

Summary of Disabled Individuals with Mental Impairments in Need of a Representative Payee

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Social Security Administration Office of the Inspector General

Objective

To identify potential vulnerabilities of direct payment to individuals receiving Disability Insurance (DI) or Supplemental Security Income (SSI) payments because of a mental impairment and determine whether additional safeguards were needed to ensure these individuals' funds were properly managed.

Background

If the Social Security Administration (SSA) obtains information that beneficiaries may have a mental or physical impairment that prevents them from managing their benefits, it must perform a capability determination to evaluate their ability and, if necessary, assign a representative payee. We identified approximately 6.5 million beneficiaries who were receiving DI or SSI because of a mental impairment; of which, approximately 3.5 million were not assigned a representative payee.

Our Findings

Based on the results of our interviews, we estimate that over 208,000 of the 895,151 mentally impaired beneficiaries in our population received over \$200 million in monthly benefits and may have been incapable of managing or directing the management of their benefits. If these beneficiaries are, in fact, in need of a representative payee, we further estimate over \$2.4 billion in benefits will be at risk of inappropriate use, annually.

SSA policy states that it must remain alert to indications of a change in a beneficiary's condition or circumstances that might indicate a need for a new capability determination. However, over \$2.4 billion in benefits may be at risk of inappropriate use because SSA does not have a process to identify mentally impaired beneficiaries who become incapable of managing or directing the management of their benefits after their initial entitlement.

In addition, we estimate that approximately \$2 million in monthly benefits are at risk because 6,076 beneficiaries received benefits under both the DI and SSI programs, but only have a representative payee assigned for 1 of the programs. If these beneficiaries are, in fact, in need of a representative payee, we further estimate approximately \$24 million in benefits will be at risk of inappropriate use, annually.

Our Recommendations

We recommend SSA (1) Perform a capability determination for the 64 beneficiaries we identified as possibly incapable of managing or directing the management of their benefits, (2) consider options to make mentally impaired beneficiaries, their family members, and the public aware that a representative payee may be needed if situations change and an individual becomes incapable of managing or directing the management of their benefits, (3) contact the 72 beneficiaries whom we could not locate or refused to participate in our review to verify their continued benefit eligibility and, if eligible, determine whether they are capable of managing their benefits, (4) determine whether the 6,076 concurrent beneficiaries should have their benefits paid directly or through a representative payee, and (5) remind SSA technicians to verify whether beneficiaries are concurrently entitled when making representative payee determinations.

SSA agreed with our recommendations.