Should I Use Insurance to Pay for Mental Health Therapy?

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Many mental health counselors stay out of network with insurance. Could this be a benefit when you are looking for a therapist?

Navigating the journey toward mental wellness often begins with a crucial decision: How will you pay for therapy?

In an era where the discourse around mental health is becoming increasingly open and supportive, many find themselves at a crossroads, weighing the potential pros and cons of using their insurance benefits to pay for counseling. This decision is far from straightforward, influenced by a labyrinth of healthcare policies, personal privacy concerns, and financial considerations.

As we dive into this complex topic, we'll explore the critical aspects of using insurance for mental health therapy, including the financial relief it can offer and its implications on your treatment and privacy.

Whether you're contemplating starting therapy or reassessing how you fund your current sessions, this article aims to shed light on the options available, helping you make an informed choice that best supports your journey to well-being.

Mental Health Therapy is usually covered under health insurance. However, the world of mental and behavioral health tends to be less understood, and people are often uncertain of the benefits or potential drawbacks of using insurance to cover their therapy sessions. This leads many people to the question.

Should I Use Health Insurance to Cover the Cost of Therapy?

I completely sympathize with those frustrated at navigating the often tangled and confusing maze known as the American healthcare system. It's full of numbers, percentages, arbitrary thresholds, and terms that don't arrive with their own glossary.

Even worse, many insurance plans may include mental health benefits, but you might find that few therapists are in-network with your plan. However, if you have the option, using insurance to cover mental health costs can be beneficial for a few reasons.

Pros and Cons of Using Health Insurance to Cover Mental Health Therapy:

Your Therapy Could Cost You Less

Ideally, your insurance provider covers a decent percentage of the cost for your therapy sessions, leaving you to only owe what's commonly known as a "copay." While the average therapy session may range from $100 to $250, your insurance provider will cover a percentage of the overall charge while you pay the balance. This means a $125 counseling session may only cost you $25-$50, depending on your plan. That puts a little back into your pocket and allows you to make positive life changes through counseling without breaking the proverbial bank.

On the other hand, many insurance plans require you to meet a higher deductible before covering a larger portion of your counseling sessions. In this case, your choice of working with a therapist who is out-of-network might end up costing you the same.

Your Therapy Could Be Monitored by Insurance

Most insurance companies accept claims for behavioral and mental health. However, because insurance covers a portion of therapy costs, many companies conduct regular audits of therapists' practice notes and treatment initiatives to ensure that best practices occur. In essence, this effort by insurance companies is meant to make sure that your health providers use the most effective interventions. However, oftentimes this leads to

guidelines for therapists that aren't in your best therapeutically, but in the best interest of keeping costs down.

This may mean that your insurance provider has a more significant say in the shape of your treatment.

For instance, in many cases, such as couples counseling or EMDR Therapy, your treatment may benefit from lengthier sessions, say 90 minutes instead of the standard 50-minute session. However, insurance will only reimburse couples therapy at the standard hourly rate. Some insurance plans even consider a 50-minute-long session excessive. Hence, your therapist may be limited by the amount of time allotted by insurance instead of what they deem therapeutically necessary. So, Insurance companies are deciding how long your treatment sessions last.

In a few cases, it is within an insurance provider's power to decide whether a certain number of sessions was warranted for treating a specific diagnosis or that a smaller number of sessions would have been sufficient. When this happens, the insurance company recoups their reimbursement from the practice, and the client then owes the difference, which can add up significantly if you've been in treatment for a longer time. And, since many audits are conducted yearly, this notice by your insurance can come a year after your therapy session took place.

Your Mental Health Diagnosis May Be Affected by Your Insurance Coverage

Anytime you visit a doctor's office, a diagnosis is added to your insurance claim. Yes, insurance providers require a mental health diagnosis, and there's no way around this. It's up to you to decide if you are comfortable receiving a diagnosis that becomes part of your permanent medical record.

Ideally, concerns around a mental health diagnosis would not be a barrier to receiving much-needed help through therapy, but for many folks the concern about privacy and their medical record contents does cause them pause. For example, a diagnosis of anxiety provides helpful insight to a pediatrician treating a child whose stomach discomfort stems from anxiety not some sort of virus or bacteria. Unfortunately, though, that diagnosis will remain in that child's medical record if the family uses insurance.

