



Commonwealth of Massachusetts
Executive Office of Health and Human Services
Department of Transitional Assistance
600 Washington Street • Boston MA 02111

M.G.L. CHAPTER 18 § 5I (d) ENFORCEMENT AND VIOLATIONS REPORT

Executive Summary

The Department of Transitional Assistance (DTA) submits this report¹ relative to using or accepting cash assistance held on electronic benefits transfer (EBT) cards for items and locations deemed prohibited by the Massachusetts Legislature.²

In the first half of Fiscal Year (FY) 2014, DTA's Fraud Investigations and Data Matching Unit continued to implement reforms designed to enhance the accuracy of its verification and investigation processes. This report reviews these efforts and provides summary statistics regarding investigations conducted by this unit for any alleged violation, including but not limited to EBT purchases.

BACKGROUND

Preventing fraud, waste and abuse is a top priority of DTA. Expanding the Program Integrity Division in 2013 has been vital to enhancing these prevention efforts.

The Program Integrity Division performs a number of critical agency functions through its three units, which include: Fraud Investigations and Data Matching; Program Assessment, and Data Acquisition and Analysis.

The Fraud Investigations and Data Matching Unit oversees the fraud hotline, fraud investigations, and data matching. The Program Assessment Unit ensures program accuracy and quality of service delivery. The Data Acquisition and Analysis Unit leverages available internal and external data sources by reviewing the effectiveness and quality of data, and analyzing potential fraud trends and patterns.

¹ Pursuant to Section 5I(d) of Chapter 18 of the General Laws, as amended by Chapter 161 of the Acts of 2012, and as further amended by Chapter 239 of the Acts of 2012.

² Alcoholic beverages, lottery tickets, tobacco products, visual material or performances intended to create or stimulate sexual conduct or sexual excitement, firearms and ammunition, vacation services, tattoos or body piercings, jewelry, and televisions, stereos and video games and consoles at rent-to-own stores, and for gambling or the payment of court-ordered fees, fines, bail or bail bonds.

PROGRAM INTEGRITY CHECKLIST

DTA implemented the Program Integrity Checklist (the Checklist), within its Benefit Eligibility and Control Online Network (BEACON) operating system in July 2014. The Checklist consolidates and automates 22 data matches into one BEACON view for case managers or for DTA's Fraud Investigations and Data Matching Unit to process. The Checklist also generates automated case maintenance activities initiated through the receipt of external matches in which the information is considered to be verified upon receipt and does not require additional verification.

The Checklist provides case managers with a view of current clients' previous Intentional Program Violations (IPVs) and outstanding data matches, which must be reviewed when authorizing benefits or determining ongoing eligibility.

Data matches contained in the Checklist include:

Work Number

This match provides real time wage information through the Equifax Workforce Solutions database.

Department of Revenue New Hire

Provides employment start dates for DTA clients.

Department Of Revenue Wage

The Revenue Wage match provides earned income for clients.

Department of Revenue Bank

The Department of Revenue Bank are matches on clients' bank information.

Food Nutrition Service Electronic Disqualification Recipient System

The Food Nutrition Service (FNS) Electronic Disqualification Recipient System (eDRS) is a national application that tracks SNAP participants that have been found guilty of Intentional Program Violations.

Identity

DTA matches on four points with the Registry of Motor Vehicles (RMV): last name, first name, date of birth, gender as well as photo for identity purposes.

Public Assistance Reporting Information System Veteran's

Public Assistance Reporting Information System (PARIS) returns records on DTA clients receiving Veteran's benefits.

Registry of Motor Vehicles

This match identifies all vehicles owned by household members at a client's address.

Social Security Number Verification

The Social Security Administration (SSA) returns a file of Social Security Numbers (SSNs), dates of birth and names of DTA clients.

County Prisons

DTA receives inbound files from RI, Hampden, Plymouth and Berkshire County Prisons containing county incarceration data.

Death

Three separate sources:

- SSA: SSA sends a file of all deceased persons nationwide.
- United States Department of Commerce: Commerce sends a file of all deceased persons nationwide.
- Department of Public Health: DTA receives a data file from Department of Public Health (DPH) with data of all deaths for the previous month.

Department of Children and Families

Department of Children and Families (DCF) sends a file to match DTA household members who are in foster care placement, guardianship or receiving an adoption subsidy from DCF.

