DEPARTMENT OF SOCIAL SERVICES
744 P Street, Sacramento, CA 95814

Reason for this Transmittal
[ ] State Law Change
[X] Federal Law Change
[ ] Court Order of Settelement Agreement
[ ] Clariication Requested by One or More Counties
[ ] Initiated by CDSS

June 23, 1995

ALL-COUNTY INFORMATION NOTICE NO. I-34-95

TO: ALL COUNTY WELFARE DIRECTORS
ALL INTERIM ASSISTANCE REIMBURSEMENT AGENCIES

SUBJECT: SOCIAL SECURITY ADMINISTRATION REPRESENTATIVE PAYEE PROGRAM

The purpose of this letter is to transmit information received from the Social Security Administration (SSA) about the Representative Payment Program for Social Security and Supplemental Security Income/State Supplementary Payment (SSI/SSP) recipients. Attached are informational pages on the following topics:

- A brief summary of the representative payment program
- Some information about fees...or organizations considering becoming representative payees
- Payment for representative payee services
- How to request authorization to collect a fee for representative payee services
- A representative payee program is an investment in your community
- Duties, responsibilities, and authority of a representative payee, and
- Representative payee program examples of community volunteer payees.

Please contact your local SSA office if you have any questions regarding this information. A list of SSA offices statewide was attached to All-County Information Notice I-02-95.

CAROL R. WIDEMON
Deputy Director
Adult Services Division

Social Security Administration
Representative Payment Program

A Brief Summary

The Social Security Administration (SSA) administers programs which provide income security for aged, blind, or disabled persons. Social Security is a social insurance program which protects workers and their families from loss of earnings because of retirement, death, or disability. Supplemental Security Income (SSI) is a Federal income maintenance program for aged, blind, and disabled persons with little or no income or resources. These two programs are the most important sources of income for many disabled and older Americans.

While most persons receive their benefit payments directly, others must have assistance in money management. Benefits to those persons are paid through representative payees who receive and manage the payments on behalf of the beneficiaries. Social Security usually looks for a payee among the beneficiary's family and friends. For a small, but growing, segment of the population, those traditional networks of support are not available, and we must rely on community sources to fill the need for payees. For persons receiving disability benefits because of drug addiction or alcoholism, organizations and agencies are generally the preferred payees.

Many organizations and agencies already serve the chronically mentally ill, substance abusers, and the homeless and are aware of their special needs and how financial resources can help to meet those needs. SSA believes that, together, SSA and local organizations and agencies can establish mutually beneficial working relationships.

Community representative payee programs help to ensure that benefit payments are used for basic needs, thereby providing the beneficiary with a more stable lifestyle which may enhance the beneficiary's response to therapy, rehabilitation, and renewed contacts with family, and other on-going support. In addition, knowing that someone is interested in their welfare provides many beneficiaries with the motivation to work toward more independent living.

Payee programs may benefit their communities as well. By ensuring that benefit payments are used for food, clothing, and housing, such programs may reduce the demand on shelters and permit charitable contributions to be used for others in need who are not eligible for Social Security or SSI payments.

Social Security Administration
Representative Payment Staff

February 1995

Some Information About Fees...

for Organizations Considering Becoming Representative Payees

In considering whether to provide representative payment services, some organizations are caught in a dilemma. They believe that being a representative payee for some of their clients would be a worthwhile adjunct to the other services they provide, but they are concerned about their ability to absorb that cost into their budgets.

Collecting a fee for payee services from a beneficiary's payment seems inconsistent to some organizations, since benefits are often just enough to cover the most basic expenses. Other organizations believe that the good value the beneficiary receives for the dollars spent makes a fee for service a reasonable expenditure.

Whether to collect a fee for providing representative payee services is something the directors and employees of your organization will want to consider carefully. No doubt the scope of your mission as well as your financial and other resources will all play a part in your decision. At SSA we recognize that your decision may be a difficult one either way. Please let us know how we can help.

Social Security Administration
Representative Payment Staff

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Payment for Representative Payee Services

Enacted in the Omnibus Budget Reconciliation Act of 1990: PL 101-508
Amended by the Social Security Independence and Program Improvements Act of 1994: PL 103-296

Effective December 1, 1994

A qualified organization may collect a fee from a Social Security or Supplemental Security Income beneficiary's monthly payment as reimbursement of expenses incurred in providing payee services to that beneficiary.

- o Authorized fees are the lesser of 10 percent of a beneficiary's monthly payment or $25 ($50 in the case of individuals receiving payments because of drug or alcohol abuse).

