3 Limitations of Using Health Insurance to Reimburse for Mental Health Services

An important part of therapy is "informed consent." In order to help you make an informed choice about your options regarding financing your health care, we are offering this disclosure statement for your review.

If you are a member of an HMO or PPO that provides reimbursement for mental health care, please read the enclosed before making your choice regarding accessing those benefits. Ultimately, you may decide that utilizing insurance benefits is necessary in order for you to receive the services that you need and want, or you may determine that the advantages of accessing health insurance benefits outweigh the costs for you. However, we want to be sure that any decision you make is an informed one.

The limitations discussed here are reasons that I, and my colleagues, are on a limited number of insurance panels.

Reason #1: Loss of Confidentiality

All managed care plans (MCPs) involve direct clinical management by the plan's case managers. If you access therapy through your MCP, it makes it necessary for your therapist to disclose anything related to your case to your MCP.

This information is used by the MCP for determining benefits, which they allocate at their own discretion. This impacts your right to confidentiality and it is possible that your information will be stored in a computer system which could be compromised and accessed by those who are in no way directly involved in your care.

The FBI and law enforcement officials can access insurance information at any time. This information could be used to your disadvantage should a legal problem arise.

In some cases, this loss of confidentiality can impact individuals negatively, if they desire to apply for certain jobs or educational programs (such as law enforcement or the military), in that information in the insurance files could potentially be used against them.

Reason #2: Difficulty Getting Treatment Authorized

Due to the direct care management by MCPs and their desire to keep costs to a minimum, getting therapy sessions authorized often becomes cumbersome and time consuming. Every plan has different requirements and standards for authorizations. Often, they require hours of paperwork and phone calls by the therapist in order to get authorizations. Some will deny therapy in lieu of taking prescription medications.

MCPs allow a certain number of treatment sessions per year for each plan. Let's assume your MCP allow up to 20 sessions per year of outpatient psychotherapy. This does not mean you can automatically access your benefits. Often you first have to be referred by a primary care physician who is a member (or "preferred provider") of the MCP. Then, you may have to go through a phone interview with an MCP case manager. You may need to contact several plan providers to find one who is accepting new clients, who has a convenient location, or who has expertise in dealing with your particular issues. Once you have found a provider, you may have to wait for an appointment due to pre-authorization requirements. Following pre-authorization, clients are often given only 1 to 3 sessions to start. Further waits may be necessary for additional authorization of sessions if you feel additional therapy is needed, as well as additional paperwork and phone calls on the part of the therapist in order to make it possible for you to continue to receive services. Some clients give up on their treatment, due to the frustration they experience with this process.

Furthermore, some MCPs want to directly control the treatment plan. Some will even dictate the specific interventions to be used, which may not be what you or your therapist feels is best. Some plans will determine when it is time to terminate treatment, even when the client continues to be in distress, or their problem has not been sufficiently resolved.

Reason #3: Mis-Diagnosing and/or Over-Diagnosing in Order to get Treatment Authorized

Some MCPs will not cover treatment unless it is deemed to be a "medical necessity." This may mean that the client has to "pretend" to be more "sick" or worse off than they are, in order to receive their benefits.

Most MCPs do not cover certain types of services that you may be seeking, such as marital therapy or adjustment counseling, unless they are part of the treatment plan for a serious mental disorder or drug/alcohol problem.

This state of affairs often puts both the therapist and the client in a negative situation. Often the "assessment" sessions that are initially authorized are not sufficient to give an accurate diagnosis, yet the MCP will not authorize more visits without one. Therapists may feel pressure, at best, to "guess at" or prematurely apply a clinical diagnosis or, at worst, to "make up" a diagnosis, which is not in the best interest of the client. Most importantly, you, the client, should not be given a mental illness diagnosis that is not correct, or that is more serious than what is true, simply to get treatment paid by the MCP.