What Is a Representative Payee?

A payee is an individual or an organization authorized by SSA to manage SSI/SSDI benefits for an individual. Generally, the payee budgets an individual's benefits to ensure basic needs are met, saves any unspent funds in a way that SSA approves, and provides an annual accounting of the use of benefits to SSA.

It is important to keep in mind that most adults would rather not have someone else manage their funds. For many beneficiaries, having a payee feels more like an inconvenience and imposition rather than a service. Staff who help to provide this service must treat beneficiaries with respect, clarity, and dignity, encouraging and assisting individuals to acquire the skills to become independent in fund management. The literature suggests that people who have payees are generally satisfied when their clinicians provide this service. Thus, service providers truly can become payees in a way that works in partnership with benefits recipients.

How Is the Need for a Payee Determined?

In general, for initial claims, the state Disability Determination Services (DDS) agency recommends the need for a payee to SSA through its disability determination and medical evidence review process; SSA makes the final determination. SSA assumes that adults who have not been judged incompetent can manage their own funds. SSA may also require

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the need for a payee when clinical evidence assessing capability shows such a need.

For individuals who are in ongoing treatment, physicians can submit a letter that suggests the need for a payee. Alternatively, treating physicians may complete the Physician's/Medical Officer's Statement of Patient's Capability to Manage Funds (SSA Form 787), which SSA can provide. SSA will consider such documentation when determining an individual's capability to manage his or her own funds.

Other considerations also come into play, both before and after the initial determination. For example, SSA may learn new information that leads to a determination of a need for a payee after the initial claim is decided. In addition, at the time of determining capability, SSA also obtains and considers lay evidence. So, it is not the beneficiary's choice as to whether or not he or she has a payee; it is the determination of SSA. The beneficiary, however, does have 10 business days to appeal the decision about who will be appointed as payee. Once that appeal period has passed, the authorized payee will be active.

Sometimes, community providers believe that individuals who are their own payees may need payee services, and those who have payees may be capable of managing their own funds. It is important to understand that having a payee, or not, can always be changed with proper documentation. If a treating physician attests to a person's ability to manage his or her own funds, having a payee can change. SSA is not required to accept such a recommendation but will consider this information and, often, will make the change that is advocated. The alternative is also true. If a provider finds that an individual's payee is not using the funds for the beneficiary, that provider can notify SSA of the situation, with the beneficiary's permission. Thus, having a payee or being a payee can change.

What Kinds of Payees Are There?

There are two kinds of payees: individual and organizational. Both need to apply to SSA to become someone's payee. Individuals need to attest that they do not have specific felony convictions that are considered to be “fleeing felon” convictions or convictions that might suggest misuse of funds. Although SSA does not do a criminal investigation of individuals applying to be payees, they do determine whether a prospective payee will know the beneficiary's needs and is in the best position to help address those needs.

Organizational payees must also apply. In general, organizations do not charge for this service. However, some government agencies and community-based, nonprofit, bonded, and licensed organizations can apply for and be approved by SSA to become a fee-for-service (FFS) payee. To learn more about this process, go to [http://www.socialsecurity.gov/payee/NewGuide/toc.htm#FFS](http://www.socialsecurity.gov/payee/NewGuide/toc.htm#FFS).

When approved as a FFS payee, organizations can charge the lesser of 10 percent of the monthly benefit amount or $37 per month. For individuals determined by SSA to have a substance use disorder, which SSA refers to as a “drug addiction and alcoholism” (DAA) condition, the monthly fee is the lesser of 10 percent of the monthly payment or $72. However, SSA must authorize the higher fee for individuals with a DAA condition. Each year, SSA sends to FFS organizational payees notice of the fees that they can collect for the next year. It is important to note that the fees come out of the beneficiary’s monthly check; SSA does not pay these fees out of agency funds.

Although SSA may authorize qualified organizations to receive a fee for being a payee, individual payees can never be authorized to receive a fee.

What Are the Requirements of Organizational and Individual Payees?

The main requirements of an organizational or individual payee are to use the benefits to meet the beneficiary's needs, track the expenditures of these funds (generally in a separate account for that person), maintain records of such expenditures for two years, and monitor any resources or other funds the individual receives and report these to SSA. In addition, payees must report loss of contact with beneficiaries; changes in address, marital status, legal status, citizenship status, and health status; and inability to continue to serve as a payee. For SSI recipients, it is also critically important for payees to report to SSA any changes in income, living situation, resources, etc., when they occur. Payees are liable for the spending and tracking of the beneficiary’s funds. If an overpayment occurs, the payee is responsible.
For example, suppose an SSI recipient is incarcerated for a full calendar month and yet the payee receives and spends the check. The payee is liable and must repay SSA. When an overpayment occurs through no fault of the payee, it is possible, through discussion with SSA, to avoid repayment.

