Representative Payees in Psychiatric Disabilities: Review of Empirical Research

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Over 7 million people receiving social security are assigned payees.

Representative payeeship has been called “the nation’s largest guardianship system.”

As of 2008, more than 1,000,000 people with psychiatric disabilities had their SSI and/or SSDI managed by payees.
Payees first make sure the beneficiary’s day-to-day needs for food and shelter are met.

Then benefits used for personal needs, such as clothing, recreation, medical expenses (eyeglasses and hearing aids), and dental care.

Discretionary funds that remain, usually less than $100, may be used by the payee as leverage to improve treatment adherence.
<table>
<thead>
<tr>
<th>Type of Payee</th>
<th>Total</th>
<th>SSDI</th>
<th>SSDI Only</th>
<th>SSI Only</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>70%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spouse</td>
<td>4.0</td>
<td>23.4</td>
<td>5.2</td>
<td></td>
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<tr>
<td>Parent</td>
<td>38.1</td>
<td>27.4</td>
<td>37.7</td>
<td></td>
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<tr>
<td>Grandparent</td>
<td>1.1</td>
<td>0.4</td>
<td>1.9</td>
<td></td>
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<tr>
<td>Child</td>
<td>4.6</td>
<td>6.5</td>
<td>6.4</td>
<td></td>
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<tr>
<td>Other relative</td>
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<td>16.7</td>
<td>18.0</td>
<td></td>
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<tr>
<td>Institution</td>
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<td>13.4</td>
<td>9.8</td>
<td>10.5</td>
</tr>
<tr>
<td>Agency</td>
<td>8.1</td>
<td>12.4</td>
<td>6.2</td>
<td>8.5</td>
</tr>
<tr>
<td>Financial</td>
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<td>0.4</td>
<td>0.5</td>
<td>0.3</td>
</tr>
<tr>
<td>Other</td>
<td>10.4</td>
<td>11.2</td>
<td>9.1</td>
<td>11.4</td>
</tr>
</tbody>
</table>

Payeeship is associated with reduced homelessness, hospitalization, and victimization, (Luchins et al., 1998; Rosenheck, Lam, & Randolph, 1997; Stoner, 1989).

Payees can help promote residential stability, and basic health care (Hanrahan et al., 2002).

Premise that money mismanagement increases risk of homelessness, shown in recent empirical work (Elbogen et al., 2013).
Payeeship in psychiatric disabilities was associated with reduced substance abuse, improved quality of life, and better money management (Conrad et al., 2006).

Monetary reinforcement used by payees has increased abstinence in dual disorders (Shaner, Roberts, Eckman, Tucker, & et al., 1997), but not always (Rosenheck et al., 1997).
Better treatment adherence has been found among beneficiaries with payees compared to those without (Elbogen, Swanson, & Swartz, 2003a; Ries & Comtois, 1997).

Payees can help promote psychiatric treatment engagement (Hanrahan et al., 2002).

Rosen et al. (2014) found beneficiaries assigned payees participated more in study therapies.

Treatment engagement associated with improved functioning (Elbogen et al., 2006)
Another subset of beneficiaries who face a unique set of challenges managing money are veterans with psychiatric disabilities who can receive over $2,000 per month in disability benefits combined from the Department of Veteran Affairs (VA), depending on the level of military service-connected disability and number of dependents.
Subgroups: Veterans with Psychiatric Disabilities

Paradoxically, receiving more benefits can:
1. increase veterans’ risk of severe debt by virtue of increased capacity to obtain credit cards and other unsecured loans;
2. increase available funds to purchase alcohol or drugs;
3. decrease veterans’ incentive to work as policies at the VA and SSA are distinct, often change, and difficult to navigate; and
4. increase veterans’ vulnerability to financial exploitation and victimization by family, friends, and strangers.
Subgroups: Veterans with Psychiatric Disabilities

Despite more income, veterans with psychiatric disabilities have been found to mismanage money (Black et al., 2008; Mares & Rosenheck, 2007; Rosenheck, Frisman, & Sindelar, 1995; Rosenheck et al., 2000) and often require payees called ‘fiduciaries’ to assist with money management (Conrad et al., 2006; Rosenheck, 1997; Wilder et al., 2015).
It has been found there exists a subset of people with schizophrenia, bipolar disorder, and major depression who receive SSA disability funds and who get help “informally,” with finances (Elbogen, Swanson, Swartz, & Wagner, 2003).

