

OASDI Beneficiaries and SSI Recipients With Representative Payees*

Most persons under the Old-Age, Survivors, and Disability Insurance (OASDI) program or the Supplemental Security Income (SSI) program receive the checks in their own name and make their own decisions as to the use of the funds. However, there has always been a portion of the beneficiary population who, for a variety of reasons, are not able to manage their benefits alone.

To protect the interests of these persons, the Social Security Act provides for the appointment of a representative payee. Section 205(j)(1) and section 1631(a)(2)(A) of the Act provide broad authority for the Social Security Administration (SSA) to determine whether an individual beneficiary should have a representative payee, and, if so, who the payee should be. In addition, SSA has been given the responsibility to monitor the use of payments by these payees.

This note gives an overview of the representative payee program, including a program description and brief history, a "snapshot" of some characteristics of the population receiving Social Security benefits and SSI payments through a representative payee, recent trends in the number of persons with payees receiving such benefits or payments, and legislative and policy responses to these trends.

The data in this note, with the exception of table 6, come from December 1994 sample extracts of the Master Beneficiary Record (MBR) and the Supplemental Security Record (SSR), the main administrative files for the OASDI and SSI programs, respectively. Stan-

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dard errors for estimated counts and percentages are shown in the Technical Note on page 123.

Background

Since monthly payments under the Social Security program first began, the law has recognized that there would be some beneficiaries unable to manage their Social Security benefits in their own best interests. Section 205(j)(1) of the Act provides for the appointment of a representative payee if it is determined "that the interest of the individual under this title would be served thereby... regardless of the legal competency or incompetency of the individual."¹

As noted previously, SSA is responsible for determining the need for a payee. SSA almost always decides to appoint a payee for certain definable groups, such as children under the age of 18, those persons a court has judged incapable of handling their own affairs, and those whose mental or physical incapacity prevents them from acting on their own behalf.

In addition, since the SSI program began in 1974, a payee has been required for SSI recipients whose disability is based on a diagnosis of drug addiction and/or alcoholism (DA&A). Beginning March 1, 1995, those OASDI beneficiaries for whom DA&A is *material* to the finding of disability *must* receive their payments through a representative payee (P.L. 103-296).

Once the need for a payee has been determined, SSA identifies persons who are both able and willing to serve in this capacity. Whenever possible, the preferred payee is a family member or friend who has shown interest in the well-being of the beneficiary. Alterna-

tives to preferred payees include medical or other custodial institutions, and financial, social, or religious organizations.

An individual who serves as representative payee undertakes certain obligations, both to the beneficiary and to SSA. The payee must manage OASDI benefits and/or SSI payments for the "use and benefit" of the person for whom the benefits are intended and conserve any funds that are not needed for ongoing expenses. In addition, the payee must account to SSA annually for the amount of benefits received and report to SSA any change of circumstances that could affect eligibility for, or amount of, benefits.

Characteristics of the Population

In December 1994, approximately 46.7 million persons received a payment from the OASDI program, the SSI program, or from both programs. Of this total, about 6.1 million beneficiaries (13.2 percent) had a representative payee (table 1).

Among all program beneficiaries, 87 percent were receiving only an OASDI benefit and 5 percent had benefits from both programs. Persons receiving only SSI payments² made up just 8 percent of all recipients. Among beneficiaries with a payee, 65 percent received only an OASDI payment, 8 percent received both OASDI and SSI, and 27 percent received SSI only (chart 1). Clearly, representative payees are very important in the SSI program.

Overall, 13 percent of the persons who received benefit checks in December 1994 were assigned a representative payee, but this situation varied widely by the type of benefit received. Just under

10 percent of those who received only an OASDI check were assigned payees; among those with benefits from both programs the proportion was 20 percent; and for those receiving only an SSI payment the proportion was 43 percent.

Age and Sex

The rate of representative payees also varied among beneficiary age groups (table 1 and chart 2). Understandably, almost all—over 99 percent—of the beneficiaries under age 18 had payees.

More interesting is the high rate of payees among young adults who were aged 18-29—close to half (48 percent) had payees. By program, the proportions ranged from 26 percent of those with only OASDI benefits to almost 60 percent of those with only SSI.

The latter proportion reflects the high incidence of persons with mental retardation, other mental impairments, and DA&A in the SSI program. A number of those in this group (that is, SSI

recipients with one or more of the above three disabilities) also receive OASDI payments as disabled adult children.

Also of interest is the low rate of payees for those persons aged 75 or older. Only 3 percent of this group had payees.

Although women outnumber men in each program category, the reverse is true among those with representative payees. For all program categories, 10 percent of women and 17 percent of men had payees; for persons with OASDI only, the rates were 8 percent and 13 percent, respectively. For those with benefits under both OASDI and SSI, 14 percent of the women and 33 percent of the men had payees. Among the persons receiving benefits from SSI only, more than 33 percent of the women and 56 percent of the men had payees.

At present, no data are available that permit precise identification of the reasons for this difference. However, some contributing factors may be the

high number of males among SSI disabled children (63 percent), the high proportion of men among SSI program DA&A recipients (70 percent), and the higher incidence of mental disorders and mental retardation among men who receive both OASDI and SSI. Both young persons and those with mental impairments are prime candidates for representative payees, and payees are required for DA&A cases.

Geographic Distribution

The seven States with both the largest total beneficiary population and the largest number of representative payees were California, New York, Florida, Texas, Pennsylvania, Illinois, and Michigan (table 2).

