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Determining Financial Capability of SSI/SSDI Beneficiaries with Psychiatric Disabilities: A Case Series

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Abstract

Objective—Social Security beneficiaries’ liberty is constrained if they are judged incapable of managing their disability payments and are assigned a fiduciary to manage benefit payments on their behalf. Conversely, beneficiaries’ well-being may be compromised if they misspend money that they need to survive. Several studies have shown that determinations of financial capability are made inconsistently and capability guidelines appear to be applied inconsistently in practice. This case series describes the ambiguities remaining for a small number of individuals even after published criteria for capability— failing to meet basic needs and/or harmful spending on drugs—are applied.

Methods—Trained, experienced assessors rated the financial capability of 119 individuals in intensive outpatient or inpatient psychiatric facilities who received SSI or SSDI payments. Ten individuals’ cases were determined difficult to judge.

Results—Six sources of ambiguity were identified by case review: distinguishing incapability from the challenges of navigating poverty, the amount of nonessential spending needed to be considered incapable, the amount of spending on harmful things needed to be considered incapable, how intermittent periods of capability and incapability should be considered, the relative weighting of past behavior and future plans to change, and discrepancies between different sources of information.

Conclusion—The cases raise fundamental questions about what financial incapability is, but also illustrate how detailed consideration of beneficiaries’ living situations and decision making can inform the difficult dichotomous decision about capability.

Introduction

In 2011, 3.7 million people with psychiatric disabilities who were judged unable to work received monetary benefits from the Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) programs (1). When used as intended, Social Security benefits help provide disabled individuals with money for food, housing, or clothing (herein referred to as basic needs) that they might not be able to afford. However, incidents of benefits misspending described in the literature, including use of disability benefits to purchase alcohol or drugs and excessive spending during acute psychotic, manic, or depressive episodes, have caused beneficiaries to depend on others for basic needs or suffer their loss (2, 3). Such misspending is particularly common among individuals with mental illnesses that impair cognitive abilities, judgment, and the ability to resist financial exploitation (3–7). Independent financial management may be further compromised when individuals with mental illness have concurrent substance use disorders (5, 6, 8).

Literature addressing capability among people with mental illness often focuses on the capacity of individuals to provide informed consent for treatment (9) or research participation (10); there is limited literature addressing financial capability of people with mental illness (3). Clinicians, courts, Social Security Administration (SSA) claims officials and others involved with determining which beneficiaries are incapable of managing their finances provide guidelines for such determinations, but these guidelines are too broadly worded and complicated to apply reliably to individual beneficiaries. The SSA form that clinicians are asked to complete says the following:

“Do you believe the patient is capable of managing or directing the management of benefits in his or her own best interest? By capable we mean that the patient: is able to understand and act on the ordinary affairs of life, such as providing for own adequate food, housing, clothing, etc., and is able, in spite of physical impairments, to manage funds or direct others how to manage them.” (SSA Form 787, available www.ssa.gov/online/ssa-787.pdf)

There are ambiguities in these SSA guidelines, and differentiating individuals who are capable from those who are not requires subjective judgments about what it means to spend money in one's best interest and how to direct others to manage funds. Given the broad guidelines provided by the SSA, it is not surprising that payee assignment rates vary widely across sites, which appears to reflect differences in assignment procedures, rather than true individual differences in need (11, 12).

Legal determinations of incapability are supposed to be based on, first, a functional assessment of skills and behaviors related to a beneficiary's ability to make financial decisions, and second, evidence that a person will suffer substantial harm from specific inability to manage finances or affairs (13). Surveyed clinicians report recommending payee assignment based on clinical indicators such as the client's substance abuse or dependence, hospitalizations, homelessness, whether a beneficiary will accept a payee, and the effect such a recommendation would have on the clinical relationship (14–16).

Financial capability was assessed in 119 adults with severe mental illness and histories of substance abuse who received and managed their own SSI or SSDI payments (17, 18). In order to better understand challenges involved in making capability determinations, this paper describes ten beneficiaries for whom capability determinations were not clear cut, despite a comprehensive assessment of financial capability having been conducted.

Methods

Study Design

This study was approved by the Institutional Review Board (IRB). Altogether, 119 study participants were recruited between February 2011 and August 2012 from an inpatient psychiatric unit and two intensive outpatient programs in Connecticut. Eligible participants were between the ages of 18 and 65, spoke English, received at least \$600 from SSI or SSDI each month, had a current or past DSM-IV substance use diagnosis, did not have a representative payee or a conservator, and had a treating clinician who agreed to participate in the study.

