



Commonwealth of Massachusetts  
Office of the State Auditor  
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*Making government work better*

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## Bureau of Special Investigations

FY 2015 4<sup>th</sup> Quarter Report  
April 1, 2015 – June 30, 2015

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## **ABOUT BUREAU OF SPECIAL INVESTIGATIONS**

As a part of the Office of the State Auditor, the Bureau of Special Investigations (BSI) is charged with investigating allegations of public assistance fraud throughout the Commonwealth. The diligent work of BSI investigators ensures that taxpayer dollars used to fund Massachusetts' public benefits programs are used effectively so that the programs are available to the residents who truly need them.

Under state law, BSI's investigative authority extends to any assistance program administered by the Department of Transitional Assistance (DTA), the Department of Children and Families (DCF), and the Division of Medical Assistance (DMA), which administers MassHealth (the state's Medicaid program). Although not included in the BSI statute, BSI also works with the Department of Early Education and Care (EEC) through a Memorandum of Understanding. As a result of BSI's investigations, public assistance fraud cases are referred to agencies for administrative action, fraudulent overpayments are recovered through civil agreements, individuals are disqualified from programs for specified periods of time, and cases are prosecuted in state district or superior courts and the United States District Court for the District of Massachusetts. BSI recommends cases for prosecution based on the severity of fraud, the intent of the perpetrator, and the possibility for the case to serve as a deterrent to future fraud.

Working under Section 17 of Chapter 11 of the Massachusetts General Laws, BSI examiners operate from five offices across the Commonwealth. BSI consists of four separate investigative units: the Central Processing Unit, the MassHealth Unit, the Department of Transitional Assistance Unit, and the Data Analytics Unit. Each unit is headed by an Assistant Director who reports to the Director of BSI. While each unit has its own specific concentration, there is extensive cross-collaboration and investigations often involve overlap. BSI also participates in joint investigations and task forces with other state and federal agencies that focus on combating fraudulent activities across the Commonwealth.

This report, as statutorily required, summarizes BSI's work in the 4th quarter of fiscal year 2015 (FY15).

## **BSI STATUTORY REQUIREMENTS**

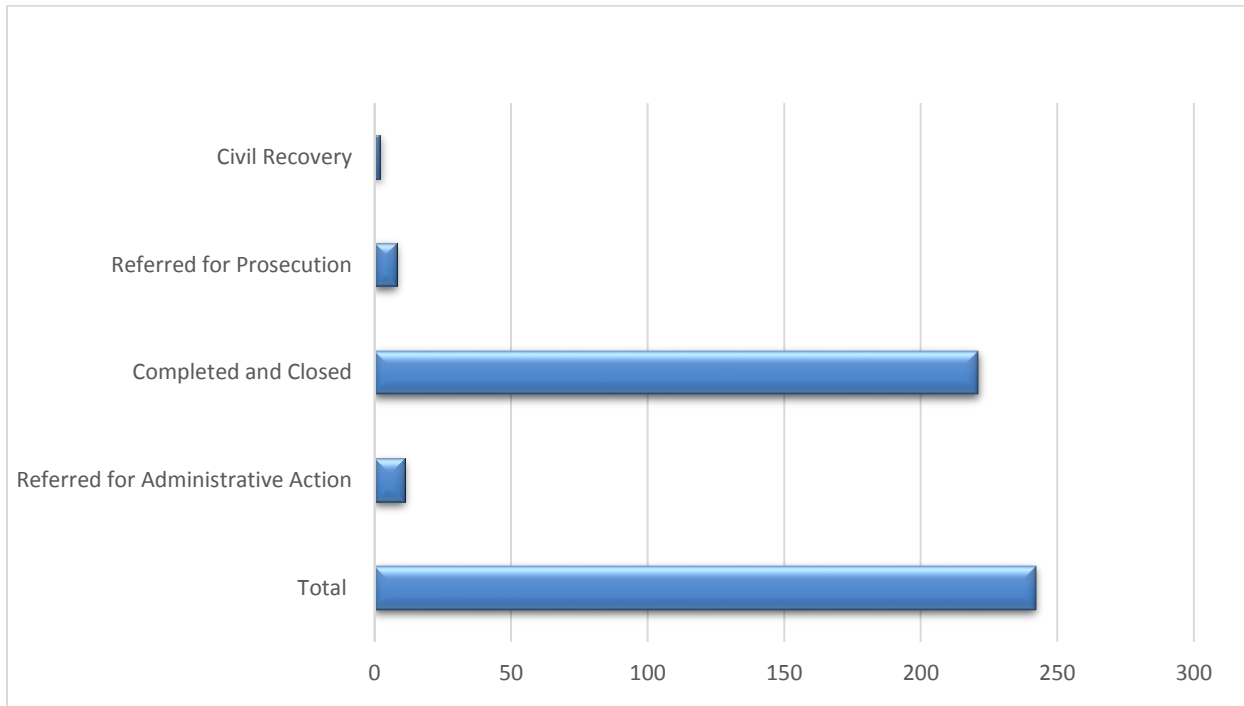
The Bureau of Special Investigations (BSI) is a semi-law enforcement agency within the Office of the State Auditor. BSI's primary duty is to investigate cases of suspected fraud within public assistance programs. Section 17 of Chapter 11 of the Massachusetts General Laws compels BSI to perform the following duties:

- Investigate complaints that indicate the possibility of a fraudulent claim for payment or services under any assistance program administered by the Department of Transitional Assistance, the Department of Children and Families, the Division of Medical Assistance (which administers MassHealth), or any program administered by said departments.
- Report to the Attorney General or a District Attorney, for such action as it may deem proper, any case in which, after investigation, there is probable cause to believe that a fraudulent claim or payment has been made.
- Report in writing to the Governor and the General Court the nature and extent of BSI's activities for each calendar year, and make this report available to the public.

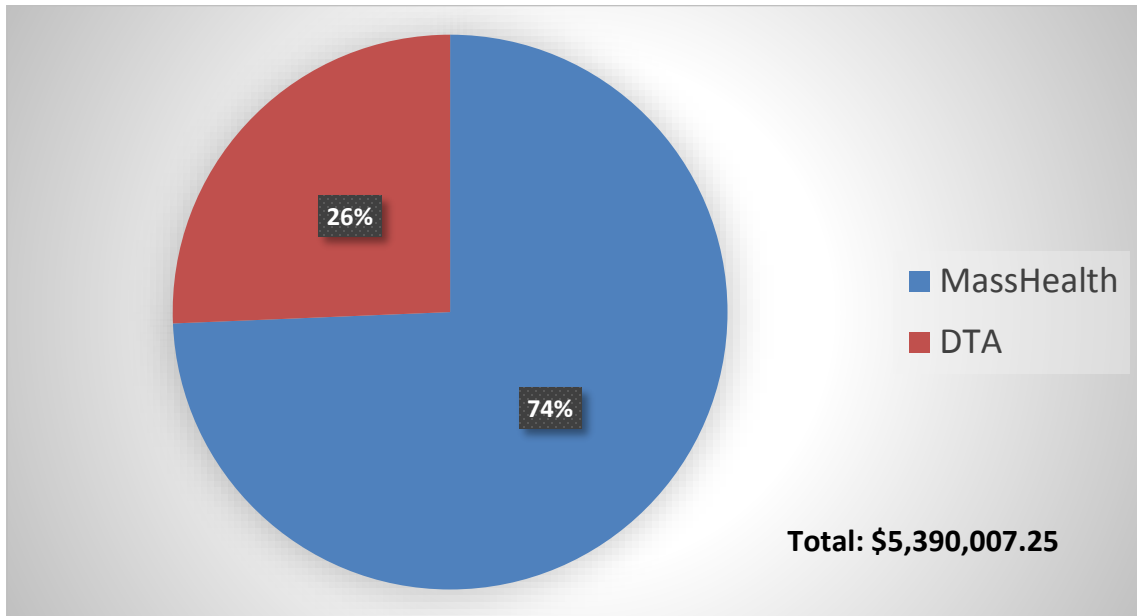
### 4TH QUARTER SUMMARY

CASELOAD	Child Care	MassHealth	DTA	Hotline	Other	Total Case Count
Beginning Balance	0	441	2,558	1	3	3,003
New Investigations	2	263	1,936	0	5	2,206
Total Completed Investigations	0	314	2,875	0	1	3,190
Completed With No Fraud	0	239	2,708	0	1	2,948
Completed with Fraud	0	75	167	0	0	242
Ending Balance	2	390	1,619	1	7	2,019

