



Office *of the* Inspector General

SOCIAL SECURITY ADMINISTRATION

Audit Report

Disabled Individuals with Mental
Impairments Acting as Representative
Payees

A-07-12-21265 | September 2013

OIG Office of the Inspector General
SOCIAL SECURITY ADMINISTRATION

MEMORANDUM

Date: September 23, 2013

Refer To:

To: The Commissioner

From: Inspector General

Subject: Disabled Individuals with Mental Impairments Acting as Representative Payees
(A-07-12-21265)

The attached final report presents the results of our audit. Our objective was to identify representative payees who were receiving Disability Insurance benefits or Supplemental Security Income because of a mental impairment who may have been incapable of performing their representative payee responsibilities.

Please provide within 60 days a corrective action plan that addresses each recommendation. If you wish to discuss the final report, please call me or have your staff contact Steven L. Schaeffer, Assistant Inspector General for Audit, at (410) 965-9700.



Patrick P. O'Carroll, Jr.

Attachment

Disabled Individuals with Mental Impairments Acting as Representative Payees

A-07-12-21265



September 2013

Office of Audit Report Summary

Objective

To identify representative payees who were receiving Disability Insurance (DI) or Supplemental Security Income (SSI) because of a mental impairment who may have been incapable of performing their representative payee responsibilities.

Background

Some individuals cannot manage or direct the management of their benefits because of their youth or mental and/or physical impairments. In selecting a representative payee, the Social Security Administration (SSA) evaluates an applicant's qualifications and suitability to serve the beneficiary's interests.

For this review, we identified 331,388 individuals with a mental impairment who were serving as representative payees for beneficiaries whom SSA determined were not capable of managing their own benefits.

Our Findings

Our review of 105 representative payees receiving DI or SSI because of a mental impairment identified 22 who may have been incapable of managing or directing the management of their benefits and those of the beneficiaries for whom they served as representative payees. Further, of the 105 representative payees, we were unable to interview 17. Based on these results, we question the suitability of 39 (37 percent) of the 105 representative payees and estimate that benefits totaling approximately \$866,000 may be at risk of misuse or improper use during a 1-year period.

In addition, 23 representative payees may no longer have been medically eligible for disability benefits. If these 23 representative payees have medically improved and are no longer eligible to receive benefits, we estimate that benefits totaling over \$252,000 will be improperly paid during a 1-year period.

Our Recommendations

We recommend SSA:

1. Conduct capability and suitability determinations for the 22 representative payees we found may have been incapable of managing or directing the management of SSA benefits.
2. Contact the 17 representative payees we could not interview to determine whether they are capable of managing their own benefits and those of the beneficiaries they serve.
3. Review the synopsis of our interviews with the 23 representative payees who may no longer have been medically eligible for disability benefits and determine which representative payees should have a continuing disability review conducted.

SSA agreed with Recommendation 1 and partially agreed with Recommendation 2. SSA stated for four representative payees it sees no reason to question the individuals' ability to manage benefits simply because they declined to participate in our review. SSA disagreed with Recommendation 3. However, SSA did review the synopsis of our interviews and concluded it would not conduct any CDRs. Therefore, SSA satisfied the intent of our recommendation.

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ABBREVIATIONS

C.F.R.	Code of Federal Regulations
CDR	Continuing Disability Review
DI	Disability Insurance
MBR	Master Beneficiary Record
OA	Office of Audit
OASDI	Old-Age, Survivors and Disability Insurance
OIG	Office of the Inspector General
POMS	Program Operations Manual System
SSA	Social Security Administration
SSI	Supplemental Security Income
SSR	Supplemental Security Record
U.S.C.	United States Code

OBJECTIVE

The objective of our review was to identify representative payees who were receiving Disability Insurance (DI) or Supplemental Security Income (SSI) because of a mental impairment who may have been incapable of performing their representative payee responsibilities.

BACKGROUND

In evaluating adult disability based on a mental disorder, the Social Security Administration (SSA) requires documentation of a medically determinable impairment(s); consideration of the degree of limitation such impairment(s) may impose on the individual's ability to work; and consideration of whether these limitations have lasted, or are expected to last, for a continuous period of at least 12 months.¹ SSA considers four broad functional areas when it decides whether a mental impairment is severe enough to prevent an individual from working: (1) activities of daily living; (2) social functioning; (3) concentration, persistence, or pace; and (4) episodes of decompensation.^{2, 3}

Some individuals cannot manage or direct the management of their benefits because of their youth or mental and/or physical impairments. For such individuals, SSA conducts a capability review to determine whether it should select a representative payee to receive and manage the individual's benefit payments.⁴ A representative payee may be an individual or an organization. SSA selects representative payees for Old-Age, Survivors and Disability Insurance (OASDI)⁵ beneficiaries or SSI⁶ recipients when representative payment would serve the individual's interests.⁷

Prospective representative payees must submit the proper representative payee application.⁸ In selecting a representative payee, SSA evaluates an applicant's qualifications and suitability to serve the beneficiary's interests. SSA generally requires face-to-face interviews with applicants

¹ 20 C.F.R. §§ 404.1505 and 416.905. SSA, *Disability Evaluation Under Social Security*, Blue Book – September 2008, 12.00 Mental Disorders – Adult, § 12.00 A.

