

# Dollars, Disorders and Decisions

Interactive Case Workshop

---

Karen Reimers, MD  
Presentation for MN WEAAD  
June 13, 2024



# Outline

- Financial capacity assessment
- **Case examples**
- Psychiatric problems affecting financial capacity
- Red flags and questions to ask
- Resources



# 10 myths about financial capacity



- X Financial capacity and competency are the same
- X Lack of financial capacity can be presumed when people go against recommendations
- X There is no need to assess financial capacity unless patients go against advice
- X Financial capacity is an “all or nothing” phenomenon
- X Cognitive impairment equals lack of financial capacity
- X Lack of financial capacity is a permanent condition
- X People who have not been given relevant and consistent information about their finances lack financial capacity
- X All people with certain psychiatric disorders lack financial capacity
- X People who are involuntarily committed lack decision-making capacity
- X Only mental health experts can assess decision-making capacity

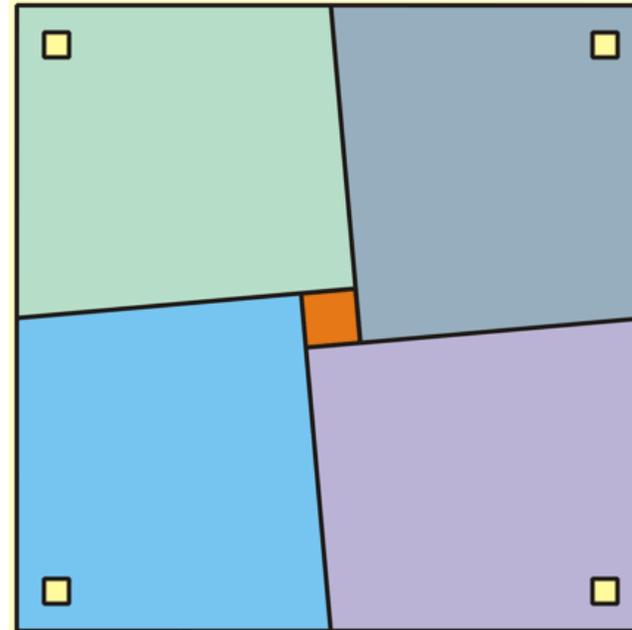
# Criteria for assessing financial capacity

