



## Assessment of the Representative Payee Program of the Social Security Administration: Letter Report

### DETAILS

---

31 pages | 8.5 x 11 | PAPERBACK  
ISBN 978-0-309-09946-2 | DOI 10.17226/11417

### AUTHORS

---

Committee on Social Security Representative Payees, National Research Council

BUY THIS BOOK

FIND RELATED TITLES

### Visit the National Academies Press at [NAP.edu](http://NAP.edu) and login or register to get:

---

- Access to free PDF downloads of thousands of scientific reports
- 10% off the price of print titles
- Email or social media notifications of new titles related to your interests
- Special offers and discounts



Distribution, posting, or copying of this PDF is strictly prohibited without written permission of the National Academies Press. (Request Permission) Unless otherwise indicated, all materials in this PDF are copyrighted by the National Academy of Sciences.

# THE NATIONAL ACADEMIES

*Advisers to the Nation on Science, Engineering, and Medicine*

Division of Behavioral and Social Sciences and Education  
Center for Economic, Governance and International Studies  
Committee on Social Security Representative Payees

500 Fifth Street, NW  
Washington, DC 20001  
Phone: 202 334 3775  
Fax: 202 334 3829  
E-mail: [cpautler@nas.edu](mailto:cpautler@nas.edu)  
[www.nationalacademies.org](http://www.nationalacademies.org)

August 4, 2005

Honorable Jo Anne Barnhart  
Commissioner  
Social Security Administration  
6401 Security Boulevard  
Baltimore, Maryland 21235-0001

Dear Commissioner Barnhart:

The Committee on Social Security Representative Payees is pleased to transmit this letter report as required by Award #SS00-04-60082. This letter reports on the committee's activities to date, offers some preliminary observations, and describes plans for the main phase of our work.

The overall task of the committee is an assessment of the representative payee program of the Social Security Administration (SSA), including a major survey of individuals serving from 1 to 14 beneficiaries and non-fee-for-service organizations serving less than 50 beneficiaries. The SSA wishes to: (1) assess the extent to which representative payees are performing their duties in accordance with SSA standards for representative payee conduct; (2) learn whether the representative payment policies are practical and appropriate; (3) identify the types of representative payees that have the highest risk of misuse of benefits; and (4) suggest ways to reduce the risk of misuse of benefits and ways to better protect beneficiaries. (See Attachment 1 for a full description of the study.)

## Activities to Date

The committee was appointed and key staff was hired early in 2005. (See Attachment 2 for a list of members and staff with brief biographical sketches.) We held our first committee meeting in April 2005, at which we were briefed by agency and congressional staff, as well as representatives of key nongovernmental organizations. (See Attachment 3 for the meeting agenda.) Our second meeting was held on June 20-21: it was a closed session at which the committee discussed the information received to date and developed plans for the national survey.

Since our first meeting the committee members and staff have undertaken a series of subgroup meetings and meetings with SSA staff and others to gather information about the

Honorable Jo Anne Barnhart  
August 4, 2005  
Page 2

representative payee program. These activities have included visits to and discussions with staff at SSA headquarters, an SSA district office, the Mental Health Association of Montgomery County, MD, the American Association of Retired Persons, and the SSA data operations center in Wilkes-Barre, PA.

As background for the committee's work, we developed a list of relevant reports from the Government Accountability Office and SSA. We also reviewed congressional testimony on the representative payee program (see Attachment 4). As we began to grapple with the vast amount of data stored by SSA on the Social Security system, we devised and implemented a system to parse and download files to a workable research file at SSA headquarters (see Attachment 5).

### **Preliminary Observations**

Our information-gathering efforts have primarily focused on SSA administrative files for both beneficiaries and representative payees to learn about their characteristics. The knowledge we are obtaining will assist in our efforts to design one or more nationally representative surveys and to formulate research questions.

We have examined data in an extract from the Master Beneficiary Record (MBR) 10 percent file. The MBR is the main file for the administration of the Old Age, Survivors, and Disability Insurance (OASDI) program. We refer to this file as the Social Security file. We also have examined data from the Supplemental Security Record (SSR), which is the main file for the administration of the Supplemental Security Income (SSI) Program.

We also have had the opportunity to become familiar with the Representative Payee System (RPS), an on-line system used for entering and processing representative payee applications. The RPS was implemented in October 1992 as a result of the Omnibus Budget Reconciliation Act of 1990 (P. L. 101-508, § 5105). By storing the information related to the application and documenting any issues between the representative payee and the beneficiary and keeping it current through continuous updates, the RPS helps SSA fulfill its legal duty to continue to monitor the payee/beneficiary relationship, including any misuse, and to record the actions in this regard (Social Security Administration, 2002).

As of December 2004, more than 52 million individuals were receiving benefits annually from the Social Security Administration for the following reasons: (1) they are retired or disabled workers; (2) spouses and children of retired, disabled, or deceased workers; or (3) they have disabilities or are aged and have low incomes. We found that almost 10 percent of the OASDI-only beneficiaries and close to 36 percent of those receiving SSI or both have a representative payee (see Table 1).

Honorable Jo Anne Barnhart  
 August 4, 2005  
 Page 3

TABLE 1 Distribution of Beneficiaries with Representative Payees

Benefit Type	Number of Beneficiaries	Number with Payee	Percent with Payee
OSADI only	45,246,950	4,483,120	9.9
SSI*	7,070,070	2,528,220	35.8

\*Receiving SSI only or receiving both SSI and OASDI.

SOURCE: The 10 percent MBR file, December 2004, and the 100 percent SSR file, January 2005.

Generally, a payee will be selected when: (1) the beneficiary is under age 18 or (2) the beneficiary is age 18 or older and is (a) legally incompetent or (b) mentally or physically incapable of managing benefits payments. Otherwise, as a rule of thumb, all legally competent, adult beneficiaries are presumed capable of managing their benefits (Social Security Administration, 2005a, 2005d).

As shown in Table 2, the percent of child beneficiaries under age 18 without a representative payee is less than 1 percent. In the age group 18 to 64, in the Social Security file (OASDI only), about 9.3 percent of the beneficiaries have a representative payee; in the SSI file, 33.4 percent of the beneficiaries have a representative payee. In the oldest age group (65 and over), 1.7 percent of the OASDI-only beneficiaries and 7.7 percent of the SSI beneficiaries (SSI only or both SSI and OASDI) have a representative payee.

TABLE 2 Distribution of Beneficiaries with Representative Payees by Age of Beneficiaries and Benefit Type

Benefit Type	Age of Beneficiary		
	Less than 18	18 to 64	65 and over
<b>OASDI Only</b>			
Total Number of Beneficiaries with Representative Payee	3,026,610 99.8%	9,673,750 9.3%	32,546,590 1.7%
<b>SSI*</b>			
Total Number of Beneficiaries with Representative Payee	1,017,725 99.9%	4,063,830 33.4%	1,988,515 7.7%

\*Receiving SSI only or receiving both SSI and OASDI.

SOURCE: The 10 percent MBR file, December 2004, and the 100 Percent SSR file, January 2005.

