The founding members of the Coalition for Psychotherapy Parity present Clinical Necessity Guidelines for Psychotherapy, Insurance Medical Necessity and Utilization Review Protocols, and Mental Health Parity. These guidelines support access to psychotherapy as prescribed by the clinician without arbitrary limitations on duration or frequency. The authors of the guidelines first review the evidence that psychotherapy is effective, cost-effective, and often provides a cost-offset in decreased overall medical expenses, morbidity, mortality, and disability. They highlight the disparity between clinicians' knowledge of generally accepted standards of care for mental health and substance use disorders and the much more limited "crisis stabilization" focus of many insurance companies. The clinical trials that health insurers cite as justification for authorizing only brief treatment for all patients involve highly selected, atypical populations that are not representative of the general population of patients in need of mental health care, who typically have complex conditions and chronic, recurring symptoms requiring ongoing availability of treatment. The standard for other medical conditions reimbursed by insurance is continuation of effective treatment until meaningful recovery, which is therefore the standard required by the Mental Health Parity and Addiction Equity Act for mental health care. However, insurance companies frequently evade the legal requirement to cover treatment of mental illness at parity with other medical conditions. They do this by applying inaccurate proprietary definitions of medical necessity and imposing utilization review procedures much more restrictively for mental health treatment than for other medical care to block access to ongoing care, thus containing insurance company costs in the short term without consideration of the adverse sequelae of undertreated illness (eg, increased costs of other medical services and increased morbidity, mortality, and costs to society in increased disability). The authors of the guidelines conclude that, given appropriate medical necessity guidelines at parity with other medical care, consistent with provider expertise and a broad range of...
psychotherapy research, there would be no need or place for utilization review protocols. Individuals and psychotherapy organizations are invited to visit the website psychotherapyparity.org to sign on to the guidelines to indicate agreement and support. (Journal of Psychiatric Practice 2018;24;179–193)

KEY WORDS: psychotherapy, parity, Mental Health Parity and Addiction Equity Act (MHPAEA), Coalition for Psychotherapy Parity, utilization review, insurance, medical necessity

Introduction to Guest Column

Eric M. Plakun, MD,
Psychotherapy Section Editor

The last psychotherapy column (May 2018)* laid out the disparity between clinicians’ knowledge of generally accepted standards of care for mental health and substance use disorders and the much more limited “crisis stabilization” focused understanding of generally accepted standards favored by many insurance companies. As noted in that column, clinicians have for too long abdicated the description of generally accepted standards to those who fund treatment rather than claiming their own authority to represent these standards as knowledgeable clinicians. This guest column presents the results of an effort by clinicians to reassert that authority by publishing these Clinical Necessity Guidelines for Psychotherapy. The authors of this document, also the founders of the Coalition for Psychotherapy Parity (psychotherapyparity.org), are a group chaired by Susan G. Lazar, MD, that includes psychotherapy researchers, teachers, and practitioners Meiram Bendat, JD, PhD, Glen Gabbard, MD, Kenneth Levy, PhD, Nancy McWilliams, PhD, Jonathan Shedler, PhD, Frank Yeomans, MD, PhD, and myself.

Please notice that the guidelines take a “big tent” approach and apply to all schools of therapy. They make a strong case for psychotherapy to be carried out as prescribed by the clinician without arbitrary limitations. The guidelines review the research literature on the cost-effectiveness of psychotherapy and critique the shortcomings of insurance reimbursement. Organizations that have signed on to the document, indicating their approval and agreement, include the American Academy of Psychodynamic Psychiatry and Psychoanalysis; the American Psychoanalytic Association; Boulder Psychotherapists Guild; The Children’s Psychological Health Center Inc.; Columbia Center for Psychoanalytic Training and Research; International Association for Psychoanalytic Self Psychology; International Society for Psychological and Social Approaches to Psychosis, United States Chapter (ISPS-US); The Kennedy Forum; Massachusetts Institute for Psychoanalysis; Psychoanalytic Psychotherapy Study Center, New York; Psychotherapy Action Network; and Saks Institute for Mental Health Law, Policy, and Ethics. The founding members and authors of the document invite you to visit the website psychotherapyparity.org to sign on to the guidelines as an individual or to have your psychotherapy organization sign on to indicate its agreement and support.