Department of Corrections

DTA receives a file of individuals incarcerated in Massachusetts from The Department of Corrections (DOC) for matching purposes.

Department Of Revenue Child Support

The Department of Revenue (DOR) sends DTA a file of non-custodial parents with their child support payment amounts. Child support data does not apply to TAFDC recipients.

Department of Unemployment Assistance

DTA matches with the Department of Unemployment Assistance (DUA) on DTA's clients with unemployment insurance payment information.

Department of Youth Services

DTA receives a file from Department of Youth Services (DYS) of currently incarcerated juveniles.

Lottery

DTA sends a data file of all clients to the Massachusetts Lottery Commission (MLC) and receives back all matched clients with financial gains.

New York Interstate

DTA is currently matching with the state of New York to identify clients not eligible for Department benefits because they are receiving benefits in New York.

PARIS Interstate

PARIS returns records on DTA's clients receiving benefits in other states.

Parole Violators

Criminal Justice Information Services (CJIS) returns Parole Board information on DTA's clients who are Parole Violators.

Prisoner Verification

SSA returns a file of SSNs of incarcerated DTA household members.

Warrant

Criminal Justice Information Services (CJIS) returns records of Outstanding Warrant Data on DTA clients.

ENFORCEMENT

DTA – BSI Investigations

DTA works closely with the Bureau of Special Investigations (BSI) within the State Auditor's Office, and directs BSI any cases that cannot be determined by an internal desk review, pertain to more egregious violations, or are likely to result in criminal charges.

Investigations completed in FY14 resulted in nearly 8,700 new overpayment claims established totaling over \$9.2 million in potential collections.

DTA's ongoing collection activities during the first half of FY14 led to the recovery of over \$6.7 million in benefit overpayments, which included \$4 million in overpayments in the Supplemental Nutrition Assistance Program and \$2.7 million in overpayments in the Transitional Aid to Families with Dependent Children and Emergency Assistance to the Elderly, Disabled, and Children programs. The most common overpayment type includes unreported income and dual state (Massachusetts and another state) benefit issuance.

Monitoring and Blocking of EBT Transactions - ATM and POS

In February 2013 DTA began monitoring ATM and POS transactions to help prevent EBT card transactions for prohibited items and at prohibited establishments.

Since that time, the Department has reviewed more than 7.8 million transactions at approximately 12,000 unique locations to identify retailers and ATMs that should be blocked. DTA conducts field visits to the locations where the primary nature of the business is not easily

identifiable by the business name to better determine if they are a prohibited establishment. Since March 2013, DTA staff and Local Office Quality Control investigators have conducted over 1,800 on-site visits. Once a determination is made, the Department contacts retailers by phone and mail to notify them of the upcoming blocking ATM and/or POS terminals on their premises and to request that they work with their third party processor to proactively remove EBT card access.

The Department has contacted third party processors directly to explore additional ways to effectively block prohibited locations and purchases.

As a result of the Department's efforts, over 1,100 ATM and/or POS terminals have been referred to the Department's EBT vendor, and confirmed as blocked. The Department is working with third party processors and other vendors to implement an automated identification process.

Retailer Training and Outreach

DTA has conducted extensive outreach and education to retailers across the Commonwealth to ensure they understand their responsibilities. As part of this outreach, DTA has provided signage with recognizable graphics for streamlined communication, as well as provided access to downloadable signage via DTA and retailer association's website. DTA is also conducting outreach and providing training to small independent stores/retailers in communities across the Commonwealth to ensure that owners and staff are aware of their responsibilities under the law. In addition, DTA is contacting the top 25 retailers by number of EBT transaction amounts throughout the state to establish formal points of contact, so that future DTA initiatives may be relayed to retailers in a timely manner.

VIOLATIONS

In FY14, DTA received 68 allegations of prohibited transactions involving 60 retailers and fifteen new clients since the last report was issued. DTA sent letters to each of the retailers reminding them of the new law prohibiting the sale of certain items and the penalties they may face, and also referred the retailers to the Food and Nutrition Service (FNS) as appropriate.

All eight client cases were referred for further investigation to the Bureau of Special Investigations (BSI) within the State Auditor's Office in accordance with the guidelines referenced supra. To date, BSI has recommended no further action on five of the cases, as its preliminary review failed to develop sufficient evidence to warrant further investigation. Of the remaining three cases, two remain open investigations and one was administratively closed for a potential intentional program violation.