Measure

Four independent assessors used the Financial Incapability Structured Clinical Assessment done Longitudinally (FISCAL) to measure financial incapability. The FISCAL is an assessment of financial capability with good inter-rater reliability and construct validity (Supplementary Tables 1 & 2) (17). It involves assessors using all data available to rate beneficiaries on whether the following five criteria apply: basic needs have not been met, funds needed for basic needs were spent on something else, the beneficiary spent substantial funds on something that harmed them, misspending was likely to continue, and there were contextual factors that would likely impact a beneficiary's financial capability (Table 1). FISCAL assessors used an algorithm to make a final capability determination after considering and rating all five incapability criteria (Supplementary Figure 1).

Data Sources Used in FISCAL Rating

Assessors used all available data from a comprehensive set of participant assessments conducted as part of a money management assessment study (19), clinical records, and a questionnaire about recent functioning and money management completed by a treating clinician (18). Assessors also conducted a semi-structured clinical interview with each participant, inquiring about the participant's expenditures, living situation, times when the participant did not have enough money for basic needs in the previous six months, how much money had been spent on harmful things, and plans for the future. For a separate analysis of FISCAL inter-rater agreement, one-third of the participants' cases (n=44) were evaluated by a second independent assessor.

Identifying Ambiguous Cases

We defined cases as ambiguous when ratings by two independent assessors were discordant on any of the five FISCAL capability criteria or assessors reported that an individual's financial capability was difficult to judge.

Data Analysis

Cases that were identified as ambiguous were reviewed with assessors to identify factors accounting for the ambiguity in determinations.

Results

Ten participants were difficult to classify as financially capable or not. Demographic characteristics of these individuals (age, sex, race/ethnicity) were similar to those of the full sample (Supplementary Table 3) (17). Identified participants had an average age of 44.6 years and half were female. Six participants were Caucasian (non-Hispanic), 3 participants were Hispanic (Puerto Rican), and 1 participant was African American (non-Hispanic).

Of the 10 cases identified as ambiguous, 5 had discordant ratings on at least one of the incapability criteria and 7 were identified as difficult to judge.

Sources of Ambiguity

Distinguishing incapability from the challenges of navigating poverty caused ambiguity—In two people, ambiguities arose because it was unclear whether it was poverty or nonessential spending that had played a greater role in a participant's failure to meet basic needs. One participant reported spending money on organic food, causing her to run short of money mid-way through the month. She also reported lending money to others despite not always having enough money to meet her own needs. Lack of funds contributed to her occasionally going hungry, as well as missing medical appointments due to an inability to pay for transportation. However the participant's income was so small that, even if she did not spend any money on non-essential items, she may still have had difficulty meeting her basic needs.

A second participant reported spending most of her income on essentials, but would occasionally spend money on things she could not afford (i.e. pets, loaning money to others). She reported difficulty paying bills and meeting basic needs. However, support from family and friends prevented her from losing her housing. In the recent past, she had gone hungry and lost weight after her food stamps were cut off.

The amount of nonessential spending that had to occur for a participant to be considered incapable contributed to ambiguity—Ambiguities also arose around the amount of nonessential spending when the beneficiary's basic needs were being met through the help of outside resources, not SSDI monies provided to the beneficiary for that purpose. One individual reported spending \$350 per month on drugs and alcohol, \$75 on dining out, and \$100 on charitable donations. Most months, however, she was able to meet her basic needs with help from her husband's income, money from her family, food stamps, and the occasional use of a food bank.

Another participant reported spending nearly half of her income on cigarettes and consequently ran low on food at the end of most months, could not replace her worn-out clothes, and only purchased medications that had no co-pays due to lack of funds.

Nevertheless, her needs were mostly met and she was usually able to get a money order to cover her basic needs.

Modest spending on harmful things caused ambiguity—In three beneficiaries, ambiguities were related to judgments about how much spending on harmful things renders someone incapable. In each case, the assessor had difficulty judging the participant's financial capability because participants were only spending modest amounts, or nothing, on harmful things, but consequences were often quite severe. While substance use alone is not sufficient to find a person financially incapable (20), these beneficiaries' substance use was associated with risky behaviors, vulnerability to victimization, and intoxication, all of which suggest the beneficiaries are not acting in their own best interest which may impact their ability to manage funds adequately. Assessors had to determine whether assigning a payee would likely ameliorate the negative consequences of substance use.

