# The Real Reasons (That Nobody Tells You) About Why Therapists Don’t Accept Insurance

by [Dr. Sarah Schewitz](https://coupleslearn.com/author/mnaji/) | Feb 20, 2018

**Should I Use My Insurance Plan To Pay For Therapy?**

Deciding to start therapy is a huge milestone in life. I’d even say it’s as big as getting married or starting a new job. I mean, think about it. What could be more important than committing to work on yourself and become the best version of you? Who you are and who you become influences every part of your life.

That’s why choosing the right therapist is SO important. It’s essential you and your therapist are a good fit and that the person you choose has the experience and expertise to get you to the next level in life, whether you’re working on career goals, relationships, self-exploration or all of the above.

One of the considerations you might take into account when looking for a therapist is whether that therapist accepts your insurance. For many people, this is a deciding factor when choosing someone.

After all, you’re paying a premium every month for your insurance so why wouldn’t you want to use it? It can save you money on your session costs and it can help you narrow down your search by ruling out therapists who don’t accept your plan. You use your insurance for all other doctors so why not do the same for therapy, right?

New therapy seekers with this belief are often confused and frustrated by the number of therapists they find that do not accept insurance. It can be really difficult to find someone that specializes in your area of need, is close to home, fits your personality, and accepts your insurance.

But why is it *so* hard? Why are there so many therapists out there that don’t accept insurance?

Many consumers don’t realize that there are several downsides for both therapists and clients when using insurance to pay for therapy.

So what do private pay clients who are shelling out big bucks for therapy know that you don’t?

**Here are 4 reasons why you should not use insurance to pay for therapy:**

**1. Less Confidentiality**

Everyone knows that what happens in therapy stays in therapy. Your therapist is required to keep everything you say confidential no matter what, right? Wrong! When you use insurance to pay for therapy, your therapist is *required* to provide your diagnosis and treatment notes to your insurance company in order to get paid. This undermines the basic premise of therapy and also gives a lot more people access to private health information about you. If this is news to you, you’re not alone. It’s all written into the HIPAA document you get when you start therapy (or go to any doctor’s office) but most people don’t read all the fine print.

**2. Higher Insurance Premiums**

Even if you’re okay with your information being shared with your insurance company from a confidentiality standpoint, you probably didn’t realize that sharing this information can have unintended consequences in the future.

As mentioned above, your therapist has to provide your insurance company with your diagnosis to get paid. But what if you don’t have a mental illness? After all, many people seek therapy for personal growth and exploration, not because they are depressed or anxious or have a serious mental illness.

In the eyes of your insurance company, these are not valid reasons for seeking therapy on their dime. If you don’t have an actual diagnosis, they aren’t interested in paying for your sessions and will not continue to authorize future sessions.

This puts your therapist in an awkward and ethically challenging position if you don’t meet criteria for a mental illness. He or she is left with choosing between 3 options.

1. Assign a diagnosis you don’t meet criteria for so that your insurance company will continue authorizing sessions.
2. Discontinue therapy.
3. Continue to work with you without assigning a diagnosis but risk having claims denied and not getting paid for the work.

At this point, you are probably starting to understand why so many therapists don’t accept insurance.

Ok, so you might be wondering how this all relates to increased premiums for you.

Let’s say your therapist opts for option 1 and assigns you a diagnosis so that your insurance company will authorize future sessions. Maybe you meet criteria for a diagnosis, maybe you don’t. Either way, you now have a diagnosis on record with your insurance company.

When it comes time to renew your insurance or switch plans, your premiums could rise as a result of your “pre-existing condition.” In addition, you may be required to share your diagnosis in future job interviews, which is awkward, to say the least.

**3. Insurance-Driven Treatment Plan**

When therapists take insurance, they are required to use treatment methods that are covered by your plan. This means they have less say in how to treat you based on your specific and individual needs. Ironically, the people who work in your insurance company and decide which methods of therapy can be used, are usually not even therapists! And they certainly haven’t met and assessed you personally like your therapist has.

This leads me to my next point…

**4. Questionable Quality**

Let me preface this by saying that there are some fantastic therapists who take insurance. Sometimes highly skilled therapists accept a few insurance clients on their caseload to fill less desirable times slots or sometimes they do it as a way to “give back” to society and offer high-quality services to those that wouldn’t be able to afford it any other way. If you don’t know anything about insurance payouts (and why would you if you’re not a therapist or a doctor?), this last statement probably doesn’t make sense. Bear with me while I help clear that up and give you some rarely discussed insider info from the therapist’s perspective.