**How Are Retroactive Benefits Used?**

When a SSI beneficiary receives retroactive benefits, the amount is not counted against the resource limit of $2000 for 9 months after the month in which the retroactive benefit is received. During that period, to spend down to less than $2000, a payee can purchase for the beneficiary life insurance, a burial contract (irrevocable is preferred), appliances, or other high-cost items. The payee can also prepay rent, utilities, and other ongoing costs. It is important to keep receipts for any of these purchases and to consult with SSA before making these purchases.

Retroactive benefits may be subject to an Interim Assistance Agreement (IAR) if the beneficiary has been receiving state or local public assistance (also known as general assistance) benefits. This is an agreement between the state and SSA in which the state is reimbursed for the public assistance benefits received during the months that overlap with eligibility for SSA benefits. In these instances, the state or locale is reimbursed out of the retroactive benefits before the beneficiary receives the retroactive payment. For example, suppose someone applies for SSA benefits on January 1. The individual is then approved on June 1. During that time, from January through June, the individual receives public assistance from the state. Given that SSI eligibility is likely to begin on February 1, the state would be reimbursed out of the individual’s retroactive SSI benefits for the public assistance paid from February through June. The same would apply to SSDI benefits except that the calculations are more complicated (considering a calculation of date of onset and the 5-month waiting period).

**What Are Some Bank Account Models?**

If an organization is the payee for a small number of individuals (e.g., five or fewer), the simplest way to set up the bank accounts may be individual checking accounts with separate checkbooks. Such accounts need to be “fiduciary accounts”; they need to have both the organization’s name and the individual’s name, for example, SSI Outreach Project for Jane Jones.

Checking accounts should never be joint accounts as the beneficiary then would have access, defeating the purpose of having a payee.

For larger numbers of beneficiaries, a collective account, which allows for an umbrella checking or savings account with individual subaccounts, may be more practical. SSA needs to authorize the use of this kind of account before it is set up. Every three years, SSA certifies the account as acceptable. To enforce and monitor these accounts, SSA maintains what is called a “precedent file” that lists all approved collective accounts.

The SSI Outreach Project in Baltimore used a collective account quite successfully. An umbrella checking account was established so that checks were written from only one account. Individual savings accounts were linked to this account, giving each beneficiary an interest-bearing account. When checks were written, the funds were simply transferred out of the individual’s savings account to the umbrella checking account. This was a simple way for the organization to access and manage funds while maintaining documentation of each beneficiary’s separate savings account.

**What Reporting Is Required?**

At least annually, SSA requires that virtually all payees file a report with SSA. When the report is due, SSA mails the payee a brief form with questions about how the funds were spent or saved. Payees can simply complete and mail back this form (keeping a copy for themselves) or can fill out the report on-line. If payees do not complete this report in a timely manner, they may be terminated as payee.

**What Are Some Models of Organizational Payees?**

In many communities, there are not enough organizational payees to meet the need. Below are a few ideas for structuring an organizational payee program.

**Nonprofit mental health organizations**

Often, nonprofit mental health organizations such as clubhouses, other psychiatric rehabilitation programs, or case management programs will offer payee services for the individuals they serve. Mental health clinics often do not offer this service due to potential conflicts of interest with the provision of therapy. Such programs may or may not apply to be a FFS payee. To qualify as a
In large systems of care, several programs can pool the beneficiaries who need payees under one overarching payee program. FFS payee, an organization must serve at least five beneficiaries.

Pooling resources to support a payee program
In large systems of care, several programs can pool the beneficiaries who need payees under one overarching payee program. For example, suppose a large mental health center has multiple community programs, all of which serve individuals who need payees. If the organization receives authorization from SSA to become a FFS organization, the funds collected could support the hiring of a bookkeeper. Within each community program, case managers or other program staff could act as the liaison between the bookkeeper and the beneficiary. The role of the case manager would be to negotiate the budget with the beneficiary; assist the beneficiary in developing the skill set needed to manage his/her own funds; and coordinate with the bookkeeper to see that checks are written, address changes are made, etc. While policies and procedures are needed to establish this collaboration (see Appendix A), the involvement of a fiscal staff person and a clinical staff person covers the key functions of a payee well—setting and maintaining a budget to meet basic needs and moving towards independent management of funds.