**Understand** relevant information

**Appreciate** the situation and its consequences

**Reason** about financial options

Communicate a **choice**

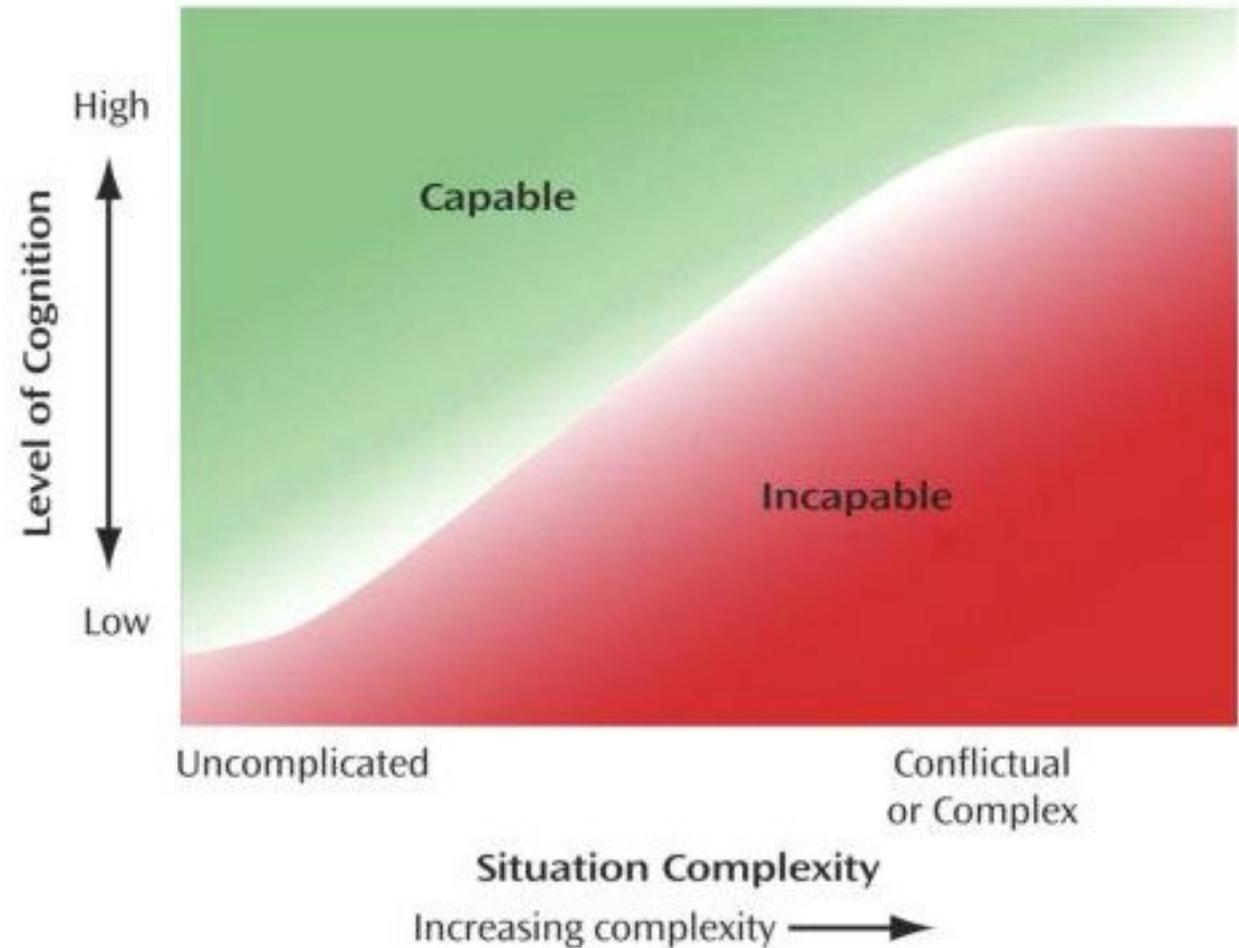


Adapted from Appelbaum  
2007

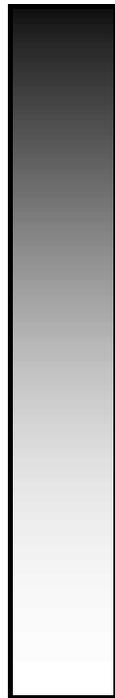
# Sliding scale of capacity assessment

---

Shulman 2007



## Clinical Capacity



Has capacity

Diminished capacity

Lacks capacity

## Capacity Judgment



Has capacity

Lacks capacity

# Comprehensive financial capacity assessment

---

Clarify the referral question

Understand the legal standard

Interview the examinee

Gather collateral information

Review relevant documents

Assess cognitive, emotional, and behavioral functioning

Evaluate functional abilities

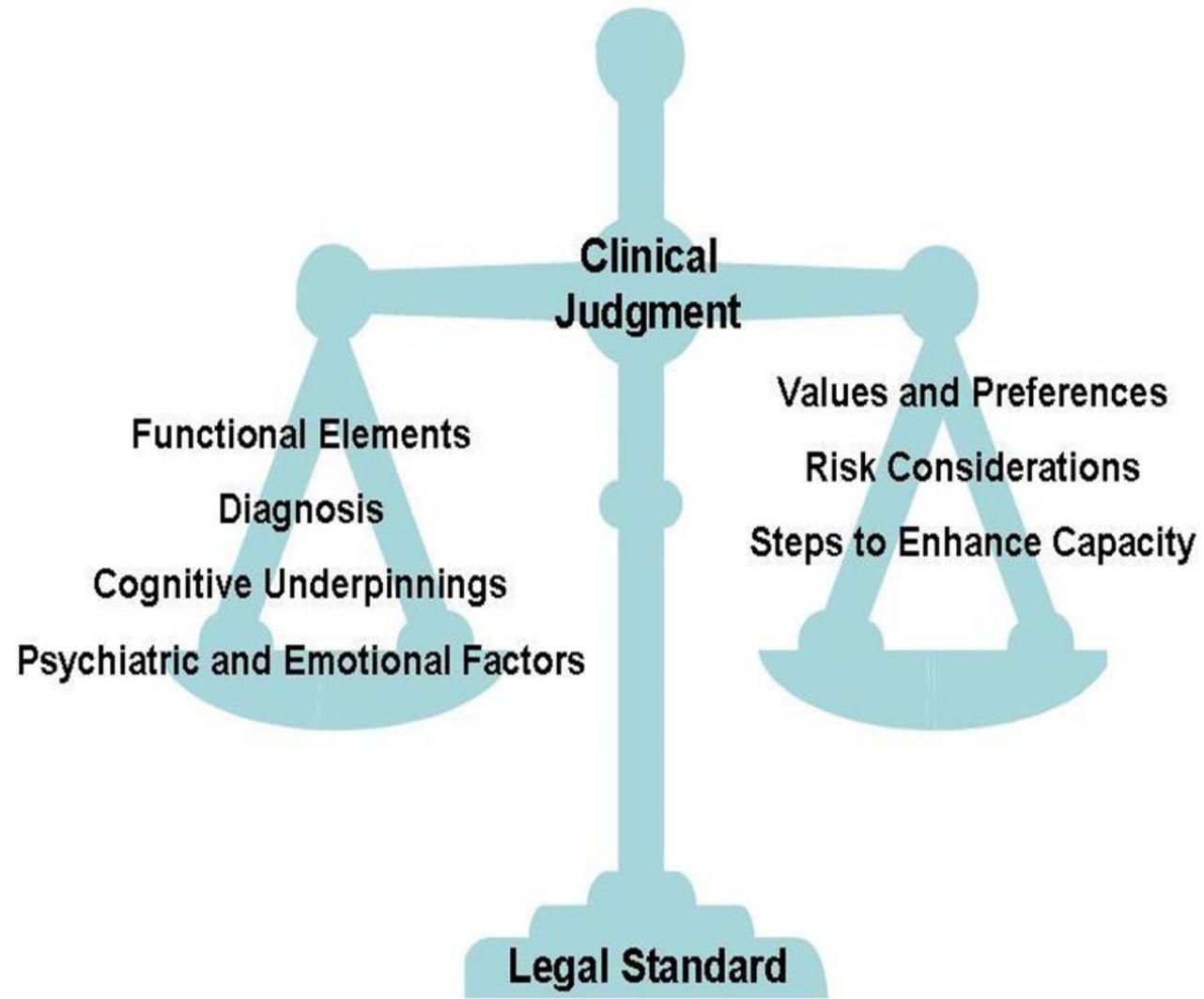
Consider the influence of values

Identify and address risk factors

Identify retained capacities and supports

Suggest steps for enhancing capacity

Provide a clinical judgment (not a legal determination)





**Sources of ambiguity**



# Balancing autonomy and support

ABA/APA 2008

# Less restrictive alternatives

---

- Financial Power of Attorney
- Representative Payee or VA Fiduciary
- Joint Accounts, especially Convenience Accounts
- Trusts
- Alerts and Monitoring Services
- Voluntary Account Restrictions
- Bill Paying/Money Management Programs
- Supported Decision-Making



# Disorders affecting financial capacity

---



---

DIAGNOSTIC AND STATISTICAL  