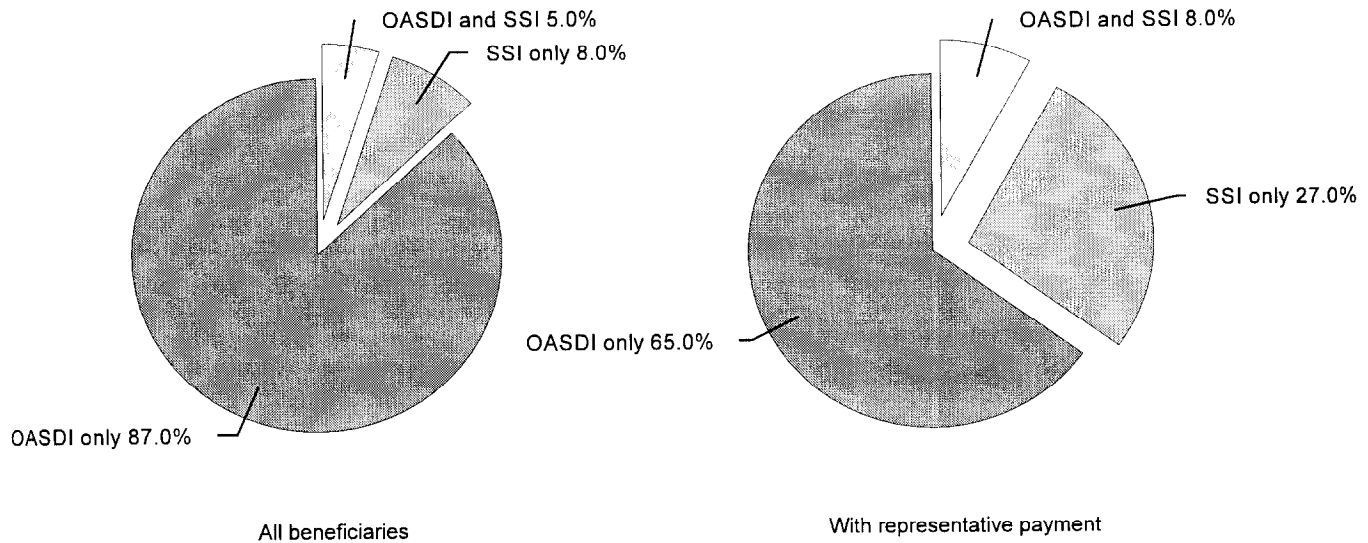
The proportion of beneficiaries with representative payees was highest in Mississippi—21 percent (table 3). In fact, payee rates were above the national average in jurisdictions from the District of Columbia south and west to New

Table 1.—Number of persons receiving OASDI benefits, SSI payments, or both, and number with representative payees, by age and sex, December 1994

Age and sex	Total		OASDI only		OASDI and SSI		SSI only	
	Total	With payee	Total	With payee	Total	With payee	Total	With payee
	Number							
Total.....	46,675,940	6,146,270	40,429,920	4,009,910	2,432,330	496,680	3,813,690	1,639,680
Under 18.....	3,661,930	3,651,860	2,822,970	2,813,930	66,290	66,080	772,670	771,850
18-29.....	965,310	462,860	287,100	74,140	157,890	82,860	520,320	305,860
30-49.....	3,336,960	936,500	1,849,070	373,450	492,430	205,190	995,460	357,860
50-64.....	6,821,230	444,950	5,686,580	238,560	379,080	75,940	755,570	130,450
65-74.....	17,598,840	222,280	16,471,910	149,670	712,870	38,500	414,060	34,110
75 or older.....	14,291,670	427,820	13,312,290	360,160	623,770	28,110	355,610	39,550
Men.....	20,231,530	3,524,290	17,656,560	2,294,380	868,100	282,410	1,706,870	947,500
Women.....	26,444,410	2,621,980	22,773,360	1,715,530	1,564,230	214,270	2,106,820	692,180
	Percent							
Total.....	100.0	13.2	100.0	9.9	100.0	20.4	100.0	43.0
Under 18.....	100.0	99.7	100.0	99.7	100.0	99.7	100.0	99.9
18-29.....	100.0	47.9	100.0	25.8	100.0	52.5	100.0	58.8
30-49.....	100.0	28.1	100.0	20.2	100.0	41.7	100.0	35.9
50-64.....	100.0	6.5	100.0	4.2	100.0	20.0	100.0	17.3
65-74.....	100.0	1.3	100.0	.9	100.0	5.4	100.0	8.2
75 or older.....	100.0	3.0	100.0	2.7	100.0	4.5	100.0	11.1
Men.....	100.0	17.4	100.0	13.0	100.0	32.5	100.0	55.5
Women.....	100.0	9.9	100.0	7.5	100.0	13.7	100.0	32.9

Source: "OASDI only" data from MBR 10-percent sample file; other data from SSI 10-percent sample file.

Chart 1.— Percent of beneficiaries with representative payees, by program, 1994



Mexico, except for Florida and Oklahoma. Rates in other areas of the nation tended to be lower than the national average. The reasons for this pattern are not entirely clear, although the high rate States do have large numbers of SSI disabled children.

In all States, the payee rates were lowest for those receiving only OASDI benefits and highest for those receiving only SSI payments. In the SSI-only category, 18 States had more than half of their beneficiaries under representative payment.

Diagnosis of Disability

Table 4 presents a diagnostic distribution for disabled OASDI beneficiaries and SSI recipients aged 18 or older in 1994. The data indicate the significant impact of mental impairments on the appointment of a representative payee. Over 1 million of the 1.2 million persons with payees had a mental impairment.

