Choosing to Use -- or Not Use --
Health Insurance for Psychological Care

By Patricia James, PhD, Chair, Practice Development Task Force

The Practice Alternatives Task Force, currently OPA's Practice Development Task Force, has been meeting for about twelve years. Over the years, we have sponsored a number of workshops on fee for service work and freeing ourselves from the constraints of managed care. I think our first workshop was "Breaking Free of Managed Care" presented by Dana Ackley, PhD, clinical psychologist, in the early 90's. One of the issues Ackley highlighted was the importance of informing clients about the problems involved in using health insurance for psychological care.

In my practice, we have used Dr. Ackley's "About Fees and Insurance" handout or some variation of it since that time. Very often our clients tell us that this information is new to them -- that they have been to other therapists' practices and never heard it before! I, and Practice Development Task Force members, encourage practitioners to inform clients about three complications of using health insurance: 1) loss of privacy, 2) loss of control of treatment, and 3) the fact that clients must be given a psychiatric diagnosis and that that diagnosis can have negative effects. Much of this approach has been taken directly from Dana Ackley's "About Fees and Insurance."

<u>Loss of Privacy</u>: Insurers often require a description of problems, history, symptoms, family life, work life, whether other family members have issues such as substance abuse. This information is reviewed by employees of the insurance and/or managed care companies and then put into computers. Managed care company ownership sometimes changes. There are several opportunities for breaches of confidentiality to occur in this system. Additionally, the information may be forwarded to the Medical Information Bureau, a collection of over 700 insurance companies that pool their data. They will use the information in the future to assess insurability for life, health or disability insurance.

Finally, according to the *Wall Street Journal, Time* magazine, and others, employers have been obtaining reports of consultations with psychologists. It appears that a growing number of employers are using health insurance benefit usage in making hiring and promotion decisions. *Time* magazine reported that one third of Fortune 500 companies are doing this.

<u>Loss of Control of Treatment</u>: Managed care companies use information provided by the psychologist to decide if treatment is medically necessary and how long that treatment should continue. They do this on the basis of formulas -- formulas derived from case averages and their economic concerns. They typically pay for visits only to the extent that symptoms and crises are the focus. Longer term work aimed at dealing with underlying problems and patterns -- the work which usually offers greatest benefits to the client -- is not what insurance companies want to pay for.

Decisions about what should be worked on in therapy and how long therapy should continue are best made by therapist and client. Review by insurance companies can be disempowering and introduce negative factors into the therapy process.

The Psychiatric Diagnosis: Much can be said about psychiatric diagnoses beyond the scope of this topic. Many psychologists question their value and propose less medicalized approaches to psychological problems. What is important here is that a psychiatric diagnosis is required in order to receive insurance reimbursement for psychological care. Many clients are not aware of that fact. Diagnoses are descriptions like Adjustment Disorder with mixed emotional features, Generalized Anxiety Disorder, Dysthymia, each with specific criteria that must be met.

The psychiatric diagnosis can present problems in several ways. Sometimes life, health, and disability insurance applications are affected; sometimes insurance premiums go up. Military, police work and airplane pilot applications have been affected or denied. Security clearances have been held up. As mentioned earlier, there is evidence that these diagnoses have gotten into employers' hands and affected hiring and promotion decisions.

The Self-Pay Option: There are many reasons clients may choose to self-pay. The advantages are as follows:

1) Complete confidentiality (within legal limits). No treatment record or information leaves this office unless the client instructs us in writing to do so, or as otherwise required by law.
2) Treatment issues are strictly between the therapist and client in a confidential, therapeutic relationship.
3) No records of therapy will exist in insurance company computer data banks, such as the Medical Information Bureau, which may be shared with other insurance companies and where confidentiality may be compromised.
4) Your choice of practitioner, duration, and type of treatment is preserved.
5) Psychiatric Diagnosis codes are not necessary for treatment or for reimbursement.

The Self-Pay disadvantage is the higher out-of-pocket cost. Sometimes, however, insurance benefits for psychotherapy are limited.

The Self-Pay option is adapted from a handout from Western Reserve Psychological Associates, Inc., Richard Rynearson, PhD, President.

When clients have this information, they can make a more informed choice to use, or not to use, their benefits. There are definitely those who choose to Self-Pay rather than take any of these risks. Members of The Practice Development Task Force urge psychologists to provide this kind of informed consent to their clients.