 were associated with fraudulent claims, which equates to an average of \$13,939.46 of identified fraud per case.

CASE MANAGEMENT

Proper case management is essential to early detection and prevention of public assistance benefits issued to those not eligible or trying to cheat the system. The sooner an investigation is initiated, the greater the likelihood of uncovering stronger evidence, recouping the maximum amount of fraudulently obtained funds, and successful prosecution. BSI has recognized this and is focused on reducing the backlog of cases. Several initiatives have been implemented to ensure proper case management and continued reduction of backlogged cases are taking place to include:

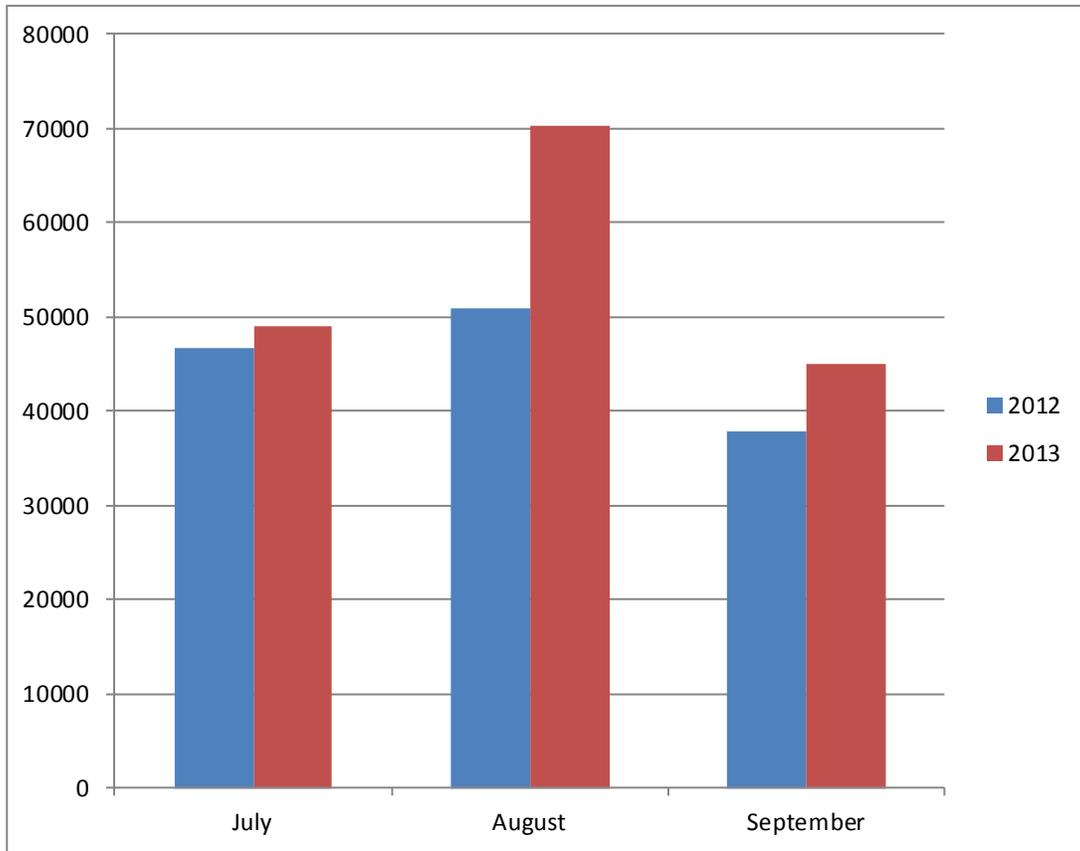
- Initial Case Review – Cases are analyzed for potential fraud. Those cases with identified potential fraud are classified as field or desk assignments, with priority given to those cases requiring a more lengthy investigation.
- “Fast-Track” Cases – Cases which are particularly egregious, with ongoing fraud, involving multiple offenders or jurisdictions, are brought to the top of the list and the appropriate level of resources are applied to ensure a complete and thorough investigation is finalized in an expeditious manner.
- Civil Recovery through BSI – In an effort to recoup money from cases where a significant amount of time has passed from the period of fraud to when the complaint is made, civil recovery is pursued through BSI.

