

# GAO Highlights

Highlights of [GAO-19-688](#), a report to the Subcommittee on Social Security, Committee on Ways and Means, House of Representatives

## Why GAO Did This Study

Nearly a million individuals relied on organizational payees to manage their Social Security benefits in 2018. Due to an aging population more beneficiaries may need organizational payees in the future. These beneficiaries are among the most vulnerable because, in addition to being deemed incapable of managing their own benefits, they lack family or another responsible party to assume this responsibility. SSA reports that misuse of benefits by payees is rare, but its Office of Inspector General has identified cases of misuse that have harmed vulnerable beneficiaries. GAO was asked to review SSA's organizational payee program.

This review examines, among other things SSA's process for approving payees and its monitoring efforts. GAO reviewed relevant federal laws, regulations, policies, and guidance; analyzed SSA data from fiscal year 2018; analyzed the predictive statistical model SSA uses to select low-volume payees for on-site reviews; and interviewed SSA central office staff and regional, area, and field office staff in four regions selected for geographic diversity.

## What GAO Recommends

GAO is making nine recommendations in this report, including that SSA: clarify how to assess complex suitability factors; assess requiring background checks for organizational payees; establish a timeframe for reviewing the predictive model and document design decisions resulting from that review; and establish timeframes for, and conduct revisions of the accounting form. SSA agreed with all nine recommendations and provided technical comments that GAO incorporated as appropriate.

View [GAO-19-688](#). For more information, contact Elizabeth Curda at (202) 512-4040 or [curdae@gao.gov](mailto:curdae@gao.gov).

# SOCIAL SECURITY BENEFITS

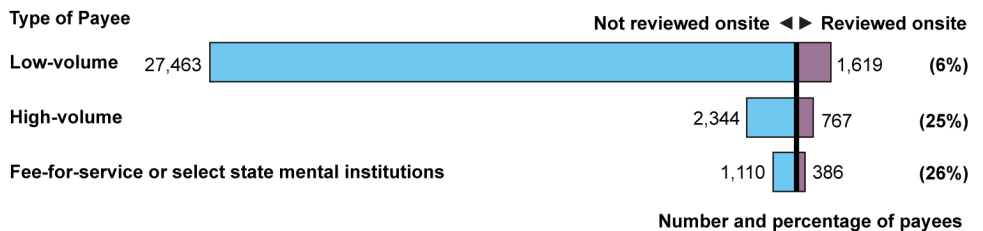
## SSA Needs to Improve Oversight of Organizations that Manage Money for Vulnerable Beneficiaries

### What GAO Found

The Social Security Administration (SSA) approves organizational payees—such as nursing homes or non-profits that manage the Social Security benefits of individuals unable to do so on their own—by assessing a range of suitability factors, such as whether the organizations have adequate staff to manage benefits for multiple individuals. However, GAO found that SSA's policy does not specify how to assess more complex suitability factors, such as whether an organization demonstrates sound financial management. Without clearer guidance, unqualified or ill-prepared organizational payees could be approved to manage benefits. Also, SSA does not currently require background checks for key employees of an organizational payee. In contrast, SSA requires background checks for individual payees—such as a relative or friend of the beneficiary. A comprehensive evaluation could help SSA determine whether and how to expand their use of background checks to organizational payees.

To ensure organizational payees are managing funds appropriately, SSA uses several monitoring tools, including resource-intensive onsite reviews. Certain organizational payees, such as those that charge fees for their services or have 50 or more beneficiaries (high-volume), receive onsite reviews every 3 to 4-years. In contrast, payees that serve fewer than 50 beneficiaries (low-volume)—the vast majority—are selected for review based on their estimated likelihood of misusing beneficiary funds, and a relatively low percent of them receive onsite reviews (see figure). SSA uses a predictive statistical model to identify higher risk low-volume payees, but the model's effectiveness cannot be fully assessed by GAO or others due to missing documentation on how it was designed. SSA officials said they will update the model in the future, but do not have a time frame for doing so. Establishing such a time frame and documenting design decisions are key steps toward assessing the model's effectiveness.

**Number and Percentage of SSA Organizational Payees, by Payee Type, Reviewed Onsite in Fiscal Year 2018.**



Source: GAO analysis of fiscal year 2018 data from the Social Security Administration (SSA). | [GAO-19-688](#)

Another way SSA oversees organizational payees is by reviewing their annual accounting forms, but shortcomings exist in SSA's review of the form and in the form's content and design. For example, SSA lacks timeframes for following up on missing or problematic forms. Also, the accounting form does not capture complete information on whether payees co-mingle beneficiaries' funds in collective accounts, which can limit SSA's ability to monitor those risk-prone accounts. Establishing timeframes and revising the form could enhance the effectiveness of the annual accounting form as an oversight tool.