MANUAL OF  
MENTAL DISORDERS

FIFTH EDITION  
TEXT REVISION

**DSM-5-TR™**

---

AMERICAN PSYCHIATRIC ASSOCIATION



## Patricia's case

# Mild cognitive impairment and dementia

Memory loss

Decreased  
attention and  
concentration

Impaired  
financial  
literacy

Poor  
judgment

Inability to  
process  
information

Disorientation



Denial, lack of insight, anosognosia



## David's case

# Psychotic symptoms

- Delusions
  - Persecutory delusions
  - Grandiose delusions
- Paranoia
- Auditory hallucinations
- Impaired reality testing
- Disorganized thinking
- Poor insight
- Risky behavior
- Emotional instability
- Financial neglect

# Positive and negative symptoms of schizophrenia

## Positive symptoms

- Hallucinations
- Delusions
- Disorganized thinking
- Disorganized or abnormal motor behavior

## Negative symptoms

- Affective flattening
- Alogia
- Anhedonia
- Avolition



## Emily's case

# Anxiety and Depression

- Excessive worry
- Impaired decision-making
- Emotional distress
- Avoidance behavior
- Catastrophic thinking
- Lack of insight



## Alex's case

# Substance use disorders

- Impaired judgment
- Poor impulse control
- Financial neglect
- Erratic behavior
- Financial consequences of substance abuse
- Limited insight



## Mary's case

# Personality disorder

- Impulsivity
- Emotional instability
- Unstable relationships
- Identity disturbance
- Fear of abandonment
- Lack of impulse control