- o A qualified organization is:

  - Community based,
    Nonprofit social service agency, which is
    Bonded or licensed in the State in which it serves as payee,

  OR

  - State or local government agency with responsibility for
    Income maintenance,
    Social service,
    Health care, or
    Fiduciary activities.

  AND

  - Regularly serving as payee concurrently for at least five beneficiaries, and

  - Not a creditor of the beneficiary (some exceptions apply)

- o Organizations must apply to Social Security for authorization to collect a fee.

To apply to be a payee and collect a fee for your services, or for additional information, contact your local Social Security office.

Social Security Administration
Representative Payment Staff

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How To Request Authorization to Collect a Fee for Representative Payee Services

Before your organization can collect a fee for representative payee services, it must request authorization from the manager of the local Social Security office. The request must include all the information and documents listed below and be signed by the director of your organization or by another individual who can legally act for the organization.

What Your Request Should Include

Your request should include the following information about your organization and the beneficiaries it serves:

- Employer Identification Number,
- Purpose of the organization,
- Service area (the neighborhoods, cities, counties served), and
- List of the names, social security numbers, and residence addresses of beneficiaries for whom the organization is currently providing representative payee services, and
- Statement showing whether the organization currently charges any of the beneficiaries for its services.

If Your Organization Is Not a State or Local Government Agency

Enclose the following documents with the request:

- A copy of the letter from the Internal Revenue Service granting tax-exempt status under section 501(c) of the Internal Revenue Code, and
- A copy of your organization's current bonding agreement with an insurance company or mortgage holder. (The type of bond requested is one that guarantees payment to the organization for unforeseen financial loss through the actions of an employee.)

  Note: If your organization is not bonded, you may submit a copy of the organization's current State license, certificate or notice that allows it to provide service within the State.

Social Security Administration
Representative Payment Staff

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A Representative Payee Program Is an Investment in Your Community

Community representative payee programs help to:

> **Ensure that benefit payments are used for basic needs such as food, clothing, and shelter.**

(Demand on shelters is reduced and charitable contributions can be used for those who have no regular income.)

> **Provide beneficiaries with more stable lifestyles.**

(Beneficiaries are more likely to have stable living arrangements, and, where appropriate, to continue outpatient treatment and avoid more costly nursing home or hospital care.)

> **Provide beneficiaries with incentives to improve their situations.**

(Knowing that someone is personally interested in their welfare provides many beneficiaries with the motivation to work toward more independent living.)

Social Security Administration
Representative Payment Staff

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Social Security Representative Payment

Duties, Responsibilities, and Authority of a Representative Payee

> Use benefits for the beneficiary's current needs or reasonably foreseeable needs. (Personal needs allowances may not be withheld from beneficiaries in institutions to ensure compliance with treatment or other behavioral change.)

> Conserve benefits not needed for the beneficiary's current needs or reasonably foreseeable future needs. (The preferred ways to hold conserved funds are in U.S. Savings Bonds or in an insured, interest bearing bank account.)

> Account for use of benefits received when requested by SSA.

> Be aware of and report any events that may affect a beneficiary's eligibility.

> Return any benefits to which the beneficiary is not entitled.

> Notify SSA of any change in the payee's circumstances that would affect the payee's performance.

> When services as a payee terminate, transfer conserved funds or unused benefits either to SSA or to the current payee as specified by SSA.

Note: SSA's appointment of a representative payee authorizes the payee to act only on matters relating to benefits administered by the Social Security Administration, unless the payee is the legal guardian of an incompetent beneficiary. (For example, authorizing medical care or arranging a beneficiary's funeral is outside the purview of the representative payee.)

Social Security Administration
Representative Payment Staff

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Representative Payee Program
Examples of Community Volunteer Payees

The examples which follow were selected to provide an idea of the diversity of successful volunteer representative programs. These examples illustrate several cooperative arrangements between payees and their clients as well as a variety of methods of disbursing spending money.

While we believe that these are good examples, we know they are not the only plans that organizations can use to serve well as representative payees. Successful programs meet not only the needs of the clients they serve, but fit comfortably into the routines of the payees and are often tailored to fit individual situations in their own communities.

We encourage organizations to work with us to determine how a representative payee program might be most easily accommodated within an organization's existing procedures. For more information, contact your local Social Security office.