CLINICAL NECESSITY GUIDELINES FOR PSYCHOTHERAPY

Executive Summary

Most patients who seek mental health treatment have chronic and recurring symptoms that require the ongoing availability of treatment. Clinical experience and extensive research demonstrate that psychotherapy is effective, cost-effective, and often provides a cost-offset in decreased overall medical expenses, morbidity, mortality, and disability. The standard for other medical conditions reimbursed by insurance is the continuation of effective treatment until meaningful recovery and is therefore, the standard required by the Mental Health Parity and Addiction Equity Act (MHPAEA) for mental health care. However, insurance companies evade the legal requirement to cover treatment of mental illness at parity with other medical conditions by applying inaccurate proprietary definitions of medical necessity and by imposing utilization review procedures that block access to ongoing care.

[Note that the superscript letters in the Executive Summary correspond to sections of the main document marked with the same letter in brackets; these sections contain text relevant to and supporting the material summarized in each bullet of the Executive Summary. Because relevant material is presented in different sections of the main document, the same bracketed letters may appear more than once in the main text.]

Support for Psychotherapy

- Clinical expertise and psychotherapy research identify significant populations of psychiatric patients who need ongoing availability of open-ended psychotherapy. A,B
- Insurance companies prefer to authorize only brief treatments which do not meet the clinical needs of these patients. C,F
- Insurance companies block access to psychotherapy of adequate duration and frequency for the large group of more chronic patients who need more than brief therapy to ameliorate ongoing vulnerability and decrease disability, morbidity, mortality, relapse, and expenses in other medical care. D,E
- Patients with a single diagnosis (no comorbid conditions) are highly atypical of real-world clinical populations. Research trials based on these atypical populations are therefore uninformative with respect to duration and frequency of treatment required by most patients. However, health insurers cite these trials as justification for authorizing only brief treatment for all patients. Moreover, even in the highly selected and atypical populations generally studied in controlled trials, relapse rates are high even in patients initially considered treatment successes. F
- Large patient groups with recurrent and chronic illness (eg, chronic complex disorders such as severe ongoing anxiety and depression, multiple chronic psychiatric disorders, personality disorders) improve substantially with ongoing access to psychotherapy. Longer duration and higher frequency of psychotherapy have independent and additive effects and lead to the most positive outcomes, sustained improvement, decreased disability, and often “cost-offset” savings in other medical and social costs. The nonpsychiatric medical costs of psychiatric patients far exceed those of patients without mental disorders. A,E,G
- Optimal psychotherapy without arbitrary limitations yields outcomes in sustained improvement in patients’ emotional well-being, work, and interpersonal functioning, and decreases morbidity, mortality, and overall medical costs. G
- Even when fully reimbursed, only a small percentage of insurance subscribers access psychotherapy and most do not pursue extended treatment. When the cost burden for psychotherapy is increased beyond that for other medical care, patients who need more care forego adequate treatment. H

Clinical necessity guidelines should support access to psychotherapy as prescribed by the clinician without arbitrary limitations in duration or frequency.

Medical Necessity and Utilization Review

- MHPAEA requires that health insurance coverage of mental health care be comparable with and no more stringent than that of other medical conditions. I The Affordable Care Act (ACA) defines mental health care, including psychotherapy, as an essential health benefit.
Medical necessity criteria assess a treatment's eligibility for reimbursement. The Institute of Medicine (IOM) (now the National Academy of Medicine) and the American Medical Association (AMA) define medical necessity as health care services in accordance with generally accepted standards of medical practice, clinically appropriate in type, frequency, extent, site, and duration, and not primarily for the economic benefit of health plans. The AMA opposes medical necessity standards that emphasize cost and resource utilization above quality and clinical effectiveness and prevent patients from getting needed medical care. Yet insurers discriminate against mental health coverage compared with coverage for other medical conditions for which more deference is given to provider expertise in prescribing care. Insurers' mental health medical necessity guidelines cover treatment to resolve acute symptoms to restore the baseline condition before symptom onset. Treatment of chronic, subacute illness with ongoing vulnerability to more acute illness is frequently not covered—a practice comparable to reducing a fever without treating or diagnosing its underlying cause. Insurers' proprietary guidelines often deviate from their own cited primary sources and disregard empirical literature supporting intensive and ongoing treatment. A cost-saving but care-minimizing insurance company practice is a requirement that patients first access and fail to benefit from abbreviated care (“fail-first” protocols) before approval of a provider's treatment recommendations of greater frequency and/or duration. “Fail-first” protocols put patients at risk by delaying more appropriate and definitive treatment and demoralizing patients who are made to feel untreatable rather than inadequately treated. Utilization review is an insurance company's monitoring process to preauthorize reimbursement for recommended treatment and to assess ongoing treatments (clinical reviews) for continuing eligibility for reimbursement. In violation of mental health parity, utilization review is used more restrictively for mental health treatment than for other medical care for both preauthorization of new care and “clinical review” of ongoing treatment. Clinical review protocols often close down a course of mental health treatment when acute symptoms have improved to a patient's baseline condition without resolving chronic underlying vulnerabilities to repeated episodes of acute illness. Utilization review has been found to lack reliability and validity, to impose a needless administrative burden, and to cause a “sentinel effect” in which providers experience a distortion in their practice style from the expectation of intrusive insurance company review. Very brief psychotherapy is often authorized for a broad spectrum of diagnoses regardless of severity. Medical necessity and utilization review protocols are too often designed to conserve insurance company costs in the short term without consideration of the sequelae from undertreated illness—increased associated costs of other medical services, increased morbidity and mortality, and the enormous costs to society in increased disability. Given appropriate medical necessity guidelines at parity with other medical care, consistent with provider expertise and a broad range of psychotherapy research, there would be no need or place for utilization review protocols.

