

Understanding the Benefits and Risks of Using Health Insurance to Pay for Therapy

If you have health insurance that covers all or part of therapy or counseling, and we accept your insurance in our office, you can certainly choose to use those benefits here. The most important benefit to you is obvious—you save on the cost of paying for treatment yourself.

At the same time, we also want to advise you of some of the potential risks in order to give you enough information to weigh your options. Below is some helpful information to assist you in making a well-informed decision about choosing to utilize your insurance benefits for mental health care.

Report and Release of Confidential Information

If a client chooses to use their insurance benefits to cover any portion of their counseling with us, the therapist is then obligated to report and release to the insurance company certain personal information shared with their therapist. Beyond merely reporting dates of treatment, a "mental disorder" diagnosis must be provided for your insurance to apply. This clinical label then becomes part of your permanent and documented records with the insurance company or with whomever they are required to release that information to. Most clients are not aware of this reality.

When a child or adult is given a diagnostic label, this can follow them into places such as (but not limited to): school/college, military background checks, or other highly-screened employment opportunities.

Other information we may be required to report to the insurance company includes: situations or personal relationships that are affecting behavior and thinking, family issues related to the diagnosis, work performance, specific details about treatment, and the use of medication.

Medical Necessity

Insurance companies only pay for services that are deemed “medically necessary.” In therapy, medical necessity is established by diagnosing a client. Furthermore, as clinicians, we have to demonstrate that a client’s mental health condition is affecting and interfering with their overall functioning on a *daily* basis in a “*clinically significant*” manner.

The problem is that many of life’s challenges, and the reasons why people often seek counseling, are **not** mental health disorders or diagnosable. In this case, an insurance company will not cover treatment. Insurance won’t pay for, “*I’m considering divorce and need to talk to someone*” or “*I feel like an imposter and it’s making me anxious*” or “*I just lost someone close to me and I need someone to talk to.*”

Many people who seek counseling and therapy don’t have a mental health disorder! They’re just looking to learn skills and strategies to manage and resolve relationship conflicts, increase productivity in their lives or careers, or improve their ability to manage life’s daily stressors. ***It’s unethical for a therapist to diagnose you for the sake of insurance payment and it’s also considered insurance fraud.***

Insurance Benefits and Couples Therapy

Some insurance providers offer coverage for couple's therapy. However, due to the way insurance billing works, an insurance provider may **only** pay for couple's therapy if one member of the couple has a qualifying diagnosis and treatment is centered around the couple reducing the symptoms directly related to that diagnosis.

Access of Information by Outside Entities

Insurance companies, as well as their contracted outside review agencies, have recently been requesting additional data on clients. These review companies are requiring not only diagnoses, but extensive personal information about the client as part of their review process to justify coverage. While insurance companies are generally required to keep the information they collect confidential, it also means that now a client's personal and sensitive information may be released to more than one outside entity. It is also possible that even more insurance companies or review groups in other states could gain access to this data.

Avoiding This Risk

There is a way to avoid this potential risk. By not using health insurance to pay for therapy, we are able to keep all client information in our office, and can protect personal and clinical information from being released. Under HIPAA laws and regulations, we are able to better ensure clients' privacy and guarantee personal information is kept confidential. If a client decides to use insurance benefits to cover their counseling sessions, very personal or clinical information is released to outside insurance companies and governmental agencies out of our control.

By using insurance benefits, you are authorizing the release of information related to your treatment, notes, diagnosis, and other information related to your mental health. Once this information is released we are unable to guarantee the confidentiality of your treatment. Health insurance companies have their own regulations around confidentiality, if you have concerns, reach out to your provider directly.

Treatment is Overseen and Determined by Your Insurance Company

When utilizing insurance to pay for treatment, *the insurance company dictates the course of treatment*. They set parameters by determining the length of treatment allowed and type of therapy used. Your insurance company can also discontinue paying for treatment at any time. Your insurance company may suddenly decide that they are no longer willing to pay for services, for a variety of reasons. This is an important risk to consider. If an insurance company determines that your treatment is not medically necessary, they could potentially take back money they previously paid for past sessions (known as "claw-backs"), leaving you responsible to pay the balance for the mental health services you received.

Sometimes Insurance Claims Are Denied

Insurance companies that cover mental health counseling require certain diagnoses in order for the client to be eligible for payment or reimbursement. Some diagnoses will not qualify for this benefit- for example, relationship counseling, marriage and family counseling, parenting counseling, and so on. If diagnoses like these and many others are used, your provider may deny payment.

It is both unethical and illegal for a therapist to craft a diagnosis for the purpose of assisting a client with insurance eligibility, and the therapist must accurately specify a client's when making their diagnosis.

Your therapist will be able to advise you after one or two sessions if they believe that you meet criteria for a qualifying diagnosis that your insurance provider will pay for.

Other Options

So what other payment options exist? One option is to use pre-tax dollars. Health Spending Accounts (HSA) and Flexible Spending Accounts (FSA) can be used to pay for therapy without requiring the therapist to disclose any confidential client information. You can also work with an out-of-network provider. This means that you pay the counselor directly for sessions then submit a statement (called a superbill) to your insurance company. Your insurance company may (we cannot guarantee reimbursement) then directly reimburse you. It's important to note that the Superbill submitted to the insurance company must contain a mental health diagnosis. If you choose this option, you still are faced with the concern of having your mental health diagnosis disclosed to your insurance provider and on your medical record, but *you* choose what therapist you work with, for how long, and both you and the therapist can determine what is the best course of treatment for your concerns, *not* the insurance company.

It's Your Choice. It's Your Privacy.

We believe it is our responsibility and commitment to ethical integrity to make our clients aware of these risks and loss of privacy. We certainly do not want the professional help we provide to cause potential future problems for those we serve; we are here to resolve problems, not cause them.

With this in mind, we will be happy to assist clients in verifying coverage and submitting insurance claim forms if they wish to utilize health insurance to pay for their mental health services.

What we have provided for you here is intended to bring the relevant information to your attention so you can weigh the benefits and the risks.

Because this information is so important and can have such far reaching implications for you, we suggest that you reread it and then give your thoughtful consideration before making your final decision on using your health insurance to cover your care with us.