## **Teresa's case**

# Undue influence

- Isolation
- Dependency
- Manipulative behavior
- Changes in willingness
- Lack of transparency
- Loss of autonomy



# Consulting with mental health experts

# Red Flags for Financial Incapacity

---

- Emotional
- Cognitive
- Financial
- Social





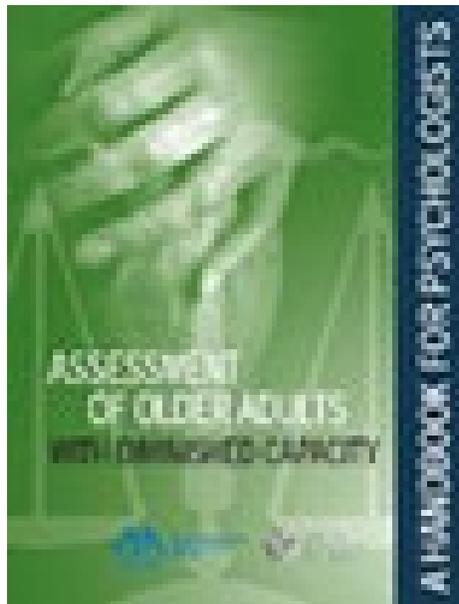
---

## Questions to assess financial capacity

- Can you tell me something about your present financial situation?
- Can you describe any recent financial decisions you've made?
- What investments do you have, and how much are they worth?
- Do you feel comfortable making financial decisions on your own?
- Do you have access to all your financial records and documents?

# Free handbooks

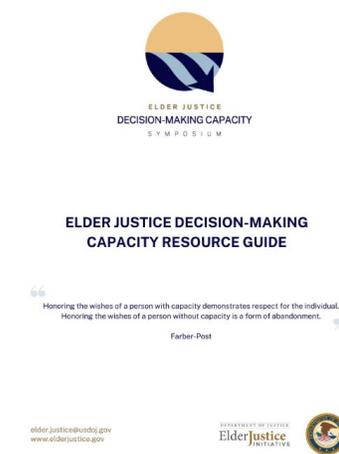
---



Psychologists Handbook  
ABA/APA 2008



Lawyers Handbook  
ABA/APA 2022



DOJ Elder Justice Initiative, 2022

# Harvard CLBB

## Our Aging Brains

Decision-Making, Fraud, and Undue Influence



**April 27, 2018, 8:00am-12:30pm | Free and Open to the Public**

**Harvard Law School | Wasserstein Hall, Milstein East ABC (2036) | 1585 Massachusetts Ave., Cambridge, MA**

*The Project on Law and Applied Neuroscience is a collaboration between the Center for Law, Brain & Behavior at Massachusetts General Hospital and the Petrie-Flom Center for Health Law Policy, Biotechnology, and Bioethics at Harvard Law School.*