Volunteer organizational payees
In some communities, faith-based or other civic or volunteer organizations are willing to serve as payees. Often, in these situations, volunteer members assist with the administrative functions required, such as check-writing or tracking of funds. Typically, the volunteer assists with the service for one individual, and the volunteer’s name is not shared with the beneficiary. It is important to remember, when using this model, that the organization is the payee and that SSA will hold the organization responsible for how funds are spent or saved, not the volunteer. While not ideal, this is one way for organizations to provide payee services for greater numbers of beneficiaries. In this model, organizations must ensure oversight of the volunteers who are performing some of the payee tasks as the organization remains responsible for the overall service.

Advocacy organizations
In some communities, local branches of the National Alliance on Mental Illness (NAMI) or local chapters of Mental Health America will serve as payees. Typically, these organizations do not charge for this service, although there is nothing that prohibits them from becoming a FFS payee.

What Are Some Policies and Procedures for Serving as an Organizational Payee?
For large organizational payees, it is essential that there be clear policies and procedures. An example of policies and procedures for governing an organizational payee program can be found in Appendix A.

It is useful for organizations to consider the approach and procedures that staff will adhere to when providing payee services, as well as the policies and procedures all staff will follow in their interactions with beneficiaries who have payees. It is important that staff behave consistently and avoid punitive measures when working with beneficiaries on payee issues. Sample policies and procedures for addressing situations that may arise can be found in Appendix B. Copies of each of these or similar documents should be provided to the beneficiaries when a payee is established.

Summary
Rather than avoiding the provision of payee services, organizations can approach this as an important way to stay engaged with beneficiaries, to assist in their recovery, and to prevent and end homelessness for many individuals. Without such services, beneficiaries may be unable, for some time, to receive their funds. This is part of a holistic view of service delivery. Being a payee is not as difficult as many believe. Start small, but do start!
Policy

[Name of Agency], subsequently referred to as Agency, agrees that providing representative payee services to adults who receive services from Agency is an important tool in helping people to recover from homelessness. In addition, the Agency agrees that such services should be provided with the consistent and constant goal of assisting individuals to develop the skills to become their own payee. To that end, all interactions around payee services focus on meeting individuals’ needs, skill development, consistent budgeting, and working in partnership. As soon as it becomes apparent that a beneficiary is able to manage his or her funds independently, Agency staff will begin the process to have the beneficiary become his or her own payee. This process will be implemented in consultation with the beneficiary and his/her clinical treatment team.

Procedures

1. Each beneficiary will have an assigned case manager (or other appropriate staff person) who will serve as the primary contact for benefits, budget negotiation, and skill development.
2. The case manager will review the attached Payee and Beneficiary Responsibilities (Appendix B), as well as the Management of Special Situations (Appendix C), with the beneficiary and request a signature on both. A copy of the signed forms will be given to the beneficiary, and copies will go into the individual’s file.
3. Cash funds will be held in separate envelopes for each beneficiary in a locked, secure file or safe. Only the program director and one designee will have access to this file/safe.
4. Before the last week of the month, each case manager will review each beneficiary’s budget to determine, with the beneficiary, if changes are needed. When changes occur, the case manager will develop a new budget and provide copies to the beneficiary, the bookkeeper, and the beneficiary’s file.
5. By the 25th of each month, the case manager will communicate to the bookkeeper about checks that need to be mailed by the first of the month and on any subsequent dates in that month.
6. Within each program, a case manager will be designated to retrieve from the bookkeeper any funds that need to be distributed to beneficiaries. These funds will be accounted for and placed into the program’s safe/secure file by the program director and/or his/her sole designee.
7. When withdrawing funds, the program director and/or his/her designee will enter into the beneficiary log the funds that were disbursed and have the beneficiary sign for the funds. To protect beneficiaries’ privacy, the log will be arranged in separate sections for each beneficiary.
8. At the end of each week, the program director will conduct a count of funds in the safe/secure file and reconcile these with the log. The program director will handle and resolve any discrepancies immediately.
9. The program director must approve any emergency distribution of funds, in writing, on the form provided. Within 24 hours, the designated case manager will collect the approved funds from the bookkeeper and distribute them according to the emergency plan.
10. The program director will meet with the bookkeeper on a bimonthly basis to ensure reconciliation of funds and accounts. If any discrepancies are found that can’t be resolved, the program director will discuss with his/her supervisor.
11. When a beneficiary appears able to become his/her own payee, the case manager will:
   - Request permission from the beneficiary to discuss with his/her treating physician.
   - Ask the treating physician to write a letter on the beneficiary’s capability OR complete the SSA-787, Physician’s/Medical Officer’s Statement of Patient’s Capability to Manage Funds. (In general, this form may not be available; SSA will provide this form upon request.)
   - Working with SSA, assist the individual in completing the SSA-11, Request to be Selected as Payee form.
   - Make copies of the two forms for the beneficiary and for the beneficiary’s record.
   - Either hand deliver both forms to the SSA liaison at the local field office or set a time for the beneficiary to meet with the SSA liaison, whichever is preferable.
APPENDIX B
Payee and Beneficiary Responsibilities

