

A. JOSEPH DE NUCCI
AUDITOR

The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

BUREAU OF SPECIAL INVESTIGATIONS

ONE ASHBURTON PLACE, ROOM 1402
BOSTON, MA 02108

TEL 617 727-6771
FAX 617 7276777

Office of the State Auditor Bureau of Special Investigations

FY2009

4th Quarterly Report
April 1, 2009 - June 30, 2009

July 27, 2009



The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH
STATE HOUSE, BOSTON 02133

A. JOSEPH DE NUCCI
AUDITOR

TEL (617) 727-2075
FAX (617) 727-2383

July 27, 2009

The Honorable Charles A. Murphy
Chairman
House Committee on Ways and Means
State House, Room 243
Boston, MA 02133

Dear Chairman Murphy:

In compliance with the provisions of Chapter 182 of the Acts of 2008, line item 0710-0200, I hereby submit a quarterly report of the activities and accomplishments of the Bureau of Special Investigations of the Office of the State Auditor. The report covers the period of April 1, 2009 – June 30, 2009.

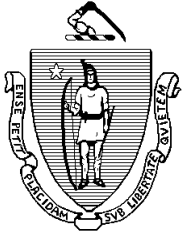
Please feel free to contact me if you require any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Joseph DeNucci".

A. Joseph DeNucci
Auditor of the Commonwealth

AJD/law



The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH
STATE HOUSE, BOSTON 02133

A. JOSEPH DE NUCCI
AUDITOR

TEL (617) 727-2075
FAX (617) 727-2383

June 27, 2009

The Honorable Steven C. Panagiotakos
Chairman
Senate Committee on Ways and Means
State House, Room 212
Boston, MA 02133

Dear Chairman Panagiotakos:

In compliance with the provisions of Chapter 182 of the Acts of 2008, line item 0710-0200, I hereby submit a quarterly report of the activities and accomplishments of the Bureau of Special Investigations of the Office of the State Auditor. The report covers the period of April 1, 2009 – June 30, 2009.

Please feel free to contact me if you require any additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Joseph DeNucci".

A. Joseph DeNucci
Auditor of the Commonwealth

AJD/law

Bureau of Special Investigations

FY 2009

Quarterly Report

April 1, 2009 – June 30, 2009

Introduction

The Office of the State Auditor's Bureau of Special Investigations (BSI) is charged with investigating fraudulent claims for or wrongful receipt of payments or services under public assistance programs. BSI receives referrals from various state and federal agencies, the general public and the State Police. The majority of these allegations involve suspected fraud in the Department of Transitional Assistance (DTA) cash assistance and Food Stamp Programs and the Division of Medical Assistance (DMA) MassHealth program.

When an investigation results in identified public assistance fraud, the case is referred to the appropriate legal authority for criminal prosecution or the appropriate state agency for civil recoupment of illegally obtained benefits or services. BSI examiners work closely with District Attorneys offices and/or appropriate agency personnel to assure the recovery of lost funds. These entities establish settlement restitution payment amounts and are responsible for the actual collection of these payments.

Fourth Quarter Activities and Accomplishments

At the start of the fourth quarter of FY 2009, BSI's caseload included 2,189 cases in various stages of investigation. During the period of April 1, 2009 through June 30, 2009, BSI received 528 new allegations of public assistance fraud.

During the same period BSI completed the investigation of 377 cases. In 56 of these investigations, BSI examiners found illegal activities that resulted in \$657,452.61 of fraudulently obtained public assistance benefits and services. Of the Department of Transitional Assistance (DTA) cases, 49 have been sent to DTA for civil recovery of \$175,664.59; one is being prepared for referral to DTA; two were brought to court but have not proceeded because the defendants have failed to appear. Warrants have been issued for these defendants.

During this quarter, BSI also initiated a pilot project with the Department of Early Education and Care (EEC), in which BSI assists EEC in its periodic redeterminations of eligibility for child care services.

The total caseload of active investigations on June 30, 2009 totaled 2340 cases.

Fiscal Year 2009 Recoveries

After completion of an investigation, BSI works with state and law enforcement agencies to seek recoupment of fraudulently received funds. This work is done through a civil or

criminal process which can result in an agency negotiated recoupment, BSI arranged voluntary repayment agreements, and court-ordered fines or prison sentences.

Civil Recoupments:

During FY 2009, BSI sent 176 cases to the Department of Transitional Assistance (DTA) for collection of over \$710,000. In 130 of these cases, DTA has established collection accounts, already collected \$167,371 in fraudulently obtained benefits and scheduled repayment of \$319,347. Further, DTA will collect \$226,816 with the establishment of collection accounts for the remaining 46 cases.

BSI has also worked with MassHealth to establish a pilot Medicaid fraud civil recoupment function. Thus far, BSI has referred six cases representing \$50,000 in fraudulent activity to MassHealth staff, who have begun the recoupment process.

In addition, BSI has completed voluntary repayment agreement with 6 individuals who did not disclose \$153,783 in assets when applying for nursing home benefits. The money has been returned to the Commonwealth.

Finally through the Personal Care Attendant Task Force, 12 cases totaling over \$1.7 million in fraud, were referred to the Attorney General for preparation of Grand Jury indictments.

Criminal Actions:

Two high profile cases brought by BSI were completed in court this year. In Suffolk Superior Court a couple pled guilty to fraud and larceny charges for illegally obtaining Medicaid benefits. The court ordered the couple to return over \$53,000 in fraudulent obtained benefits, fined each of them \$17,000 ordered a year of probation and sentence the husband to one year in the House of Corrections. In a second case, a federal court convicted a woman of mail fraud, aggravated identity theft and fraudulently obtaining over \$460,000 in public assistance. She will be sentenced in September and faces a sentence of two to twenty years for each count of mail fraud, and a mandatory minimum sentence of two years for the charge of aggravated identity theft.

During FY 2009, BSI has also referred ten cases totaling \$214,826 in fraud to District Courts for prosecution. In these cases, the Courts have ordered that \$96,374 of this amount be repaid to the Commonwealth.

Summary of BSI Investigative Activities

The charts below provide a summary of caseload activities and the amounts of identified fraud by program of assistance.

Caseload Summary	
(4/1/2009 - 6/30/2009)	
Number of open investigations as of 4/1/2009	2,189
New Referrals received	528
Completed Investigations with Identified Fraud	(56)
Completed Investigations with no Identified Fraud	<u>(321)</u>
Number of open investigations as of 6/30/2009	2,340

Identified Fraud by Program of Assistance	
(4/1/2009 - 6/30/2009)	
Transitional Assistance to Families with Dependent Children (TAFDC)	\$ 117,241.35
Emergency Aid to Elderly, Disabled and Children (EAEDC)	\$ 14,831.97
Food Stamps (FS)	\$ 84,370.35
Medical Assistance (MA)	<u>\$ 440,981.94</u>
Total	\$ 657,425.61