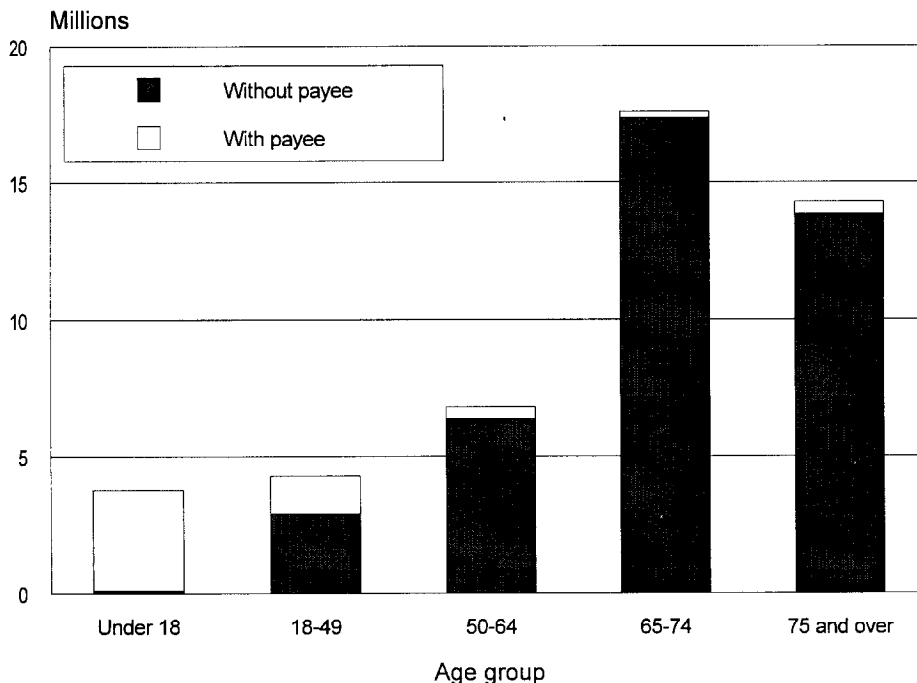
In addition, more than 33 percent of those with psychiatric disorders had a payee.³ The same was true for more than 63 percent of those participants with mental retardation as a diagnosis. The patterns by program were similar.

The result of excluding persons under age 18 is that we do not see the diagnoses for SSI disabled children. In December 1994, 43 percent of these children had a diagnosis of mental retardation, and 23 percent had a psychiatric disorder. These diagnoses mean a high probability that, as adults, these persons will continue to need a representative payee.

Types of Representative Payees

For almost 2 out of 3 beneficiaries with a payee, the payee is a natural or an adoptive parent, or a step-parent (table 5). For OASDI-only beneficiaries, the above proportion regarding type of payee is higher—70 percent; for SSI-only, 58 percent; and for persons who

Chart 2.—Number and age of beneficiaries with and without representative payees, 1994



Source: "OASDI only" data from MBR 10-percent sample file; other data from SSI 10-percent sample file.

Table 2.—Number of persons receiving OASDI benefits, SSI payments, or both; number with representative payees, by State, December 1994