² SSA, *Disability Evaluation Under Social Security*, supra at § 12.00 C.

³ Episodes of decompensation are exacerbations or temporary increases in symptoms or signs accompanied by a loss of adaptive functioning. SSA, *Disability Evaluation Under Social Security*, supra at § 12.00 C.4.

⁴ *Social Security Act* §§ 205(j)(1) and 1631 (a)(2)(A)(ii), 42 U.S.C. §§ 405(j)(1) and 1383(a)(2)(A)(ii)(I). SSA, POMS, GN 00502.010 (February 25, 2003).

⁵ The OASDI program provides benefits to qualified retirement-eligible and disabled workers and their dependents as well as survivors of insured workers. *Social Security Act* § 202 *et seq.*, 42 U.S.C. § 402 *et seq.*

⁶ The SSI program provides payments to individuals who have limited income and resources and who are age 65 or older, blind, or disabled. *Social Security Act* § 1601 *et seq.*, 42 U.S.C. § 1381 *et seq.*

⁷ *Social Security Act* §§ 205(j)(1) and 1631(a)(2)(A)(ii)(I), 42 U.S.C. §§ 405(j)(1) and 1383 (a)(2)(A)(ii)(I).

⁸ SSA, POMS, GN 00502.107 A.1 (October 4, 2010).

to evaluate their suitability and explain their duties and responsibilities as representative payees.⁹ SSA also reviews the applicant's Social Security number; verifies their identity and income; reviews their criminal history; and evaluates any relationship they have with the beneficiary, custody arrangements, and past performance if they are serving or previously served as a representative payee.¹⁰

A representative payee's responsibilities include (1) using the benefits received for the beneficiary's current and reasonably foreseeable needs; (2) notifying SSA of any event or change that will affect the beneficiary's eligibility or benefit amount; (3) submitting a written report to SSA, upon request, that accounts for the benefits received; and (4) making all supporting records available for review, if requested by SSA.¹¹

As of June 2011, we had identified approximately 6.5 million beneficiaries who had a mental impairment.¹² Of these 6.5 million beneficiaries, approximately 3 million (46 percent) needed a representative payee to manage their benefits. In a prior audit, we estimated that over 208,000 (23 percent) of 895,151 mentally impaired beneficiaries who were not assigned a representative payee may have been incapable of managing or directing the management of their benefits.¹³

For this review, we identified 331,388 individuals who were receiving DI or SSI because of a mental impairment and who served as a representative payee for beneficiaries whom SSA determined were not capable of managing benefits. We selected 105 of these representative payees to interview to obtain insight into their ability to manage their own benefits and the benefits of those for whom SSA selected them to act as representative payee (see Appendix A).¹⁴ During the interviews, we asked a standard set of questions to observe the representative payee's ability to reason and communicate with others (see Appendix B).

These 105 representative payees had a range of mental impairments, the most common being Affective Disorders followed by Anxiety Related Disorders and Mental Retardation (see Figure 1).¹⁵

⁹ SSA, POMS, GN 00502.113 A. and B. (October 13, 2011).

¹⁰ SSA, POMS, GN 00502.117 (January 31, 2006) and GN 00502.132 (October 28, 2011).

¹¹ 20 C.F.R. §§ 404.2035 and 416.635.

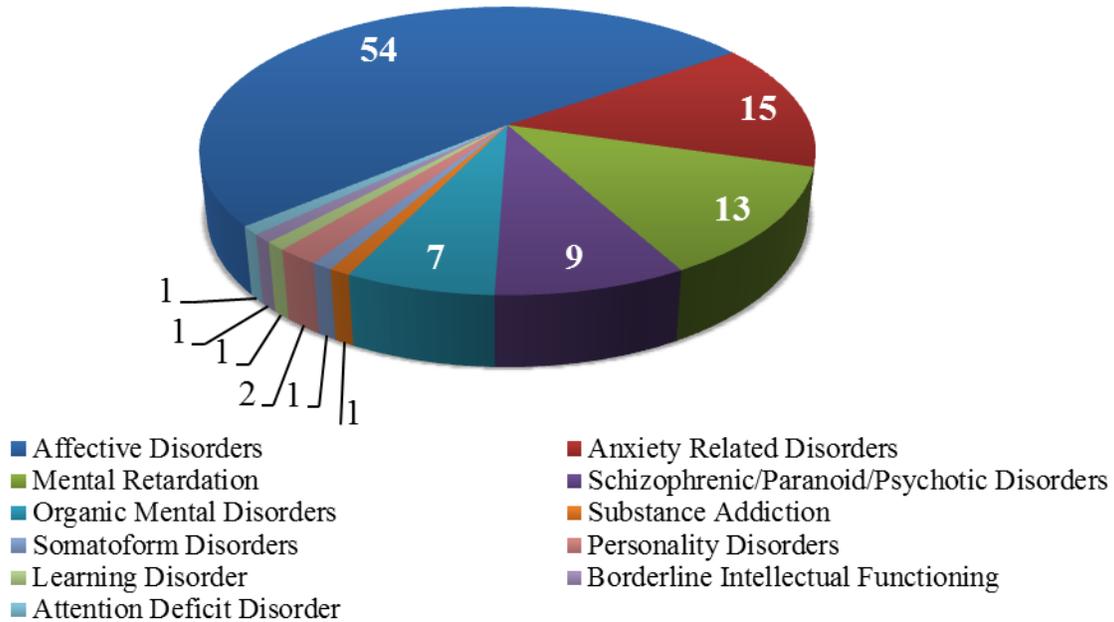
¹² We use the term "beneficiary" generically in this report to refer to both OASDI beneficiaries and SSI recipients.

