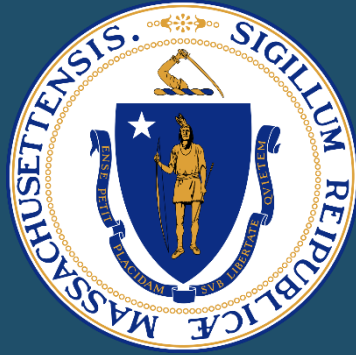


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# **CONSOLIDATED REPORT ON THE DEPARTMENT OF TRANSITIONAL ASSISTANCE PROGRAM INTEGRITY DIVISION**

**January 2021**



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

*JANUARY 2021*

**OVERVIEW**

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

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 residents of the Commonwealth including working families, children, elders, and people with disabilities.

**PROGRAM INTEGRITY**

Preventing fraud, waste, and abuse is one of DTA's core functions. Program Integrity's purpose is to ensure that that public assistance is available for individuals and families who are eligible for them and need help meeting their basic needs. Every staff member is responsible for prioritizing these functions.

The Program Integrity Division (PI) uses advanced data analytics and a variety of fraud detection practices to promote program integrity. PI performs non-criminal fraud investigations, data matching, Electronic Benefit Transfer (EBT) monitoring, overpayment calculations and referrals, audit supervision, and other regulatory compliance functions. Since 2017, PI has added 10 staff members to carry out its functions, and currently employs approximately 50 staff members in total.

**PROGRAMS ADMINISTERED BY DTA**

To meet the agency's mission, DTA administers four core programs that encompass two primary areas of focus: food security and economic assistance.

**SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM**

Supplemental Nutrition Assistance Program (SNAP) benefits help families supplement their food budgets to afford nutritious food. Massachusetts SNAP recipients include, but are not limited to, families with children, elders, and persons with disabilities. 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**

Transitional Aid to Families with Dependent Children (TAFDC) is a state and federally funded program that provides economic assistance and employment support 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. TAFDC clients are eligible for child care and transportation supports to help them participate in employment or employment-related services. Some TAFDC clients are required to participate in work-related activities as a condition of eligibility.

### **EMERGENCY AID TO THE ELDERLY, DISABLED, AND CHILDREN**

Emergency Aid to The Elderly, Disabled, And Children (EAEDC) is a state funded program which provides economic assistance primarily to the elderly or disabled. Those eligible for EAEDC include people over 65 who are waiting for Supplemental Security Income payments to begin and individuals unable to work due to a physical or mental incapacity.

### **STATE SUPPLEMENTAL PAYMENTS**

The Supplemental Security Income (SSI) program is a federal program that provides cash assistance to the elderly, disabled, and blind. Massachusetts funds a supplement to SSI. DTA administers State Supplemental Payments (SSP) in conjunction with the University of Massachusetts Medical School.

### **IDENTIFYING POTENTIAL FRAUD**

DTA identifies suspected fraud in several different ways. Internally, case managers can make fraud referrals or referrals can be generated as a result of electronic data matches. DTA also runs a fraud hotline where allegations of fraud can be reported anonymously by the public.

Each case of potential fraud is reviewed and investigated by PI's Fraud Investigations and Data Matching Unit to determine whether the allegation can be substantiated. If an allegation of fraud is substantiated, actions are taken, including, but not limited to, case closures, program disqualifications, and referrals to the appropriate criminal justice agencies.

### **PROGRAM INTEGRITY DURING THE COVID-19 PUBLIC HEALTH EMERGENCY**

From the outset of the COVID-19 public health emergency, DTA has balanced ensuring program integrity while mitigating adverse impacts on clients and streamlining policies and procedures, and, where possible, to expedite application processing, reduce confusion, and promote benefit stability for the individuals and families receiving DTA benefits as they navigated the unprecedented public health and economic impacts of the pandemic.

In March 2020, DTA began taking steps to respond to the unfolding public health emergency with a focus on promoting the safety and well-being of the Department's clients and staff. The

agency's response has included operational changes, modified temporary policies and procedures, and significant technological enhancements. These changes introduced new and reprioritized areas of focus for the PI Division, requiring staff to take on new challenges introduced by the pandemic and to contribute to the successful implementation of new policies and programs. Throughout the pandemic, the Program Integrity Division also continued operating many of its core functions, including managing fraud referrals, identifying potentially prohibited transactions, and conducting required data matching activities.

DTA closed its 22 local offices to in-person services and transitioned to fully remote operations in March, providing its core services over the phone and online. By the end of April, the Department transitioned more than 1,600 employees to telework operations. As a result, DTA saw an increase in web-based applications for SNAP, as well as TAFDC and EAEDC due in part to the quick creation of a new online option for initiating economic assistance applications on DTA Connect. PI staff were deployed to assist DTA's case managers as they managed the surge of applications in investigating applications with potential program integrity concerns, including duplicate applications, inconsistent identification information, and applications submitted from outside of Massachusetts.