State	Total		OASDI only		OASDI and SSI		SSI only	
	Total	With payee	Total	With payee	Total	With payee	Total	With payee
Total.....	46,675,940	6,146,270	40,429,920	4,009,910	2,432,330	496,680	3,813,690	1,639,680
Alabama.....	849,550	150,810	687,950	89,300	75,970	15,710	85,630	45,800
Alaska.....	45,920	8,450	39,630	6,270	1,690	500	4,600	1,680
Arizona.....	725,890	79,380	657,620	56,840	25,280	4,810	42,990	17,730
Arkansas.....	543,910	83,660	452,180	51,170	44,090	7,540	47,640	24,950
California.....	4,541,730	581,490	3,536,570	323,150	406,070	68,090	599,090	190,250
Colorado.....	519,080	65,820	463,630	46,790	21,370	4,230	34,080	14,800
Connecticut.....	589,130	60,320	546,520	45,790	14,020	3,600	28,590	10,930
Delaware.....	124,440	14,030	113,920	9,730	4,100	990	6,420	3,310
District of Columbia.....	91,550	14,340	71,510	7,910	6,760	990	13,280	5,440
Florida.....	3,132,240	306,090	2,813,690	207,520	118,170	21,420	200,380	77,150
Georgia.....	1,088,890	185,630	896,150	119,650	90,480	17,160	102,260	48,820
Hawaii.....	174,120	17,780	156,020	12,930	5,860	1,670	12,240	3,180
Idaho.....	182,790	21,820	168,160	15,260	5,510	1,410	9,120	5,150
Illinois.....	2,023,850	289,240	1,764,630	174,280	60,420	16,130	198,800	98,830
Indiana.....	1,013,360	134,580	929,020	96,020	27,440	7,420	56,900	31,140
Iowa.....	560,860	61,440	520,150	43,250	17,340	5,340	23,370	12,850
Kansas.....	452,520	51,980	417,170	36,760	12,860	3,410	22,490	11,810
Kentucky.....	793,520	130,200	639,480	78,690	61,220	13,100	92,820	38,410
Louisiana.....	805,960	157,950	628,500	89,310	67,840	12,750	109,620	55,890
Maine.....	245,480	27,390	216,040	18,380	16,370	3,940	13,070	5,070
Maryland.....	719,760	90,440	641,050	61,470	24,470	5,470	54,240	23,500
Massachusetts.....	1,125,150	121,140	970,140	78,040	67,870	12,150	87,140	30,950
Michigan.....	1,721,630	243,640	1,520,620	151,310	64,290	21,720	136,720	70,610
Minnesota.....	744,730	83,080	685,720	58,310	21,160	5,510	37,850	19,260
Mississippi.....	556,410	115,700	418,940	66,750	65,140	11,430	72,330	37,520
Missouri.....	1,025,410	136,710	916,190	93,290	44,500	11,490	64,720	31,930
Montana.....	157,640	18,700	144,420	13,650	5,340	1,360	7,880	3,690
Nebraska.....	292,570	31,490	271,700	22,290	8,810	2,490	12,060	6,710
Nevada.....	229,340	23,320	211,390	17,700	6,790	1,210	11,160	4,410
New Hampshire.....	185,820	19,460	176,100	15,520	3,710	1,010	6,010	2,930
New Jersey.....	1,390,730	149,480	1,251,230	102,980	47,490	9,990	92,010	36,510
New Mexico.....	276,490	43,290	233,370	30,030	17,990	2,750	25,130	10,510
New York.....	3,322,750	403,590	2,760,780	241,770	190,790	37,120	371,180	124,700
North Carolina.....	1,293,560	184,760	1,112,120	119,100	89,540	18,340	91,900	47,320
North Dakota.....	119,270	12,040	110,390	8,410	4,320	1,260	4,560	2,370
Ohio.....	2,066,230	276,000	1,834,600	175,630	64,780	17,980	166,850	82,390
Oklahoma.....	608,270	76,130	536,400	52,140	31,450	5,000	40,420	18,990
Oregon.....	566,510	57,660	521,030	41,080	16,980	4,040	28,500	12,540
Pennsylvania.....	2,483,790	257,390	2,235,010	163,740	88,530	21,200	160,250	72,450
Rhode Island.....	199,680	20,050	177,850	13,110	9,620	2,120	12,210	4,820
South Carolina.....	668,280	109,710	559,950	69,730	50,650	10,010	57,680	29,970
South Dakota.....	141,370	17,220	128,950	11,850	5,440	1,480	6,980	3,890
Tennessee.....	1,003,690	157,510	830,070	97,090	76,650	14,950	96,970	45,470
Texas.....	2,641,080	382,800	2,252,380	266,120	177,000	24,170	211,700	92,510
Utah.....	232,040	35,040	212,470	25,850	6,280	1,930	13,290	7,260
Vermont.....	102,940	11,930	90,130	7,690	6,780	1,680	6,030	2,560
Virginia.....	996,780	133,790	872,790	88,220	51,450	11,120	72,540	34,450
Washington.....	835,440	91,220	749,390	61,790	28,280	6,490	57,770	22,940
West Virginia.....	422,990	60,610	359,020	38,420	23,400	5,830	40,570	16,360
Wisconsin.....	935,820	119,700	828,460	70,000	47,660	14,560	59,700	35,140
Wyoming.....	73,100	8,810	67,310	6,530	2,290	600	3,500	1,680
Northern Mariana Islands.....	1,120	490	670	330	20	10	430	150
Other.....	994,220	190,640	994,220	190,640	0	0	0	0
Unknown.....	36,540	20,330	36,520	20,330	0	0	20	0

Source: "OASDI only" data from MBR 10-percent sample file; other data from SSI 10-percent sample file.

Table 3.—Percent of persons receiving OASDI benefits, SSI payments, or both; with representative payees, by State, December 1994