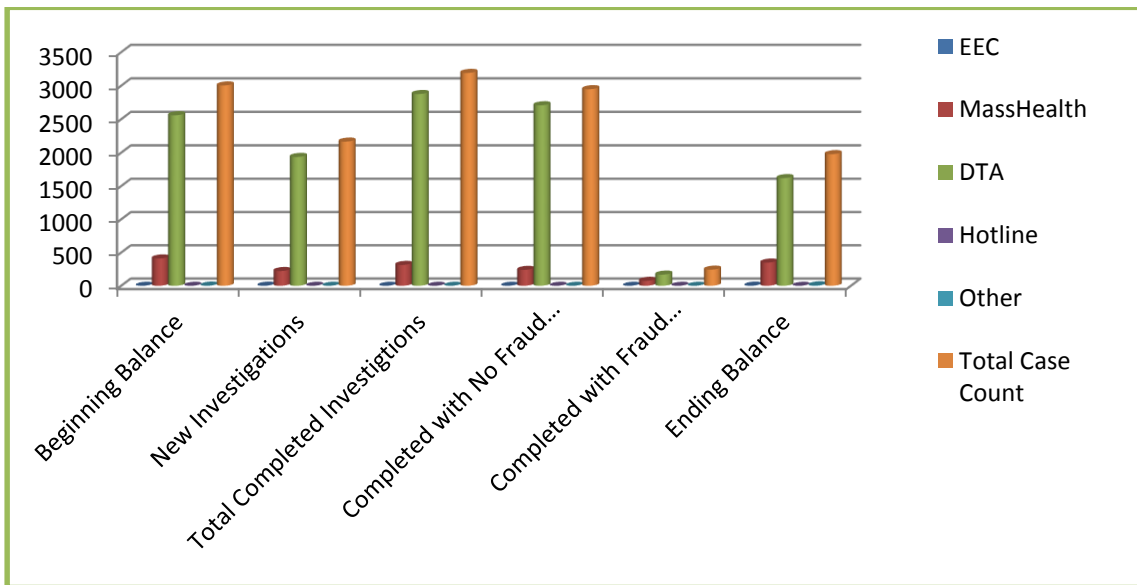
### Identified Fraud by Disposition



### Identified Fraud by Source



### Case Disposition



### Central Processing Unit

During the 4th quarter of FY15, BSI's Central Processing Unit (CPU) received 2,206 new referrals: 1,936 from the Department of Transitional Assistance (DTA), 263 from MassHealth, and 7 from other sources, such as Early Education and Child Care (EEC) and BSI's Data Analytics Unit (DAU). On average, CPU

processed approximately 200 referrals per week. CPU completed and closed 2,632 cases during the 4<sup>th</sup> quarter.

As part of the Intentional Program Violation (IPV) procedure that CPU instituted in this quarter, CPU will begin identifying more referrals as potential IPV cases. These cases will be sent to DTA for investigation and administrative action.

Total New Referrals	New DTA Referrals	New MassHealth Referrals	Referrals from Other Agencies or DAU
2,206	1,936	263	7

### **MassHealth Unit**

The MassHealth Unit was assigned 146 new cases. The team of six fraud examiners completed 177 investigations (including investigations assigned in the previous quarter) and identified \$388,926.71 in fraud. Of the 177 completed cases, 101 identified fraud. For example, one case presented to the District Attorney in Dudley District Court resulted in a criminal larceny charge totaling \$120,446.60.

The Unit meets regularly with stakeholders, such as MassHealth’s Program Integrity Unit, the Executive Office of Elder Affairs, and various fiscal intermediaries involved with the Personal Care Attendant program, to continue to identify fraud in these areas.

The Unit also meets regularly with members of the Attorney General’s Healthcare Fraud Task Force and is currently participating in two ongoing joint investigations. The two organizations will continue working together in fiscal year 2016 to identify and develop new cases for joint investigation.

### **Department of Transitional Assistance Unit**

BSI’s Department of Transitional Assistance Unit (DTA Unit) completed 167 cases with identified fraud. The remaining completed cases were either returned to DTA as an Intentional Program Violation (IPV) to be handled administratively or closed with no fraud determined. The total amount of identified fraud for the 4<sup>th</sup> quarter was \$1,521,250.91. DTA Unit examiners filed seven criminal complaints in counties across the Commonwealth.