One participant only spent \$60 a month on alcohol and received other drugs in exchange for letting people use his apartment. Even though the amount spent on alcohol was small, the participant's alcohol use resulted in his discharge from methadone treatment, after which he relapsed on heroin and had subsequent drug-related problems. Another participant reported receiving cocaine in return for helping drug dealers "run customers." This participant had a long history of legal problems, hospitalizations, and social conflict associated with his drug use and was taking a large risk by working for drug dealers. A third participant spent an average of only \$10 per month on alcohol but reported that she would occasionally binge drink, resulting in blackouts, hospitalizations, and legal problems.

Capability is fluid over time, which can create ambiguities—Two beneficiaries illustrate how financial capability is a fluid construct. Ambiguities arise depending on whether capability is assessed over a period of time or at one moment in time. In one case, a participant reported a significant period of time in the preceding six months during which he did not have enough money for food and, because he had recently been released from prison, did not have a stable place to live. Subsequently, however, the participant started receiving food stamps and, a few weeks later, was able to find stable living arrangements. Looking at the six month period as a whole, the participant was not meeting basic needs for the majority of the time, but at the time of the interview, the participant's situation had stabilized and his basic needs were met. Another participant reported stable housing and utilities over the preceding six months, but unstable medications, food and clothing. Her needs were met for the majority of the six-month period but episodic impulsive spending contributed to some financial hardship and unmet needs.

Predicting future stability caused ambiguity—For four participants, ambiguities arose over the stability of supports that had helped a participant manage money. In one example, a participant would have failed to meet her basic needs from her Social Security payments but was able to with the intermittent help of her family and in-kind transfers with friends. At the time of the participant interview, the participant reported that she had asked her sister to help manage her affairs. The sister's intervention was successful. However, because the participant had a history of rejecting help, the assessor felt it was unlikely that the participant would continue to allow her sister to assist, and would continue to manage

her funds poorly. In two other cases, a participant's mother helped manage the participant's finances but there was inconsistent control of the funds and uncertainty about whether the beneficiaries would continue receiving help. For a fourth beneficiary, the participant pooled resources with his roommate in a joint bank account. The roommate then paid all the bills. The participant was relatively unaware of his expenses and the assessor had difficulty determining the stability of the roommate arrangement.

Discrepancies between sources of data (participant interviews, chart review, and clinician report) caused ambiguity—Two capability determinations were ambiguous due to discrepancies between information collected from participant interviews, chart review, and clinician report. In both examples, the participants described themselves as more capable than was indicated in data from patient charts or from treating clinicians.

Discussion

Determining financial capability is complicated. One reason capability is difficult to judge is that managing a limited income, with or without a disabling illness, is very difficult. The challenges disabled people face—poverty, substance use (21), gambling (22), crime, financial dysfunction, psychiatric symptomatology (23) and financial predation (6) — contribute to their financial difficulties. Most beneficiaries and, in fact, most people do not spend *all* of their funds on basic needs. A Bureau of Labor Statistics report found that Americans in the lowest, middle, and highest income quintiles spend 7–10% of their income on nonessential items and that those in the lowest quintile spend a greater percentage of their money than those in the highest quintile on basic necessities such as housing, food, utilities, fuels and public services, healthcare, and medications (24, 25). Emerging literature suggests that *because of the stresses of poverty*, it is particularly difficult for someone who is poor to exert the planning, self-control and attention needed to resist unnecessary purchases (26).

Second, determinations of the amount of nonessential or harmful spending and the circumstances around such spending that would merit payee assignment is a subjective judgment with few guidelines. The Social Security Administration guidelines about how *representative payees* must use a beneficiary's monthly benefits allow for some non-essential purchases (i.e. clothing and recreation), but only after food and shelter are provided for (27). This paper highlights areas requiring special deliberation. Clinicians assessing financial capability need to consider the extent of the harm spending patterns have on the individual being assessed (i.e. misspending that results in a few missed meals might cause minor discomfort but not measureable harm, whereas misspending that results in an inability to pay for rent may be very harmful). When looking at harmful spending, clinicians should discern whether the beneficiary has a *financial problem* or an *addiction problem*. If improved financial skills or payee assignment would not impact the acquisition of drugs of abuse, then the beneficiaries' substance use probably does not reflect financial incapability.