State	Total		OASDI only		OASDI and SSI		SSI only	
	Total	With payee	Total	With payee	Total	With payee	Total	With payee
Total.....	100.0	13.2	100.0	9.9	100.0	20.4	100.0	43.0
Alabama.....	100.0	17.8	100.0	13.0	100.0	20.7	100.0	53.5
Alaska.....	100.0	18.4	100.0	15.8	100.0	29.6	100.0	36.5
Arizona.....	100.0	10.9	100.0	8.6	100.0	19.0	100.0	41.2
Arkansas.....	100.0	15.4	100.0	11.3	100.0	17.1	100.0	52.4
California.....	100.0	12.8	100.0	9.1	100.0	16.8	100.0	31.8
Colorado.....	100.0	12.7	100.0	10.1	100.0	19.8	100.0	43.4
Connecticut.....	100.0	10.2	100.0	8.4	100.0	25.7	100.0	38.2
Delaware.....	100.0	11.3	100.0	8.5	100.0	24.1	100.0	51.6
District of Columbia.....	100.0	15.7	100.0	11.1	100.0	14.6	100.0	41.0
Florida.....	100.0	9.8	100.0	7.4	100.0	18.1	100.0	38.5
Georgia.....	100.0	17.0	100.0	13.4	100.0	19.0	100.0	47.7
Hawaii.....	100.0	10.2	100.0	8.3	100.0	28.5	100.0	26.0
Idaho.....	100.0	11.9	100.0	9.1	100.0	25.6	100.0	56.5
Illinois.....	100.0	14.3	100.0	9.9	100.0	26.7	100.0	49.7
Indiana.....	100.0	13.3	100.0	10.3	100.0	27.0	100.0	54.7
Iowa.....	100.0	11.0	100.0	8.3	100.0	30.8	100.0	55.0
Kansas.....	100.0	11.5	100.0	8.8	100.0	26.5	100.0	52.5
Kentucky.....	100.0	16.4	100.0	12.3	100.0	21.4	100.0	41.4
Louisiana.....	100.0	19.6	100.0	14.2	100.0	18.8	100.0	51.0
Maine.....	100.0	11.2	100.0	8.5	100.0	24.1	100.0	38.8
Maryland.....	100.0	12.6	100.0	9.6	100.0	22.4	100.0	43.3
Massachusetts.....	100.0	10.8	100.0	8.0	100.0	17.9	100.0	35.5
Michigan.....	100.0	14.2	100.0	10.0	100.0	33.8	100.0	51.6
Minnesota.....	100.0	11.2	100.0	8.5	100.0	26.0	100.0	50.9
Mississippi.....	100.0	20.8	100.0	15.9	100.0	17.5	100.0	51.9
Missouri.....	100.0	13.3	100.0	10.2	100.0	25.8	100.0	49.3
Montana.....	100.0	11.9	100.0	9.5	100.0	25.5	100.0	46.8
Nebraska.....	100.0	10.8	100.0	8.2	100.0	28.3	100.0	55.6
Nevada.....	100.0	10.2	100.0	8.4	100.0	17.8	100.0	39.5
New Hampshire.....	100.0	10.5	100.0	8.8	100.0	27.2	100.0	48.8
New Jersey.....	100.0	10.7	100.0	8.2	100.0	21.0	100.0	39.7
New Mexico.....	100.0	15.7	100.0	12.9	100.0	15.3	100.0	41.8
New York.....	100.0	12.1	100.0	8.8	100.0	19.5	100.0	33.6
North Carolina.....	100.0	14.3	100.0	10.7	100.0	20.5	100.0	51.5
North Dakota.....	100.0	10.1	100.0	7.6	100.0	29.2	100.0	52.0
Ohio.....	100.0	13.4	100.0	9.6	100.0	27.8	100.0	49.4
Oklahoma.....	100.0	12.5	100.0	9.7	100.0	15.9	100.0	47.0
Oregon.....	100.0	10.2	100.0	7.9	100.0	23.8	100.0	44.0
Pennsylvania.....	100.0	10.4	100.0	7.3	100.0	23.9	100.0	45.2
Rhode Island.....	100.0	10.0	100.0	7.4	100.0	22.0	100.0	39.5
South Carolina.....	100.0	16.4	100.0	12.5	100.0	19.8	100.0	52.0
South Dakota.....	100.0	12.2	100.0	9.2	100.0	27.2	100.0	55.7
Tennessee.....	100.0	15.7	100.0	11.7	100.0	19.5	100.0	46.9
Texas.....	100.0	14.5	100.0	11.8	100.0	13.7	100.0	43.7
Utah.....	100.0	15.1	100.0	12.2	100.0	30.7	100.0	54.6
Vermont.....	100.0	11.6	100.0	8.5	100.0	24.8	100.0	42.5
Virginia.....	100.0	13.4	100.0	10.1	100.0	21.6	100.0	47.5
Washington.....	100.0	10.9	100.0	8.2	100.0	22.9	100.0	39.7
West Virginia.....	100.0	14.3	100.0	10.7	100.0	24.9	100.0	40.3
Wisconsin.....	100.0	12.8	100.0	8.4	100.0	30.5	100.0	58.9
Wyoming.....	100.0	12.1	100.0	9.7	100.0	26.2	100.0	48.0
Northern Mariana Islands.....	100.0	43.8	100.0	49.3	100.0	50.0	100.0	34.9
Other.....	100.0	19.2	100.0	19.2	100.0	0	100.0	0
Unknown.....	100.0	55.6	100.0	55.7	100.0	0	100.0	0

Source: "OASDI only" from MBR 10-percent sample file; other data from SSI 10-percent sample file.

receive payments from both programs, 43 percent.

These data, of course, reflect the general need for payees for beneficiaries under age 18. As previously noted in table 1, the figure for persons with benefits from both OASDI and SSI is lower, presumably because that group has fewer persons under age 18 than do the other groups.

“Other relatives” are payees for an additional 20 percent of persons who receive benefits. Therefore, less than 15 percent of those who receive benefits and also require a payee are served by someone to whom they are not related (chart 3). However, that 15 percent represents more than 900,000 beneficiaries.

As expected, when beneficiaries under age 18 are removed from the analysis, the likelihood of having a payee

who is a relative declines. Although relatives still compose the majority (67 percent) of representative payees, institutions, agencies, and other persons account for almost one-third of payees for adults.

Recent Trends

From the beginning of the OASDI program, beneficiaries who needed a representative payee were primarily minor children, the infirm elderly, and persons with severe mental impairments. Those who served as payees were the parents, spouses, or children, or a custodial institution that had a close or ongoing relationship with the individual.

However, a series of events, beginning in the mid-1970's, affected the representative payee program. Among these events were the following:

- The creation of the SSI program in 1974, with its own disability component, increased the number of persons whom SSA found to need representative payees.
- Beginning in the 1980's, disability caseload increases and changes in the age and diagnostic patterns of the persons awarded benefits resulted in increasing numbers of persons who were diagnosed with mental illness other than mental retardation (including DA&A). It is likely that these young awardees with chronic diseases will continue to receive benefits for a long time.⁴

Since 1981, the number of OASDI beneficiaries increased by 22 percent and the number of retired workers by 30

Table 4.—Number and percent of persons aged 18 or older with representative payees, by diagnostic group, December 1994