As such, this is a slippery topic for many. Lots of people dislike the idea of having a mental health diagnosis on their health record.

Although seeing a therapist has been normalized over the past few years, there remains incredible stigma and fear concerning the impact a mental health diagnosis they may have on their lives.

We dislike the idea of being labeled "crazy" when we need help. Others might feel that their problems aren't sufficiently severe to require a meeting with a counselor or insurance reimbursement. Additionally, regulations in several professional fields may restrict an employee's promotion, transfer, or advancement if the person has a mental health diagnosis. Certain diagnoses can also have a negative effect on the cost of life insurance.

Furthermore, the requirement of a diagnosis can significantly affect couples seeking therapy together. For a therapist to bill couples therapy insurance, one partner must usually be designated as the primary patient and receive a diagnosis. This situation can create an imbalance, as it may suggest that one person is the reason for the therapy, potentially overlooking the relational dynamics at play. Such a requirement can complicate the therapeutic process, making self-pay options more appealing for couples who wish to focus on their relationship without the implications of a diagnosis affecting one partner more than the other.

Foregoing insurance for mental health treatment allows for a more balanced, equal participation in therapy, focusing on the couple as a unit rather than pathologizing one

individual, which could potentially be used against them if the couple ever entered a legal dispute.

Say you'd rather strike out on your own and would rather not deal with the confines of your health insurance...

Are There Benefits to the Self-pay Route for Covering the Cost of Therapy?

Absolutely.

Options and Confidentiality Around Your Diagnosis

The road of self-pay offers your therapist flexibility in the diagnosis they use for your counseling sessions. They can use more general diagnosis codes in their treatment notes that aren't usually covered by insurance, or they might not assign a diagnosis to you at all. For instance, insurance rarely covers the codes for “V61.03 Disruption of Family by Separation or Divorce.” For your session to be covered by insurance, your therapist would have to designate a more significant diagnosis, such as “F43 Adjustment Disorder,” and identify if your difficulty adjusting to the new situation includes features of anxiety, depression, or disruptive behaviors.

If there's no third party involved and no insurance claims are being sent out, your therapist has the capacity of choice: to diagnose or not to diagnose. This is something the two of you can discuss. You may want a diagnosis to understand what is happening to you, or you may want to just talk about what to do with what is happening with you. For those choosing this option, avoiding complications related to a formal diagnosis may be desirable.

As mentioned above, this can be of particular benefit for couples seeking relationship counseling. Since one part of the couple is usually the "identified client," assigning a milder, more general diagnosis can protect that person from having their diagnosis ever used against them in a future legal dispute between the couple. But it also applies to individuals who just want to prevent any potential complications in the future.

Your Choice of Therapist

While most counseling practices accept several forms of insurance, many providers choose not to accept certain insurance plans or not to work with insurance at all.

However, I've yet to come across a therapist who doesn't take self-pay clients. The self-pay route offers you endless options with fewer restrictions on your choice of provider. Additionally, you'll never have to worry whether your counseling treatment will be covered if your therapist makes the tough decision to stop accepting your insurance or your employer

switches to a new health plan. The sole limitation may be your willingness to pay per session and whether your selected counselor has room for you on their caseload.

Therapy for as Long as You Need

While insurance may help shape therapy's strategies and time frame, the self-pay route means you're generally in control of the number and length of your counseling sessions. This option may be beneficial for those seeking longer-term therapy or those preferring to dictate the time frame and focus of their treatment without worrying that insurance may cut short their journey toward their mental health goals.

Should You Use Insurance Benefits to Cover Your Therapy?

Choosing to begin therapy can seem complicated, but that doesn't have to prevent you from getting the help you need. Insurance can be a great option for those seeking therapy with specific time frames, managing the cost of counseling sessions, and having knowledge shared between various medical professionals in the form of a diagnosis.

However, those opting to self-pay for their counseling sessions have a wider selection of therapists to choose from, more flexible time frames, and needn't concern themselves with their diagnosis being shared with third parties. Lastly, foregoing the insurance process also allows for the peace of mind that your insurance carrier won't audit your therapist’s progress or deny coverage retroactively, leaving you in charge of the bill.

Contacting your insurance provider is a great way to get more information on the specifics of your mental health coverage. Speaking with therapists about their self-pay options can give you confidence in knowing that you've made the best possible choice in your journey toward better mental health.