Subgroup of people with psychiatric disabilities who are not formally assigned payees but whom nevertheless have third-parties (family, friends, clinicians, clergy, or others) manage their funds (Elbogen et al., 2008).
Subgroups: Beneficiaries with Informal Money Managers

One study found financial assistance of beneficiaries from informal sources was predicted by private residence, self-care, mobility, and money management needs (Cummings & Kropf, 2009).

While formal and informal sources provided adequate services for certain client needs, over 70% of the clients did not receive the correct type of help for some of their basic needs.
Serowik et al (2013) interviewed beneficiaries about their experience receiving a voluntary money management intervention. Beneficiaries emphasized trusting the money manager, financial mindfulness (awareness of the financial transactions in clients’ day-to-day lives), and agency over their own affairs. In contrast to evaluations of people assigned representative payees or conservators, there was little mention of feeling coerced.
Although funds may be used by payees appropriately to support treatment adherence (Monahan et al., 2001), payees can also allocate SSA funds in ways that increase conflict and have no shared therapeutic purpose (Cogswell, 1996; Marson, Savage, & Phillips, 2006; Rosen, Desai, Bailey, Davidson, & Rosenheck, 2001).
Family payees admitted to using money as leverage not always due to clinically relevant factors, suggesting money was sometimes used in ways that at best were arbitrary and at worst were coercive.


Beneficiaries who perceive less autonomy with respect to mental health care were less likely to view favorably the practice of money used as a leverage in the context of payeeship.

Representative Payeeship and Risk of Interpersonal Conflict

- Payeeship can increase interpersonal conflict with clinicians (Angell, Martinez, Mahoney, & Corrigan, 2007) and families (Elbogen et al., 2005).
- A beneficiary with a psychiatric disability is more likely to act aggressively toward family members when financially dependent upon them (Elbogen et al., 2005; Estroff, Swanson, Lachicotte, Swartz, & Bolduc, 1998).
Family representative payeeship doubled the odds of serious family violence even controlling for relevant covariates; if the beneficiary had frequent contact with the payee, the risk of family violence quadrupled.

Violence risk was elevated when beneficiaries perceived they had little control over their spending and when beneficiaries had better money management skills than the payee.

Payees and Reduced Work Incentive

Since studies show beneficiaries experience less incentive to work when they receive disability benefits (Estroff, Patrick, Zimmer, & Lachicotte, 1997; Rosenheck, Dausey, Frisman, & Kasprow, 2000), the inability to control one’s money due to payeeship could further exacerbate a dependency role fostered by the disability process.
One-quarter beneficiaries believed they could not work because they had a payee.

More than half the payees and beneficiaries also incorrectly believe payees manage a beneficiary’s income if he or she works.

More than 70% of payees and beneficiaries incorrectly believe the payee arrangement lasts indefinitely.

Payees themselves may lack financial abilities.

There were no significant differences between payees and beneficiaries on money management skills (e.g., paying bills).

Beneficiaries had a mean score on WRAT arithmetic at the 6th grade level whereas family payees had a mean WRAT arithmetic score at the 7th grade level.

Research reveals that representative payeeship can lead to improved outcomes for beneficiaries with psychiatric disabilities, including reduced homelessness and substance abuse and improved treatment adherence.

At the same time, research shows that representative payeeship can be used coercively, lead to interpersonal conflict, and reduce work incentive.
Research also reveals that representative payees themselves may:

- Be unaware of the function of the payee arrangement.
- Have inaccurate understanding about the limitations of the payee arrangement.
- Use beneficiary’s disability funds in ways that do not have a therapeutic purpose.
- Themselves lack solid financial knowledge and judgment.