Honorable Jo Anne Barnhart  
 August 4, 2005  
 Page 4

Table 3 compares benefit amounts between beneficiaries with payees and those without payees. The data show that some groups of beneficiaries with payees receive more money and some receive less:

- OASDI beneficiaries aged less than 18 with payees receive less money on average every month than similarly aged beneficiaries without payees.
- For the SSI beneficiaries under 18, those, with payees receive more money on average than beneficiaries without payees.
- In the age group 18 to 64, OASDI beneficiaries with representative payees receive less money on average every month than beneficiaries without payees.
- On the SSI file for beneficiaries aged 18-64, there is no observed difference in average payment between those with and those without payees.
- For beneficiaries aged 65 and over, OASDI-only beneficiaries with payees receive less money on average every month than beneficiaries without payees.
- On the SSI file for those ages between ages 65 and over, there is a small difference between the two groups, with beneficiaries who have payees receiving less money on average than those without payees.

TABLE 3 Average Monthly Dollar Amount of Benefit by Age and Sex for Beneficiaries with and without Representative Payees

Benefit Type	Age of Beneficiary											
	Less than 18				18 to 64				65 and over			
	With Payee		Without Payee		With Payee		Without Payee		With Payee		Without Payee	
	Sex		Sex		Sex		Sex		Sex		Sex	
	M	F	M	F	M	F	M	F	M	F	M	F
OASDI Only	433	429	570	504	816	734	1,066	757	868	816	1,094	832
SSI*	500	498	428	455	398	414	396	410	260	278	279	288

NOTES: The payments SSA issues for SSI consist of two parts: the federal program and the federally administered state supplementation of the federal payment. Table 3 shows the average monthly amount received from the federal payment. M, male; F, female.

\*Receiving SSI only or receiving both SSI and OASDI.

SOURCE: The 10 percent, MBR file, December 2004, and the 100 percent SSR file, January 2005.

Honorable Jo Anne Barnhart  
August 4, 2005  
Page 5

Combining the data from Table 1 on the number of beneficiaries with the data from Table 3, we compute that nearly \$4 billion is handled on a monthly basis by representative payees. The monthly amounts differ depending on the entitlement and the age and sex of the beneficiary.

Section 205(a) of the Social Security Act gives SSA full power and authority to make rules and regulations to establish a representative payee; see Section 205 (j)(1) for Title II and Section 1631 (a)(2) (A) for Title XVI. However, SSA recognizes that the decision to make payments through a representative payee deprives the beneficiary of managing or directing the management of his or her personal finances. Thus, both Congress and SSA consider this a matter of great importance, and it is SSA's policy to attempt to appoint the representative payee who would be most suitable to act in the beneficiary's best interest (see 20 C.F.R. § 404.2020 and § 416.620) or would best serve the interest of the beneficiary (see 20 C.F.R. § 404.2035 and § 416.635). The regulations provide a guide for selecting a representative payee and establish an order of preference (see 20 C.F.R. § 404.2021 and § 404.621). In addition to family members, individuals, agencies, organizations, or institutions may serve as a representative payee.

Through the application process, it must be determined that the applicant will best serve the interest of the beneficiary. Applicants are asked about their interest in the beneficiary, including their intent to keep in touch with the beneficiary, knowledge about the beneficiary's whereabouts and living arrangements, reasons for wanting to become a representative payee and any information pertinent to the beneficiary's capability. In this process, a custodian, if any, is also identified. A parent with custody of a minor child is generally the preferred payee for that child. All past performance by payee applicants, including any known criminal history, must also be taken into account before one is selected to be the representative payee (Social Security Administration, 2005b).

The data show that parents are indeed most likely to serve as representative payees: 67.5 percent on the OASDI file and 56.6 percent on the SSI file (see Table 4). A parent is defined as the natural or adoptive father or mother of the beneficiary or the spouse of the child's natural or adoptive father or mother. Parents are especially likely to serve as payees for children under age 18: for children under 18 receiving OASDI payments, just over 90 percent have their parents as payees; for children under 18 receiving both OASDI and SSI (or SSI only), the figure is just over 58 percent.

To gain experience with the administrative data files and to find out what we could learn from SSA administrative data on specific topics, we formulated the hypothesis that children with a representative payee of "other" may be vulnerable to having their funds misused. (SSA defines misuse as the misappropriation of benefits by the representative payee.) This was a good exercise in working with the data and it showed how cautious we must be in using the administrative files. (See Attachment 6 for more information.)

Honorable Jo Anne Barnhart  
 August 4, 2005  
 Page 6

TABLE 4 Distribution of Beneficiaries with Representative Payees by Type of Representative Payee and Benefit Type

Type of Payee	Benefit Type		SSI*	
	OASDI only Number	Percent	Number	Percent
Parent	3,027,130	67.5	1,431,265	56.6
Organization	460,930	10.3	347,660	13.8
Other Relative	355,750	7.9	352,815	14.0
Adult Child	204,230	4.6	94,550	3.7
Spouse	195,020	4.4	61,640	2.4
Grandparent	129,400	2.9	93,700	3.7
Other	104,570	2.3	45,980	5.8
Unknown	6,090	0.1	610	0.0
<b>Total</b>	<b>4,483,120</b>	<b>100.0</b>	<b>2,528,220</b>	<b>100.0</b>

\*Receiving SSI only or receiving both SSI and OASDI.

SOURCE: The 10 Percent MBR file, December 2004, and the 100 Percent SSR file, January, 2005.

### Plans for the Main Phase of Work

Central to the committee's work is the nationally representative survey to be conducted in the summer 2006. There will be two parts, one focusing on the representative payees and one focusing on the beneficiaries they serve. The survey will help us meet the goals of the project: (1) assess the extent to which representative payees are performing their duties in accordance with SSA standards for representative payee conduct; (2) learn whether the representative payment policies are practical and appropriate; (3) identify the types of representative payees that have the highest risk of misuse of benefits; and (4) suggest ways to reduce the risk of misuse of benefits and ways to better protect beneficiaries. Since we are in the early phases of planning the survey, including the development of the sample design and the questionnaire, we cannot give a detailed analysis plan at this time. We acknowledge that the survey methodology has limitations. There are many sources of systematic and variable error that are likely to be at issue in conducting a survey of vulnerable populations. Through the sampling and questionnaire design, we will strive to design a survey that will allow us to draw conclusions about the populations of interest.

We expect to complete the request for proposals (RFP) for the survey by fall 2005 and to secure approval from the U.S. Office of Management and Budget (OMB) for the survey by spring 2006. The OMB approval request will contain a detailed plan for the survey.

Honorable Jo Anne Barnhart  
August 4, 2005  
Page 7

Another major committee activity will be the development of profiles and statistical models. We will extract data from several sources and amend them with data we collect in the field. To-date, the research data file consists of data extracted from the RPS, but we are continuing to request other data (e.g., lump-sum payments of previously withheld benefits) for specific representative payees and their beneficiaries. With the research data file that we create, we plan to build and contrast the profiles of representative payees identified by SSA as having misused funds with those who have not. Although there are a limited number of variables that can be used for this purpose, we are hopeful that this analysis will provide useful information.

We believe we are making good progress in understanding the Representative Payee Program and towards our ultimate goal of recommending ways to improve it. Please do not hesitate to call me if you have questions or need additional information.