The going rate for a great therapist in most major cities is between $150-$350 per session. Most insurance companies pay therapists between $40-$90 per session. This is a fraction of what therapists receive from private pay clients *and* it requires a lot more paperwork and time to get paid by insurance companies. Submitting insurance claims is time-consuming and confusing as is getting approved to be on insurance panels in the first place. Many therapists have to hire a billing professional to help them manage insurance claims and make sure they actually get paid.

So why would any therapist ever take insurance if they get paid less and have to jump through paperwork hoops to get paid?

The answer is because they have to.

Again, something that is rarely discussed with consumers is the fact that insurance companies provide a steady flow of referrals to therapists. Let’s take a moment to think about who might need a steady flow of referrals to their practice and would be willing to take a major pay cut for said referrals.

* **New therapists just starting a private practice.** Therapists who just graduated usually have some serious student loans to pay off and they need to start making money fast. It can take time to build up a positive reputation in a community so getting referrals from insurance panels (even if it means making significantly less per client) is a great way to get started. Often, therapists who opt for this route will start phasing out insurance clients as their reputation grows and they start getting more organic referrals from satisfied customers.
* **Therapists in low-income areas.** If there are very few clients that can pay full price for sessions in the area, therapists in private practice will have to accept insurance or move to a community where there are more affluent people. For this reason, lower income communities do not have a lot of therapists in private practice but they do have more government subsidized community treatment centers where people can get help.
* **Therapists who do not have a lot of satisfied customers.** As a therapist myself, this is a delicate situation for me to discuss and I suspect it will upset many of my colleagues. That said, the ones it offends are probably the ones who fall into this category. Many therapists who accept insurance do so because they are not good enough at what they do to facilitate referrals and command a higher fee.

Yep, I said it.

Satisfied customers talk. They leave positive reviews online. They tell their friends and family how happy they are with their therapist and they refer the people they love. They build their therapist’s practice for them by becoming walking billboards. Their friends and family start to notice positive changes in their personality and ask them what they are doing…and they tell them about their therapist.

Not only do satisfied customers refer to skilled therapists, other professionals do too. Medical doctors hear from their patients that they got great results working with a therapist and they send more patients. Other therapists who get asked by friends and family for referrals, send them to other skilled therapists in the community.

Therapists who don’t take insurance have to be *really* good in order to create a thriving practice. With therapy, you usually get what you pay for and if someone is charging a high fee, it’s usually because they are worth it.

Speaking of that price tag, I know it can feel scary to drop a couple hundred dollars on a therapy session, especially if you don’t have a ton of disposable income. However, what I’ve seen in my practice (and in many other settings besides therapy) is that those who pay the full fee and make a substantial investment, are actually more committed to doing the work than those who pay less.

Think about it. If you paid $20 for a meal or $200, would there be a difference in how you treated it? Would you rush through the $200 meal and then throw half of it away if you didn’t feel like eating anymore? I’m guessing not. You would savor that meal and ask to take anything you couldn’t eat home with you to enjoy later.

People who pay more for therapy are literally and figuratively more invested and it shows in their results. They make the most of every session, they do their homework, and they get great results. In my opinion, there is nothing worth more than your personal growth. If you take the work seriously, you will see your investment pay off in every area of your life. By the way, this is coming from someone who has spent tens of thousands of dollars on personal growth and I truly feel it’s been worth every penny.

Ok, but what if you literally CANNOT afford to pay the full fee but you also want to make sure you get a great therapist? Fortunately, there is sometimes an in-between option.

Depending on your insurance, you may be able to get reimbursed for out of network benefits, which can mean a savings of up to 40-60%. This is typically available with PPO plans. To find out, call the number on the back of your insurance card and ask how much your plan pays for out of network therapists.

Then, if you do have out of network benefits, ask your therapist if he/she can provide a superbill for you to submit to your insurance for reimbursement. You will pay your therapist for the sessions up front but your insurance company will reimburse you for some of the session fees. Not every insurance plan has this benefit but it’s definitely worth a phone call to ask!

The other option is that you can use your Health Savings Account (HSA) or Flexible Spending Account (FSA) to pay for therapy. This allows you to save money because you are paying with pre-tax dollars.

So there you have it. That is the good, the bad and the ugly of using your insurance to pay for therapy as I see it.