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# **CONSOLIDATED REPORT ON THE DEPARTMENT OF TRANSITIONAL ASSISTANCE PROGRAM INTEGRITY DIVISION**

**February 2019**



**DEPARTMENT OF TRANSITIONAL ASSISTANCE  
CONSOLIDATED REPORT ON THE DEPARTMENT OF TRANSITIONAL  
ASSISTANCE PROGRAM INTEGRITY DIVISION**

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**OVERVIEW**

The Department of Transitional Assistance (DTA) is pleased to submit this comprehensive report on the status the department's Program Integrity Division, as required by sections 2(B) and 5I of Chapter 18 of the Massachusetts General Laws.

**AGENCY OVERVIEW**

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, economic assistance, and employment supports.

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

**PROGRAM INTEGRITY DIVISION**

Preventing fraud, waste and abuse is a top priority of DTA to ensure that every SNAP and economic assistance dollar goes to individuals and families who truly need it. To that end, the Program Integrity Division performs critical agency functions, including the oversight of fraud investigations and overpayment collection, audit supervision, regulatory compliance, and more. The Division is comprised of two units: the Fraud Investigations and Data Matching Unit and the Program Assessment Unit.

**PROGRAMS ADMINISTERED BY DTA**

DTA administers four primary programs that receive both state and federal funding, which aim to meet the agency's mission. In addition to administering these programs, DTA provides rigorous oversight and special attention to eligibility standards and compliance for each program. DTA uses advanced analytics and a variety of fraud detection practices to promote program integrity.

**SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)**

SNAP benefits help families supplement their food budgets to afford nutritious food. Residents of the Commonwealth who participate in SNAP are families with children, elders, and persons with disabilities. Nearly 50% of SNAP recipients are working people. While administered by DTA, SNAP benefits are 100% federally funded and regulated by the U.S. Department of Agriculture (USDA). The Commonwealth is responsible for 50% of the costs to administer the program.

### **TRANSITIONAL AID TO FAMILIES WITH DEPENDENT CHILDREN (TAFDC)**

TAFDC is a state and federally funded program that provides economic assistance to families with children, and pregnant women, with little or no assets or income. TAFDC is operated under the federal Temporary Assistance for Needy Families (TANF) block grant. Participants receive child care and transportation support associated with job assistance and can access various supportive referrals. As a part of TAFDC, participants may be required to perform a work-related activity as a condition of eligibility.

### **EMERGENCY AID TO THE ELDERLY, DISABLED, AND CHILDREN (EAEDC)**

EAEDC is a state funded program, which provides economic assistance to certain adults who are elderly or disabled, as well as children. Those eligible for EAEDC include people over 65 who are waiting for Supplemental Security Income payments to begin, individuals unable to work due to a physical or mental incapacity, and individuals who are participating in a Massachusetts Rehabilitation Commission program.

### **SUPPLEMENTAL SECURITY INCOME (SSI) AND STATE SUPPLEMENTAL PAYMENTS (SSP)**

The SSI program is a federal program that provides cash assistance to the elderly, disabled, and blind. Massachusetts provides optional state-funded payments designed to supplement these funds. DTA administers SSP payments for elderly, disabled, and blind recipients through the University of Massachusetts Medical School.

### **IDENTIFYING POTENTIAL FRAUD**

There are a number of channels through which suspected fraud can be identified by or reported to the agency. Internally, referrals are generated from case managers or as a result of findings from interagency electronic data matches. DTA also maintains a fraud hotline, where allegations of fraud can be reported anonymously. Each case of potential fraud is reviewed and investigated by the Fraud Investigations and Data Matching Unit to determine whether the allegation can be substantiated. If DTA substantiates an allegation of fraud, appropriate action can be taken, including but not limited to case closure 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. More than 6,000 cases were referred to BSI by the department in Fiscal Year 2018.

## **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 made a false or misleading statement or representation to or concealed or withheld facts from DTA 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 intent to mislead or misrepresent their circumstances the violation is classified as an Unintentional Program Violation (UPV). During Fiscal Year 2018, approximately 475 cases were closed due to an IPV. Another 6,172 were closed due to a UPV. There was \$76,906 in savings attributable to discontinued benefits due to IPVs, and \$1,124,730 in savings attributable to discontinued benefits for UPVs.