**Learn More and Register! <http://petrieflom.law.harvard.edu/events>**



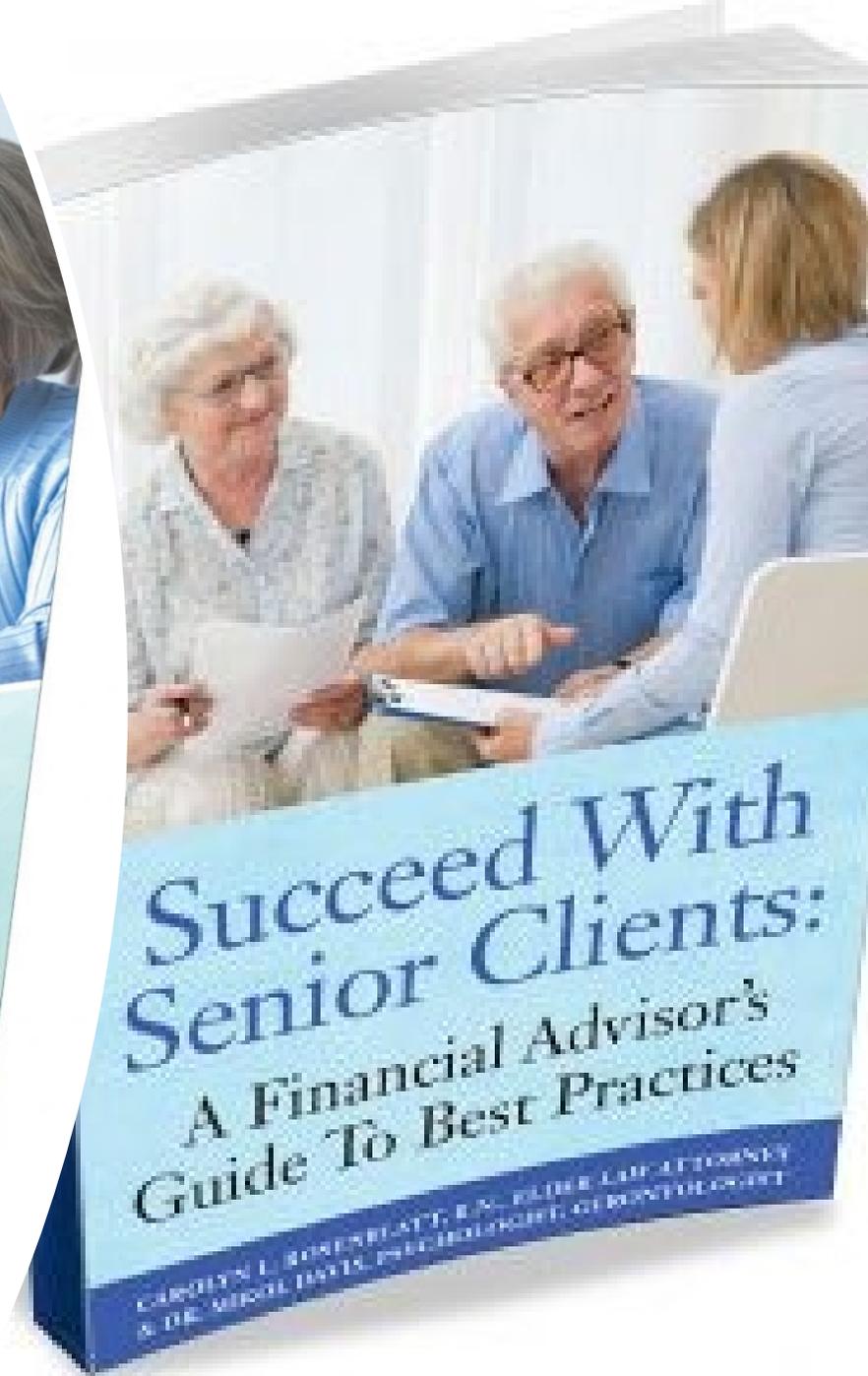
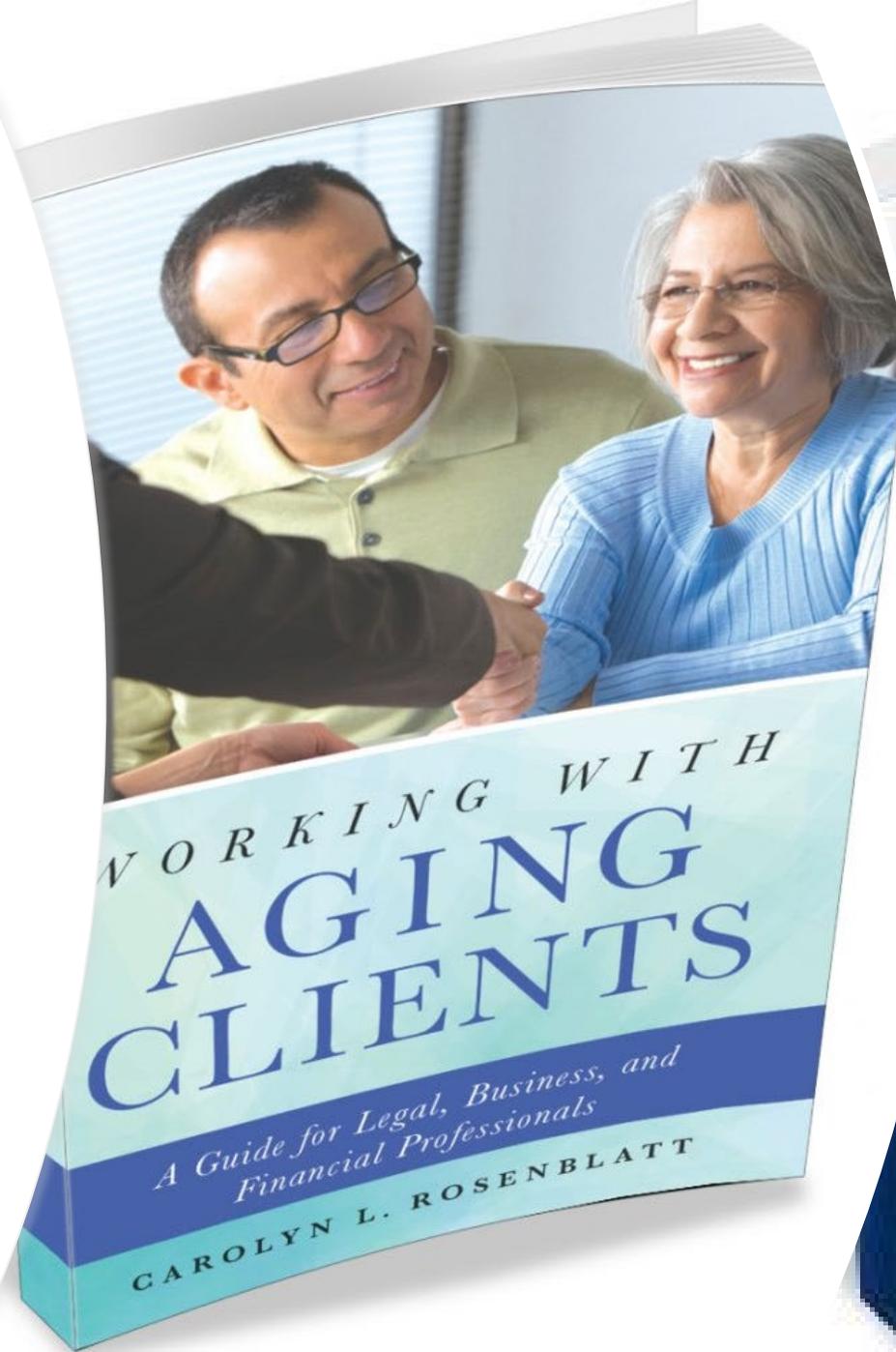
<https://clbb.mgh.harvard.edu/our-aging-brains/>