¹³ SSA OIG, *Disabled Individuals with Mental Impairments in Need of a Representative Payee* (A-07-11-11110), September 2012.

¹⁴ We randomly selected 100 representative payees from the population of 69,213 representative payees who resided within 50 miles of an OIG Office of Audit location. In addition, we selected 5 representative payees from the population of 12 representative payees who served 10 or more beneficiaries. We selected these five representative payees based on the representative payee's relationship to the beneficiaries—relative versus non-relative, and geographical location. See Appendix A for complete details of the population and sample selection.

¹⁵ See Appendix C for a description of mental impairments.

Figure 1: 105 Sampled Representative Payees by Mental Impairment



RESULTS OF REVIEW

Our review of 105 representative payees receiving DI or SSI because of a mental impairment identified 22 who may have been incapable of managing or directing the management of their benefits and those of the beneficiaries for whom they served as representative payees. These 22 representative payees managed approximately \$37,000 in monthly benefits for themselves and the beneficiaries in their care.

We were unable to interview 17 of the 105 sampled representative payees. Therefore, we could not determine whether they were alive or whether there were concerns with their ability to manage or direct the management of their benefits and those of the beneficiaries for whom they served as representative payees. Accordingly, the monthly benefits of these representative payees and beneficiaries may be at risk of misuse or improper use.¹⁶ These 17 representative payees managed approximately \$36,000 in monthly benefits for themselves and the beneficiaries in their care.

We also identified 23 of the 105 representative payees who may no longer have been medically eligible for disability benefits. These representative payees received over \$21,000 in monthly benefits for themselves.

¹⁶ According to SSA policy, misuse occurs when the representative payee does not use benefits for the current and foreseeable needs of the beneficiary, nor conserves remaining benefits for the future needs of the beneficiary. Improper use occurs when a representative payee allocates benefits for the beneficiary but not in the best interest of the beneficiary.

Representative Payees Possibly Incapable

Our review disclosed that 22 of the 105 representative payees in our sample may have been incapable of managing or directing the management of their benefits and those of the beneficiaries for whom they served as representative payees.¹⁷ These 22 representative payees managed \$36,536 in monthly benefits for 48 beneficiaries and themselves.¹⁸ Of these 22 individuals, 21 were selected to be a representative payee after they became disabled. These representative payees had various mental impairments, with the largest number receiving benefits for an Affective Disorder (see Table 1).

Table 1: Number of Representative Payees by Impairment

Mental Impairment ¹⁹	Total Sampled Representative Payees	Total Interviewed Representative Payees	Interviewed Representative Payees Who May Have Been Incapable
Affective Disorders	54	44	10
Anxiety Related Disorders	15	15	3
Mental Retardation	13	12	2
Schizophrenic/Paranoid/ Other Psychotic Disorders	9	8	2
Organic Mental Disorders	7	6	4
Personality Disorders	2	2	0
Substance Addiction	1	0	0
Somatoform Disorders	1	1	1
Learning Disorder	1	0	0
Borderline Intellectual Functioning	1	0	0
Attention Deficit Disorder	1	0	0
Total	105	88	22

¹⁷ Of these 22 representative payees, 9 (41 percent) had another person managing their benefits and the benefits of those to whom they were assigned to be a representative payee.

¹⁸ In December 2012, the 22 representative payees received \$22,192 in their own benefits and the 48 beneficiaries received \$14,344 in benefits.

¹⁹ See Appendix C for a description of mental impairments.

If these representative payees are, in fact, incapable of managing their benefits and those of others, we estimate that benefits totaling over \$438,000 will be at risk of misuse or improper use during a 1-year period.²⁰

For example, one representative payee in our sample managed \$1,797 in monthly benefits.²¹ Although SSA approved her to serve as the representative payee for a child beneficiary, she had assistance from her spouse in paying regular monthly bills, did not reconcile her bank statement, forgot to pay bills, had trouble concentrating, and let the beneficiary pay for things on her own. Based on this information, we determined the representative payee may have been incapable of managing her benefits and those of the beneficiary for whom she served as representative payee.

Although SSA had determined these 22 representative payees were capable of managing their own benefits and suitable to manage the benefits of others, our interviews disclosed they may not have been capable of managing benefits.²² Therefore, SSA should conduct capability and suitability determinations for these 22 representative payees. We will provide SSA with a list of the 22 representative payees.

Representative Payees Who Declined to Participate or Could Not be Located

We were unable to interview 17 of the 105 representative payees in our sample.

- When we attempted to contact five of the representative payees, we spoke to individuals who presented themselves as the representative payee. These individuals declined to participate in our review. Of these five, two did not want to be bothered, one was afraid of being scammed, one was sick, and one stated she no longer managed the beneficiary's money.²³
- After several attempts, we were unable to contact 12 representative payees.²⁴

²⁰ Annual benefits represent \$22,192 in monthly benefits for the representative payee and \$14,344 in monthly benefits for the 48 beneficiaries multiplied by 12 months.