Sincerely,

*Charles Pautler*

*for* Barbara A. Bailar, *Chair*  
Social Security Representative  
Payee Committee

Enclosures:   References  
                  Attachments 1-6



Honorable Jo Anne Barnhart  
August 4, 2005  
Page 8

## REFERENCES

### Social Security Administration

- 2002 Office of Income Security Programs, Representative Payment Program Social Security Administration, October 2002. Available at <<http://www.ssa.gov.payee>>
- 2004a Code of Federal Regulations, 20 C.F.R. § 404.2035: Employees' Benefits, Social Security Administration, Federal Old-Age, Survivors and Disability Insurance, Representative Payee, Responsibilities of a Representative Payee. Washington, DC: U.S. Government Printing Office.
- 2004b Code of Federal Regulations, 20 C.F.R. § 416.635: Employees' Benefits, Social Security Administration, Supplemental Security Income for the Aged, Blind and Disabled, Representative Payee, Responsibilities of a Representative Payee. Washington, DC: U.S. Government Printing Office.
- 2005a Online Social Security Handbook. Available at <<http://policynet.ba.ssa.gov>>.
- 2005b Program Operations Manual System. GN 00500: Selection of Representative Payees. Available at <<http://policynet.ba.ssa.gov>>.
- 2005c Program Operations Manual System. GN 00600: Use and Accountability of Benefits. Available at <<http://policynet.ba.ssa.gov>>.
- 2005d Program Operations System Manual, GN 00502.070: Developing Capability—Children. Available at <<http://policynet.ba.ssa.gov>>.
- 2005e Program Operations Manual System. GN 00501.013: Type of Payees. Available at <<http://policynet.ba.ssa.gov>>.

Honorable Jo Anne Barnhart  
August 4, 2005  
Page 9

## ATTACHMENT 1

### DESCRIPTION OF SOCIAL SECURITY REPRESENTATIVE PAYEE STUDY

The Division of Behavioral and Social Sciences and Education (DBASSE) of the National Academies has contracted with the Social Security Administration to study how payments to individual and organizational representative payees are being managed and used on behalf of the beneficiaries for whom the benefits are paid. A committee of eleven experts representing various fields of expertise has been formed (See Attachment 2). As mandated by Section 107 of P.L. 108-223, this committee will conduct a one-time survey of representative payees and beneficiaries in order to collect new information on representative payee operations and to make recommendations based on the survey, other new analyses, and existing information on how the representative payee program might be improved. The committee's final report in early 2007 will provide the Social Security Administration with guidance on ways that the current representative payee program might improve its operation on behalf of beneficiaries and reduce the misuse of benefits.

The Social Security Administration (SSA) provides Old Age, Survivors, and Disability (Social Security) benefits and Supplemental Security Income (SSI) benefits to the young, the elderly, and persons with disabilities. Almost 52 million individual receive benefits for the following reasons: they are retired or disabled workers; they are spouses and children of retired, disabled, or deceased workers; or they have disabilities or are aged and have low incomes.

Congress recognized, from the inception of these programs, that some of the beneficiaries would need assistance in managing their benefit funds. The Representative Payee Program is designed to provide this assistance. A representative payee is an individual or organization that receives Social Security or SSI payments for someone who cannot manage, or direct someone else to manage, his or her money. Children under age 18 are assumed to be unable to manage their funds. Beneficiaries aged 18 or older are generally assumed to be able to manage their funds unless convincing evidence is provided to rebut that assumption. In determining whether an individual is unable to manage or direct the management of benefit payments, SSA considers evidence from medical, legal, and lay sources. As of December 2003, there were more than 6.8 million people whose benefits were under representative payee management: roughly 60 percent of these beneficiaries were children, and 40 percent were adults. Currently there are about 5.4 million representative payees.

SSA tries to select as a representative payee someone who knows the beneficiary and wants to help him or her. Some of the factors SSA considers in representative payee selection are the following: custody of the beneficiary; demonstration of concern for the beneficiary; legal authority to act on behalf of the beneficiary; existence of a creditor relationship with the beneficiary; acceptability of any prior service as a representative payee; criminal history. Generally, beneficiaries must approve the selection of their payee. SSA's main concern is that the payee is someone who can see the beneficiary often and who knows his or her needs. For

Honorable Jo Anne Barnhart  
August 4, 2005  
Page 10

that reason, if a beneficiary is living with someone who helps him or her, SSA usually selects that person to be the payee. In most cases, someone who knows the beneficiary asks SSA if he or she can be the payee: it may be a family member, a friend, a legal guardian or a lawyer. Sometimes, however, social service agencies, nursing homes, or other organizations serve as payees.

Individuals who serve as representative payees include spouses, parents, stepparents, grandparents, children, and other relatives. Organizational payees may be various types of institutions, government agencies and financial organizations. Examples of organizational payees include Department of Veterans Affairs hospitals, state psychiatric institutions, and community social service groups. Individual payees cannot collect fees. An organization may collect a fee from the monthly benefit payments if the organization meets certain conditions.

The charge to representative payees is to use the funds in the best interest of the beneficiaries, that is, to pay for the current and foreseeable needs of beneficiaries. The required duties of representative payees are specified:

- determine the beneficiary's needs and use his or her payments to meet those needs.
- save any money left after meeting the beneficiary's current needs in an interest-bearing account or savings bonds for the beneficiary's future needs.
- report any changes or events that could affect the beneficiary's eligibility for benefits or payment amount.
- keep records of all payments received and how they are spent or saved. Provide benefit information to social service agencies or medical facilities that serve the beneficiary.
- help the beneficiary get medical treatment when necessary,
- notify SSA of any changes in the payee's circumstances that would affect his or her performance or continuing as payee,
- complete written reports accounting for the use of funds, and
- return any payments to which the beneficiary is not entitled to SSA.

Given that it is not feasible to determine directly from all beneficiaries whether their representative payees are acting in the beneficiaries' best interests, SSA has developed policies that focus on selecting individuals who seem likely to be able to meet the program goals and policies designed to monitor the on-going performance of representative payees. With regard to selection of payees, all payee applicants are supposed to be interviewed by SSA field office staff. Whether the interview is in person or by telephone, the applicant's identity is checked and other

Honorable Jo Anne Barnhart  
August 4, 2005  
Page 11

information gathered. Some organizations may be exempt from the face-to-face interview requirement.

The current monitoring program requires all representative payees to file a representative payee report annually. SSA uses the report to monitor how the payee spent or saved the benefits paid. In addition to submission of the annual form, certain payees are also subject to triennial site reviews, which are face-to-face meetings. These reviews are conducted on volume payees (organizational payees serving 50 or more beneficiaries, payees identified as “Other” or individuals who are serving 15 or more beneficiaries), all fee-for-service payees, and certain state mental institution payees. SSA also conducts site reviews in response to events that raise concerns about a payee’s performance of duties or suitability.

The premise of the current representative payee policies is that careful selection and monitoring are effective ways to ensure that the best interests of the beneficiaries are being served. In a program that involves more than 5 million representative payees, more than 6 million beneficiaries, and almost \$4 billion in monthly benefit payments, the selection and monitoring of the representative payees is a daunting task. For some beneficiaries and in some geographic areas, it is difficult to find individuals or organizations willing to serve as representative payees. It is also a significant administrative challenge to provide timely monitoring of the performance of all the payees.

The current study resulted from Section 107 of P.L. 108-203, which requires SSA to collect and analyze information beyond that collected as part of program operations in order to help determine the extent to which the current representative payee program is serving the Social Security and SSI beneficiaries who depend on it and to recommend ways in which the representative payee program might be improved. The law requires that the commissioner of Social Security conduct a one-time representative survey to determine how payments to individual and organizational representative payees are being managed and used on behalf of the beneficiaries for whom the benefits are paid. The purpose of the survey is to assess the extent to which representative payees are performing their duties in accordance with SSA standards for representative payee conduct. The SSA also wants to determine whether the representative payment policies are practical and appropriate and to identify the types of representative payees that have the highest risk of misuse of benefits. Finally, SSA wants to find ways to reduce the risk of misuse of benefits and ways to better protect beneficiaries.