## **Lichtenberg** **olderadultnestegg.com**

- Financial Decision Tracker
- Financial Vulnerability Assessment
- Family and Friends Interview

**Carolyn  
Rosenblatt,  
RN, Attorney**



# Online resources

---

National Institute of Mental Health  
(NIMH) website

---

American Psychiatric Association (APA)  
website

---

Mayo Clinic's Mental Health section

---

Harvard Health Publishing's Mental  
Health section

---

Alzheimer's Association website

# Contact

Karen Reimers, MD

Psychiatrist

Tel. 612 326 1994

[reimers@psychmds.com](mailto:reimers@psychmds.com)

# Selected References

- American Psychiatric Association. (2022). Diagnostic and statistical manual of mental disorders (5th ed., text rev.).
- APA/ABA (2008). Assessment of Older Adults with Diminished Capacity: A Handbook for Psychologists. Washington, DC; American Psychological Association. Available at [https://www.apa.org/pi/aging/capacity\\_psychologist\\_handbook.pdf](https://www.apa.org/pi/aging/capacity_psychologist_handbook.pdf)
- APA/ABA (2022). Assessment of Older Adults with Diminished Capacities, 2nd Edition: Handbook for Lawyers. Available at <https://www.apa.org/pi/aging/resources/guides/diminished-capacity.pdf>
- Appelbaum, P. Assessment of Patients' Competence to Consent to Treatment. N Engl J Med 2007; 357:1834-1840.
- Elder Justice Decision-Making Capacity Resource Guide. US Department of Justice, 2022. Available at <https://www.justice.gov/file/1525271/download>
- Edersheim, J et al. Protecting the Health and Finances of the Elderly With Early Cognitive Impairment. Journal of the American Academy of Psychiatry and the Law March 2017, 45 (1) 81-91.
- Ganzini L, Volicer L, Nelson WA, Fox E, Derse AR. Ten myths about decision-making capacity. J Am Med Dir Assoc. 2004 Jul-Aug;5(4):263-7.
- Marson DC, Savage R, Phillips J. Financial capacity in persons with schizophrenia and serious mental illness: clinical and research ethics aspects. Schizophr Bull. 2006 Jan;32(1):81-91.
- Shulman, Kenneth I., et al. "Assessment of testamentary capacity and vulnerability to undue influence." American Journal of Psychiatry 164.5 (2007): 722-727.