The Social Security Administration (SSA) has determined that you need a payee. If you want to receive your money yourself, your doctor must be willing to complete a form saying that you can manage your benefits on your own. The goal of working with you as your payee is to assist you in learning more about budgeting, bill paying and, in general, managing your funds so that you can become your own payee. This is what we will work towards with you.

If you want to change your payee, let us know. Then, you may go to the SSA office and tell them why you would like your payee to be changed. SSA will determine if such a change is in your best interest; this will likely include a call to let us know you have requested a change in payee.

We understand that, as an adult, you may not like having a payee. We pledge to provide this service with respect and care. We ask that you, in turn, behave respectfully. We also ask that you try to talk with us if you feel, at any time, that this service is not going well or you feel dissatisfied. We pledge to do the same.

Please keep in mind that you will have a say in determining your monthly budget. Please let us know about any outstanding bills or unusual expenses so we can work with you to fit them into your budget. Also, please report any changes in expenses as soon as you can after you learn about them.

Our main role as your payee is to make sure that your basic needs are met. This means paying your rent and utilities, as well as costs for food, clothing, transportation, and other basic needs.

**Payee Responsibilities**

1. The payee must pay your bills for necessities, including rent, utilities, food, clothing, and transportation.
2. The payee will work with you collaboratively on an amount for personal expenses to be provided from the balance amount once bills are deducted.
3. If you are homeless, 25 percent of your check will be saved each month towards housing. We will make sure that your savings do not exceed the amount allowed by SSA.
4. If you are hospitalized in a state hospital or are incarcerated for at least one full calendar month and you receive SSI, you will not be eligible for SSI during that time. (There is an exception for hospitalization if funds are needed to pay rent; we will discuss this with you). Generally, for those months, the SSI check(s) will be returned to SSA. If you receive SSDI and are hospitalized, benefits continue, and bills will be paid. If you receive SSDI and are incarcerated, benefits continue until you are convicted of a felony. Once a felony conviction occurs, you cannot receive SSDI if you remain incarcerated. Upon release, you will need documentation of legal release for SSA to restart benefits.

**Beneficiary Responsibilities**

- You understand that your funds must be first used for rent, utilities, food, clothing, and to meet personal needs.
- If you are arrested, the payee will not pay for bail.
- Using the benefits for alcohol or drugs is not allowed.
- For your protection, any cash will be given only to you. Each time you pick up cash, the payee will ask you to sign a receipt.
- Generally, with SSI, if your benefits are suspended for 12 months or more, you will need to reapply.

Name of Beneficiary (printed): _______________________________________
Name of Beneficiary (signed): _______________________________________
Date:_____/_____/______

Staff Name (printed): __________________________________________
Staff Name (signed): ___________________________________________
Date:_____/_____/______
The most important underlying value in providing representative payee services is respect. It is critical for payees and beneficiaries to work together, to communicate problems and differences in a respectful way, and to keep in mind that these benefits are intended for meeting basic needs.

Despite everyone's best intentions, difficult situations may arise. It is helpful to be clear from the beginning about the consequences of such situations. First and foremost, the agency expects staff to avoid putting themselves or anyone else at risk. Below are specific scenarios and ways to manage them in an effort to ensure consistency among staff responses.