Clinical Necessity Guidelines for Psychotherapy, Insurance Medical Necessity and Utilization Review Protocols, and Mental Health Parity

PROVISION OF PSYCHOTHERAPY: CRITIQUE OF PSYCHIATRIC DIAGNOSIS AND HOW PSYCHOTHERAPY IS STUDIED AND REIMBURSED

Summary Statement and Recommendations:
Psychotherapy should be available as prescribed by the clinician without arbitrary limits on frequency or duration. Most psychiatric patients have chronic and recurrent illnesses for many of which psychotherapy is effective, cost-effective, and often leads to significant “cost-offset” savings in other medical costs. These patients need more than the availability of brief treatment and yet lack access to the full treatment that they need without which they incur increased costs in other medical care as well as increased morbidity and mortality. Empirically supported studies of psychotherapy and current
psychiatric nosology do not reflect either the true nature of psychiatric illness or the actual need for ongoing availability of effective treatments including psychotherapy. Stigma about psychiatric illness and treatments persists. Research findings indicate that even when psychotherapy is fully covered, only a small percentage of insurance subscribers access it and most of these attend only a few sessions. When the cost burden for psychiatric patients is increased beyond that for other medical care, significantly ill psychiatric patients simply forego treatment.

Current prevailing views on nosology and evidence-supported psychotherapy are based on research findings and studies of psychiatric diagnoses that have appeared since the publication of the third edition of the Diagnostic and Statistical Manual of Mental Disorders (DSM-III) in 1980.

In sum, brief, highly scripted forms of psychotherapy, studied in randomized controlled trials (RCTs) (the perceived “gold standard”) with subjects who have received a single DSM diagnosis without comorbidities yield statistically significant effects. These brief, prescribed therapies are then promoted as the approaches of choice for the diagnoses studied.

This type of research does not identify efficacious therapies for the overwhelming majority of patients who seek mental health care. Such research conclusions lack relevance for most patients because (1) the vast majority of patients seeking mental health care present with conditions that are more complex than those who meet the artificial inclusion and exclusion criteria of academic research studies. In real-world clinical populations, psychiatric “comorbidity” (or co-occurrence of multiple DSM-defined psychiatric diagnoses) is the norm. Clinical guidelines and insurance reimbursement protocols derived from this approach to psychotherapy research do not reflect the realities of real-world patient populations and are simply not generalizable to the vast majority of patients who seek mental health treatment.

In addition, (2) “statistical significance,” which has been the primary focus of academic research studies, does not speak to the question of whether or not patients improve in clinically meaningful ways. A “statistically significant” difference between a treatment and a control group does not mean that the patients get well. There is thus a profound mismatch between the questions addressed by academic research studies and the information that is actually needed by patients, providers, and health care policy makers.