Another important issue that clinicians face when making determinations about beneficiaries' ability to manage funds is attempting to predict future functioning, which is inherently uncertain. There is evidence that clinicians have difficulty predicting behaviors such as future medication adherence (28, 29), so some uncertainty in predicting financial

capability is to be expected. Frequent reevaluations of financial capability might help with complicated determinations. Extensive and serial evaluations of capability to manage one's funds are probably beyond the mandate and the resources of the Social Security Administration, but re-evaluating the capability of beneficiaries who are admitted to an intensive treatment program may be feasible.

The issue of beneficiaries who may be incapable but who have unofficial arrangements with people who manage beneficiaries' funds was raised previously (30) and addressed in an audit by the Office of the Inspector General. Altogether, 13% of the SSI/SSDI beneficiaries the OIG evaluated had people who received and managed beneficiaries' funds, even though they had no formal role (1). There remains uncertainty as to when beneficiaries with unassigned surrogate money managers would benefit from more formal, monitored payee arrangements (30). The impact of assigning a formal representative payee largely depends on the payee assigned, with wide variability in payee practices (31). The literature suggests that representative payee programs, particularly when coordinated with other psychiatric treatment, are beneficial (16, 32, 33).

Although applying standardized criteria can clearly identify the majority of beneficiaries as capable or incapable of managing finances (18, 19), in the absence of more precise guidance, capability determinations are left to clinicians' best judgment. In addition to considering whether a beneficiary is capable, clinicians should also consider whether assignment of a representative payee would be helpful (15) and whether payee assignment is feasible.

Conclusion

The ambiguous cases described in this paper raise fundamental questions about what financial incapability is. Examining the details of peoples' living situations and decision making can help in making dichotomous decisions about capability in the small proportion of beneficiaries in whom an algorithm leaves unresolved questions.

Supplementary Material

Refer to Web version on PubMed Central for supplementary material.

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Table 1**Financial Capability Criteria**

Criteria	How to Score
<p>Criterion 1: Basic needs have not been met</p> <p>? – Inadequate Information</p> <p>1 – Absent or False</p> <p>2 – Sub-threshold</p> <p>3 – Threshold or True</p>	<p>Basic needs have not been met if client does not have stable housing, adequate food, or adequate clothing.</p> <p>If client does not spend funds to meet basic needs but is able to meet basic needs in some other way, this criterion for incapability is not met. It is possible to meet basic needs by planned use of food kitchens for food and public shelters for housing.</p>
<p>Criterion 2: Funds needed for basic needs were spent on something else</p> <p>? – Inadequate Information</p> <p>1 – Absent or False</p> <p>2 – Sub-threshold</p> <p>3 – Threshold or True</p>	<p>Money needed for basic needs was spent on other things that are not essential.</p> <p>This criterion distinguishes between not meeting basic needs because of poverty, as opposed to not meeting basic needs because substantial funds were spent on nonessential items. Some clients don't misspend their money; they just don't have enough money no matter how it is spent. These clients are poor, not incapable.</p>
<p>Criterion 3: Substantial funds spent on something that harmed the client</p> <p>? – Inadequate Information</p> <p>1 – Absent or False</p> <p>2 – Sub-threshold</p> <p>3 – Threshold or True</p>	<p>Client's funds were used for drugs, tobacco, gambling or other purchases that caused the client substantial harm.</p> <p>Substantial harm is defined by DSM criteria for substance abuse, which requires that substance use led to failure to fulfill major role obligations, recurrent use in situations that are hazardous, recurrent substance-related legal problems, or recurrent social problems exacerbated by substance use.</p>
<p>Criterion 4: Past misspending (on harmful things or nonessentials) is likely to continue</p> <p>? – Inadequate Information</p> <p>1 – Not likely</p> <p>2 – As likely as not</p> <p>3 – More likely than not</p> <p>4 – Not applicable (no past misspending)</p>	<p>Likelihood that client's misspending on harmful things or on nonessentials in the past 6 months will continue in the next year.</p> <p>Assessor must make judgment about whether new circumstances may affect past misspending on harmful things or on nonessentials. Past misspending on harmful things can be affected in several ways, for example through enrollment in substance abuse treatment program to address substance abuse problems or attending counseling to treat a gambling addiction. Past misspending on nonessentials can be affected in several ways, for example a new medication regimen to control manic/impulsive symptoms, or working with a money manager, conservator, or representative payee so that money is managed better.</p>
<p>Criterion 5: Contextual Factors</p>	<p>Examples:</p> <ul style="list-style-type: none"> -Impaired judgment and disorganized behavior -Someone else recommending or opposing payee assignment -Physical limitations that compromise capability -New intervention that is likely to improve the beneficiary's funds management