

State records show problems with payee services, oversight

BY JAKE THOMAS
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The complaint describes a desperate situation: The institution charged with managing almost all of your financial decisions won't give you enough of your own money to pay rent.

"My rent is \$380. So I know I had more monies available," reads a handwritten consumer complaint filed with the Oregon Attorney General's Office against Integrity Plus, a nonprofit that manages the federal disability benefits for disabled individuals. The complaint continues with key words underlined for emphasis: "All the payee clients are truly disabled and monies never work out to what they should!"

"Social Security insists they supervise these people," the complaint angrily concludes. "They do not!"

"These people" are representative payees, individuals or organizations tasked by the Social Security Administration with being the financial gatekeepers for individuals who receive federal disability benefits, but have been deemed to be incapable of managing their own finances. They make sure that the beneficiaries rent, medications and other necessities are paid for, while conforming to the Social Security Administration's array of rules and regulations. And some of these people have problems that the administration is aware of.

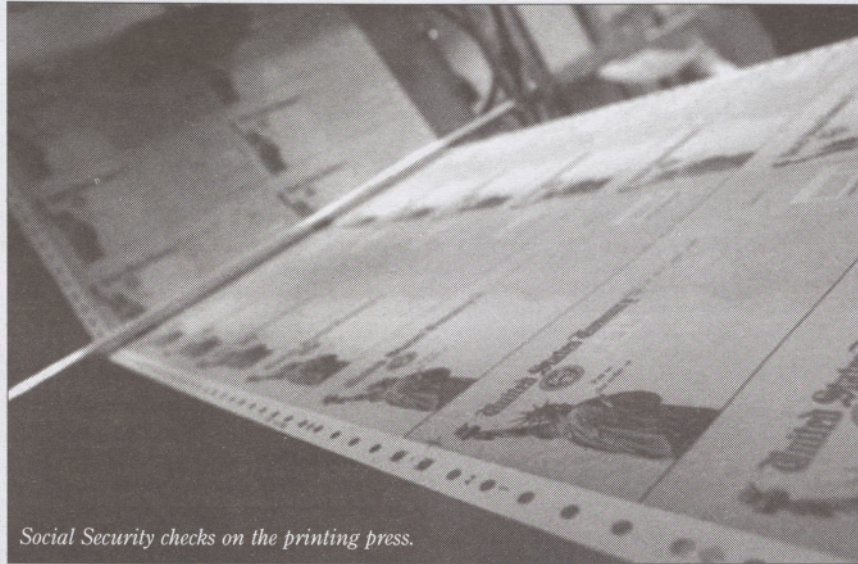
Street Roots, using the Freedom of Information Act, acquired the reviews the Social Security Administration periodically conducts on organizational payees in the Portland area. Some of them had minor problems. Central City Concern, a large social services nonprofit, passed with flying colors. But a few payees had serious issues in managing their clients' money, documents reveal.

"I would argue, where there is smoke there's fire," says Curtis Decker, the executive director of the National Disability Rights Network, a national organization that monitors payee services. He says that a common problem with payee services is bad bookkeeping, which may be an indicator that the organization is not taking good care of its clients.

Ted Wenk, a staff attorney with Disability Rights Oregon who specializes in payee programs, says that some payee services might be great with clients but bad with bookkeeping. But that can be a major problem, he says.

"Some organizations might think, 'but I know where everything is,'" says Wenk. "But if someone is committing fraud, you might not find out until six months later."

For about a decade, government oversight agencies have released a stream of reports documenting how the payee system is ripe for abuse and mismanagement. Portland saw the effects of this mismanagement earlier this year when the state's largest payee, Safety Net of Oregon, was raided by federal agents after it couldn't account for hundreds of thousands of dollars in missing client funds. The nonprofit was ordered to close its doors, throwing hundreds of its clients,



Social Security checks on the printing press.

many with serious physical and mental impairments, into financial turmoil. The affidavit in support of the search warrant describes very disorganized finances at the nonprofit.

Reviews by the administration of Integrity Plus conducted in 2010 and 2011 found that some of the nonprofit's clients had accrued balances that put them in jeopardy of losing their benefit checks and their medical insurance.

"That could be a really big deal if they don't manage their resource limit," says Wenk. "I think that should never happen with a payee service."

The Social Security Administration doesn't allow someone receiving disability benefits to accumulate more than \$2,000 in savings. If a recipient goes over this amount, the Social Security Administration may cut off their disability benefits and the health insurance that usually goes along with it.