²¹ The representative payee received \$1,100 for herself and \$697 for a child beneficiary.

²² When an individual applies to be a representative payee, it is SSA's responsibility to determine who would be best suited to act as a representative payee for the beneficiaries. SSA performs a face-to-face interview, verifies the representative payee's identity, and evaluates the applicant using such factors as (1) concern for the beneficiary's well-being, (2) ability to handle his/her own affairs, (3) knowledge of the beneficiary's current and foreseeable needs, (4) relationship to the beneficiary, (5) history of criminal behavior, and (6) prior misuse of benefits. SSA, POMS, GN 00502.113 (October 13, 2011) and GN 00502.130.B. (January 31, 2006)

²³ According to SSA's Representative Payee System, the representative payee, who declined to participate in our review because she no longer managed the beneficiary's money, was still assigned to be the beneficiary's representative payee.

²⁴ We attempted to call the representative payees with a valid telephone number at least three times to arrange for an interview. See Appendix A for a detailed discussion of our scope and methodology.

We could not determine whether these 17 representative payees were alive since we could not verify the identities of the 5 who declined to participate, and we could not contact the remaining 12. Further, since we were unable to interview these representative payees, we could not determine if they were able to manage or direct the management of their own benefits and those of the 36 beneficiaries for whom they served as representative payees.

If these representative payees are, in fact, incapable of managing their benefits and those of others, we estimate that benefits totaling over \$427,000 will be at risk of misuse or improper use during a 1-year period.²⁵

SSA should contact the 17 representative payees we could not interview to determine whether they are capable of managing their own benefits and those of the beneficiaries they serve. We will provide SSA with a list of the 17 representative payees.

Representative Payees in Need of a Continuing Disability Review

During our interviews, we identified 23 representative payees who may have no longer been medically eligible for disability benefits.²⁶ These representative payees indicated during their interviews that they had no difficulty paying their bills on time, maintaining a checking or savings account, or reconciling the statement received from the bank. Further, they stated their overall health was good, they had seen doctors regularly, and they had no trouble getting along with others. Examples follow.

- One individual received a disability benefit for Schizophrenic, Paranoid, and Other Psychotic Disorders and served as representative payee for 12 SSA beneficiaries. His non-disabled wife served as representative payee for six beneficiaries. In addition, they jointly operated a nonprofit business that served as representative payee for one SSA beneficiary. These 19 SSA beneficiaries lived in 5 houses that were operated through the nonprofit business. According to the representative payee, he and his wife were equally responsible for providing 24-hour care for the beneficiaries, which included shopping, cooking, laundry, and cleaning. The representative payee's disability did not appear to limit his ability to perform the duties required in operating the nonprofit business.
- One individual received a disability benefit for an Affective Disorder and served as representative payee and legal guardian for 11 SSA beneficiaries. Although the beneficiaries did not live with her, she met with them and their case managers to coordinate their care. Further, she monitored their care, paid their bills, and provided a personal needs allowance. The representative payee's impairment did not appear to limit her ability to perform a wide range of duties for these beneficiaries. She also stated that her representative payee duties

²⁵ Annual benefits represent \$15,861 in monthly benefits for the representative payees and \$19,749 in monthly benefits for the 36 beneficiaries multiplied by 12 months.

²⁶ In December 2012, these 23 representative payees received \$21,018 in monthly benefits for themselves.

were the same as those she previously performed as a program director for an organization serving developmentally disabled individuals.

SSA conducts continuing disability reviews (CDR) on DI beneficiaries and SSI recipients to determine whether they remain medically eligible for disability benefits. Generally, the frequency of medical CDRs depends on SSA's assessment of the likelihood of medical improvement.²⁷

Of these 23 representative payees, SSA records showed

- 9 had a medical CDR conducted between 13 months and 11 years ago, with 5 being more than 3 years ago;
- 6 had a mailer CDR conducted between 19 months and 7 years ago, with 2 being more than 3 years ago;
- 1 had a work CDR conducted 13 months ago;²⁸ and
- 7 never had a CDR (see Appendix D for CDR information).

SSA's systems showed the date that 22 of the 23 representative payees were due for a CDR.²⁹ However, the CDRs for 11 of the 22 representative payees were between 6 months and 8 years past their due dates.³⁰ SSA has determined a CDR is due on 11 of the representative payees between 6 months and 6 years in the future. For reasons not indicated in the system, SSA had not performed a CDR or identified a CDR due date for one representative payee.

In December 2012, these 23 representative payees received between \$649 and \$1,703 in monthly benefits. If these 23 representative payees have medically improved and are no longer eligible for disability benefits, we estimate benefits totaling over \$252,000 will be improperly paid during a 1-year period.³¹

²⁷ 20 C.F.R. § 404.1590(d) and 20 C.F.R. § 416.990(d).

²⁸ If a beneficiary is working, SSA will perform a work CDR to investigate work activity and determine whether he or she is able to engage in substantial gainful activity. SSA, POMS, DI 13010.001 (April 22, 2009). In addition, beneficiaries who are entitled to DI and/or SSI benefits for at least 24 months will not have a medical CDR triggered solely because of his/her work activity. SSA, POMS, DI 13010.012 (November 13, 2012).

