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# FINANCIAL CHALLENGES FACING MENTAL HEALTH PROVIDERS WHO ACCEPT INSURANCE

Behavioral Health Commission  
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# Agenda

- Business management logistics
- Challenges
- Solutions

# Purpose

- Identified Behavioral Health Commission Survey Priorities & Factors:
  - Workforce shortage of mental health professionals
  - Financial sustainability
    - *Noncompetitive Pay*
    - *Low Reimbursement Rates*
    - *General Issues Obtaining Reimbursement*

<https://www.in.gov/fssa/dmha/files/Survey-Responses-IRC-Responses-Abridged.pdf>



# Costs of Conducting Business



## Monthly Practice Expenses: Solo practitioner, base expenses

- Rent: 500 sq feet (\$16-\$20/sq ft.)= **\$600-\$800**
- Liability Insurance: **\$600-\$800/year** or **\$50-\$70/month**
- Business Insurance: **\$30/month** or **\$400 annual**
- Marketing:
  - Website: **\$50**
- Utilities:
  - Internet/Phone: **\$100**
  - HIPAA-Compliant Email: **\$15**
- Billing:
  - .49/claim (**\$60/month**)
- Continuing Education: **\$600/year** (\$30/credit hour, 20 credits/year)
- Taxes: 25%-35%
  - Self-employment, state, federal taxes

**Total Basic Monthly Expenses: \$900-\$1200/month or 12,000 to \$14,000/year**

# Additional Expenses

- Electronic Medical Record System: **\$50/month, \$600 annual**
- Electronic Appointment Reminders: **.14/reminder (\$60/month, \$720/year)**
- Credit Card Processing Fee: **2.6%** on every transaction
- Accounting Software: **\$50/month, \$600 annual**
- Professional Services (accountant, legal): **\$1000-\$1500 annual**
- Administrative/Billing Services: **\$1200/month** (20 hours/week)
- Additional Marketing: **\$50-\$400**
  - Psychology Today, Google Ads
- Professional Memberships:
  - Local association: **\$235 annual**
  - National association: **\$247 annual**
- Psychological Testing Supplies: **\$100-\$1000/month**
- Student Loan Payments: **\$1000-\$2000/month**
  - PsyD Program Student Loans: **\$200,000-\$400,000** over the life of the loan
- Health Insurance:
  - Exchange: **\$500-\$1200**

## Time Expenses\*

- Billing submission
- Calling insurance companies to inquire about denied claims (10-60 minutes)
- Resubmission and payment
  - 14-60 days
  - Interferes with flow of business
- Time-intensive (45 minutes) care reviews to ensure medical necessity.

# Reimbursement Examples: Percentages of Actual Rates

## Payer A

- 90791: 72%
- 90837: 68%
- 90834: 61%
- 90847: 55%

## Payer B

- 90791: 58%
- 90837: 62%
- 90834: 73%

\* Both commonly do not agree to rate increases

# Reimbursement Examples

## Payer Rates Ranges: Psychologists\*

90791: Diagnostic Evaluation= \$120-\$150

90837 (53+ minute psychotherapy): \$115-\$130

90834 (38-52 minute psychotherapy): \$70-\$90

90847\*\* (Family therapy, 50 minutes): \$100-\$110

\*Note: Rates are lower for masters-level providers

\*\*Lower than 90837 (-\$26)

## Income Examples

### Scenario 1:

- 25 patient contact hours\* per week x \$130/session x 46 weeks= **\$150,000**
- 150,000 x .70 (taxes)=  
105,000 annual  
- 14,400 annual (base) expenses= **90,600\***  
**-12,000 (additional expenses)= 78,600**

### Scenario 2:

- 25 patient contact hours per week x \$70/session x 46 weeks= **\$80,500**- base expenses- taxes=  
**\$45,270; \$34,270** with additional expenses

## PROBLEM 1: LACK OF STANDARD INCREASES AT A REGULAR RATE WITH SOME PAYERS

- There is a lack of standard reimbursement increases, even a customary cost-of-living increase, across insurance companies.
- No increases in allowable rate reimbursement since *at least* 2011, but possibly prior.
- Attempts at rate increases are met with a comment: We are not increasing rates at this time.

# PROBLEM 1: LACK OF STANDARD INCREASES AT A REGULAR RATE WITH SOME PAYERS

- Negative Impacts:
  - Psychologists are faced with the decision to accept the allowable rate or discontinue the contract with the provider.
  - Increase risk of burnout for psychologists due to financial stress yet growing costs of living and conducting business.
    - Primary way for psychologists to increase income in private practice is to see more patients, but there is a natural cap for that.
  - Fee-for-service model:
    - Only for those with certain niches
    - Only in certain markets (more affluent)
    - Reduces accessibility to care for a range of patients with mental health conditions.
    - Type of treatment is not sufficient if patients are asked to schedule appointments less frequently due to cost.

