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Representative Payees for Adult Beneficiaries, October 1994

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Some Title XVI (SSI) and Title II (OASDI) beneficiaries are incapable of managing their finances because of a mental or physical impairment. For them the Social Security Act provides that payment be received and managed by an individual or organization acting as their representative.

Approximately 2.5 million adult (age 18 and over) beneficiaries were served by representative payees in October 1994 (table 1). There were 1.3 million under Title XVI and 1.6 million under Title II, but an overlap of 0.4 million receiving benefits from both programs through representative payment. These counts were obtained by tabulating the records of beneficiaries with payees and in current-payment status from the Supplemental Security Record and the Master Beneficiary Record—the master files for Title XVI beneficiaries and Title II beneficiaries, respectively.

Table 1.—Adult beneficiaries in representative payment, by program: October 1994

Program	Number of beneficiaries
Title XVI only	883,867
Title II only	1,193,508
Both	406,344
Total, all programs	2,483,719

The payee was an organization one-quarter of the time and an individual three-quarters of the time (table 2). An organizational payee is usually an institution providing care; however, for 160 thousand adult beneficiaries, the payee is a social agency, public official, or financial organization. In the great majority of cases, an individual serving as a representative payee is a relative of the beneficiary; however, for 200 thousand adult beneficiaries the payee is classified as “other,” which includes, for example, a friend, a guardian, and a room-and-board provider. A few organizational payees are also in this “other” category.

The characteristics of beneficiaries with representative payees are periodically reported in the *Social Security Bulletin*, most recently in the Winter 1995

Table 2.—Adult beneficiaries in representative payment, by type of payee: October 1994

Type of payee	Number of beneficiaries
Institution	444,081
Federal nonmental	945
Federal mental	641
State/local nonmental	34,800
State/local mental	97,458
Privately owned nonmental	215,235
Privately owned mental	11,128
Nonprofit nonmental	63,591
Nonprofit mental	20,283
Other organization	160,058
Financial organization	9,860
Social agency	126,848
Public official	23,350
Relative	1,636,234
Spouse	234,678
Father	121,357
Mother	545,197
Stepfather	2,088
Stepmother	2,323
Grandparent	15,642
Child	216,005
Other relative (e.g., sibling)	498,944
Other person	203,331
Not classified	40,015
Total, all types	2,483,719

issue with a December 1994 reference date. The focus here, on the other hand, is on the payees, rather than on the beneficiaries, in particular on the size distribution of the payees, that is, the number of beneficiaries whom they serve. The objective is to fill a void until the new Master Representative Payee File, a payee-specific database developed in response to the mandate of the Omnibus Reconciliation Act of 1990, is complete and fully operational.

We approximate the size distribution of payees indirectly from beneficiary master records. If there is a data field in the beneficiary master records whose

values are in a 1-to-1 correspondence with the set of representative payees, then the number of records containing a given value equals the number of beneficiaries served by the corresponding payee.

The Social Security Administration recently adopted the 'ZIP+4' format for addressing correspondence, and was successful in coding the great majority of its master records to this level of detail. In particular, among adult beneficiaries with representative payment in October 1994, 'ZIP+4' detail is present in 94.5% of the records (95.1% for individual payees and 93.1% for organizational payees).

In a given 'ZIP+4' area there may well be several homes in which representative payees reside. We think it rather unlikely, however, that such small areas contain more than one organizational payee. Accordingly, the size distribution of 'ZIP+4' areas among beneficiaries with an organizational payee should be a good proxy for the size distribution of such payees. This distribution is summarized in table 3.

Table 3.—Organizational representative payees by number of adult beneficiaries served, based on frequency of 'ZIP + 4' code: October 1994

Number of beneficiaries served	Number of payees
1	14,308
2-4	10,429
5-24	12,815
25-99	4,015
100-999	780
1,000 and over	15
Total, all organizational payees	42,362

Based on this method, there are an estimated 42 thousand organizational payees for adult beneficiaries, one-third of whom serve only a single beneficiary. At the other extreme, there appear to be 795 organizational payees who serve 100 or more adult beneficiaries. More than half of these are either mental institutions operated by State and local governments or social agencies.

There is too much variation in how both the payee name and the payee address are recorded in beneficiary records for either of these fields, in unedited form, to provide the desired 1-to-1 correspondence with payees. We were able, however, to remove much of the variation in payee addresses by processing them through an "address standardizer" program developed by the Geography Division of the Bureau of the Census, which divides an address into its component parts and applies standardized abbreviations to street names.

In the data file produced for this study, there are nearly 1.8 million distinct combinations of (5-digit)

zip code and standardized address, implying an estimate of nearly 1.8 million representative payees for the 2.5 million adult Title XVI and Title II beneficiaries with payees (table 4). An estimated 92 percent of payees serve one beneficiary. The estimated 832 payees with 100 or more adult clients include 7 who are individuals, rather than organizations.

Table 4.—Representative payees by number of adult beneficiaries served, based on frequency of combinations of ZIP code and address: October 1994

Number of beneficiaries served	Number of payees
1	1,643,690
2-4	114,301
5-24	16,867
25-99	4,405
100-999	818
1,000 and over	14
Total, all payees	1,780,095

Representative payment is required for beneficiaries with disabilities in which drug addiction or alcoholism is a material factor. This requirement had applied only to Title XVI, although it was extended to Title II by the Social Security Independence and Program Improvements Act of 1994. There are an estimated 89 thousand payees for the 97 thousand adult Title XVI beneficiaries with disabilities in which drug addiction or alcoholism is a material factor. Of these, 86 thousand appear to be serving a single payee (table 5). Most of the 32 payees serving 25 or more addicts and alcoholics are social agencies.

Table 5.—Representative payees by number of adult Title XVI beneficiaries with disabilities in which drug addiction or alcoholism is a material factor, based on frequency of combinations of ZIP code and address: October 1994

Number of beneficiaries served	Number of payees
1	85,934
2-4	3,255
5-24	232
25-99	27
100 and over	5
Total, all payees	89,453

Because of the obvious limitations to which these estimates of payee size are subject, they should be viewed as rough approximations. The Master Representative Payee File should eventually provide exact counts of the number of payees and their distribution by number of beneficiaries served.