A “manager’s amendment” in the *Congressional Record* of December 9, 2003, specifies that the required survey shall assess the extent to which representative payees are performing their duties as payees in accordance with SSA standards of payee conduct, including whether the funds are being used for the benefit of beneficiaries. It also specifies that, to the extent possible, the types of payees who have the highest risk of misuse of benefits should be identified, along with suggestion of ways to reduce those risks and better protect beneficiaries. According to the manager’s amendment, the survey is to focus on representative payees who are not subject to triennial site review or other random review under SSA policy or law. The groups to be included in the study will include individual representative payees who serve one or several beneficiaries;

Honorable Jo Anne Barnhart  
August 4, 2005  
Page 12

individual “high-volume” payees serving more than several but fewer than 15 beneficiaries; and non-fee-for-service organizational payees who are serving fewer than 50 beneficiaries.

Under the terms of the resulting contract between SSA and the National Academies, the study will be carried out by an interdisciplinary group with expertise in such areas as survey design, program and process evaluation, and the operations of representative payee programs and other programs that handle benefits or other funds on behalf of others, and other relevant fields. The study will focus on how payments made to representative payees under Title II or Title XVI of the Social Security Act are managed and used on behalf of beneficiaries and make recommendations on how the current processes can be improved.

The charge to the committee specifies three tasks:

1. Examine existing reports and data, as well as the legislation and relevant background pertaining to the representative payee program to learn about four issues:
  - the extent to which representative payees are performing their duties as payees in accordance with SSA standards for payees;
  - identification of the types of payees that have the highest risk of misuse of benefits;
  - identification of ways to reduce those risks and better protect beneficiaries;
  - development of findings about the adequacy of payees’ actions.
2. Develop new information based on the most appropriate data-gathering techniques, including surveys of representative payees and others, to provide additional understanding and clarification of the four issues listed above.
3. Recommend changes or further review that might improve the way in which the representative payee program operates on behalf of beneficiaries and reduce the misuse of benefits.

The committee will meet approximately eight times over the course of the project. It will review relevant materials and data on the current representative payee program, develop new information to provide additional understanding of the four issues listed above, and recommend changes in law and policy that might improve the Representative Payee Program. As part of its development of the research design, the committee will develop the areas of inquiry for surveys and data analyses that it may require.

As part of its information-gathering activities, the committee will work with the National Academies Office of Contracts and Grants and the Office of the General Counsel to conduct a competitive procurement to select a subcontractor to conduct the desired surveys and analyses.

Honorable Jo Anne Barnhart  
August 4, 2005  
Page 13

The committee will develop the statement of work for the subcontractor and monitor the subcontractor's performance during the contract. The details of the subcontract, including the scope of work, period of performance, and the deliverables will be determined by the committee.

The committee will prepare a consensus report in early 2007 of its conclusions and recommendations that will be published by the National Academies Press. The report will provide guidance to SSA on ways that the Representative Payee Program might improve the way it operates on behalf of beneficiaries and reduce the misuse of benefits. The committee will brief SSA on the findings and recommendations of the final report no sooner than 10 days before the release by the National Academies.

Honorable Jo Anne Barnhart  
August 4, 2005  
Page 14

## ATTACHMENT 2

### Biographical Sketches of Committee Members and Staff

#### MEMBERS

**BARBARA A. BAILAR** (*Chair*) is recently retired from the position of senior vice president for survey research at the National Opinion Research Center (NORC). She now serves as a consultant on survey methodology. Prior to joining NORC in 1995, Dr. Bailar was the executive director of the American Statistical Association in Alexandria, Virginia. However, most of her career was spent at the U.S. Bureau of the Census in Washington, D.C., which she left in 1988, where she was the Associate Director for Statistical Standards and Methodology. She has published numerous articles in such journals as *JASA*, *Demography*, and *Survey Research Methods*. She is a past president of the American Statistical Association and the International Association of Survey Statisticians, as well as a past vice president of the International Statistical Association. She is an elected fellow of the American Statistical Association and the American Association for the Advancement of Science. She received a Ph.D. in statistics from American University in Washington, D.C.

**NANCY COLEMAN** is a program officer at the Harry and Jeanette Weinberg Foundation, Inc. Previously, she was director of the American Bar Association's Commission on Law and Aging. She was an investigator for the U.S. Senate Special Committee on Aging and project director of Citizens for Better Care. She has published extensively on issues facing the elderly, including legal and financial concerns, aging, spirituality, and religion. Ms. Coleman served as a U.S. delegate to The Hague Conference on Private International Law and helped draft an international agreement on the recognition of incapacitated adults. She also served as chair of the Social Security Administration's Representative Payment Advisory Committee. She received an M.S.W. and a M.S. in political science from the University of Michigan.

**DAVID S. CORDRAY** is professor of public policy and professor of psychology at Vanderbilt University. He is also codirector of the Center for Evaluation Research and Methodology at the Vanderbilt Institute for Public Policy Studies. Before joining the Vanderbilt faculty, he served as assistant director of the Division of Program Evaluation and Methodology at the U.S. General Accounting Office and as an associate professor of psychology at Northwestern University. Dr. Cordray has written extensively on evaluation methodology, primarily in the human services area. He is a past president and a past member of the board of directors of the American Evaluation Association and has served on several National Research Council Policy study committees. He received a Ph.D. in psychology from Claremont Graduate School.

**CATHRYN S. DIPPO** retired as associate commissioner of the Office of Survey Methods Research at the Bureau of Labor Statistics (BLS). While at BLS, she chaired the FedStats R&D Working Group and the Current Population Survey Redesign. She started the National Science Foundation/American Statistical Association/BLS Senior Research Fellow program in mid-

Honorable Jo Anne Barnhart  
August 4, 2005  
Page 15

1980s and the BLS Behavioral Science Research Center in late 1980s. An office holder and member of several statistical societies, she has published a number of articles and has served as a referee for various statistical journals. She received a Ph.D. in mathematical statistics from George Washington University.

**CARROLL L. ESTES** is professor of sociology at the University of California, San Francisco (UCSF). She is the founding and former director of the Institute for Health and Aging and the former chair of the Department of Social and Behavioral Sciences of the School of Nursing at UCSF. Dr. Estes is a member of the Institute of Medicine and the National Academy of Sciences. She has served as a consultant to the U.S. Commissioner of Social Security and to U.S. Senate and House committees for more than two decades. Dr. Estes investigates the effects of fiscal austerity and social policy on the elderly and the agencies and institutions that serve them, and her research has been published in numerous journals. She received a Ph.D. in sociology from the University of California at San Diego.

**TIMOTHY P. JOHNSON** is director of the Survey Research Laboratory, professor of public administration, and research professor of epidemiology/biostatistics at the University of Illinois at Chicago. He teaches courses in sample design, research methodology, and multivariate statistical analysis. Currently, Dr. Johnson serves as a cochair of the university's Social and Behavioral Sciences Institutional Review Board, and he is a member of the editorial board of the journal *Substance Use and Misuse*. His recent work has focused on the social epidemiology of substance use and measurement errors in survey research, with an emphasis on the effects of respondent culture. He has published approximately 80 peer-reviewed papers. He received a Ph.D. in sociology from the University of Kentucky.