## **Data Analytics Unit**

BSI's Data Analytics Unit (DAU) conducted an overlap analysis of the Personal Care Attendance (PCA) program and other MassHealth programs to identify all instances in which a MassHealth member received PCA services while concurrently residing in a Long Term Care (LTC) facility, a practice specifically disallowed by MassHealth regulation (130 Code of Massachusetts Regulations 422). Using MassHealth data, DAU was able to extract, isolate and combine all PCA and LTC claims from 2013 and 2014. As a result of this analysis, DAU referred five cases to BSI's MassHealth Unit this quarter. These referrals totaled approximately \$97,000 in improper MassHealth payments made to PCAs. All five investigations are ongoing.



## **BSI CASE ACTIVITY**

### **SNAP Recipient Claims False Child Custody to Receive Benefits**

A BSI investigation revealed Massachusetts resident, Charles Mikalauskis, falsely reported to the Department of Transitional Assistance (DTA) that he had physical custody of his four children and was without income. However, family court and school records showed Mikalauskis' four children were all in the custody of and residing with their mother, Marie Murray, while he was receiving public benefits for their care. As a result of his false representations, Mikalauskis fraudulently collected \$11,238.75 in Supplemental Nutritional Assistance Program (SNAP) benefits between March 12, 2012 and March 24, 2015. Fraud Examiner Breen charged Mikalauskis with larceny over \$250 (M.G.L. 266 § 30) on April 14, 2015. Mikalauskis appeared in court on November 2, 2015 for a pre-trial hearing.

### **Collaboration with DTA Uncovers Unreported Earned Income for SNAP Recipient**

Massachusetts resident Rhonita Hargrow fraudulently collected \$33,770.00 in Supplemental Nutritional Assistance Program (SNAP) benefits between May 1, 2009 and April 30, 2013 by withholding that her husband, Jerome Hargrow, resided in her household and had earned income. Hargrow made false statements on nine Department of Transitional Assistance (DTA) review forms claiming her husband was not part of her household. Tax and employment records show that Jerome Hargrow resided in the household from 2009 to present and has been employed with the City of Boston Water and Sewer Department since 2005. In addition, real estate records indicate that in 2008, the couple together purchased the property in which they reside and still own. On June 2, 2015, Fraud Examiner Hemenway filed a criminal complaint against Rhonita Hargrow in Boston Municipal Court for larceny over \$250 (M.G.L. c. 266 §30) and public assistance fraud (M.G.L. C. 118E §39). Hargrow appeared in court for a pre-trial hearing on December 12, 2015.

### **Data Analytics Unit Generates "Double-Dipping" Case Referrals**

BSI's Data Analytics Unit (DAU) generated case referrals based on overlap of two MassHealth programs: Personal Care Attendant (PCA) and Adult Foster Care (AFC), which are mutually exclusive according to 130 Code of Massachusetts Regulations (CMR) 408.437 and 130 CMR 422.412. The match identified

Deolinda Loura as a consumer that received in home PCA services while simultaneously receiving in home AFC services from 2010 to 2013.

Through case analysis, DAU determined that Loura received her personal care and homemaking services through the home care corporation BayPath Elder Services, Inc. as part of the Frail Elder Waiver program. Documentation from the AFC program confirmed that Loura's daughter, Maria Fatima Monteiro, was Loura's Primary Caregiver during this period and thus received \$54,844 from the PCA program. The DAU examiner closed the case and returned it to MassHealth for the recovery of \$54,844.

### **BSI Examiners File Criminal Complaints across the Commonwealth**

BSI examiners filed criminal complaints against 7 defendants, not including criminal cases resulting from BSI investigations that were referred to other agencies for prosecution, such as federal investigators, or back to the agency to be handled administratively. BSI filed four complaints in Boston Municipal Court, two in Chelsea District Court, and one in Springfield District Court.

While the bulk of cases BSI investigates are referred from state agencies and law enforcement, the general public also plays a vital role in reporting fraud. The State Auditor's Office has an online form to report public assistance fraud. Citizens can also use BSI's fraud reporting hotline: (617) 727-6771. All complaints are kept confidential.