The Majority of Psychiatric Patients Need the Availability of Ongoing Effective Treatment

Most psychiatric patients have chronic and recurrent illnesses underlying their acute symptoms that may lead them to episodes of treatment. To be treated successfully and more definitively with psychotherapy, most will need more than brief treatment focused primarily on the acute presenting problem. Current “wisdom” (or accepted myth) is that empirically supported treatments are based on RCTs that test treatments with subjects who have 1 diagnosis. By virtue of excluding most real-life psychiatric patients who in fact have comorbid conditions, the design of such studies produces outcomes that are not truly generalizable. For example, the Sequenced Treatment Alternatives to Relieve Depression (Star*D) study found that 78% of 1 sample group of depressed patients were disqualified from randomized trials due to comorbid conditions or suicidal ideation and had poorer treatment response than those accepted into the studies.2 In another randomized trial of treatments for social phobia, only 27% of a total of 840 potential subjects were deemed eligible; the major exclusion criterion for the study was comorbid depression, followed by having a different primary diagnosis, with a total of 58% excluded for comorbidity.3 These high exclusion rates are not surprising, given that, for example, from an epidemiological perspective, we know that 78.5% of cases of major depressive disorder (MDD) (12-month prevalence) have additional psychiatric comorbidity, “with MDD only rarely primary.”4

In addition, in 2001, Westen and Morrison5 reported that treatments are often considered “evidence based” due to a statistically significant reduction in measurable symptoms that was insignificant in the context of the patient’s overall mental impairment or suffering. Furthermore, on the basis of an extensive review of manualized brief treatments for depressive and anxiety disorders published in 2004, Westen et al6 found that treatment benefits were evanescent; over half of the patients in their sample sought treatment again
within 6 to 12 months. Examinations of the research literature on RCTs for anxiety and depression\textsuperscript{7} and on cognitive behavioral therapy for depression\textsuperscript{8} found that claims of efficacy were greatly exaggerated by flaws in study designs and publication bias.

[A] In notable contrast to those accepted into efficacy research cohorts, most patients in real-world clinical practice settings require more than a brief course of treatment. These individuals need ongoing psychotherapy or else are at risk of substance abuse, physical illness, and behavior that is destructive and costly, both to themselves and to society at large. Specifically, as noted by Shedler\textsuperscript{9} in 2015, brief, “evidence-based” therapies are ineffective for most people most of the time (p. 48). Shedler also quoted from the 2013 study report by Driessen et al\textsuperscript{10} involving depressed patients treated with brief cognitive behavioral therapy or psychodynamic therapy: “Our findings indicate that a substantial proportion of patients … require more than time-limited therapy to achieve remission” (p. 1047). In sum, 75% of patients did not get well.

How then should we identify and diagnose psychiatric patients more accurately in order to design more potentially valid efficacy research studies? With respect to patients with a single DSM-5/ICD-10 diagnosis, the categories used are essentially superficial descriptions of symptoms, thus missing underlying more salient commonalities among them. In examining patterns of comorbidity among common mental disorders, Krueger\textsuperscript{11} conceived of them not as “discrete, dichotomous entities, but rather as extreme points on continua that span a range of emotional and behavioral functioning” (p. 922). The superficial nosology accounts in no small measure for the frequent finding of “comorbidity.”

A more accurate and nuanced approach would be to identify and focus treatments on the actual underlying drivers of illness. In 1998, Brown et al\textsuperscript{12} noted that “the expansion of our nosologies has come at the expense of less empirical consideration of shared or overlapping features of emotional disorders that, relative to unique features of specific disorders, may have far greater significance in the understanding of the prevention, etiology, and course of disorders, and in predicting their response to treatment …. Our classification systems have become overly precise to the point that they are now erroneously distinguishing symptoms and disorders that actually reflect inconsequential variations of broader, underlying syndromes” (p. 179).

A number of researchers have focused on delineating these factors, identifying common variables shared by certain diagnostic categories:

*Negative Affect*, a construct based on intercorrelations between common psychological tests derived from studies of thousands of subjects measuring trait anxiety, depression, and neuroticism.\textsuperscript{13} Brown et al\textsuperscript{12} also noted *negative affect* as a common vulnerability in the development of both anxiety and depression, with anxious patients more prone to physiological hyperarousal and depressed patients lacking in positive affect.

*Neuroticism*, a construct derived from examining commonalities among anxiety and related disorders and their high rate of comorbidity.\textsuperscript{14}

In a 2001 publication, Krueger et al\textsuperscript{15} linked dimensions of mental disorder with *Dimensions of Personality*, with, for example, *internalization* (linked with higher negative emotionality) and *externalization* (linked with lower constraint) as “super-ordinate organizing axes of common psychopathological variation” (p. 1254). They noted that “basic dimensions of temperamental variation confer risk for a broad range of maladaptive outcomes” (p. 1256).