²⁹ We reviewed SSA's Disability Control File and the electronic folder, where applicable, to identify the CDR type, conducted date, and due date.

³⁰ According to SSA, limited budget allocations for medical CDRs is partly responsible for SSA's inability to conduct CDRs on all cases where medical diaries are overdue. SSA projects at the end of fiscal year 2013 the backlog will be 1.3 million CDRs.

³¹ Annual benefits represent \$21,018 in benefits that may be at risk multiplied by 12 months.

We will provide SSA with a synopsis of our interviews with each of the 23 representative payees. After reviewing the synopsis, we recommend that SSA determine which representative payees should have a CDR conducted.

CONCLUSIONS

Based on the results of our audit, we question the suitability of 39 (37 percent) of the 105 representative payees and estimate that benefits totaling approximately \$866,000 may be at risk of misuse or improper use during a 1-year period. Specifically,

- 22 of the 105 mentally impaired representative payees we interviewed may have been incapable of managing or directing the management of their benefits and those of the beneficiaries for whom they served as representative payee, and
- 17 of the 105 selected representative payees could not be interviewed – 5 declined to participate in our review and 12 could not be located.

Also, 23 of the 105 representative payees may no longer be medically eligible for disability benefits. If these 23 representative payees have medically improved and are no longer eligible to receive benefits, we estimate that benefits totaling over \$252,000 will be improperly paid during a 1-year period.

RECOMMENDATIONS

We recommend SSA:

1. Conduct capability and suitability determinations for the 22 representative payees we found may have been incapable of managing or directing the management of SSA benefits.
2. Contact the 17 representative payees we could not interview to determine whether they are capable of managing their own benefits and those of the beneficiaries they serve.
3. Review the synopsis of our interviews with the 23 representative payees who may no longer have been medically eligible for disability benefits and determine which representative payees should have a CDR conducted.

AGENCY COMMENTS

SSA agreed with Recommendation 1 and partially agreed with Recommendation 2. SSA stated it plans to contact 13 of the 17 representative payees to verify they are still functioning as representative payees. For the remaining four representative payees, SSA stated it sees no reason to question the individuals' ability to manage their own benefits or those of the beneficiaries they serve simply because they declined to participate in our review.

SSA stated it disagreed with Recommendation 3. However, SSA did review the synopsis of our interviews and concluded it would not conduct any CDRs. Therefore, SSA satisfied the intent of

our recommendation, and we consider the actions taken as agreement with our recommendation. SSA also responded that 11 of the 23 cases are scheduled for future CDRs and without significant evidence to indicate medical improvement, it cannot justify accelerating the CDRs. SSA stated that the remaining 12 cases are not yet scheduled for CDRs because they scored relatively low in the agency's CDR profiling process. See Appendix E for the Agency's comments.

OIG RESPONSE

With regard to Recommendation 2, we continue to believe SSA should contact the four individuals who declined to participate in our review. Based on prior OIG audits and investigations, we do not believe it is prudent for SSA to assume these individuals are capable of managing or directing the management of their benefits and those of the beneficiaries for whom they serve as representative payee. Given the limited resources it would take for SSA to contact these four individuals, we would encourage SSA to take advantage of the opportunity to ensure these individuals are capable.

With regard to Recommendation 3, SSA reviewed the synopsis of our interviews with the 23 representative payees and concluded it would not conduct any CDRs. While SSA's actions satisfied the intent of our recommendation, we believe the information we provided should have led the Agency to conduct CDRs for some of these individuals. For example, one individual provided 24-hour care for 19 beneficiaries, which included shopping, cooking, laundry, and cleaning. Given his ability to perform these duties, we question whether his mental impairment is severe enough to prevent him from working. This individual is 1 of the 11 individuals that SSA has scheduled for a future CDR. Therefore, as good stewards of SSA's disability programs, we would encourage the Agency to consider accelerating the CDRs for at least the 11 individuals that have future CDRs scheduled to ensure these individuals remain disabled and are entitled to disability benefits.

APPENDICES

Appendix A – SCOPE AND METHODOLOGY

To accomplish our objective, we:

- Reviewed applicable Federal laws and regulations, the Social Security Administration’s (SSA) Program Operations Manual System, and other policy memorandums.
- Reviewed prior Office of the Inspector General reports.
- Obtained data extracts from SSA’s Master Beneficiary (MBR) and Supplemental Security Records (SSR) of 331,388 individuals who
 - were in current pay, receiving Disability Insurance (DI), Supplemental Security Income (SSI), or both DI and SSI concurrently, as of June 2011;
 - were serving as a representative payee as of January 2012; and
 - had a primary diagnosis that indicated they had a mental impairment.