DTA RECOVERIES 1ST QUARTER FY 2014

To provide a better understanding of the fiscal impact of BSI’s investigations, DTA submits monthly reports on the payments received through court order and civil recovery as the result of BSI investigations.

Month	Collected Amount	# of Payments
July 2013	\$46,588	1,033
August 2013	\$50,952	899
September 2013	\$37,928	844
Quarter Total	\$135,469	2,776

QUARTERLY DTA RECOVERY PAYMENTS YEAR-OVER-YEAR



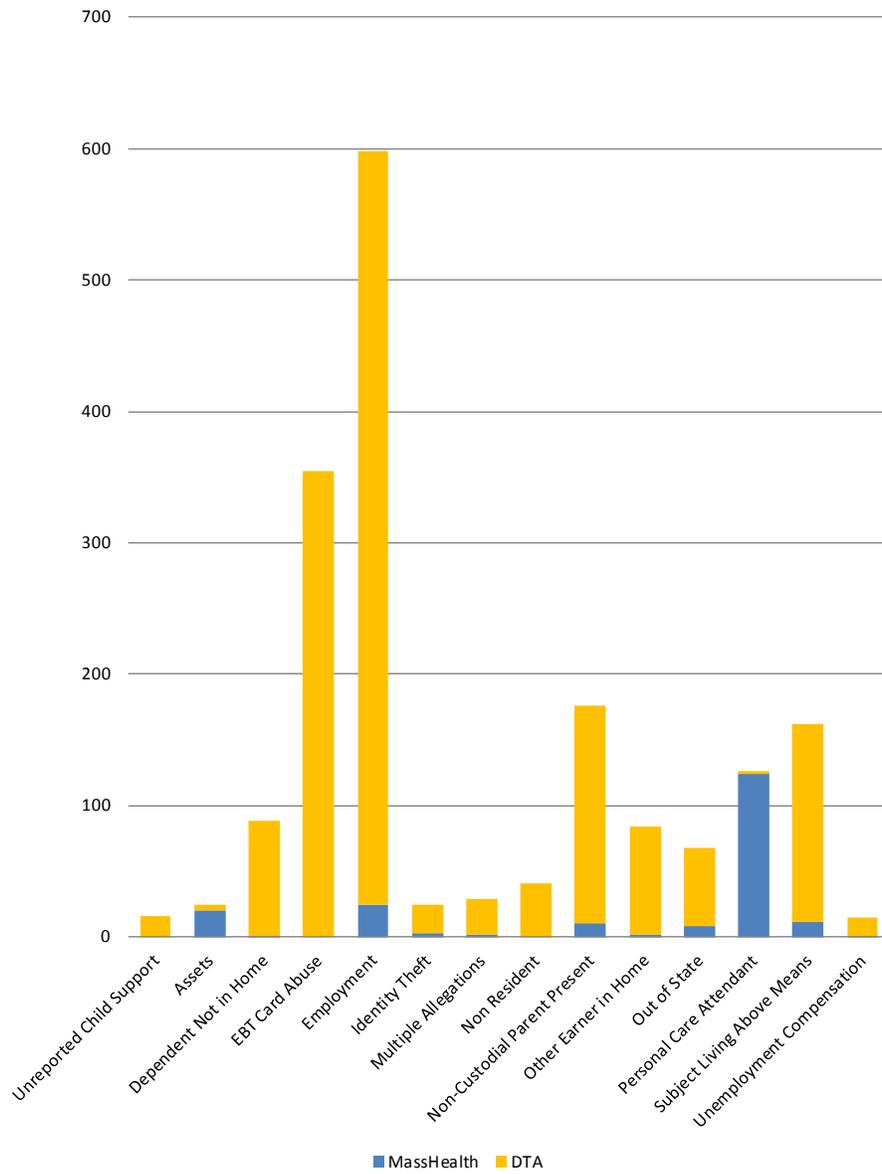
MASSHEALTH AND DEPARTMENT OF TRANSITIONAL ASSISTANCE – PROGRAM SUMMARY

The majority of fraud referrals we receive from our agency partners involve eligibility issues, such as unreported assets and income, and false identities.