Wenk says that "it's not an automatic thing," but if the Social Security Administration finds out that someone is over their resource limit, they can and will suspend benefits. Wenk recalls a client who had to go to her dentist for a needed procedure. When she got there, she found out that her payee (who he wouldn't name) had let her go over her resource limit and she didn't have medical insurance.

Wenk says that this can easily be avoided if a payee monitors a client's account and spends it down when it gets high. He also says that a payee can purchase a life insurance policy or burial plan for a client to prevent them from going over their resource limit. He also says that a payee could purchase a trip for their client from an organization that takes disabled people on excursions to the coast or to Las Vegas to see an Elvis impersonator.

Wenk also says that Disability Rights Oregon has received complaints from Integrity Plus clients who were worried they would go over their resource limit and lose benefits.

A 2009 review of Integrity Plus faulted the nonprofit for paying for a client's rent-to-own items as well as an "exorbitant" cable bill. These expenses, according to the

review, did "not meet the definition of basic needs."

A letter from the Social Security Administration to Integrity Plus, also sent in 2009, states, "During the review, we found several clients had large expenditures with no supporting documentation. Rent receipts or copies of lease agreements are not routinely kept in the financial files."

Wenk says that it can be a big problem if a payee is not keeping receipts for rents on file. If there is a dispute with a landlord over whether rent was paid, a client could face eviction.

"If they show up on Judge Judy, they can appeal it," says Wenk, jokingly, of the need to keep rent receipts. "Maybe the landlord doesn't keep good books."

In 2012, the Social Security Administration wrote to Integrity Plus stating that it could no longer collect fees from benefit payments. Payees are allowed to collect a fee from their client's disability checks (often around \$40), which is often their primary or only source of revenue. The administration made this decision, according to the letter, because Integrity Plus had inadequate insurance for its deposits, which were over \$1 million at the time. A 2009 review from the Social Security Administration warned Integrity Plus that it did not have adequate insurance that would protect client funds against unexpected loss or fraud.

"It seems pretty problematic that it's reoccurring," says Wenk of Integrity Plus' inadequate insurance. He also calls it a "major step" for the Social Security Administration to bar a payee from taking fees.

Integrity Plus could not be reached for comment. When Street Roots called the listed number for Integrity Plus, it went to a message saying that the voicemail for that number was full. Integrity Plus did not respond to a written request for comment.

The nonprofit's 2012 tax return, filled out by hand, states that it was running a small deficit of \$873. It also states that it received \$240,845 in revenue from disability benefits and that Karen Quinlan, the nonprofit's president, received over \$72,000 in

compensation.

Other payee services have had trouble as well.

A 2014 review of Providence ElderPlace "found 34 accounts that have had negative balances, one has continuously run a negative balance since February 2013."

According to Wenk, if a payee allows an account to run into the red it could mean that they are using other client's money to cover the negative balance.

"You're dipping into other people's collective money, so that's a big no-no," says Wenk.

Providence ElderPlace, a program offered by Providence Health Services for older individuals that includes a payee service, did not respond to a request for comment.

Safe Option was another payee service that also had problems according to Social Security Administration reviews. Reviews conducted in 2012 and 2013 found that Safe Option wasn't performing bank account reconciliations nor was it keeping proper documentation for payments made on behalf of their clients. It also ran negative balances on clients' funds.

Judith Dehen is the CEO of Safe Option, a payee service for about 190 people that has one other staff member. She says that reviews by the Social Security Administration don't tell the whole story.

"A big part of it, is we do not get the support from Social Security that we should get," she says. "I have felt for a long time that (the Social Security Administration is) very inconsistent in the way that they apply rules, and they contradict each other. Their rules are so arcane that they don't know them all."

Dehen says that some clients did have negative account balances. She says it was always by accident and the client was held harmless and never on the hook for overdraft fees. Dehen disputes the reviews assertion that they don't keep proper ledgers.

As for not keeping proper documentation for payments made on behalf of clients, Dehen says those were small, isolated infractions. She also says that Social Security's rules are not clear and not consistent for what documentation needs to be kept. For instance, she says a guidebook states that a cancelled check counts as a receipt. However, the review faulted Safe Option for using a cancelled check as a receipt.

Dehen also points out that her organization was reviewed between March 2012 and February 2013, but she didn't get the results back until October 2013.

"If you wait six months to inform me that you want me to change something, then how urgent do you feel it is?" she says.

Decker, of the National Disability Rights Network, says that this dealing with Social Security is a common issue for many payees.

"That is a very real problem," says Decker. One of the things we've uncovered, even the people doing it correctly say they got no training, no technical assistance."

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