From this population, we identified:

- 69,213 representative payees who resided within 50 miles of an Office of Audit (OA) location.¹ Of those, we selected a random sample of 100 representative payees to interview.
- 12 representative payees with mental impairments who were serving 10 or more beneficiaries. Of those, we selected five representative payees to interview.²
- For the 105 selected representative payees, we
 - obtained queries from SSA’s MBR and/or SSR;
 - reviewed LexisNexis to obtain current address information;
 - mailed up to three letters regarding our review; and

¹ We expect that the characteristics of those beneficiaries residing within 50 miles of an OA location do not differ from those who reside outside 50 miles of an OA location. OA maintains offices in Baltimore, Maryland; Boston, Massachusetts; New York, New York; Philadelphia, Pennsylvania; Atlanta, Georgia; Birmingham, Alabama; Chicago, Illinois; Arlington, Virginia; Dallas, Texas; Kansas City, Missouri; Denver, Colorado; and Richmond, California.

² We selected these five representative payees based on the representative payee’s relationship to the beneficiaries—relative versus non-relative and geographical location. The representative payees we selected were in Jackson, Mississippi; Anderson, Indiana; St. Paul, Minnesota; Dayton, Ohio; and Mound, Minnesota.

- attempted to interview the representative payees to determine their ability to manage or direct the management of their benefits and those of the beneficiaries for whom they served as representative payee.³

Between October 2012 and March 2013, we conducted audit work within 50 miles of Baltimore, Maryland; Boston, Massachusetts; New York, New York; Philadelphia, Pennsylvania; Atlanta, Georgia; Birmingham, Alabama; Chicago, Illinois; Arlington, Virginia; Dallas, Texas; Denver, Colorado; Kansas City, Missouri; and Richmond, California. The entities reviewed were SSA's field offices under the Office of Operations.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We tested the data obtained for our audit and determined them to be sufficiently reliable to meet our objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

³ We attempted to call beneficiaries with a valid telephone number at least three times to arrange for an interview. See Appendix B for the interview questions we asked the representative payees.

Appendix B – INTERVIEW GUIDE

We interviewed 88 of the 105 sampled representative payees to obtain insight into their ability to manage or direct the management of their own benefits and those of the beneficiaries for whom they served as representative payees. During the interviews, we asked the questions below to observe the representative payee's ability to reason and function with others.^{1, 2}

We found that 22 (25 percent) of the 88 representative payees we interviewed may have been incapable of managing or directing the management of their benefits and those of the beneficiaries for whom they served as representative payee. Our conclusion that a representative payee may be incapable of managing or directing the management of their own benefits and those of the beneficiaries for whom they serve as representative payee was based on various issues disclosed during the interview. Those issues included interview responses that indicated the representative payee (1) did not remember to pay bills or take medications, (2) had another person managing the benefits without the Social Security Administration's (SSA) knowledge and approval, (3) had overdrawn his/her checking account, (4) did not reconcile bank statements, (5) had trouble concentrating, and (6) had trouble understanding or following directions.

Questions Asked During Representative Payee Interview

1. Do you live alone? If no,
 - a. Who lives with you?
2. Do you have a guardian and/or a conservator? If yes,
 - a. What do they do for you?
3. Do you receive help from anyone on determining how to manage your money?
4. Do you pay for things yourself or does someone else pay for them for you?
5. Have you ever forgotten to pay any of your bills? If yes,
 - a. How often do you forget to pay your bills?
 - b. How did you end up remembering to pay the bills?
6. Do you have a savings account and/or checking account?

¹ The questions we asked the representative payees are similar to the questions SSA asks when performing a capability determination.

² SSA, POMS, GN 00502.050 (September 15, 2011).

- a. Do you write your own checks or does someone else write the checks for you?
 - b. Have you ever written a check when you have not had money in the bank? If yes,
 - i. How many times has this happened?
 - ii. Why do you think this happened?
 - iii. What did you do about it when it happened?
7. Do you reconcile the statement from the bank? If no,
- a. Does someone else reconcile the statement from the bank for you?
8. Do you go to the store to buy groceries or does someone else buy groceries for you?
- a. If yes, how do you get to the store?
 - b. If no, does anyone else buy groceries for you?
9. Do you decide what groceries you need to buy? If no,
- a. Who decides for you?
10. Have you ever run out of food or not been provided with enough food? If yes,
- a. Why did this happen?
 - b. What did you do about it?
11. How is your overall health?
12. How often do you see a doctor for medical conditions that prevent you from working?
13. Have you ever needed help remembering when to take your medication or how much medication to take?
14. What type of work did you do before you became disabled?
15. How did your disability affect your job?
16. How does your disability currently prevent you from working?
17. Do you have trouble
- a. Concentrating?
 - b. Understanding or following directions?

- c. Getting along with people?
18. For the individuals that live with you, do you charge these individuals rent? If yes,
- a. How much rent do you charge each individual?
19. For the individuals that do not live with you:
- a. How often, on average, do you speak with the individuals you are representative payee for?
 - b. How often, on average, do you visit the individuals you serve?
 - c. Describe how you monitor the following areas for each of the individuals living outside of your residence:
 - i. Physical condition of the facility/housing
 - ii. Sufficiency of furnishings (such as bedroom, appliances, etc.)
 - iii. Sufficiency of personal items (such as clothing, personal hygiene items, etc.)
 - iv. Utilities in service and properly working (for example, phone service, electric, gas, water)
 - v. Food/Grocery items
 - vi. Special needs (for example, changes in individuals' conditions may require installing assistance rails or ramps, walk-in tubs, etc.)
20. Do any of the individuals living outside of your home live in a facility or housing that you or a relative of yours owns or operates? If yes,
- a. How much is charged for the individual to live there?
21. Do you keep records and maintain documentation (such as receipts, copies of bills, etc.) of all payments received and expenses paid for each individual?
22. Do you establish a budget for each individual's needs, current and anticipated? If no,
- a. How do you ensure each individuals needs are met?
23. Do any of the individuals have unmet needs?
24. Do you reconcile and review the individuals' bank statements?
25. Do you pay for things for the individuals yourself or does someone else pay for them?