DTA also pursued disqualifications/repayment of nine clients who were identified through data analysis as purchasing prohibited items. Six clients were ordered to repay for these purchases. The total amount of repayment was \$487.95.

DTA will continue to process and track all reported violations of Chapter 161 of the Acts of 2012. When in possession of evidence of a prohibited item or location purchase, DTA will seek reimbursement for the purchase, move to disqualify the client as appropriate, and/or make a referral to BSI. DTA will continue efforts to notify and educate retailers on the sale of prohibited items and the associated penalties. An establishment owner who knowingly allows a prohibited EBT transaction is subject to a fine of not more than \$500 for a first offense, a fine of not less than \$500 or more than \$2,500 for a second offense, and a fine of not less than \$2,500 for a third or subsequent offense. Where applicable, an establishment may face disciplinary action in connection with its license to sell alcoholic beverages and/or its license to sell lottery tickets. Any recipient of direct cash assistance who knowingly makes a prohibited purchase is to reimburse DTA for such purchase. Furthermore, a recipient is subject to disqualification for a period of two months for a second offense, and permanently for a third offense.

**Department of Transitional Assistance
Program Integrity Enhancements and New Initiatives**

EBT-RELATED PROGRAM INTEGRITY ENHANCEMENTS

Enhancements	Initiative Descriptions	Status
<p>State Law Enforcement Bureau (SLEB) Agreement</p>	<p>The agreement allows DTA and local law enforcement to investigate SNAP trafficking, enhance program integrity, and protect benefits for those who truly need them. DTA has entered into 108 agreements allowing for joint investigations and is working with local law enforcement to enter into additional agreements.</p>	<p>Implemented/On-going</p>
<p>ATM / POS Blocking</p>	<p>Working with its vendor, Xerox, DTA has blocked over 1,100 ATM/POS locations as of the end of August 2014. DTA will continue to receive bi-weekly reports and identify prohibited stores. The overall goal for this initiative is to reduce use of cash benefits on prohibited purchases.</p>	<p>Implemented/On-going</p>
<p>ATM / POS Transaction Monitoring</p>	<p>This initiative reduces the use of cash benefits on prohibited purchases. This monitoring will continue on a bi-weekly basis and lead to the identification of additional prohibited locations. To date, DTA has reviewed more than 5.6 million transactions and has inspected nearly 700 stores.</p>	<p>Implemented/On-going</p>
<p>Implement \$5 fee for replacement EBT cards</p>	<p>DTA implemented a \$5 fee for replacement EBT cards for both SNAP and cash assistance clients. Since mid-December 2012, DTA has collected nearly \$694,000 in replacement card fees while reducing high volume replacement card requests by more than 70%.</p>	<p>Implemented</p>

Notice and monitor clients who request multiple EBT card replacements	DTA instituted new notice and review processes that require clients who have received three or more EBT replacement cards to meet with the office director/assistant director prior to a card being reissued.	Implemented
FRONT END DETECTION & ENHANCED MATCHES		
Enhancements	Initiative Descriptions	Status
Program Integrity Checklist	DTA has implemented a Program Integrity Checklist within BEACON. This checklist requires action on any outstanding data matches during ongoing eligibility, as well as at the time of application and redetermination.	Implemented - July 2014/On-going

New Initiatives

DTA is in the process of implementing a series of comprehensive organizational improvements:

New Initiatives		
<u>Business Process Redesign</u>	DTA launched a major Business Process Redesign on October 27, 2014. As part of this ongoing process, DTA is making organizational improvements and implementing an Integrated Eligibility System to improve compliance and customer service (reducing wait times and improving response to phone calls).	In progress
<u>Electronic Document Management</u>	DTA has implemented a document and workflow management solution. This tool converts paper documents into electronic documents, and provides a platform for sharing those electronic documents. The initial phase of this	In progress

	<p>solution, which involves the scanning and processing of postal mail, went live in January 2014. Phase two was implemented in June 2014 and helped move DTA to a fully electronic case file.</p>	
<p><u>Welfare Reform Legislation</u></p>	<p>DTA is implementing the Welfare Reform legislation that helps increase client self-sufficiency, tighten rules and sanctions, and invest in program integrity.</p>	<p>Implementing</p>