The assessment of the *Level of Personality Organization*, *Quality of Mental Functioning*, and *Subjective Experience of Symptoms*\textsuperscript{16} is a comprehensive psychodynamic diagnostic tool that provides a detailed assessment of psychological strengths and vulnerabilities. The resultant profile yields a more nuanced and specific diagnosis of a patient’s psychiatric illness than designations of superficial and observable symptoms.

Level and quality of *Mentalization*\textsuperscript{17} are assessed along a number of axes to examine the maturity of a patient’s capacity to make sense of his or her own subjective states and mental processes as well as those of others. The maturity of a patient’s mentalization is seen as a driving factor
in psychiatric illness, is the focus of psychotherapy, and its improvement correlates with improvement in emotional health.

THE FAILURE OF BRIEF TREATMENTS

[A] Longer and more intensive courses of psychotherapy yield better outcomes for many diagnostic groups of patients, including those with personality disorders, chronic anxiety, chronic depression, and chronic complex disorders.9,18–27 For those who require an extended course of psychotherapy due to their mental illness, both longer duration and higher frequency of psychotherapy have independent positive effects. Together, these factors are associated with the most positive treatment outcomes.28–30

[D] Despite the demonstrated needs of certain patient groups, most insurance company medical necessity guidelines put up a stiff resistance to authorizing more than brief courses of psychotherapy lest it impact their bottom lines. According to the US Department of Labor Bureau of Labor Statistics 2016 report,31 the median number of years that wage and salary workers had been with their current employer was 4.2 years in January 2016, down from 4.6 years in January 2014. Accordingly subscribers who obtain their insurance through their employment change their insurance providers every few years. The cost savings by under-reimbursing mental health care is of greater interest to an insurer; a cost-offset in overall medical expenses down the line by virtue of the adequate coverage of mental health services would not be a consideration to a current insurer focused on its own immediate expenses.

[H] Insurers also perpetuate stigma against psychotherapy in their concern that readily available outpatient psychotherapy would be overused. However, a RAND study demonstrated that, when weekly outpatient psychotherapy is fully covered, only 4.3% of the insured population use it and the average length of treatment is 11 sessions.32 With respect to those patients who do in fact need more treatment, higher copayments for mental health services reduce both initial access to and treatment intensity of mental health visits, and this reduction of care affects patients at all levels of clinical need.33,34 A more recent Dutch study found that increasing costs to patients for mental health care leads to a substantial and significant decrease in new mental health visits in equal measure for both severe and mild disorders and a larger decrease in low-income neighborhoods compared with high-income neighborhoods.35,36 Furthermore, the costs of an associated increase in involuntary commitment and acute mental health care exceeded the cost savings from the decline in new mental health visits. Increasing costs to patients reduced access to mental health care and increased costs and morbidity particularly among high need, vulnerable populations. Poor and very ill psychiatric patients are disproportionately affected by discriminatory copayments and financial disincentives designed to screen out a hypothetical group of patients who it is thought would capriciously abuse covered mental health services.37

[G] In a particularly nuanced study of psychotherapy for patients with depressive and anxiety disorders published in 2008, Knekt et al38 found different outcomes for short-term versus long-term psychotherapy, depending on the length of follow-up and patients’ personality functioning. One finding was a faster recovery at 1 year from depressive and anxiety symptoms after short-term dynamic therapy and from depressive symptoms after solution-focused therapy compared with those treated with long-term dynamic therapy. Although the brief treatment cohorts sustained their improvement at 3 years, at that time point those treated with longer therapy showed a stronger treatment effect. At 5-year follow-up, Knekt et al39 found a reduction in symptoms and an improvement in work ability and functional capacity in all treatment groups, with the short-term therapies more effective during the first year, long-term psychodynamic psychotherapy most effective at 3-year follow-up, and psychoanalysis emerging as the most effective at 5-year follow-up. Knekt et al40 also found that, at 5-year follow-up, patients with a poor level of personality organization improved more in symptoms, work capacity, and remission with long-term compared with brief dynamic psychotherapy and that, on longer follow-ups, long-term psychodynamic psychotherapy emerged as more effective for patients with both low and higher level personality organization. Although, at 10-year follow-up, Knekt et al41 found only a small difference in outcome
among the study treatments, with no remaining significant difference in personality functioning, there was a significant difference in remission, symptom improvement, and work ability conferred by long-term treatment in addition to a significantly greater use of psychotropic medication and auxiliary psychotherapeutic treatments in the short-term therapy groups. These studies illustrate the impact on outcomes both of (a) patients’ strength of personality and (b) greater length of follow-up, variables often missing and therefore not measured in typical psychotherapy research protocols.