26. What do you spend the individuals' money on?
27. How do you ensure that the individuals' bills are paid timely?
28. What do you do with any money left after the individuals' bills are paid?
29. Do you charge the individuals a fee for managing their benefits or any other services you provide for them? If yes,
 - a. What is the amount or range of the fee charged to the individuals?
30. Do you collect a fee or receive a payment for services from any source other than the individuals (for example, court or guardianship fees, fees from a State agency for providing services to the individuals)? If yes,
 - a. What is the reason for the fee?
 - b. What is the amount of the fee?
31. Do you provide each individual with spending money? If yes,
 - a. What is the amount provided to each individual?
 - b. How frequently do individuals get spending money?
32. For any individuals receiving Supplemental Security Income (SSI), how do you monitor the individuals resource limits?
33. For any children receiving SSI, when was the last time the child was seen by a doctor?
34. Do you have difficulty managing your money or the money for the individuals for whom you are assigned as representative payee?
35. Do you need any help to carry out the representative payee duties from SSA?

Observations Made During Representative Payee Interviews

During the representative payee interviews, if the beneficiaries in the representative payee's care were present, we made observations about (1) the adequacy of the living quarters/housing, clothing, appearance, and food and medicine and (2) any appearance of neglect or abuse.

Appendix C – DESCRIPTION OF MENTAL IMPAIRMENTS

The evaluation of disability based on mental disorders requires documentation of a medically determinable impairment(s), consideration of the degree of limitation such impairment(s) may impose on the individual's ability to work, and consideration of whether these limitations have lasted or are expected to last for a continuous period of at least 12 months. The Social Security Administration (SSA) classifies mental disorders in the following diagnostic categories.¹

1. **Organic mental disorders (impairment code 2940)** – symptoms may include, but are not limited to, disorientation of time and place, memory impairment, hallucinations or delusions, and loss of measured intellectual ability.
2. **Schizophrenic, paranoid, and other psychotic disorders (impairment code 2950)** – characterized by the onset of psychotic features with deterioration from a previous level of functioning, which may include persistent delusions or hallucinations, catatonic or other grossly disorganized behavior, or incoherence.
3. **Affective disorders (impairment code 2960)** – characterized by a disturbance of mood, accompanied by a full or partial manic or depressive syndrome.
4. **Mental retardation (impairment code 3180)** – refers to significantly sub-average general intellectual functioning with deficits in adaptive functioning initially manifested during the developmental period (before age 22). Mental incapacity may be evidenced by dependence upon others for basic personal needs (for example, toileting, eating, dressing, or bathing) and inability to follow directions.
5. **Anxiety-related disorders (impairment code 3000)** – anxiety is either the predominant disturbance or it is experienced if the individual attempts to master symptoms; for example, confronting the dreaded object or situation in a phobic disorder, or resisting the obsessions or compulsions in obsessive-compulsive disorders.
6. **Somatoform disorders (impairment code 3060)** – characterized by physical symptoms for which there are no demonstrable organic findings or known physiological mechanisms.
7. **Personality disorders (impairment code 3010)** – exists when personality traits are inflexible and maladaptive and cause either significant impairment in social or occupational functioning or subjective distress. Symptoms may include seclusion or autistic thinking, or oddities of thought, perception, speech, or behavior.

¹ SSA, *Disability Evaluation Under Social Security*, Blue Book – September 2008, 12.00 Mental Disorders – Adult, §§12.02 to 12.10.

8. **Substance addiction disorders (impairment code 3030 and 3040)** – characterized by behavioral or physical changes associated with the regular use of substances that affect the central nervous system.
9. **Autistic disorder and other pervasive developmental disorders (impairment code 2990)** – characterized by qualitative deficits in the development of reciprocal social interaction, in the development of verbal and nonverbal communication skills, and in imaginative activity. Often, there is a markedly restricted repertoire of activities and interests, which frequently are stereotyped and repetitive.

Appendix D – CONTINUING DISABILITY REVIEW HISTORY

Table D–1: Continuing Disability Review History for Representative Payees Who May No Longer Remain Medically Eligible for Disability Benefits

