

**Policies & Procedures**

**REPRESENTATIVE PAYEE POLICIES**

**Section:** Finance

**Pages:** 6

**Subject:** Representative Payee Policies

**Effective Date:** 12/31/2007

**Revision Date:** 08/2023

Monthly Client Statements

Statements will be provided for representative payee clients upon request to ensure that they have an opportunity to review their monthly statements when needed.

Client Account Adjustments

Adjustments to client accounts may only be made by the payee to ensure that proper procedures are followed.

1. When errors are identified, the payee staff adjusts the account.
2. The payee may adjust an account with an explanation as to what happened, why, and how it can be prevented in the future.

Payee Monthly Budgets

The Representative Payee will prepare a monthly budget with the client (if able) to ensure client approval regarding expenditures and consistency in check request information.

1. The payee representative will meet with the client to complete a monthly expense sheet.
2. Checks are processed after the budget information is received.
3. Monthly expense sheets are filed as back-up to show client approval of expenditures.

Safeguarding Funds

Davis Behavioral Health's representative payee program will follow Generally Accepted Accounting Principles in handling all funds received for use by DBH's rep payee clients.

1. Rep Payee will periodically have procedures audited by outside auditors and internal auditors to ensure that GAAP are being followed.

Confidentiality

Checks received for the Rep Payee clients may be opened *only* by rep payee to maintain the confidentiality of all representative payee clients.

### Check Requirement

Representative Payee checks will be made payable to Davis Behavioral Health for the client to ensure against fraudulent activity.

1. Rep payees should ensure that the name is changed to Davis Behavioral Health for: <client name> if it is incorrect on a check.
2. If not corrected, the client will not remain on the rep payee system.

### Payee Refunds

The Rep Payee program will adhere to Davis Behavioral Health's outlined policy regarding refunds to ensure that Representative Payee accounting staff follow proper refund procedures.

1. When money is refunded, it comes to the Representative Payee's office, *not* to the client.

### Payee Reconciliation

The Rep Payee program will adhere to Davis Behavioral Health's outlined cash policy to ensure that all cash funds are properly managed.

### Representative Payee Paperwork

The Rep payee is the only person with the authority to submit paperwork to Social Security on behalf of a client to initiate the processing for Davis Behavioral Health Representative Payee Services to ensure that the proper procedures are followed to assist DBH clients who qualify for Rep Payee services.

1. Rep Payees will submit the appropriate paperwork to the Social Security office for Davis Behavioral Health Rep Payee services for clients who have been approved for the program.
2. If an unauthorized person submits the paperwork to Social Security, he/she may be subject to disciplinary action (probation, termination).

### Representative Payee Requirements

Davis Behavioral Health employees **may not** serve as payees for any DBH clients outside the Rep Payee system to ensure against fraudulent activity.

1. All Davis Behavioral Health clients who receive Rep Payee services involving Davis Behavioral Health must go through the Rep Payee program. Failure to do so will mean immediate disciplinary action and/or termination.
2. No specific employee is the payee; Davis Behavioral Health is the listed payee.

### Outstanding Checks

Checks outstanding longer than six months will be voided to ensure that Rep Payee staff account for outstanding checks.

1. The Payee identifies outstanding checks through the reconciliation process.
2. The Rep Payee will try to determine the status of outstanding checks.
  - a. If the Rep Payee determines that a check has been destroyed or is still on file, the accounting staff will write void on the check if it is available.
3. The Rep Payee reviews stale dated checks and voids those that are older than six months.

### Referral and Approval Process

For a client to receive services through Davis Behavioral Health's Representative Payee program, he/she must follow the rep payee referral process. Once a client has been approved to receive rep payee services, the Rep Payee is responsible to enter the appropriate client information into Davis Behavioral Health's Rep Payee system.

1. Davis Behavioral Health will receive a client referral for the Rep Payee program from the Primary Services Coordinator, the Case Manager, or a physician.
2. The client referral is forwarded to the Rep Payee Supervisor.
3. Approval criteria include:
  - a. Availability of space in the program
  - b. Clinical need, and
  - c. Client circumstances
4. Once approved, the Rep Payee will send the appropriate paperwork to the Social Security office to initiate Rep Payee services through Davis Behavioral Health

### Management of Client Funds/Check Security

All payee client funds must be managed and accounted for by Davis Behavioral Health Representative Payee according to Generally Accepted Accounting Principles to ensure the security and proper management of Payee client funds.