The majority of the violations involve SNAP. Contextually, in the last month of Fiscal Year 2018, DTA provided benefits to 449,000 households through SNAP and approximately 49,000 households through its economic assistance programs, which include TAFDC and EAEDC. Caseload populations typically stay relatively consistent throughout a calendar year. DTA provides updates to caseload information on a monthly basis via the DTA website.<sup>1</sup>

## **ATM AND POS BLOCKING**

Recipients of economic assistance benefits administrated by DTA may access their benefits using an electronic transfer benefits (EBT) card at a point of sale (POS) retail terminal or by withdrawing funds from an automated teller machine (ATM). Massachusetts law limits where economic assistance funds may be used, and the items that can be purchased with those funds. SNAP benefits are unable to be redeemed for cash at ATMS or through cash back options at POS terminals.

To limit the use of economic assistance at locations where prohibited, DTA has monitored ATM and POS transactions made by recipients in retail and other establishments since February 2013. Each year DTA's Program Integrity Unit monitors millions of transactions to identify ATMs and POS terminals where economic assistance may not be used.

DTA blocked more than 1,300 POS and ATM terminals at prohibited locations in Fiscal Year 2018, bringing the total number of blocked locations in the Commonwealth to over 3,700. Establishments that exclusively or primarily sell alcohol represent many of the prohibited establishments.

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

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<sup>1</sup> Department of Transitional Assistance Research and Reports.<https://www.mass.gov/department-of-transitional-assistance-research-and-reports>

## **SNAP TRAFFICKING ENFORCEMENT**

In its administration of SNAP in Massachusetts, DTA works alongside the federal government to ensure SNAP benefits are being accessed and utilized properly.

SNAP trafficking is when a recipient sells their SNAP benefit, which can only be used for food products, for cash; most often for a value less than the full value of their benefit. SNAP traffickers tend to be retail establishments that pay the recipient a reduced value for their EBT card on which the SNAP benefit is held. Once in possession of the card, traffickers swipe that card without processing a food purchase or exchanging any food product.

In 2013, DTA entered into a State Law Enforcement Bureau (SLEB) agreement with USDA that allows it to partner with local law enforcement agencies across Massachusetts to investigate SNAP trafficking. 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 and, if found guilty, may face fines, jail time, or other action.

As of June 2018, 182 SLEB agreements have been signed with local law enforcement, the Massachusetts State Police, and the Office of the Attorney General. DTA has held summits for law enforcement agencies across the Commonwealth to train law enforcement officers on SNAP trafficking and related laws. DTA's efforts augment the federal government's program integrity arm.

If a recipient is found to have committed an 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 15 client SNAP trafficking hearings per month.

## **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 signage that is available for download on the DTA website indicating products that are ineligible for purchase with economic assistance. The signage utilizes text and graphics to note what constitutes a prohibited item. Any business that accepts payments via EBT cards is required to post the signage.<sup>2</sup>

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<sup>2</sup> M.G.L. Ch. 18, Sec. 5N

## **RECREATIONAL MARIJUANA LEGALIZATION**

In 2017, when the sale of recreational marijuana was legalized the legislature amended the list of items prohibited for purchase with economic assistance to include recreational marijuana.<sup>3</sup>

DTA has developed a responsive protocol to engage newly licensed retail recreational marijuana establishments and make them aware of DTA's obligation to ensure program integrity. The protocol includes an initial letter sent from DTA's commissioner to new licensees informing them of relevant law and potential sanctions for violations of the law. The Program Integrity Division works to coordinate with licensees to answer questions, provide resources, and conduct on-site visits to ensure DTA's ATM and POS blocking initiative, which has been extended to retail recreational marijuana establishments, is working properly. Ongoing monitoring of EBT transactions by the Program Integrity Division will allow DTA to respond as necessary to any prohibited purchases or attempted purchases at approved establishments.

As the Cannabis Control Commission continues to approve retail licenses across the Commonwealth, DTA will continue to engage licensees and monitor relevant transactions to ensure compliance by retailers and clients.

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<sup>3</sup> M.G.L. Chapter 18, Secs. 5I and 5J (As amended by Chapter 55 of the Acts of 2017)