

Report Summary

Social Security Administration Office of the Inspector General

April 2010



Objective

To identify potential vulnerabilities of direct payment to aged beneficiaries and determine whether additional safeguards are needed to ensure their funds are properly managed.

Background

SSA selects representative payees for Title II and XVI beneficiaries when representative payment would serve the beneficiaries' interests. SSA may not be aware of aged beneficiaries who need representative payees. Medical statistics state that up to 50 percent of individuals over age 85 may suffer from Alzheimer's disease or dementia. As of December 2008, we had identified about 5 million beneficiaries who were over age 85. However, only 231,817 (4.6 percent) had representative payees.

To view the full report, visit <http://www.ssa.gov/oig/ADO/BEPDF/A-09-09-29002.pdf>

Aged Beneficiaries in Need of Representative Payees (09-09-29002)

Our Findings

We estimate that approximately 1 million aged beneficiaries who received about \$1 billion in monthly benefits may have been incapable of managing or directing the management of their benefits. This occurred, in part, because SSA did not identify aged beneficiaries who became incapable after their initial entitlement to benefits. In addition, individuals or organizations who managed the benefits were not always aware of SSA's Representative Payment Program.

In addition, we found that 34 beneficiaries, receiving \$40,162 in monthly benefits, refused to participate in our review and may have been at-risk.

Our Recommendations

We recommended that SSA:

1. Take appropriate action for the 61 incapable beneficiaries identified by our audit.
2. Contact the 34 beneficiaries who refused to participate in our review and determine whether they are capable of managing their benefits.
3. Follow up on the one SSI recipient who could not be located to verify when the recipient left the United States, whether the recipient is still alive, and if any overpayments were made.
4. Establish additional controls to better identify aged beneficiaries in need of representative payees.
5. Evaluate the need for additional representative payee policy for selecting and monitoring family members who manage incapable beneficiaries' funds.

SSA agreed with four of our five recommendations.