**JEFFREY LUBBERS** is a fellow in law and government at American University's Washington College of Law, where he has also served as a visiting professor. He has served in various positions with the Administrative Conference of the United States (ACUS), the U.S. government's advisory agency on procedural improvements in federal programs. He was ACUS' research director and developed ideas for new studies, and he assisted committees in developing recommendations from the studies on a wide variety of administrative law subjects. He also worked with congressional committees and agencies to seek implementation of ACUS recommendations and served as team leader for Vice President Gore's National Performance Review Team on Improving Regulatory Systems in 1993. He is a member of the bars of the State of Maryland and the District of Columbia. He received a J.D. from the University of Chicago Law School.

**SARAH NUSSER** is a professor in the Department of Statistics and affiliated with the Center for Survey Statistics and Methodology at Iowa State University. She directed the Center from 1992-2004. She is a fellow of the American Statistical Association (ASA), and she has served as chair of the ASA's Survey Research Methods Section and as a member of ASA advisory committees, including the Survey Review Committee and the Behavioral Risk Factor Surveillance System Advisory Group. Her research interests include computer-assisted survey methods, sample design and estimation for natural resource and social surveys, accuracy



Honorable Jo Anne Barnhart  
August 4, 2005  
Page 16

assessment of spatial databases, and social policy applications including welfare reform evaluation and estimation of dietary intake distributions. As a faculty member in the center, she consults with a wide range of researchers on survey statistics and methodologies for conducting surveys. She received a Ph.D. in statistics from Iowa State University.

**ROBERT SANTOS** is executive vice president and partner of NuStats. Prior positions include principal research associate at the Urban Institute in Washington, D.C.; vice president of statistics and methodology at the National Opinion Research Center at the University of Chicago; and director of survey operations at the Survey Research Center at the University of Michigan at Ann Arbor. His professional credits include more than 40 reports and papers and leadership roles in survey research associations. He is currently a member of the Census Advisory Committee of Professional Associations and the American Association for Public Opinion Research and was a member of the National Academy of Sciences' Committee to Review the Scientists and Engineers Database System (SESTAT) 2000 Decade Design. He is an elected fellow of the American Statistical Association. He received an M.A. in statistics from the University of Michigan.

**EILEEN SWEENEY** is a senior fellow at the Center on Budget and Policy Priorities. Her work focuses on issues affecting people with disabilities in the federal welfare program, Temporary Assistance for Needy Families (TANF) and the Social Security and Supplemental Security Income (SSI) Programs. Prior to becoming a senior fellow, she directed the Center's State Low-Income Initiatives Project and worked on TANF issues in the states. She was formerly the director of government affairs at the Children's Defense Fund and a legal services attorney at the National Senior Citizens Law Center (NSCLC) and at the Legal Assistance Foundation of Chicago. At the Law Center, she specialized in Social Security and SSI issues. She was appointed by the commissioner of Social Security to serve on the SSI Modernization Panel in the early 1990s and was a member of the panel at the National Academy of Social Insurance that studied disability and work. She received a J.D. from Northwestern University School of Law.

**PAMELA B. TEASTER** is an associate professor at the Graduate Center for Gerontology and Department of Health Behavior in the College of Public Health at the University of Kentucky, Lexington. She serves as a commissioner on the Commission on Law and Aging of the American Bar Association and is vice president of the National Committee for the Prevention of Elder Abuse. She is a former editor of the *Journal of Elder Abuse and Neglect* and serves on the editorial board of the *Journal of Applied Gerontology*. Dr. Teaster is an expert in adult protective services, guardianship, victimization of older women, and sexual abuse. Dr. Teaster has published numerous articles in scholarly journals. She received a Ph.D. in Public Administration and Public Affairs from Virginia Polytechnic Institute.

Honorable Jo Anne Barnhart  
August 4, 2005  
Page 17

## STAFF

**CHARLES (BUD) PAUTLER** (*Study Director*) has been on staff since January, 2005. He was formerly the director of research of the Small Business/Self-Employed Division of the Internal Revenue Service, and previously served in four other agencies, including the U.S. Census Bureau. He earned a Ph.D. in mathematical statistics from the George Washington University.

**KIRSTEN WEST** (*Senior Program Officer*) is working at the National Academies on an Intergovernmental Personnel Act Agreement with the U.S. Census Bureau. Her area of expertise is census coverage error measurement. She received a Ph.D. in sociology from the University of North Carolina at Chapel Hill.

**SUSAN McCUTCHEN** (*Research Associate*) has been on staff at the National Academies for nearly 25 years assisting committees on a wide variety of subjects, including international affairs, technology transfer, aeronautics, natural disasters, HIV and needle exchange, the polygraph, poison control centers, education, ethics in research, and human factors. She has a B.A. in French from Miami University in Ohio and an M.A. in French with a minor in English from Kent State University.

**LINDA DePUGH** (*Program Assistant*) has worked in a variety of capacities over a long career for many committees at the National Research Council and Institute of Medicine including the Strategic Planning Advisory Group for Education, the Committee on Scientific Principles for Education Research, the Committee on the Impact of the Changing Economy on the Education System, the Committee on Monitoring International Labor Standards, and the Committee on Analyzing the U.S. Content of Imports and Foreign Content of Exports. She has an A.A. degree in business from the Durham Business School in North Carolina.

Honorable Jo Anne Barnhart  
August 4, 2005  
Page 18

### ATTACHMENT 3

<p><b>THE NATIONAL ACADEMIES</b> <b>Center for Economic, Governance, and International Studies (CEGIS)</b></p>
--

**Committee on Social Security Representative Payees**  
**First Committee Meeting**  
**April 19-20, 2005**  
**Keck Building, Room 213**  
**500 5th Street, NW**  
**Washington, DC**

#### AGENDA

#### Tuesday, April 19, 2005

##### OPEN SESSION

8:00 a.m. Continental Breakfast

8:30 a.m. Welcome

Introduction to the National Research Council

*Michael Feuer*, Executive Director, Division of Behavioral  
and Social Sciences and Education (DBASSE)

*Jane Ross*, Director, Center for Economic, Governance, and  
International Studies

Charge to the Committee

*Barbara Bailer*, Chair

Committee Introductions

10:00 a.m. Break

10:15 a.m. Social Security Administration

*Fritz Streckewald*, Assistant Deputy Commissioner,  
Office of Disability and Income Security Programs

*Steven L. Schaeffer*, Assistant Inspector General for Audit

12:00 p.m. Lunch

Honorable Jo Anne Barnhart  
August 4, 2005  
Page 19

1:00 p.m. Views from Congressional Staff  
*Alan Cohen*, Health Policy Advisor, Senate Finance Committee  
*Kathryn Olson*, Professional Staff, House Ways and Means Committee

Background and History of Representative Payee Program  
*Kevin McCahill*, Team Leader, Representative Payee Monitoring and  
Evaluation Team

2:45 p.m. Break

3:00 p.m. Social Security Task Force of the Consortium for Citizens with Disabilities  
*Ethel Zelenske*, Director of Government Affairs, National  
Organization of Social Security Claimants  
1996 Representative Payment Advisory Committee  
*Nancy Coleman*, Director, Commission on Law and Aging,  
American Bar Association

National Alliance for the Mentally Ill  
*Andrew Sperling*, Director of Legislative Advocacy