Social Security Administration
Representative Payment Staff

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Representative Payee Program
Community Volunteer - Example 1

Type	:	Multi-service center: feeding program, overnight shelter, showers/haircuts, clothing exchange, check cashing, banking counseling, referral.
Payee Serves	:	123 persons: drug/alcohol abusers and/or chronically mentally ill.
Staff	:	One full time representative payee; assistance from bookkeeper with a record keeping system on personal computer; assistance from banking clerk.
Method	:	Client is referred to the center by the Social Security Administration or contacts the center directly. The center conducts an intake interview of about 45 minutes; explains its rules and obtains the client's signature on a contract to comply with those rules. If the center is appointed as payee, the check arrives by mail; the bookkeeper opens the check, enters the amount on the client's computerized ledger, deposits the check in the center's bank account. The bookkeeper issues checks for "standing order" disbursements, such as rent. The client may obtain spending money, in cash, from the center's banking window any weekday between 8:30 a.m. and 3 p.m. The amount a client may withdraw each day has been agreed-on during the intake interview or (rarely) is discussed with the payee at the time of the requested withdrawal.
Comment	:	Despite having relatively large sums of cash on hand, the center has had no attempted theft during regular business hours and only one attempted break-in during more than 10 years of operation. The payee works closely with nearby landlords to place clients in stable housing.

Representative Payee Program
Community Volunteer - Example 2

Type	:	Assistance center: case management, outreach to the homeless seriously and persistently mentally ill.
Payee Serves	:	30 persons: seriously mentally ill, most with dual diagnosis involving alcohol and/or drug addiction.
Staff	:	Contract with an individual who acts only as representative payee and is paid based on the number of cases served.
Method	:	Client is referred to the center by the Social Security Administration or contacts the center directly. The center conducts an intake interview of about 45 minutes to explain how its system works. If the center is appointed as payee, the check arrives by mail; the payee opens the check, deposits the check to the client's individual bank account. The payee issues checks for standard charges, such as rent. One morning weekly, the payee meets with the client at the center to disburse weekly spending money in cash. For those who are unable to handle more than a few dollars at a time, the payee leaves an envelope with the client's case manager who disburses cash each day in an agreed-on amount. Clients may contact the payee by leaving a message on the answering machine at a specially-designated number at the center. Clients may also contact the payee through their case managers.
Comment	:	The center believes this program to be so successful that it is hiring a staff member to work full time as a representative payee. A full time payee will be able to serve many additional beneficiaries.

Representative Payee Program
Community Volunteer - Example 3

Type	:	Multi-service center: day shelter, feeding program, counseling, referral.
Payee Serves	:	25 persons: alcohol/drug abusers and/or seriously mentally ill: 10 in rented living quarters, 15 "street people".
Staff	:	Bookkeeper maintains records, counselors issue withdrawal slips for clients as needed.
Method	:	The client is referred by the Social Security Administration or contacts the center directly. The center conducts an intake interview, explains its rules and obtains the client's signature on a contract to comply with those rules. If the center is appointed as payee, the check is directly deposited to the client's individual bank account. The bookkeeper issues "standing order" disbursements, such as rent. On Monday and/or Friday mornings, as agreed, the client calls at the center; the receptionist summons the counselor who meets with the client and issues a "withdrawal slip" which the client takes to a specified bank for cash.
Comment	:	A Social Security representative is at the center each Wednesday morning. Disputes between clients and the center over use of funds are resolved in 3-way conversation. If a client is unruly or drunk/high, he is advised that he must come back to pick up his withdrawal slip when he is more in control. During the past 4 years, the center has had to terminate only 3 or 4 payeeships because of behavior problems either at the center or at the bank. The center's advice for prospective payees: - Work closely with the bank, - Work closely with Social Security, and - Treat clients with respect at all times.

Sample Contract between Organizational Payee and Beneficiary

I have discussed my needs with [Name of Organization Staffer]. I agree to have [Name of Organization] serve as my representative payee for Social Security and/or SSI benefits.

I will:

- Be clean and sober when I come to conduct business,
- Treat staff with courtesy and respect,
- Come to conduct business only on [days and hours organization has set up],
- Receive $[amount] for spending money every [length of time] as agreed,
- Sign a receipt when I receive my spending money.

In the event of a financial emergency: [Organization's Provision].

I understand that: if I fail to comply with these rules, [Organization] may refuse to continue to serve as my representative payee.

[Organization] will:

- Treat me with courtesy and respect,
- Be available on [days and hours] to meet with me,
- Use benefits received on my behalf to meet my current needs (food, clothing, and shelter),
- Save any unused benefits for me in a way that clearly shows the funds belong to me,
- Account to the Social Security Administration for use of my benefits,
- Report to the Social Security Administration on events that may affect my eligibility for payments, and
- Return to the Social Security Administration any funds to which I am not entitled.

_____ Beneficiary Signature and Date

_____ Organization Signature and Date