[B] With respect to the epidemiology of patients who need more treatment, depression is common, affects one-fifth of Americans at some point in their lifetime, and is a leading cause of world disability. Anxiety disorders are the most common mental health problem, affecting 18.1% of adults yearly. The lifetime prevalence of personality disorders is between 10% and 13.5%, affecting at least 30 million Americans of all social classes, races, and ethnicities. Borderline personality disorder (BPD) in the United States has a point prevalence of 1.6% and a lifetime prevalence of 5.9%; it is seen in 6.4% of urban primary care patients, 9.3% of psychiatric outpatients, and ~20% of psychiatric inpatients.

[E] Compared with patients without psychiatric illness, the increased medical expenses of the psychiatrically ill extend above and beyond the costs of their psychiatric care. They have more primary care visits, higher outpatient charges, and longer hospital stays. A high percentage of the psychiatrically ill are never diagnosed, and a majority of those who are receive inadequate treatment, their ongoing psychiatric illnesses continuing to drive higher overall medical costs as well as losses from disability and suicide. The prevalence and costs of untreated and insufficiently treated psychiatric illness require more precision in diagnosis and thoroughness of treatment.

[A] The Collaborative Longitudinal Personality Disorders Study (CLPS) found that personality disorder comorbidity seriously compromises remission from depressive illness and adversely affects the course of the illness. Clearly, both personality psychopathology and depression need to be treated. BPD is the most robust predictor of chronicity of depression, accounting for 57% of chronic cases. Multiple studies have documented the need for more than a brief course of psychotherapy to treat BPD. Psychotherapy is the treatment of choice for personality disorders as well as for patients with chronic major depression with a history of childhood trauma. Depressed patients with residual symptoms after treatment are at risk for recurring illness and need more than brief treatment. In addition, perfectionistic depressed patients do poorly in all brief treatments and fare better in intensive, extended psychodynamic psychotherapy than in less intensive long-term therapies.

[G] Long-term Dialectical Behavior Therapy (DBT) is cost-effective and cost-saving in decreasing emergency room visits and hospitalization for patients with BPD. Mentalization-based Therapy (MBT) and Transference-focused Psychotherapy (TFP) are also cost-effective for patients with BPD. A more recent review and meta-analysis of 33 RCTs with 2256 participants with BPD found that both DBT and psychodynamic psychotherapy were significantly more effective than control interventions for these patients.

[G] In several publications, one of which involved an updated meta-analysis of 10 prospective controlled trials including 971 patients with chronic complex disorders who had been in psychotherapy for at least a year or 50 sessions, Leichsenring and Rabung found that long-term psychodynamic psychotherapy was significantly more effective and provided greater improvements in symptoms and personality functioning compared with briefer treatments for such patients. Long-term therapy was superior to less intensive forms of psychotherapy, while outcome and duration of psychotherapy were positively correlated. The factors that contribute to the cost-effectiveness of extended intensive psychotherapy include savings from decreased sick leave, decreased medical costs, and decreased hospital costs.

CRITIQUE OF MEDICAL NECESSITY AND UTILIZATION REVIEW

Summary Statement and Recommendations:
Medical Necessity is a tool of managed care used to adjudicate reimbursement based on explicit standards of medical need for each condition. In deviation from the AMA’s recommendation that medical...
necessity be determined “in accordance with generally accepted standards of medical practice … not primarily for the economic benefit of the health plans,” proprietary medical necessity standards of insurance companies are extremely compromised by cost and profit-saving financial goals.

Utilization Review is another insurance company tool for preauthorizing and reviewing ongoing medical treatment, ostensibly to ensure appropriate care, but in fact also serving to conserve costs and profits for these insurance entities. Medical necessity and utilization review standards constructed by insurance entities are defined even more narrowly for mental illness treatment compared with other medical care, in violation of the federal law mandating parity for mental health benefits. There should be no place for utilization reviews in an insurance plan with appropriate medical necessity standards as described by the AMA.