#### **CLOSED SESSION**

5:00 p.m. Adjourn

6:30 p.m. Dinner  
NAS Lecture Room

**Wednesday, April 20, 2005**

#### **CLOSED SESSION**

Honorable Jo Anne Barnhart  
August 4, 2005  
Page 20

## ATTACHMENT 4

### Background Reports

#### GOVERNMENT ACCOUNTABILITY OFFICE REPORTS

1. Erroneous Supplemental Security Income Payments Result From Problems in Processing Changes in Recipients' Circumstances, February 16, 1979 (GAO/HRD-79-4).  
<http://161.203.16.4/d46t13/108620.pdf>
2. Views on the Methodology Used in an SSA Title II Study of Representative Payment], May 18, 1984 (GAO/HRD-84-34) <http://161.203.16.4/d6t1/124439.pdf>
3. Social Security--Beneficiary Payment for Representative Payee Services, Report to Congressional Committees, June 1992 (GAO/HRD-92-112).  
<http://161.203.16.4/d32t10/146914.pdf>
4. Income Security--Reports Issued During 1990-92 and Testimonies Delivered in 1992. (GAO/HRD-93-80). <http://161.203.16.4/t2pbat6/148720.pdf>
5. Social Security--Disability Benefits for Drug Addicts and Alcoholics are Out of Control, Testimony Before the Subcommittees on Social Security and Human Resources, Committee on Ways and Means, House of Representatives, Statement of Jane L. Ross, Associate Director, Education and Human Services Division (GAO/T-HEHS-94-101).  
<http://161.203.16.4/t2pbat4/150690.pdf>
6. June 8, 1994, letter to The Honorable William S. Cohen from Jane L. Ross regarding SSA controls over disability payments made to drug addicts and alcoholics (addicts). (GAO/HEHS-94-178R). <http://161.203.16.4/t2pbat3/151936.pdf>
7. Social Security--Major Changes Needed for Disability Benefits for Addicts, Report to Congressional Requestors, May 1994 (GAO/HEHS-94-128).  
<http://161.203.16.4/t2pbat3/151559.pdf>
8. Supplemental Security Income--Recent Growth in the Rolls Raises Fundamental Program Concerns, Testimony Before the Subcommittee on Human Resources, Committee on Ways and Means, House of Representatives, Statement by Jane L. Ross, Director, Income Security Issues, Health, Education, and Human Services Division, January 27, 1995 (GAO/T-HEHS-95-67).  
<http://161.203.16.4/t2pbat2/153377.pdf>
9. Supplemental Security Income--Growth and Changes in Recipient Population Call for Reexamining Program, Report to the Chairman, Committee on Finance, U.S. Senate, and the

Honorable Jo Anne Barnhart  
August 4, 2005  
Page 21

Chairman, Committee on Ways and Means, House of Representatives (GAO/HEHS-95-137).  
<http://161.203.16.4/t2pbat1/154566.pdf>

10. Supplemental Security Income--SSA Efforts Fall Short in Correcting Erroneous Payments to Prisoners, Report to the Chairman, Subcommittee on Oversight, and the Chairman, Subcommittee on Human Resources, Committee on Ways and Means, House of Representatives, August 1996 (GAO/HEHS-96-152). <http://www.gao.gov/archive/1996/he96152.pdf>

11. Supplemental Security Income: Timely Data Could Prevent Millions in Overpayments to Nursing Home Residents, June 1997 (GAO/HEHS-97-62).  
<http://www.gao.gov/archive/1997/he97062.pdf>

12. SSI Children--Multiple Factors Affect Families' Cost for Disability-Related Services, Report to Congressional Committees (GAO/HEHS-99-99).  
<http://www.gao.gov/archive/1999/he99099.pdf>

13. Supplemental Security Income--Progress Made in Implementing Welfare Reform Changes; More Action Needed, Report the Committee on Finance, U.S. Senate, and the Committee on Ways and Means, House of Representatives, June 1999 (GAO/HEHS-99-103).  
<http://www.gao.gov/archive/1999/he99103.pdf>

14. Guardianships: Collaboration Needed to Protect Incapacitated Elderly People, Report to the Chairman, Special Committee on Aging, U.S. Senate, July 2004 (GAO-04-655).  
<http://www.gao.gov/new.items/d04655.pdf>

15. Electronic Transfers--Use by Federal Payment Recipients Has Increased but Obstacles to Greater Participation Remain, Report to the Subcommittee on Oversight and Investigations, Committee on Financial Services, House of Representatives (GAO-02-913).  
<http://www.gao.gov/new.items/d02913.pdf>

## **SSA REPORTS FROM THE OFFICE OF THE INSPECTOR GENERAL**

The Inspector General Office of Audit conducts comprehensive financial and performance audits of SSA's programs and operations. In its reports, the Office of Audit makes recommendations to ensure that program objectives are achieved effectively and efficiently. Financial audits, required by the Chief Financial Officers Act of 1990, assess whether SSA's financial statements fairly present the agency's financial position, results of operations, and cash flow. Performance audits review the efficiency and effectiveness of SSA's programs. The Office of Audit also conducts short-term management and program evaluations focused on issues of concern to SSA, Congress, and the general public.

This attachment lists reports on the representative payee program that were issued for fiscal years 2003 - 2005, beginning with the most recent – that we have received and reviewed.

Honorable Jo Anne Barnhart  
August 4, 2005  
Page 22

### **Fiscal 2005**

March 8, 2005. Office of the Inspector General. Social Security Administration. Individual Representative Payees for the Social Security Administration in the Seattle Region. A-09-05-15057. Evaluation Report.

February 11, 2005. Office of the Inspector General. Social Security Administration. Individual Representative Payees for the Social Security Administration in the Dallas Region. A-06-05-15053. Evaluation Report.

January 31, 2005. Office of the Inspector General. Social Security Administration. Individual Representative Payees for the Social Security Administration in the New York Region. A-02-05-15049. Evaluation Report.

December 8, 2004. Office of the Inspector General. Social Security Administration. Individual Representative Payees for the Social Security Administration in the Boston Region. A-01-05-15048. Evaluation Report.

October 26, 2004. Seattle Mental Health Institute—An Organizational Representative Payee for the Social Security Administration. A-09-04-14015. Audit Report.

October 1, 2004. Family Services, Inc., of Charleston, South Carolina. A Fee-for-Service Representative Payee for the Social Security Administration. A-13-04-14002. Audit Report.

### **Fiscal 2004**

September 29, 2004. Mental Health Center of Boulder County, Inc.—An Organizational Representative Payee for the Social Security Administration. A-06-04-14038. Audit Report.

September 16, 2004. The Effectiveness of Policies and Procedures Used to Identify Incarcerated Representative Payees. A-02-04-14031. Audit Report.

August 2, 2004. Management Advisory Report: Summary of Fiscal Year 2003 Office of the Inspector General Audits of Representative Payees. A-1304-14067. Management Advisory Report.

July 21, 2004. Collection of Old-Age, Survivors and Disability Insurance Overpayments to Representative Payees for Deceased Beneficiaries. A-13-03-13049. Audit Report.

June 25, 2004. Creative Alternatives—An Organizational Representative Payee for the Social Security Administration. A-15-04-14033. Audit Report.

May 21, 2004. The Social Security Administration's Representative Payee Selection Process. A-01-04-14008. Audit Report.

Honorable Jo Anne Barnhart  
August 4, 2005  
Page 23

March 10, 2004. Cabinet for Family and Children, Department for Community Based Services, Division of Protection and Permanency--An Organizational Representative Payee for the Social Security Administration. A-08-03-13084. Audit Report.

November 19, 2003. San Francisco Department of Human Services—An Organizational Representative Payee for the Social Security Administration. A-09-03-13011. Audit Report.

### **Fiscal 2003**

August 14, 2003. The Connecticut Mental Health Center, Money Management Program--An Organizational Representative Payee for the Social Security Administration. A-13-03-23009. Audit Report.