Diagnostic group	Total		OASDI only		OASDI and SSI		SSI only	
	Total	With payee	Total	With payee	Total	With payee	Total	With payee
	Number							
Total beneficiaries aged 18 or older ..	43,014,010	2,494,410	37,606,950	1,195,980	2,366,040	430,600	3,041,020	867,830
Total disabled with diagnosis ¹	6,465,250	1,217,830	4,220,300	532,100	676,610	165,700	1,568,340	520,030
Infectious and parasitic.....	131,320	6,520	76,700	2,500	16,470	1,000	38,150	3,020
Neoplasms.....	162,450	4,500	127,300	2,800	11,600	330	23,550	1,370
Endocrine, nutritional, and metabolic.....	367,770	14,540	221,100	7,400	44,420	1,350	102,250	5,790
Psychotic and neurotic disorders.....	1,635,830	558,480	870,600	241,300	208,620	74,220	556,610	242,960
Mental retardation.....	718,250	475,670	258,700	180,100	119,140	75,060	340,410	220,510
Diseases of the—								
Central nervous system.....	340,190	38,810	251,700	20,700	23,750	3,450	64,740	14,660
Eye and ear.....	249,170	14,320	165,800	5,900	25,680	1,910	57,690	6,510
Circulatory system.....	895,900	41,370	718,100	31,200	66,330	2,390	111,470	7,780
Respiratory system.....	265,610	4,020	195,900	1,900	25,280	460	44,430	1,660
Musculoskeletal and connective tissue.....	1,177,630	12,500	954,300	7,100	90,600	1,490	132,730	3,910
Other.....	521,130	47,100	380,100	31,200	44,720	4,040	96,310	11,860
	Percent							
Total beneficiaries aged 18 or older ..	100.0	5.8	100.0	3.2	100.0	18.2	100.0	28.5
Total disabled with diagnosis ¹	100.0	18.8	100.0	12.6	100.0	24.5	100.0	33.2
Infectious and parasitic.....	100.0	5.0	100.0	3.3	100.0	6.1	100.0	7.9
Neoplasms.....	100.0	2.8	100.0	2.2	100.0	2.8	100.0	5.8
Endocrine, nutritional, and metabolic.....	100.0	4.0	100.0	3.3	100.0	3.0	100.0	5.7
Psychotic and neurotic disorders.....	100.0	34.1	100.0	27.7	100.0	35.6	100.0	43.6
Mental retardation.....	100.0	66.2	100.0	69.6	100.0	63.0	100.0	64.8
Diseases of the—								
Central nervous system.....	100.0	11.4	100.0	8.2	100.0	14.5	100.0	22.6
Eye and ear.....	100.0	5.7	100.0	3.6	100.0	7.4	100.0	11.3
Circulatory system.....	100.0	4.6	100.0	4.3	100.0	3.6	100.0	7.0
Respiratory system.....	100.0	1.5	100.0	1.0	100.0	1.8	100.0	3.7
Musculoskeletal and connective tissue.....	100.0	1.1	100.0	.7	100.0	1.6	100.0	2.9
Other.....	100.0	9.0	100.0	8.2	100.0	9.0	100.0	12.3

¹ For about 3 percent of disabled OASDI and 20 percent of disabled SSI beneficiaries, diagnosis is not available on the record.

Source: “OASDI only” from MBR 1-percent sample file; other data from SSI 10-percent sample file.

Table 5.—Number and percent of persons receiving OASDI benefits, SSI payments, or both, with representative payees, by type of payee, December 1994

Payee type	Total		OASDI only		OASDI and SSI		SSI only	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
All persons								
Total with payee.....	6,146,270	100.0	4,009,910	100.0	496,680	100.0	1,639,680	100.0
Spouse.....	237,940	3.9	160,730	4.0	19,300	3.9	57,910	3.5
Parent.....	3,971,760	64.6	2,813,060	70.2	211,810	42.6	946,890	57.7
Child.....	217,870	3.5	146,940	3.7	26,420	5.3	44,510	2.7
Other relative.....	814,170	13.2	428,850	10.7	109,320	22.0	276,000	16.8
Institution.....	456,010	7.4	289,700	7.2	45,140	9.1	121,170	7.4
Financial organization.....	10,720	.2	10,230	.3	280	.1	210	.0
Agency/official.....	203,990	3.3	73,580	1.8	44,500	9.0	85,910	5.2
Other.....	233,810	3.8	86,820	2.2	39,910	8.0	107,080	6.5
Aged 18 or older								
Total with payee.....	2,494,410	100.0	1,195,980	100.0	430,600	100.0	867,830	100.0
Spouse.....	237,560	9.5	160,570	13.4	19,290	4.5	57,700	6.6
Parent.....	704,350	28.2	241,340	20.2	160,580	37.3	302,430	34.8
Child.....	215,820	8.7	146,560	12.3	25,610	5.9	43,650	5.0
Other relative.....	524,620	21.0	227,750	19.0	99,850	23.2	197,020	22.7
Institution.....	441,000	17.7	286,470	24.0	44,380	10.3	110,150	12.7
Financial organization.....	10,300	.4	9,830	.8	270	.1	200	.0
Agency/official.....	154,470	6.2	53,420	4.5	41,720	9.7	59,330	6.8
Other.....	206,290	8.3	70,040	5.9	38,900	9.0	97,350	11.2

Source: "OASDI only" from MBR 10-percent sample file; other data from SSI 10-percent sample file.

percent, while the number of auxiliary beneficiaries (that is, spouses, minor children, and nondisabled widows) remained constant (table 6 and chart 4).

In the SSI program, the total number of recipients grew by 55 percent, but the number of persons receiving payments

based on their age actually declined by 14 percent.

Clearly, great growth occurred in the size of the disability caseload. The number of disabled OASDI beneficiaries⁵ increased by 1.5 million (44 percent) from 1981 to 1994, while the