Medical Necessity

[I] The MHPAEA of 2008 requires health insurers to use equivalent standards to authorize care and to provide the same levels of insurance coverage for mental health conditions as they provide for other medical conditions (parity). [L] Nonetheless, health insurers routinely operationalize different and much more limited definitions of “medical necessity” for mental health treatment than for other medical care. [J] The concept of medical necessity is central to managed care and is used routinely by insurers to evaluate medical claims eligible for reimbursement. [T] A 2003 report by the Substance Abuse and Mental Health Services Administration found that medical necessity criteria are generally designed and controlled by insurers—not treating clinicians—and that medical necessity criteria are used to limit reimbursement for treatments deemed inconsistent with insurers’ interpretations of relative cost and efficiency—even when care is demonstrably consistent with professional standards. The Substance Abuse and Mental Health Services Administration report found that neither state nor federal regulatory processes universally controlled medical necessity standards promulgated by insurers.

Although the MHPAEA did not alter insurers’ provenance over definitions of and criteria for medical necessity, it did mandate public disclosure of clinical standards. This was consistent with the recommendations of the 1989 IOM report on private sector utilization management and observations of the 1990 IOM Medicare quality assurance report. [K] In 2011, subsequent to the passage of the ACA and its mandate of essential health benefits, the AMA issued a public statement to the IOM Committee on Determination of Essential Health Benefits. The AMA defined “medical necessity” as:

Health care services or products that a prudent physician would provide to a patient for the purpose of preventing, diagnosing or treating an illness, injury, disease or its symptoms in a manner that is (a) in accordance with generally accepted standards of medical practice; (b) clinically appropriate in terms of type, frequency, extent, site and duration; and (c) not primarily for the economic benefit of the health plans and purchasers or for the convenience of the patients, treating physician, or other health care provider (p. 3).

This AMA definition was endorsed in a 2015 Official Position Statement by the American Psychiatric Association (APA). The “prudent physician” standard of medical necessity ensures that physicians are able to use their expertise and exercise discretion, consistent with good medical care, in evaluating the medical necessity of care for individual patients. As articulated in its public statement to the IOM, “the AMA has historically opposed definitions of medical necessity that emphasize cost and resource utilization above quality and clinical effectiveness. Such definitions of medical necessity interfere with the patient-physician relationship and prevent patients from getting the medical care they need” (p. 3). The AMA statement also reiterated the mandate for parity of coverage for all essential (mental) health benefits.

[M] Although most insurance plans ostensibly incorporate these AMA and APA position statements on medical necessity, many managed behavioral health care organizations have operationalized medical necessity criteria that are grossly at odds with the AMA’s and APA’s definitions. This disturbing and all too commonly overlooked practice often takes the form of proprietary medical necessity criteria touting
The recent proliferation of class action law suits

In addition, contrary to both generally accepted

Lessler97 reported that, with respect to the most

2002. In an article published in 2002, Wickizer and

entered the public health discourse as early as

that published critiques of proprietary guidelines

ments for a wide range of behavioral disorders. All

literature supporting ongoing and intensive treat-

ing deviations of proprietary guidelines from cited

challenging such aberrant criteria reveals disturb-

treatment allows the addictive disorder to progress.

illness, and concurrent disregard of relevant clinical

primary sources, the imposition of clinically insup-

rational requirements for care of chronic mental

medical practice but which in fact categorically fail to

account for the chronicity and pervasiveness of mental

illnesses and substance use disorders, and which

apportion inadequate care based on the false premise

that the generally accepted standard for treatment of

behavioral health disorders is to focus on acute

presenting symptoms in an episodic and time-limited

way, with treatment ending with improvement in the

acute presenting symptoms. For example, a number

of national managed behavioral health care organ-

izations have recently used proprietary medical

necessity criteria that expressly refer to outpatient

treatment as “acute” or require acute symptoms to

justify even outpatient services.

[O] In addition, contrary to both generally accepted

standards of medical practice and mental health

parity laws, proprietary guidelines all too com-

monly shift evidentiary burdens onto patients, often

requiring “objective” proof that their behavioral

health conditions will deteriorate in the absence of

proposed care or that less expensive, potentially

inferior treatments have not or will not work. This

evidentiary-shifting, “fail-first” approach not only

devalues the clinical judgment of treating providers

but also imposes unacceptable risks on mental

health care that are not tolerated in the medical/
surgical context. As noted by the American Society

of Addiction Medicine in The ASAM Criteria,96

a “treatment failure” approach potentially puts the

patient at risk because it delays a more appropriate

level of treatment, and potentially increases health

care costs, if restricting the appropriate level of

treatment allows the addictive disorder to progress.