August 4, 2003. Cottonwood Incorporated--An Organizational Representative Payee for the Social Security Administration. A-07-03-13024. (Limited Distribution). Audit Report.

July 15, 2003. Audit of the Community Counseling Centers of Chicago—A Fee-for-Service Representative Payee for the Social Security Administration. A-13-03-13002. Audit Report.

June 20, 2003. Sierra Regional Center--An Organizational Representative Payee for the Social Security Administration. A-09-03-23023. Audit Report.

May 6, 2003. Audit of the Atlantis Rehabilitation and Nursing Center—A Representative Payee for the Social Security Administration. A-02-03-13013. Audit Report.

April 30, 2003. The Social Security Administration's Site Review of Representative Payee. A-13-01-11042. Audit Report.

March 14, 2003. Screening Representative Payees for Fugitive Warrants. A-01-02-12032. Audit Report.

December 16, 2002. Financial Related Audit of the Harris County Guardianship Program-- An Organizational Representative Payee for the Social Security Administration. A-04-02-12020. Audit Report.

November 26, 2002. Representative Payee Investigation of Puget Protective Payeeship. (Limited Distribution). A-09-01-21045. Audit Report.

October 10, 2002. Identifying Representative Payees Who Had Their Own Benefits Suspended Under the Fugitive Provisions of Public Law 104-193. A-01-02-2073. Audit Report.



Honorable Jo Anne Barnhart  
August 4, 2005  
Page 24

## CONGRESSIONAL TESTIMONIES

**February 25, 2004**

**James G. Huse, Jr., Inspector General of the Social Security Administration.** *“Four of the Most Significant Management Challenges Facing the Social Security Administration.”* U.S. House of Representatives, Committee on Appropriations, Subcommittee on Labor, Health and Human Services, Education and Related Agencies.

Mr. Huse speaks in support of the fiscal year (FY) 2005 President’s budget request for the Social Security Administration’s (SSA) Office of the Inspector General (OIG). The request (\$92 million) reflects the cost of implementing the recent passage of H.R. 743, the Social Security Protection Act of 2003. This bill provides new safeguards for Social Security and Supplementary Security Income (SSI) beneficiaries who have representative payees. It provides for the imposition of civil monetary penalties against representative payees who misuse benefits paid on behalf of their clients. It bars fugitive felons or those violating probation or parole under federal or state law from serving as representative payees. It prohibits a representative payee from collecting a fee for services if it is determined that the representative payee has misused any amount of benefit for such month, and it holds nongovernment representative payees liable for misuse of funds.

Mr. Huse cites four top management challenges facing SSA: (1) Social Security Number integrity and protection – homeland security, (2) improper payments, (3) management of the disability process and (4) service delivery. The integrity of the representative payee process is one of the most significant concerns related to SSA’s service delivery.

Mr. Huse points out that several initiatives have been completed to determine whether representative payees had effective safeguards over the receipt and disbursement of Social Security benefits, and to ensure that Social Security benefits are used and accounted for in accordance with SSA policies and procedures. For example, a not-for-profit institutional representative payee service for 200 clients in Seattle embezzled more than \$107,000 in funds. In another case, a retroactive check of \$15,000 to a homeless beneficiary was used by a representative payee.

Mr. Huse states that site audits since FY 2001 have resulted in 37 recommendations for corrective actions aimed at strengthening the control of and accounting for funds managed by representative payees.

**May 20, 2004**

**Patrick P. O’Carroll, Jr., Acting Inspector General of the Social Security Administration.** *“Fraud and Abuse in the Supplemental Security Income Program.”* U.S. House of Representatives, Committee on Ways and Means., Subcommittee on Human Resources

Honorable Jo Anne Barnhart  
August 4, 2005  
Page 25

Mr. O'Carroll addresses a hearing on the status and progress of the SSA's SSI Program. He speaks of the success of the Cooperative Disability Investigations (CDI) program in obtaining evidence that can resolve questions of fraud, waste and abuse in the SSA's disability programs before benefits are approved and paid.

Audits have shown that screening of potential payees is crucial in preventing fraud in the Representative Payee Program. Once representative payees have been selected, it is incumbent upon SSA to adequately monitor them to ensure that the benefits are being used as intended to aid the beneficiary and that the representative payee continue to be suitable.

Mr. O'Carroll says that the Social Security Protection Act will strengthen the Representative Payee Program and the ability to deal with dishonest representative payees. It allows for the imposition of civil monetary penalties against those who misuse benefits paid on behalf of their client. It allows SSA to fully compensate defrauded beneficiaries. It bars fugitive felons from serving as representative payees.

### **September 9, 2003**

#### **Reports cited by James G. Huse, Jr., Inspector General of the Social Security Administration in Testimony to Congress on September 9, 2003**

**1. Office of the Inspector General, Social Security Administration, Audit Report: A-01-02-12073, October 2002. *Identifying representative payees who had their own benefits suspended under the fugitive provisions of Public Law 104-193.***

The objective was to identify fugitives whose SSI payments were stopped under Public Law (P.L.) 104-193 but who continued to serve as representative payees and managed Social Security funds for other beneficiaries. The analysis identified 121 representative payees who managed over \$1.4 million in Social Security funds for 161 beneficiaries. The data were obtained by matching Social Security numbers from an extract of 10,598 recipients whose SSI benefits were stopped against the representative payee files. A random sample of the matched cases was selected for analysis.

**2. Office of the Inspector General, Social Security Administration, Audit Report: A-01-02-12032, March 2003. *Screening representative payees for fugitive warrants.***

The objective was to assess the use of fugitive warrant information as a screening tool for representative payees. Fugitive data were obtained from a sample of 10 states between February 1999 and May 2000. Verified records were matched to the SSA's file of representative payees and a multistage proportional-to-size sample was drawn. It was estimated that approximately 3,145 fugitive felons or parole or probation violators appeared to be representative payees. They managed \$81.2 million in Social Security funds.

Honorable Jo Anne Barnhart  
August 4, 2005  
Page 26

**4. Office of the Inspector General, Social Security Administration, Evaluation Report: A-13-01-11004, June 2002. *Analysis of information concerning representative payee misuse of beneficiaries' payment.***

The analysis consisted of a data review of 2,417 individuals identified within the SSA's Representative Payee System (RPS) as having misused approximately 12 million in beneficiary payments from January 1997 through December 1999. The goal was to determine if representative payees who misuse beneficiary payment have common characteristics. No such characteristics were found. However, the analysis identified problems in SSA's monitoring and oversight of these representative payees: misuse cases were not always referred to the OIG; SSA retained representative payees who misused benefit payments; and representative payees had representative payees.

**4. Office of the Inspector General, Social Security Administration, Audit Report: A-13-01-11042, April 2003. *The Social Security Administration's site reviews of representative payees.***

In June 2000 SSA began triennial site reviews of 810 organizational representative payees serving 100 or more beneficiaries, 736 fee-for-service representative payees, and 209 individuals who serve as representative payees for 20 or more beneficiaries. SSA completed approximately 536 of those reviews from June 2000 through March 2001. The audit was performed on 30 reviews. The objectives were to (1) assess the SSA representative payee site review methodology, (2) evaluate the sufficiency and reliability of the documentation that supports the conclusions and recommendations made during SSA's site reviews, (3) test for compliance with SSA site review requirements, and (4) determine whether SSA has taken appropriate follow-up action to ensure identified deficiencies are corrected.

