

Social Security Beneficiaries Who Have Direct Payment While Receiving Veterans Affairs' Benefits Through a Representative Payee

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Office of Audit Report Summary

Objective

To determine whether the Social Security Administration (SSA) should use data from the Department of Veterans Affairs (VA) as a lead to trigger a capability assessment when beneficiaries with direct payment receive VA benefits through a representative payee (payee).

Background

SSA selects a payee, which can be an individual or organization, to receive and manage a beneficiary's payments when SSA determines the beneficiary is incapable of managing or directing the management of his or her own benefits. VA also appoints payees to receive benefit payments on behalf of individuals who cannot manage their own benefits.

We obtained from the VA a file of individuals receiving benefits through a payee. We matched this file to SSA's records. We selected, and mailed questionnaires to, 250 beneficiaries receiving VA benefits through a payee while also receiving SSA benefits directly (without a payee). We used a stratified random sample methodology to focus on different categories of beneficiaries—such as those over age 85—who may be at higher risk of needing payees. According to medical statistics, up to 50 percent of individuals over age 85 may suffer from Alzheimer's disease or dementia. The questionnaire requested information that SSA generally asks for to determine whether an individual may need a payee. We also conducted interviews to clarify responses to our questionnaires.

Results

SSA should use VA data as a lead to trigger capability assessments when beneficiaries with direct payment receive VA benefits through a payee. Of the 250 beneficiaries in our sample, 45 may need a payee to ensure their SSA funds are being used to meet their needs because there is an indication they may be unable to manage or direct the management of their benefits. Forty of these beneficiaries had someone else managing their benefits without SSA's knowledge or approval. Based on our sample, we estimate SSA paid approximately \$11.5 million a month to 8,016 beneficiaries who may need a payee to manage their SSA benefits. If SSA does not take action, we estimate it will pay approximately \$137.5 million to beneficiaries who may need a payee over the next 12 months.

Although SSA policy requires a capability determination when SSA becomes aware of indicators or evidence there is a change in a beneficiary's capability, it does not routinely review capability for its beneficiaries to determine whether they need payees. Also, when a de facto payee (that is, someone managing benefits without SSA's knowledge or approval) manages benefits they are not subject to SSA's payee oversight. If SSA performs capability determinations for beneficiaries receiving VA benefits through a payee, it will be able to oversee the payees it appoints for these beneficiaries who are not capable of directing the management of their benefits.

Recommendations

We recommend SSA:

1. Perform capability determinations for the 45 beneficiaries identified in our sample who may need a payee.
2. Determine whether to routinely obtain VA payee data based on the results of the 45 capability determinations.

SSA agreed with the recommendations.