## PROBLEM 2: THREAT OF “CLAWBACKS”/IMPOSITION OF INAPPROPRIATE CARE GUIDELINES

- Common CPT service codes for therapy include 90837 (53+ minute session) and 90834 (38+ minute session).
- Some insurance companies begin to dictate and threaten audit or recoupment of reimbursement for providing “too many” 90837 sessions.
- Clinician should dictate what is appropriate based on their patient.
- Unnecessary “clawbacks” can cost psychologists and other mental health providers thousands of dollars.
- Limitation on length of time providers can bill for a service (3 months), clawbacks longer statute of limitations (can occur years after).

## Anecdotes

“I have started coming off of a number of insurance panels due to continued low pay, interference with care recommendations, and the risk of being audited. I know some of my patients won't be able to continue therapy services with me that they need, which I feel conflicted about, but I also can't continue dealing with the stress of not being paid.”

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“What insurance pays out does not increase. My spouse goes to work and gets a raise every year. Most people in other industries, their pay amount goes up every year based on either cost of living or merit, how well they are doing their job. For us, it never goes up. This is a recipe for burnout. I’m making the same amount per clinical hour as when I started in this field 10 years ago. Most people in other fields have incentive--they’re working toward something, they are going to be making more, and there’s potential for growth--whereas in psych, there’s none of that, which really leads to burnout, because it feels like you are doing the same thing day in and day out. If you are just seeing patient, patient, patient, there’s no way to overcome that. The way to increase income is to see more patients, and even though the need is there, it is just not sustainable. I’ve considered leaving the field more than once.”

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“It does not make financial sense for me, at this stage of my career, to take the hit I get from insurance companies. I think I (and the rest of our field) deserves to be paid fairly. Doing all of the necessary tasks takes too much time. I spent an hour on the phone with insurance earlier today, which is an hour I could have been helping someone.”

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“We tell our patients that taking care of ourselves and being filled up is vital for ensuring we are able to maintain our mental health and well-being. This is particularly true in fields where we care for others, like in the mental health field, for those who are involved with providing direct services. I frequently feel taken advantage of by insurance companies. They hold the power. They determine my income. I can ask for a raise, and they say no. My choice are to stay within the system and just ‘take it’ or come off of panels with the knowledge that many people will not be able to access therapy and psychological evaluation services they need. I have to contend with how I feel about making those choices.”



# Proposed Solutions



# PROPOSED SOLUTION I

- Minimally, annual cost-of-living rate increases as standard practice.
- Merit rate increases for eligible clinicians with specific criteria met:
  - Number of years in the field
  - Advanced trainings and certifications (EMDR, TF-CBT)
  - Board certification
  - Treatment of specialized populations (e.g. Spanish-speaking, rural, psychological testing)

# PROPOSED SOLUTION 2: MAKE INCIDENT-TO-BILLING FOR THERAPY SERVICES PERMITTED ACROSS PAYORS

- In other states, insurance companies reimburse for covered services provided by master's and doctoral interns (pre-licensed behavioral health interns and postdoctoral fellows)
- Trainees must be:
  - Working toward clinical state licensure.
  - Under the clinical supervision of a fully licensed contracted provider.
  - Trainee is not added to a group nor are they contracted with insurance.
- This practice occurs in many states across the country, including our neighbors in Illinois (BCBSIL)
- Benefits:
  - Increased access to care for patients in an affordable way.
  - Less strain on training programs to find suitable training clinics.
  - More training sites available to open and practitioners willing to take on students to provide quality training because their efforts will be reimbursed.
  - Already precedence:
    - Conducted successfully in neighboring states.

Reference:

[http://www.pages02.net/hcscnosuppression/illinois\\_bluereview\\_may\\_2018/il\\_br\\_providers\\_may\\_2018\\_billing/](http://www.pages02.net/hcscnosuppression/illinois_bluereview_may_2018/il_br_providers_may_2018_billing/)

## PROPOSED SOLUTION 3: Insurance Company Collaboration with Mental Health Associations

- Liaison to discuss issues and solve problems between state psychological, social work, etc. associations/providers and insurance companies. Address issues including:
  - Regular rate increases
  - Reduce restrictions in coverage (denials, mental health parity violations)
  - Understand concerns of the insurance companies