The audit showed that the review teams did not always retain sufficient and reliable documentation, comply with site review requirements, or determine whether representative payees took action to correct deficiencies identified during site reviews.

Honorable Jo Anne Barnhart  
 August 4, 2005  
 Page 27

## ATTACHMENT 5

### Data Files and Extract Information

Extracts were obtained from two point-in-time files and six files from the Representative Payee System going back to 1992:

1. ORS.P1171.\$6967.ORJUNDEC.R1204  
 Record layout: TEN BSF-DEC2004.doc

This is a 10 percent extract of the Master Beneficiary Record (MBR) file. It contains approximately 50 variables for all current, deferred, and conditional payment status beneficiaries, active Title XVIII, and RR retirement beneficiaries. The MBR is the main file for the administration of OASI and DI (OASDI) payments.

To obtain OASDI-only beneficiaries--i.e., to exclude concurrent SSI/OASDI recipients--all recipients with an SSI status code of E (receives federal payment), M (SSI recipient engaging in substantial gainful employment, eligible for special SSI payment (not enough to lose SSI)), or S (receives State supplemental payment) were dropped.

2. MTOSSI.SORD.CURPAYS.D0501  
 Record layout: CER 2003 print2.xls

This 100 percent universe file contains a limited number of variables for all records on the Supplemental Security Record (SSR), which is the main file for the administration of the SSI program. The file represents recipients of SSI only and of SSI/OASDI.

The analysis results were weighted to the universe of beneficiaries. The table below shows the data files by type of benefit, date and sample extract information.

Data files by type of benefit, data and sample extract information.

Type of Benefit	Date of File	Original Sample	Our Extract	
			With Payee	Without Payee
OASDI Only	Dec. 2004	10%	100% of 10%	1% of 10%
SSI and SSI+OASDI	Jan. 2005	100%	20% of 100%	10% of 100%

Honorable Jo Anne Barnhart  
August 4, 2005  
Page 28

### 3. Request for extract of databases from the Representative Payee System (RPS)

The Representative Payee System (RPS) is an automated system that was implemented to keep track of applications, advance notices, and changes in payment legend and address. The system also provides dates of services and information about any known misuse. Through the system, a representative payee can be linked with a beneficiary and vice versa. From the most current RPS database, we received the following data records extracted to six files:

- R1 Data concerning the beneficiary
- RP Data concerning the representative payee
- RN Data concerning nonselected applications
- RT Data concerning a terminated representative payee
- R3 Data concerning an active representative payee
- R6 Control data concerning the SSA-11

Honorable Jo Anne Barnhart  
 August 4, 2005  
 Page 29

## ATTACHMENT 6

### Analysis of “Other” Payees

With the intent of learning as much as possible from the administrative data about potential populations at risk for misuse and to learn to use the administrative data, we focused on beneficiaries with a payee type of “Other.” On the SSA payee preference list this type of payee ranks lower than a parent or a relative (Social Security Administration, 2002). An “Other” representative payee is a friend, an unrelated “volunteer” payee, an unrelated guardian, a room-and-board provider, or an applicant/payee who would normally be classified as an organization, but who has no employer identification number (Social Security Administration, 2005e). “Other” representative payees account for 2.3 percent on the OASDI file and 5.8 percent on the SSI file, and they primarily serve the population aged 18 and over (see Table A6-1).

TABLE A6-1 Distribution of Beneficiaries with Payees and with “Other” Payees by Age of Beneficiary and Benefit Type

Age of Beneficiary	Number with Payee	Number with “Other” Payee	Percentage with “Other” Payee
<b>OASDI Only</b>			
Under age 18	3,020,710	16,530	0.5
Age 18 and over	1,462,410	88,040	6.0
<b>Total</b>	<b>4,483,120</b>	<b>104,570</b>	<b>2.3</b>
<b>SSI*</b>			
Under age 18	1,016,675	15,115	1.5
Age 18 and over	1,511,545	130,865	8.7
<b>Total</b>	<b>2,528,220</b>	<b>145,980</b>	<b>5.8</b>

\*Receiving SSI only or receiving both SSI and OASDI.

SOURCE: The 10 percent MBR file, December 2004, and the 100 percent SSR file, January 2005.

We also looked at the status of custody for the universe of “Other” payees. A representative payee is only necessary if the beneficiary is considered unable to manage his or her benefits. Such beneficiaries may, however, still be able to care for themselves physically. Table A6-2 displays the distribution of beneficiaries with an “Other” representative payee by custody type. The data show that the beneficiaries are either in the custody of their payees (38

Honorable Jo Anne Barnhart  
 August 4, 2005  
 Page 30

percent of OASDI beneficiaries and 52 percent of SSI beneficiaries) or without any custodian (33 percent of OASDI beneficiaries and 42 percent of SSI beneficiaries).

TABLE A6-2. Beneficiaries with “Other” Representative Payees by Custody Type, in Percent

Custody Type	Benefit Type	
	OASDI Only	SSI*
In payee’s Custody	37.5	51.4
No Custodian	33.2	41.6
Other Arrangements	29.3	7.0
Total	100.0	100.0

\*Receiving SSI only or receiving both SSI and OASDI.

SOURCE: The 10 percent MBR file, December 2004, and the 100 percent SSR file, January, 2005.

We selected children with an “Other” representative payee and a custody code of “Other” in the RPS. We wanted to learn as much as possible about this group, and at the same time, it gave us an opportunity to become familiar with the RPS.

On the OASDI file (Social Security benefits), we examined the screens for 103 cases with an “Other” representative payee and a custody code of “Other,” using the beneficiary’s own account number (BOAN) to identify the case. Nine cases were not retrievable. The data on the screens confirmed what our records indicated, namely, that the beneficiary was a child under the age of 18 receiving Title II benefits, had a representative payee classified as “Other” and a custody code of “Other.” In some cases the custodian turned out to be the mother or a friend and the “Other” representative payee turned out to be a foster parent. If a payee was terminated, the most frequent reason was “more suitable payee.” We found no record of termination of a representative payee due to fraud or misuse of funds.

We repeated the RPS search for 31 beneficiaries receiving Title XVI benefits (SSI) using the personal account number (PAN). Ten cases could not be identified through the PAN. We were told by SSA staff that the likely reason for this high percentage of not found is because the cases were old (prior to 1992) and not loaded in the system. For the remaining cases, we verified the data we had retrieved from the file extracts, i.e., that the beneficiary was a child under the age of 18 receiving Title XVI benefits, had a representative payee classified as “Other” and a custody code of “Other.” Mothers or adoptive mothers, foster parents and social agencies were sometimes listed as the “Other” representative payee or the “Other” custodian. If a payee was terminated, the most frequent reason was “more suitable payee.” We found no record of termination of a representative payee due to fraud or misuse of funds.

Honorable Jo Anne Barnhart  
August 4, 2005  
Page 31

The RPS is an administrative system for keeping track of applications, advance notices, and address changes. It stores information about the representative payees' past and current performance. The system also provides dates of services and information about any known misuse. Through the system, a representative payee can be linked with a beneficiary and vice versa (Social Security Administration, 2002). It is menu driven and user friendly. However, we have concluded it is not a useful tool for statistical research and analysis. It is difficult to disentangle active relationships from terminated, nonselected, and pending relationships between a representative payee and a beneficiary in the RPS. A representative payee can have several active, several terminated, and several nonselected relationships stored in the system. Furthermore, the records do not go through edit and imputation procedures. As a consequence, some records have incomplete information. There is no quality assurance on the data entry process, and some data entries appear to be erroneous.