#	Impairment ¹	Type of CDR	Date of Last CDR	Date Next CDR Due	CDR Cycle in Years ²	Monthly Benefit
1	2950	Medical	5/3/2012	4/1/2019	7	\$930
2	2960	Medical	2/27/2012	1/1/2015	3	\$953
3	3010	Medical	2/16/2012	1/1/2015	3	\$776
4	2960	Medical	10/25/2011	9/1/2018	7	\$698
5	3000	Medical	10/31/2005	9/1/2012	7	\$1,104
6	3000	Medical	1/6/2005	12/1/2007	3	\$799
7	3180	Medical	6/22/2004	6/1/2007	3	\$834
8	2960	Medical	8/7/2003	8/1/2006	3	\$698
9	2960	Medical	10/16/2001	10/1/2004	3	\$721
10	3180	Mailer	8/10/2011	8/1/2014	3	\$740
11	3000	Mailer	3/9/2011	2/1/2014	3	\$837
12	2960	Mailer	10/30/2010	10/1/2017	7	\$874
13	2960	Mailer	10/12/2010	10/1/2013	7	\$698
14	2960	Mailer	9/17/2009	9/1/2012	3	\$1,703
15	3180	Mailer	7/26/2006	6/1/2009	3	\$718
16	2950	Work	2/13/2012	7/1/2009 ³	3	\$821
17	2960	None		9/28/2015	7	\$1,600
18	2960	None		4/1/2014	3	\$1,494
19	2960	None		7/1/2013	3	\$698
20	2960	None		10/1/2012	3	\$1,120
21	3000	None		10/1/2006	*	\$649
22	2950	None		5/1/2006	*	\$855
23	2960	None		N/A ⁴	*	\$698

¹ See Appendix C for a description of the mental impairments.

² As denoted by “*”, SSA’s Disability Control File and the electronic folder did not identify the number of years for the CDR cycle.

³ The beneficiary was scheduled for a medical CDR in July 2009; however, several work CDRs exempted the beneficiary from the medical CDR.

⁴ SSA’s Disability Control File and the electronic folder did not identify the date the next CDR is due.

Appendix E – AGENCY COMMENTS



SOCIAL SECURITY

MEMORANDUM

Date: August 23, 2013

Refer To: SIJ-3

To: Patrick P. O'Carroll, Jr.
Inspector General

From: Katherine Thornton
Deputy Chief of Staff

Subject: Office of the Inspector General Draft Report, "Disabled Individuals with Mental Impairments Acting as a Representative Payee" (A-07-12-21265)--INFORMATION

Thank you for the opportunity to review the draft report. Please see our attached comments.

Please let me know if we can be of further assistance. You may direct staff inquiries to Gary S. Hatcher at (410) 965-0680.

Attachment

COMMENTS ON THE OFFICE OF THE INSPECTOR GENERAL (OIG) DRAFT REPORT, “DISABLED INDIVIDUALS WITH MENTAL IMPAIRMENTS ACTING AS A REPRESENTATIVE PAYEE” (A-07-12-21265)

General Comments

Based on OIG’s findings, it questions “the suitability of 39 (37 percent) of the 105 representative payees” in its sample and estimates, “benefits totaling approximately \$866,000 may be at risk of misuse or improper use during a 1-year period.” We believe this conclusion is misleading because these numbers represent 17 representative payees that OIG was unable to interview, grouped with 22 representative payees it interviewed. OIG’s estimated benefit amount as possible misuse or improper use is the amount payable to all 39 individuals who receive benefits and serve as representative payee for another.

The sole fact that certain representative payees did not participate in OIG’s review is not a sound basis for concluding they may be incapable of managing or directing the management of their benefits and those of the beneficiaries for whom they serve as representative payee. OIG should not combine the groups for any type of estimates or statistics. Further, we cannot categorize actions by a beneficiary as misuse or improper use of benefits with respect to his or her own benefits.

OIG concluded that, during the interviews with the 22 representative payees, the responses raised questions about their suitability to serve as representative payee. However, the report should indicate that OIG did not find any appearance of neglect or abuse among the beneficiaries for whom the 22 serve as representative payees, and the living quarters/housing, clothing, appearance, food, and medicine appeared adequate.

Response to Recommendations

Recommendation 1

Conduct capability and suitability determinations for the 22 representative payees we found may have been incapable of managing or directing the management of SSA benefits.

Response

We agree. We plan to conduct capability and suitability determinations for the 22 representative payees by the end of calendar year 2013.

We are proactively working with advocate groups to address suitability concerns and to determine suitability of individuals with mental impairments serving as representative payees. We will also prepare a *Federal Register* Notice to obtain public comment.

Recommendation 2

Contact the 17 representative payees we could not interview to determine whether they are capable of managing their own benefits and those of the beneficiaries they serve.

Response

We disagree. We plan to contact the one payee mentioned in your report who stated she no longer managed the beneficiary's money, and we will appoint a new payee if appropriate. We also plan to contact the 12 beneficiaries who did respond to your request to verify they are still functioning as payees. However, we see no reason to question the remaining four representative payees on their ability to manage their own benefits or those of the beneficiaries they serve simply because they declined to participate in OIG's review.

Recommendation 3

Review the synopsis of our interviews with the 23 representative payees who may no longer have been medically eligible for disability benefits and determine which representative payees should have a CDR conducted.

Response

We disagree. After our review of the synopsis of the interviews with the 23 beneficiaries, we concluded it is not necessary to perform Continuing Disability Reviews (CDR) at this time. It is important to understand that many of our beneficiaries are able to manage their benefits despite their disabling conditions.

We found 11 of the 23 cases are scheduled for future CDRs. However, with no significant evidence to indicate medical improvement, we cannot justify accelerating the CDRs. The remaining 12 cases are not yet scheduled for CDRs because they scored relatively low in our profiling process.

Appendix F – MAJOR CONTRIBUTORS

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