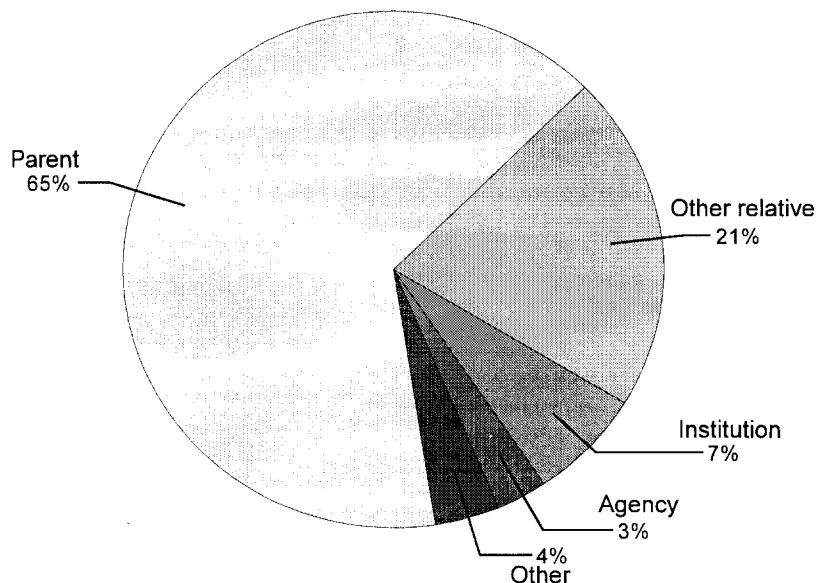
number of disabled SSI recipients grew by 2.4 million, more than doubling.

The population under representative payment also grew during the same period. Although the total number of persons receiving benefits with representative payees increased by only 9 percent, the number of retired workers with payees grew by 73 percent, while the number of auxiliary beneficiaries declined by 10 percent.

Under SSI, the number of the aged with payees decreased by more than 30 percent, but the number of the blind and disabled with a payee almost tripled.

Beneficiaries with a payee actually decreased slightly between 1981 and 1994, when seen as proportions of the total OASDI caseload. This was also true for OASDI auxiliary beneficiaries, while the rate for retired workers remained almost constant. However, among OASDI disabled beneficiaries, the proportion with a payee grew from 18 percent in 1981 to 22 percent in 1994. Under SSI, the proportion of aged recipients with payees declined slightly, but that for the disabled increased from 32 percent in 1981 to 44 percent in 1994.

Chart 3.—Type of representative payee, 1994



These changes in representative payment largely reflect the growth of those disability populations most in need of this assistance. For the OASDI program, this increase reflects an increase in the proportion of beneficiaries with mental disorders (from 24 percent to 31 percent between 1986 and 1993). For SSI, the increase from 32 percent to 44 percent largely reflects two trends—the increase in the number of recipients with mental disorders (from 50 percent in 1986 to 59 percent in 1994), and the increase in the number of children receiving SSI payments (from 6 percent of the caseload in 1986 to 14 percent in 1994).

As a result of all the above changes, SSA is faced with appointing and monitoring representative payees for many more beneficiaries than ever before. In addition, substantial numbers from this new caseload do not have the family and other traditional support structures from which payees have most often come.

Future Issues

In the past decade, the population of OASDI and SSI beneficiaries requiring representative payee assistance to handle their monthly benefits has grown significantly. In addition, the programs showing the most sizable increase are the same as those contributing to the overall growth in the disability programs administered by SSA, so the potential for continued growth exists.

In April 1995, prompted by the aforementioned potential for continued growth in SSA's disability programs and other issues concerning the appointment and monitoring of representative payees, an Advisory Committee on Representative Payment was convened. The committee's charge is to advise the Commissioner of Social Security in the following areas:

- *Beneficiary incapability.*—On what bases should SSA decide that an individual needs a payee?

Do the current processes used to make that determination need to be changed? In which cases should the agency make such a determination, and in which should it depend on other authorities, such as local courts, to determine incapability?

- *Payee recruitment and retention.*—How should SSA find appropriate payees, especially for populations such as the homeless, the chronically mentally ill, and substance abusers? What is the appropriate level of service and of payment?
- *Standards for and monitoring of payee performance.*—How often, and in what manner, should payees report? What legal responsibility do they, or should they, have?

The members of the Advisory Committee—professionals in areas of

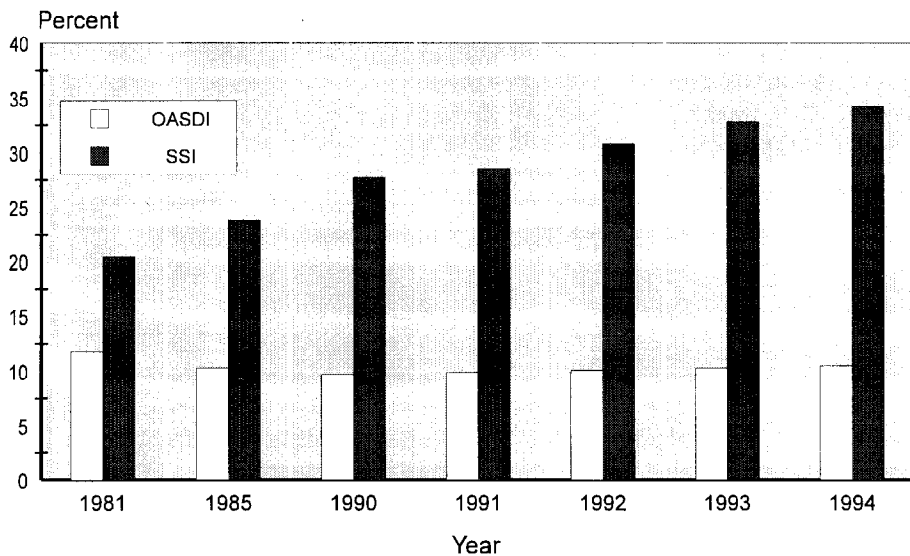
Table 6.—Number of persons receiving benefits under OASDI and SSI and number and percent with representative payees, by type of payment, selected years, 1981-94