The PI Division also played a critical role in the successful implementation of the innovative policies and programs the Department initiated to support families throughout the pandemic. For example, Massachusetts was one of the first states in the nation to implement Pandemic EBT (P-EBT), a federal program that provides families with direct food assistance to cover the cost of school-based meals that students were unable to receive due to school closures and remote learning models during COVID-19. In fiscal year 2020, the program provided critical supports to the families of more than 500,000 students across the Commonwealth, 60% of whom were not active DTA clients. The PI Division worked closely with the Department's SNAP team and field staff to help develop the state's plan to administer the federal benefits and assist in eligibility determinations for benefit recipients not known to the agency.

## **DATA MATCHING**

PI's Data Match Unit (DMU) gathers data from many agencies within and outside of the Commonwealth regarding DTA applicants and recipients. This data is reviewed to ensure that the of benefit eligibility is accurately determined, and to prevent potential fraud and benefit overpayments. Some match data is deemed "verified upon receipt" and can be acted on immediately, while other data requires further verification by a PI data match specialist before it can be used to determine its impact on a client's eligibility.

Each month, data match specialists review and process approximately 4,000 matches and make related inquiries/responses. These include actively working with agencies in other states to prevent the simultaneous receipt of assistance in more than one state.

The information gained from data matches pertains to the following eligibility factors: household composition, income/asset eligibility, residency, death, incarceration, identity,

intentional program violations with other states and law enforcement issues that make clients, permanently or temporarily, ineligible for assistance.

PI gathers information from multiple sources, including, but not limited to:

- Massachusetts Department of Children & Families
- Massachusetts Department of Public Health
- Massachusetts Department of Veterans Affairs
- Massachusetts Department. of Corrections
- Massachusetts Department of Revenue
- Office of the Comptroller
- Criminal Justice Information System
- Sex Offender Registry Board
- Massachusetts State Lottery Commission
- Massachusetts Gaming Commission
- Social Security Administration
- United States Department of Commerce
- Internal Revenue Service
- Administration of Children & Families Public Assistance Reporting Information System
- Warrant Management System
- Hampden County Prison
- Plymouth County Prison
- Berkshire County Prison
- Rhode Island County Prison
- New York State Office of Temporary/Disability Assistance

### **PROGRAM VIOLATIONS**

There are two types of Program Violations: Intentional and Unintentional. DTA is authorized to issue an Intentional Program Violation (IPV) if it is found, after a hearing, that a client purposefully made a false or misleading statement or representation or concealed or withheld facts to obtain benefits for which they did not qualify. During state fiscal year 2020, approximately 233 cases were closed due to an IPV resulting in \$300,481.76 in savings. Generally, three IPV findings will lead to permanent disqualification from our programs.

When a program violation is identified but is not found to be intentional, it is characterized as an Unintentional Program Violation (UPV). Another 781 cases were closed or had reduced benefits due to a UPV in state fiscal year 2020, resulting in \$ \$618,356.94 in savings.

The number of cases closed as a result of IPV and UPV declined significantly as a result of the agency's response to the COVID-19 public health emergency, which included temporary suspensions of targeted policies and procedures aimed at mitigating adverse actions against families at a time of increased need. Relatedly, the Department temporarily suspended administrative disqualification unit (ADU) hearings, the process through which fraud investigations are dispositioned.

As a result of these steps, the number of cases closed as result of IPV's decreased from 325 in FY2019 to 233 in FY2020, and cases closed as a result of UPV's decreased from 4,261 in FY2019 to 781 in FY2020. While the impact on actions taken related to program violations has been significant through FY2020, fraud referrals continued throughout the temporary suspension of

these policies and procedures and the Department intends to pursue the appropriate actions on the referrals as ADU hearings resume and policies and procedures begin to return to normal.

### **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, including DTA public assistance benefits. Only BSI, as a law enforcement agency, has the authority to bring criminal actions against those committing fraud. DTA is responsible for identifying cases where fraud may exist, referring alleged fraud cases to BSI for review and pursuing those cases administratively, if BSI has declined to pursue criminal action.

More than 2,200 cases were referred to BSI by the Department in fiscal year 2020. Comparable to the impact seen on the number of case closures associated with IPVs and UPVs, the number of BSI referrals decreased as a result of the COVID-19 pandemic from about 6,000 in fiscal year 2019.