1. The Rep Payee program will adhere to DBH's outlined cash handling and recording policies. (See "Unit Collections and Receipts" and "Safeguarding Money").
2. All checks for Payee clients must be made out to Davis Behavioral Health for the client.
3. All checks received for Payee clients may be opened only by a Payee Representative.
4. Cash, check stock and printed checks must be kept inside a locked Rep Payee office inside a locked cabinet.
5. Rep Payee personnel are to reconcile Payee client bank statements monthly.
6. Payee client funds received will be deposited on a daily basis.
  - a. A Rep Payee representative completes the deposit form.
  - b. A different Rep Payee representative takes the deposit to the bank.
  - c. Deposits are to be made on the day that clients' checks are received unless it is after 4:30 pm, in which case the checks will be locked in a drawer to be deposited the next day.
  - d. All checks written on behalf of clients must have two approved signatures (i.e., a client's signature plus a signer, or two signer signatures)
7. When a client has been clinically determined to no longer need DBH Payee

services, and approval has been given to transfer the Payee function to the client or a non-DBH representative, any fund balance in the client's account will be refunded.

- a. All refunds are to be made using a bank-prepared cashier's check.
  - b. The Rep Payee will coordinate with SSA to determine where conserved funds should be remitted.
8. Rep Payee shall periodically have procedures audited by SSA as well as internal auditors to ensure that SSA guidelines and GAAP are being followed.

### Clinical Indications

Davis Behavioral Health provides representative payee services for clients when, and only when, this service is medically necessary in order to avert deterioration in functioning or in order to improve skills that result in an increased functional level. All informal supports that could provide this service must be evaluated before DBH will become the representative payee. Representative payee services must be re-evaluated periodically for necessity and for the possibility of informal supports, or the client themselves, taking over the service.

Representative payee services may be indicated when clients are debilitated by a mental illness significant enough that they cannot manage their own finances to a degree that would endanger their welfare. The purpose of Davis Behavioral Health providing these services is to stabilize their living condition when no natural supports are able to serve this function, and/or to provide skills training to assist a client toward independently managing their finances.

1. Representative payee service will be provided when they are determined to be medically necessary under the current Davis Behavioral Health standard of medical necessity. Examples of medically necessary representative payee services are:
  - a. Services provided because the client has no natural supports who could appropriately fulfill this role, and the client is known to be at high risk to become homeless, destitute, or victimized when managing their own funds.
  - b. Services provided as part of a learning curriculum for a time-limited period to develop financial management skills.
  - c. Either of the above AND as a method to provide natural opportunities to assess the well-being of the client and the need for other treatments or supports.
  - d. As a less restrictive alternative to involuntary commitment.
2. Medical necessity is not demonstrated merely because a client has managed his or her funds "unwisely" according to the subjective opinion of the evaluator. Clients have a right to fail in their own independent decisions unless those decisions result from an inability to engage in rational decision-making secondary to a mental illness.

3. When representative payee services may be beneficial to a client, but such services are not medically necessary,
  - a. The client will be referred to a community provider of representative payee services when feasible.
4. The medical necessity of representative payee services will be assessed at least each time the treatment plan is reviewed.
5. Client funds will never be given to or withheld from a client in a manner intended to reinforce or punish behaviors.
6. When representative payee services are delivered, they will accord with the representative payee policies and procedures outlined in DBH financial policies.

### Changing Representative Payee

Davis Behavioral Health's Rep Payee Program will follow the proper procedure for terminating a client from the Rep Payee System due to a change of payee status, to ensure that proper steps are taken when a client's payee changes to ensure continuity of services for Davis Behavioral Health's Rep Payee clients.

Accounts that are active and have requested a change in their Payee.

- a. The Rep Payee will review the client's account to verify the remaining funds.
- b. Fund balances will remain in the account for at least 30 days to ensure that outstanding checks against the account will clear.
- c. After 30 days, the Rep Payee will close the account.
- d. Any funds remaining in the account after 30 days will be forwarded to the new payee or to Social Security.
- e. If no outstanding checks or outstanding bills are owed, the Rep Payee may close out the account sooner than 30 days with lead payee approval.
- f. No money will be sent out without the lead payee review and final approval.

### Deposits

Deposits will be made on a daily basis, to ensure that all Representative Payee

Program funds are deposited properly.

1. After receiving funds, a member of the Rep Payee staff will complete a *Deposit Control Form* (See attached.).
2. The checks and the *Deposit Control Form* are forwarded to the Rep Payee Accountant.
3. The Rep Payee verifies and prepares the deposit.
  - a. The Rep Payee photocopies the first deposit received.
4. Another Rep Payee reviews and signs the deposit.
5. A staff member takes the deposit to the bank.
6. If more than \$50 in cash is received, a deposit must be made on the day the cash is received.
7. If funds are received after 4:30 p.m., the deposit will be made the next day.
8. If the deposit cannot be done, the funds will be locked in a cabinet or drawer in a locked office at Rep Payee.

### Negative Balances

No Rep Payee client may have a negative account balance. The following actions are taken

to ensure against negative Representative Payee account balances.

1. Management is notified by the Rep Payee or case workers of the need for a negative balance.
2. Rep Payees are notified of approval.
3. Following approval, the Rep Payee will print a check.
4. Monthly updates are given to management regarding the status of those in a negative position.