**Scenario #1: Beneficiary arrives at the agency demanding all of his/her funds and becomes verbally abusive. Beneficiary does not respond to de-escalating interventions. Staff coverage is minimal. No security is available.**

- Staff should give the beneficiary what funds are available and document the situation. Staff should also, if at all possible, invite the beneficiary to return when he/she is calmer so that a conversation can occur to work out a better resolution to the situation. Staff should provide a specific time for this conversation and arrange for additional staff to be available in case further intervention is needed.
- When the follow-up meeting occurs, the staff should provide the beneficiary with a written warning. Staff and the beneficiary should work out a written agreement on how business will be conducted, commit to respectful interactions, and both should sign the agreement.
- If the verbally abusive behavior occurs again, the beneficiary may not be allowed into the program offices for a set period of time. All business will be conducted outside the program offices.
- If this behavior occurs again, the program will determine whether their services can meet the beneficiary's needs. The beneficiary may be referred to another representative payee service. The program will not terminate services until another payee is established.
- Violent behavior will not be tolerated. Such behavior could result in termination from the program as well as termination of representative payee services. If this occurs, the benefits in the beneficiary's account will be returned to SSA, and the beneficiary will receive an accounting of such funds as well as confirmation of the return of unspent funds to SSA.

**Scenario #2: Beneficiary insists that he/she has more funds than the staff says.**

- The staff person assisting the beneficiary should obtain an accounting from the bookkeeper of the beneficiary's funds and what was paid using the funds, as well as the balance available. Staff should also ensure that he/she has a copy of the SSA award letter that states the amount of the benefits. Staff should invite the beneficiary to meet and review the documents to explain the use of the funds. If this is not sufficient, staff should discuss the next steps with a supervisor.

**Scenario #3: Beneficiary accuses the staff of stealing his/her funds.**

- As in scenario #2, the staff should obtain an accounting of the expenditure of funds along with a copy of the award letter and provide this to the beneficiary. If this is not satisfactory, staff should discuss the next steps with a supervisor.

**Scenario #4: Beneficiary arrives at the agency intoxicated or “high.”**

- Sometimes staff will see behavior that may be atypical for a beneficiary and may also be caused by the effect of substances used in combination with feeling an urgent need for funds. If possible, staff can use the provision of representative payee services as an opportunity to engage the beneficiary, when sober, in a conversation about engaging in treatment and additional services.
It is foolish for agency staff to believe that simply not providing any funds will result in a beneficiary's reduction in use of drugs or alcohol without further assistance and discussion being offered. Rather, the message should continue to be that funds will be reduced as the occurrences increase and that each visit is an opportunity to try to learn more, to stay connected to the beneficiary, and to encourage engagement in substance use treatment, as needed.

Staff should discuss with his/her supervisor how things are proceeding and thoroughly document each encounter with the beneficiary. Each time the beneficiary arrives sober, the staff should discuss with him/her alternative solutions and how they can work together more effectively. In addition, the staff should be working to learn more and more about the person's use and its meaning and to identify strategies that seem helpful and useful to the beneficiary.

The procedure below outlines a strategy for keeping the beneficiary engaged and yet ensuring, to the extent possible, that funds are not used to purchase drugs and alcohol.

**First intervention**
If the beneficiary continues to use alcohol or drugs on a regular basis, after 1-2 months of continued use and lack of engagement in treatment, the beneficiary will be asked to come in for funds 3 times each week, and the total amount given each time will be reduced, based on a plan that will be reviewed with the beneficiary. Staff should continue to utilize a readiness for change model and positively support any reduction in substance use. Staff should also utilize appropriate interventions to encourage ongoing reduction in substance use.

**Second intervention**
If substance use continues over the next 1-2 months, the amount of cash benefit provided will be reduced, and the staff will provide the beneficiary with food vouchers and will accompany the individual to purchase other needed items. Staff should use encounters with the beneficiary as an opportunity to stay engaged, to discuss alternative ways to handle the problem, and continue to invite the individual to return. In addition, staff should consistently encourage and support any ongoing reduction in use and discuss with the beneficiary strategies for implementing further reduction.

**Third intervention**
If substance use continues at the same level over the next 1-2 months, the staff will take the beneficiary shopping for food and all other personal needs. The beneficiary will receive a very small amount of cash each week, based on discussion with the beneficiary's payee and treatment teams.

**Fourth intervention**
If substance use continues at the same level over the next 1-2 months, the staff will continue to take the beneficiary shopping, at least weekly, and will provide no cash to the beneficiary. Staff should still continue to discuss alternatives with the beneficiary, to learn more about the substance use, to work with the beneficiary to attempt to engage him/her in alternative treatments, and to continue to support any reduction in use.

**Fifth intervention**
If substance use continues at the same level over the next 1-2 months, and all efforts to engage the beneficiary in reducing use have failed, the staff will need to discuss with the beneficiary whether or not the payee service can, and will, continue. If such services can no longer be provided, the staff may contact SSA to discuss the termination of representative payee services and the return of unspent funds.