### **ATM AND POS BLOCKING**

Most recipients of DTA assistance access their benefits using an electronic benefits transfer (EBT) card at a point of sale (POS) retail terminal or by withdrawing funds from an automated teller machine (ATM). Massachusetts law limits both where economic assistance funds may be used, and the items that can be purchased with those funds. For example, a client cannot use their EBT card to purchase anything at a package store, and cannot lawfully purchase cigarettes with an EBT card at any type of store. NOTE: SNAP benefits cannot be redeemed for cash at ATMS or through cash back options at POS terminals.

To limit the use of economic assistance at prohibited locations, DTA has monitored ATM and POS transactions made by recipients in retail and other establishments since February 2013. Each year PI monitors millions of transactions to identify ATMs and POS terminals where economic assistance may not be used. Once identified, PI can block all EBT transactions at the prohibited establishment. In fiscal year 2020, DTA blocked more than 480 new POS and ATM terminals at prohibited locations, bringing the total number of blocked Massachusetts locations to more than 2,930. DTA continues to work with third party financial processors to enhance and expand this important PI initiative.

Working with retailers is also essential to PI's success. When they are able, PI staff members conduct outreach and provide training to small, independent retailers across the Commonwealth to ensure that owners and employees are aware of their legal responsibilities. DTA has developed downloadable signage for retailers that describe what products are ineligible for purchase with economic assistance. Any business that accepts EBT card payments is required to post the signage.<sup>1</sup>

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<sup>1</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>2</sup>

DTA has developed a responsive protocol to engage newly licensed retail recreational marijuana establishments. 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. PI then works with licensees to answer questions, provide resources, as well as conducting on-site visits to ensure DTA's ATM and POS blocking initiative is working properly. This protocol has been successful. As of December 2020, DTA's ATM and POS blocking initiative prevented the use of more than \$9,465 in benefits at recreational marijuana dispensaries.

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.

## **ENSURING MASSACHUSETTS RESIDENCY**

Massachusetts residency is an eligibility requirement for all benefit programs administered by DTA. If a household moves out of state, they are no longer eligible for Massachusetts benefits. Although individuals and families that receive public assistance are not restricted to spending benefits within Massachusetts, DTA closely monitors out of state spending as it may indicate a household's change of residency.

Under PI's current process, when cash benefits are accessed 45 consecutive days outside of Massachusetts but within New England and/or New York, this shows up on an 'Out of State EBT Card Usage' report and must be reviewed by the Data Match Unit (DMU). DMU staff then review the transactions to determine if they are consistent with the shopping patterns of clients residing in border cities and towns. The review includes checking the distance between the client's listed address and the location of the out-of-state transactions, as well as the frequency of those transactions. Sometimes other individualized variables are also considered, e.g., whether the client works or attends school in the other state.

When cash benefits are accessed outside of New York or the New England region there is a much stricter protocol and clients must respond to a residency verification request or else their benefits will be terminated. The Department is currently reviewing both of these protocols (i.e., out-of-state/in region and out-of-state/ out of region) and will be proposing new procedures to better detect inappropriate out-of-state expenditures.

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<sup>2</sup> M.G.L. Chapter 18, Secs. 5I and 5J (As amended by Chapter 55 of the Acts of 2017)

## **SNAP TRAFFICKING ENFORCEMENT**

SNAP trafficking is when SNAP benefits, which can only be lawfully used for food products, are traded for cash. Most commonly, retail establishments involved in such trafficking pay the SNAP recipient a reduced value for the EBT card on which the SNAP benefit is held. Once in possession, traffickers swipe that card without processing a food purchase or exchanging any food product. The retail establishment is then refunded the total value by the federal government. While DTA does not have the legal authority to enforce trafficking laws regarding retailers, DTA works alongside the federal government to ensure SNAP benefits are being accessed and utilized properly.

## **STATE LAW ENFORCEMENT BUREAU (SLEB) AGREEMENTS**

In 2013, DTA entered into a 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 December 2020, 220 SLEB agreements have been signed with local law enforcement agencies, 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, as a result of a retailer trafficking investigations, recipients are also found to have committed SNAP trafficking, they will face disqualification from the SNAP program and may be forced to repay the value of the trafficked benefits. On average, DTA conducts 20 client SNAP trafficking-related hearings per month.

## **CONCLUSION**

Program integrity remains one of the Department's top priorities and ensuring that essential benefits are available to the individuals and families who are eligible for them is foundational to the agency's work, particularly as the Commonwealth continues to navigate the unprecedented impacts of the COVID-19 pandemic. Nearly all individuals receiving public assistance through DTA programs use benefits as intended – to meet their family's basic needs. The Program Integrity Division's fraud-fighting procedures and initiatives are comprehensive, creative, and effective. DTA plans to continue to focus our efforts on developing additional tools and data collection analysis that will further our program integrity goals in Fiscal Year 2021 and beyond.