This quarter, BSI examiners identified fraud in:

- 11 cases totaling \$23,219.01 in Emergency Aid to Elders, Disabled and Children benefits;
- 105 cases totaling \$382,948.93 in Supplemental Nutrition Assistance System (SNAP) benefits;
- 46 cases totaling \$1,640,944.71 in MassHealth Program benefits;
- 28 cases totaling \$141,382.98 in Transitional Aid to Families w/ Dependent Children benefits.

CASES REFERRED BY ALLEGATION TYPE



BSI PROSECUTIONS

In the 1st quarter of FY 2014, two BSI cases were adjudicated in court. Susan Jones, one of the 31 individuals charged with selling their food stamp benefits, received a continuance without a finding for a period of one year. The Boston Municipal Court ordered her to pay restitution on the amount of \$2,562.62. The second case, involving Aenise Wyatt, is a food stamp fraud case. Ms. Wyatt did not include her husband in her grant application nor is her income from General Electric on her TAFDC application. In the Lynn District court, Ms. Wyatt received a continuance without a finding and was ordered to pay restitution of \$1,800.

In addition, BSI filed two criminal complaints in the 1st quarter of FY 2014. Jessica Minor was charged with larceny over \$250 and welfare fraud. Because Ms. Minor included children in her TAFDC and SNAP benefits applications for whom she did not have custody, BSI alleges that Ms. Minor defrauded the Commonwealth of \$12,040.00. BSI also alleges that Denise Dubowski fraudulently collected \$9,733.00 in SNAP benefits between February 5, 2009 and March 5, 2013 by intentionally withholding the fact that Mark Dubowski, her husband, resided in the household and was gainfully employed. She was charged with larceny over \$250 and welfare fraud.

Both defendants failed to appear for their arraignments in the Boston Municipal Court on October 17, 2013. The Court issued default warrants for Jessica Minor and Denise Dubowski.

CASE HIGHLIGHTS

DATA ANALYTICS EXAMINATION OF MASSHEALTH PCA CLAIMS

The Data Analytics Unit (DAU) was created and staffed during State Fiscal Year 2013. Its purpose is to apply analytical techniques to data resources to uncover public assistance fraud. The unit consists of three examiners, two senior examiners, and one assistant director.

As the result of one of its investigations, the DAU estimates that, during the last 5 fiscal years, MassHealth paid \$1.97 million for personal care attendant (PCA) services while the consumers resided in long term care facilities or inpatient hospitals. The DAU uncovered these claims by obtaining all claims for PCA services as well as inpatient hospital stays and long term care stays from MassHealth. DAU then used ACL software to compare the dates of service for all the claims. PCA claims that overlapped with inpatient or long term care claims were identified and compiled. In total, DAU compared 28.9 million PCA claims and 2.4 million inpatient hospital and long term care claims. Approximately 25,900 claims were suspicious.

The claims were submitted between July 2008 and June 2013 by PCA's serving over 2,500 MassHealth consumers. The claims are potentially fraudulent because the consumers were residing in long term care facilities or inpatient hospitals on the dates the PCA's claimed to be providing services. MassHealth regulations do not allow PCA services for members in such facilities.

BSI initiated investigations into the most egregious cases, which resulted in 51 completed investigations identifying \$195,586 in fraudulent claims. The DAU team is still reviewing and investigating other cases. BSI has also met with officials from MassHealth's Department of Elder Affairs and its Provider Compliance Unit to discuss strategies for preventing this problem from occurring in the future.