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Report on Department of Transitional Assistance (DTA) Program Integrity Efforts

January 2018



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OVERVIEW

In accordance with Chapter 18 of the Massachusetts General Laws, the Department of Transitional Assistance (DTA) submits this report regarding efforts made by DTA's Program Integrity Unit.

BACKGROUND

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, financial assistance, and employment supports. DTA serves one out of every eight people in the Commonwealth including working families, children, elders, and people with disabilities.

Maintaining the integrity of the programs the agency administers, DTA's Program Integrity Unit monitors eligibility information, and recipient and retailer transactions. This report reviews DTA's program integrity efforts.

PROGRAMS ADMINISTERED BY DTA

Financial Assistance Programs

DTA administers two main financial assistance programs: Transitional Assistance for Families with Dependent Children (TAFDC) and Emergency Aid for the Elderly, Disabled, and Children (EAEDC). Financial assistance is administered by and large through an Electronic Benefit Transfer (EBT) card. Recipients may access their benefits at a Point of Sale (POS) retail terminal or by withdrawing funds from an automated teller machine (ATM).

Massachusetts law limits where financial assistance funds may be used, and the items that can be purchased with those funds.¹

To limit the use of cash assistance at locations where prohibited, DTA has monitored ATM and POS transactions made by recipients of DTA administered benefits since February 2013. Since that time, 20 million transactions at more than 14,000 unique locations have been monitored to identify retailers and ATMs where cash assistance may not allowable. Once a site visit or desk review determines questionable activity, DTA blocks EBT cards from being utilized at that location.

¹ MGL Chapter 18 Section 51 & 5J

As a result of these efforts, over 2,400 ATM and/or POS terminals have been blocked at prohibited locations since 2013. Establishments that exclusively or primarily sell alcohol represent the majority of the prohibited establishments.

The process of blocking prohibited establishments from accepting EBT cards is ongoing, and DTA continues to work with third party processors to enhance and expand this initiative.

Supplemental Nutrition Assistance Program (SNAP)

DTA administers the federally funded/regulated SNAP program (formally known as food stamps). DTA works alongside the federal government and by pursuing statewide initiatives to ensure SNAP benefits are being accessed and utilized properly. SNAP recipients utilize their benefits by visiting a retailer authorized to take SNAP by the federal government and purchasing products at a point of sale with an EBT card.

In 2013, DTA entered into a State Law Enforcement Bureau (SLEB) agreement with the United States Department of Agriculture (USDA). This allows DTA to partner with local law enforcement across Massachusetts to investigate the trafficking of SNAP benefits.

SNAP trafficking is when a SNAP recipient sells their benefits for cash; most often for a cash value less than the full value of their benefit. SNAP traffickers tend to be retail establishments that pay the SNAP recipient a reduced value for their EBT card benefit. Once in possession of the card, traffickers swipe that card without processing any product. This creates the appearance that a SNAP recipient purchased product at a store. 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, where if found guilty may face fines, jail time, or other action. If a DTA recipient is found to have committed an Intentional Program Violation (IPV) by trafficking their benefits, they face program disqualification for a certain period of time and must repay the amount of trafficked benefits. On average DTA conducts 25 client SNAP trafficking hearings per month.

To date, 137 SLEB agreements have been signed with local law enforcement, the Massachusetts State Police, and the Office of the Attorney General. Since January 2015, 32 local law enforcement agencies have signed SLEB agreements with DTA. DTA has held summits for law enforcement across the Commonwealth to train police on SNAP trafficking and related laws. DTA's efforts augment the federal government's program integrity arm.

IDENTIFYING POTENTIAL FRAUD

DTA maintains a number of channels through which suspected fraud can be reported or identified by DTA staff. Referrals are generated from DTA local offices, electronic data matches, and our fraud hotline where the general public can leave tips. Each case of potential fraud is reviewed and investigated to determine whether or not the allegation can be substantiated. If DTA substantiates a case, appropriate action can be taken, including but not limited to case suspension or a referral being made to the appropriate agency for investigation.

Referrals to the Bureau of Special Investigations

The State Auditor's Bureau of Special Investigations (BSI) is charged with investigating claims of fraudulent or wrongful receipt of payment or services from public assistance programs throughout the Commonwealth. DTA is responsible for identifying cases where fraud may exist, and pursuing those cases administratively. Because DTA is not a law enforcement agency, cases that are unable to be fully pursued administratively are identified and referred to BSI for a more comprehensive investigation that may result in criminal charges. The cases noted by BSI have been referred to them by DTA to ensure appropriate action can be taken on those attempting to defraud the Commonwealth.

Program Violations

Program violations are broken down into two categories, intentional or unintentional. An Intentional Program Violation (IPV) occurs if it is found by a hearing officer that a client purposefully defrauded the Commonwealth to obtain benefits for which they did not qualify. When an individual does not report, or delays reporting a change in household status without the intention to defraud the Commonwealth it is classified as an Unintentional Program Violation (UPV). During FY17, approximately 950 cases were closed due to an IPV. Another 3,634 were closed due to a UPV. There was \$414,833 in savings attributable to discontinued benefits due to IPVs. There was \$1,051,074 in savings attributable to discounted benefits for UPVs.

The majority of these program violations were found in the federal Supplemental Nutrition Assistance Program (SNAP). For context, each month DTA provides benefits to approximately 443,000 households through the federal SNAP program and an additional approximately 50,000 households through the financial assistance program administered by DTA. These numbers stay relatively consistent throughout a calendar year, please reference mass.gov/dta for more caseload information.

Retailer Training and Outreach

Working with retailers is essential to DTA's program integrity success. Outreach and education to existing and new retailers across the Commonwealth is performed by DTA staff to ensure they understand their responsibilities. In particular, DTA conducts outreach and provides training to small, independent stores and retailers across the Commonwealth to ensure owners and employees are aware of their legal responsibilities. DTA has developed signs that are available for download on the DTA website indicating products that are ineligible for purchase with cash assistance. These signs utilize text and graphics to note what constitutes as a prohibited item. Any business that accepts payments via EBT cards is required to post these signs.²

² MGL chapter 18 section 5N