Program and basis of benefit	1981	1985	1990	1991	1992	1993	1994
Total number of persons							
OASDI.....	35,245,863	36,963,954	39,814,330	40,571,290	41,496,760	42,238,100	42,877,650
Retired workers.....	20,195,362	22,432,103	24,826,230	25,274,870	25,746,230	26,096,250	26,402,620
Disability ¹	3,361,130	3,288,283	3,717,370	3,932,950	4,244,880	4,536,360	4,834,810
Auxiliary.....	11,689,371	11,243,568	11,270,730	11,363,470	11,505,650	11,605,490	11,640,220
SSI.....	4,018,875	4,269,184	4,817,127	5,118,470	5,495,990	5,930,270	6,246,020
Aged.....	1,678,090	1,473,428	1,454,041	1,464,684	1,455,190	1,460,850	1,454,900
Blind/disabled.....	2,340,785	2,795,756	3,363,086	3,653,786	4,040,800	4,469,420	4,791,120
Number with representative payees							
OASDI.....	4,142,375	3,812,679	3,869,220	4,015,620	4,178,890	4,347,060	4,501,170
Retired workers.....	219,106	267,275	332,800	343,680	357,660	370,560	379,350
Disability ¹	601,835	719,570	887,450	960,860	1,120,150	1,035,660	1,073,820
Auxiliary.....	3,321,434	2,825,834	2,648,970	2,711,080	2,701,080	2,940,840	3,048,000
SSI.....	820,124	1,014,291	1,333,468	1,464,884	1,694,460	1,946,340	2,136,370
Aged.....	75,046	61,036	57,693	55,390	54,720	53,100	52,500
Blind/disabled.....	745,078	953,255	1,275,775	1,409,494	1,639,740	1,893,240	2,083,870
Percent with representative payees							
OASDI.....	11.8	10.3	9.7	9.9	10.1	10.3	10.5
Retired workers.....	1.1	1.2	1.3	1.4	1.4	1.4	1.4
Disability ¹	17.9	21.9	23.9	24.4	26.4	22.8	22.2
Auxiliary.....	28.4	25.1	23.5	23.9	23.5	25.3	26.2
SSI.....	20.4	23.8	27.7	28.6	30.8	32.8	34.2
Aged.....	4.5	4.1	4.0	3.8	3.8	3.6	3.6
Blind/disabled.....	31.8	34.1	37.9	38.6	40.6	42.4	43.5

¹ Includes persons who have had a determination of disability: disabled workers, disabled widows, and disabled adult children.

Source: *Annual Statistical Supplement to the Social Security Bulletin and SSI Annual Report.*

Chart 4.—Percentage increases in representative payees under the OASDI and SSI programs, selected years, 1981-94



social services, disability, law, and State and local government—expect to present their report by July 1996.

Technical Note

Data presented in this report come largely from two 10-percent sample files. These files are, in turn, derived from the Supplemental Security Record (SSR) and the Master Beneficiary Record (MBR), the main computer files used to administer the SSI and OASDI programs, respectively. Estimates based on sample data may differ from the figures that would have been obtained had all, rather than a sample, of the records been used.

These differences are termed sampling variability. The standard error is a measure of sampling variability; that is, the variation that occurs by chance because a sample is used. The standard error is used to describe confidence intervals. The confidence interval represents the extent to which the sample results can be relied on to describe the results that would occur if the entire population (universe) had been used for data compilation rather than the sample.

In about 68 percent of all possible probability samples with the same selection criteria, the universe value would be included in the interval from 1.0 standard error below to 1.0 standard error above the sample estimate. Similarly, about 95 percent of all possible

samples will give estimates within 2.0 standard errors, and about 99 percent will give estimates within 2.5 standard errors.

Tables I and II provide approximations of standard errors of estimates shown in this report. Table I presents approximate standard errors for the estimated number of recipients from the 10-percent sample files. Similar information about percentages is shown in table II. Linear interpolation may be used to obtain values not specifically shown.

Notes

¹ A similar provision for the SSI program is at section 1631(a)(2)(A) of the Act.

² The divisions by program type are made by combining data from two sample files. Differences in coding between the files, result in a slight overcount in the number of persons who receive "OASDI only," and thus in the total number of recipients. We estimate that the difference between the actual number of beneficiaries and that shown in table 1 is less than 15,000.

³ The requirement for payees for Disability Insurance (DI) beneficiaries where substance abuse was a material consideration became effective in March 1995. The new requirement more than likely increases this proportion.

⁴ Kalman Rupp and Charles G. Scott, "Determinants of Duration on the Disability Rolls and Program Trends." Paper presented at an SSA/HHS conference, July 20, 1995.

⁵ These include those who receive benefits based on their own disability determination—disabled workers, disabled widows, and disabled adult children.

Table I.—Approximations of standard errors of estimated numbers of persons from a 10-percent file

Size of estimate	Standard error
100.....	30
500.....	70
1,000.....	100
5,000.....	225
10,000.....	300
50,000.....	700
100,000.....	1,000
500,000.....	2,200
1,000,000.....	3,200
5,000,000.....	6,500
10,000,000.....	8,500
20,000,000.....	9,300

Table II.—Approximations of standard errors of estimated percentages of persons from a 10-percent file

Size of base (inflated)	Estimated percentage				
	2 or 98	5 or 95	10 or 90	20 or 75	50
500.....	1.9	3.0	4.1	5.9	6.8
1,000.....	1.3	2.1	2.9	4.1	4.8
2,500.....	.8	1.3	1.8	2.6	3
10,000.....	.4	.6	.9	1.3	1.5
50,000.....	.2	.3	.4	.6	.7
100,000.....	.1	.2	.3	.4	.5
1,000,000.....	(1)	.1	.1	.1	.2
10,000,000.....	(1)	(1)	(1)	.1	.1

¹ Less than 0.05 percent.