

New report informs Social Security's process for determining if beneficiaries can manage benefits

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The best indicator of whether a disabled adult who receives Social Security benefits is capable of managing his or her benefits is evidence of real-world performance of meeting his or her own basic needs, rather than an office-based assessment of financial competence, says a new [report](#) from the National Academies of Sciences, Engineering, and Medicine. In such a performance-based process, information from people who are in direct contact with the beneficiary and in a position to know about his or her financial performance is particularly helpful. The committee that carried out the study and wrote the report evaluated the U.S. Social Security Administration's (SSA) process of determining whether adult beneficiaries with disabilities are capable of managing their benefits and made recommendations to inform and guide efforts to improve the current process.

SSA provides benefits to more than 16 million disabled adults, of whom approximately 3.5 million have been deemed incapable of managing or directing the management of their benefits. For those individuals, a representative payee is appointed to receive the SSA payments and ensure that they are used first to meet beneficiaries' basic needs for shelter, food, and clothing.

The decision to appoint a representative payee entails weighing the beneficiary's personal autonomy and preferences against interventions meant to protect his or her best interests, the committee said. Because

appointment of a representative payee affects the beneficiary's autonomy, it should occur only when clearly necessary to ensure that the beneficiary's basic needs are met. However, reports from the SSA Office of the Inspector General suggest that SSA's current process may be identifying too few beneficiaries who could be helped with a representative payee. Except for a limited number of conditions—such as a coma lasting at least 30 days or an IQ of 59 or less—SSA currently has no standardized process for identifying individuals who may be in need of a capability evaluation. In addition, SSA's lack of a formal process for periodically reviewing the capabilities of beneficiaries who are at risk for becoming incapable or have been determined incapable is a significant weakness, the committee said, as some mechanism for periodic reassessment is needed to ensure that beneficiaries with fluctuating, deteriorating, or improving financial capability are classified accurately. SSA create a data-driven process to develop approaches, including screening criteria, for identifying people at high risk for financial incapability, as well as create systematic mechanisms for recognizing and responding to changes in beneficiaries' capability over time.

SSA beneficiaries may receive benefits from both SSA's Supplemental Security Income and Social Security Disability Insurance programs, yet some have been assigned a representative payee in one program but not the other. SSA beneficiaries also may receive benefits from other federal agencies, such as the U.S. Department of Veterans Affairs or the U.S. Office of Personnel Management, each of which has its own policies and procedures for determining whether beneficiaries are capable of managing their benefits. Sharing information about incapability determinations within SSA and among relevant federal agencies could increase the likelihood of each agency's identifying potentially incapable beneficiaries. The committee called for SSA to ensure intra-agency communication regarding capability determinations with its different programs, and for SSA and other relevant federal

agencies to explore mechanisms to facilitate ongoing interagency communications regarding the capability of beneficiaries.

By their nature, SSA capability determinations are dichotomous, meaning beneficiaries are deemed either capable or incapable of managing their benefits. When information about a beneficiary's financial performance is insufficient to determine the need for a representative payee, the use of a supervised direct payment option may be helpful, the report says. Under such a model, benefits are paid directly to the beneficiary, but an individual is designated to supervise the beneficiary's expenditures. These supervisors can observe and assess the beneficiary's use of his or her benefits, permitting more accurate determination of the beneficiary's capability in indeterminate or borderline cases. They also can provide guidance and instruction to beneficiaries on managing their benefits and help respond to the challenges posed by the fluctuations in some beneficiaries' financial competence and performance. In addition, supervised direct payment may enable beneficiaries who might otherwise require the appointment of a representative payee to manage or direct the management of their benefits to meet their basic needs, thus maximizing their decisional autonomy. The committee recommended that SSA implement a demonstration project to evaluate the efficacy of a supervised direct payment option for qualified beneficiaries.

Data are limited on the effectiveness of current SSA processes for identifying beneficiaries who should be evaluated for capability and on the accuracy of capability determinations among those identified for evaluation. The committee called for the SSA to develop and implement an ongoing measurement and evaluation process to quantify and track the accuracy of capability determinations and to inform and improve its policies and procedure for identifying beneficiaries who are incapable of managing their [benefits](#).

Provided by National Academy of Sciences

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