

Informing Social Security's Process for Financial Capability Determination

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Statement of Task

Evaluate the SSA's capability determination process for adult beneficiaries. In carrying out this task, the committee will:

1. Familiarize itself with SSA's current policy and procedures for capability determinations for adult beneficiaries;
2. Provide an overview of the capability determination processes in at least three similar benefit programs;
3. Compare SSA's program to these other programs; and
4. Provide recommendations to improve the accuracy and efficiency of SSA's policy and procedures for capability determinations.

Committee Membership

Paul S. Appelbaum (Chair), Columbia University

Karen E. Anderson, Georgetown University Medical Center

Maria P. Aranda, University of Southern California

Nancy Bagatell, University of North Carolina at Chapel Hill

Julie Birkenmaier, Saint Louis University

Nancy N. Dubler, Albert Einstein Col. of Medicine; NYU Langone Medical Center

Laura B. Dunn, Stanford University

Alan M. Jette, Boston University

David A. Loewenstein, University of Miami

Marc A. Norman, University of California, San Diego

Eldar Shafir, Princeton University

Kelly A. Thompson, Thompson Wildhack PLC

Conclusions and Recommendations

Evidence for Determining Financial Capability

- Most informants, including professionals, are not trained specifically in assessment of financial performance and competence
- SSA provides little formal guidance to medical professionals and no formal guidance to other informants
- SSA provides detailed guidance to field officers for in-person interviews, but many relevant beneficiaries are not seen in field office

Evidence for Determining Financial Capability

Recommendation 1. The Social Security Administration (SSA) **should provide detailed guidance to professional and lay informants regarding the information it would find most helpful for making capability determinations, including**

- (1) information about **specific aspects of beneficiaries' financial performance** in meeting their basic needs and, when information about performance is unavailable, about their financial competence; and
- (2) **information** that would enable SSA **to judge the validity of the evidence provided by the informant.**

Systematic Identification of Beneficiaries at Risk for Financial Incapability

- SSA-OIG reports have suggested that SSA's current process for determining capability may be identifying too few beneficiaries who would benefit from a representative payee
- Anecdotal evidence presented to the committee in open session suggests SSA is more likely to miss beneficiaries who need a rep payee than to require one unnecessarily

Recommendation 2. The Social Security Administration should **create a data-driven process** to support the development of approaches, including screening criteria, **for identifying people at high risk for financial incapability.**

Systematic Identification of Beneficiaries at Risk for Financial Incapability

- 2012 SSA-OIG report: More than 6,000 individuals receiving both SSI and SSDI benefits had been assigned a representative payee in one program but not the other.
- SSA beneficiaries also may receive benefits from another federal agency, such as the VA or OPM.

Recommendation 3. The Social Security Administration (SSA) should **ensure intra-agency communication regarding capability determinations within its different programs**. In addition, SSA, the U.S. Department of Veterans Affairs, and other relevant federal agencies should assess the extent of inconsistency in the identification of beneficiaries who are incapable among persons receiving benefits from more than one agency. Based on the findings of this assessment, the relevant agencies should **explore mechanisms to facilitate ongoing interagency communication regarding the capability of beneficiaries**.

Responding to Changes in Capability

- Many psychiatric and cognitive conditions are characterized by progression or fluctuation over time in the presence, severity, and nature of symptoms
- Formal process for periodic reassessment of capability is needed to ensure that beneficiaries with fluctuating, deteriorating, or improving financial capability are classified accurately

Recommendation 4. The Social Security Administration should develop **systematic mechanisms for recognizing and responding to changes in beneficiaries' capability** over time.

Innovation and Evaluation

- Use of a supervised direct payment model may be helpful in certain cases
 - Beneficiaries who may be incapable of managing or directing the management of their benefits but for whom there is insufficient information regarding financial performance to render a determination
 - Beneficiaries determined to be incapable, but who display financial performance in some but not all areas of benefit management or successfully manage their benefits some but not all of the time

Recommendation 5. The Social Security Administration should implement a **demonstration project to evaluate the efficacy of a supervised direct payment option** for qualified beneficiaries.

Innovation and Evaluation

- Lack of empirical data on the reliability and validity of capability determinations, precluding assessment of accuracy and efficiency of the process
- Without baseline data and ongoing data collection, the effectiveness of current policies or the impact of the recommended changes cannot be evaluated

Recommendation 6. The Social Security Administration should 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 procedures for identifying beneficiaries who are incapable of managing or directing the management of their benefits.

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