[N] The recent proliferation of class action law suits

challenging such aberrant criteria reveals disturb-

ing deviations of proprietary guidelines from cited

primary sources, the imposition of clinically insup-

portable requirements for care of chronic mental

illness, and concurrent disregard of relevant clinical

literature supporting ongoing and intensive treat-

ments for a wide range of behavioral disorders. All

of this, however, should come as no surprise given

that published critiques of proprietary guidelines

entered the public health discourse as early as

2002. In an article published in 2002, Wickizer and

Lessler97 reported that, with respect to the most

widely used length of stay guidelines produced at

the time by Milliman and Robertson (M&R), several

analyses found a wide variance between actual

length of stay data and M&R guidelines and raised

questions about the generalizability of length of

stay guidelines based on the performance of

selected institutions, as well as about their under-

lying validity. [T] To date, the most compelling

warning issued by a nonprofit, clinical specialty

organization with regard to substandard medical

necessity criteria has come from the American

Society of Addiction Medicine in its 2009 Public

Policy Statement on Managed Care, Addiction

Medicine, and Parity98: “When an MCO develops its

own addiction treatment level of care admission and

continuing stay guidelines for authorizing or deny-

ing requested treatment rather than adhering to

technically validated, reliable, and accepted guide-

lines, it may appear that decision-influencing fac-

tors such as cost considerations outweigh valid

evidence-based authorization requests for medically

necessary treatment” (p. 3).

Utilization Review: A History of the Practice

Impact on Access to Treatment

[T] By 2005, 95% of privately insured persons were

enrolled in managed care plans. In 2009, on the

basis of an examination of a national health plan

survey, Merrick et al99 reported that managed care,

especially for mental health care, was moving

increasingly toward limitations on access to treat-

ment dictated by financial goals such as patient

cost-sharing. They found that 58% of the health

plans’ managed care policies in the national health

plan survey they examined required prior author-

ization for outpatient mental health care in 2003,

and policies contracting with managed behavioral

health organizations were more likely to require

prior authorization than those that did not. [S] The

mean and median number of visits initially

authorized was ~8 for both substance abuse and

mental health. Nearly 75% of policies requiring

preauthorization for mental health used self-

developed criteria to determine medical necessity.

[P] Utilization review is a monitoring process con-
ducted by insurance companies to preauthorize
treatment and to examine and assess ongoing treat-
ments for their continuing eligibility for insurance

reimbursement.100 [R] In 1997, Milstein101 defined

utilization review as a process externally imposed on

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the physician/patient treatment process directed at containing health care costs for payers. In their 2002 review of utilization management, Wickizer and Lessler found utilization review to be perhaps the most controversial and invasive feature of all utilization management techniques. In addition, a review of the literature on medical necessity criteria, which included 2 of the most popular commercial for-profit guideline developers, M&R and InterQual, found that numerous review instruments lacked reliability and validity and involved problems in the application of the criteria. Another important impact lies in a hidden “sentinel effect,” namely that physicians subject to utilization review can experience a distortion of their clinical practice style knowing that their requests for treatment will be reviewed. Reductions in utilization associated with utilization review would reflect both the effect of denials and this sentinel effect.

Subsequent to a history of increasingly severe restrictions on mental health compared with other medical care, the savings in inpatient care by virtue of utilization review protocols are the greatest for mental health care, accounting for only 5% of the patients but yielding 50% of total days saved. In another article published in 1996, Wickizer and Lessler also showed a pattern of “a cookie-cutter approach” to the length of service authorizations in the utilization review of psychiatric cases for a population of patients with a wide variety of illnesses including schizophrenia, single-episode depression, recurrent depression, alcohol dependence, drug dependence, and adjustment disorder. Almost all of the patients were approved initially for 6 days of inpatient treatment, so that perhaps it is not surprising that another outcome of utilization review protocols emerged in a study of 3 groups of patients (pediatric, cardiovascular, and psychiatric) showing a reduction in requested length of stay resulting from utilization review leading to an increased risk of readmission within 60 days.

Although one could hardly dispute that utilization review protocols should minimize the additional administrative burdens they place on providers, they have in fact contributed to a now intolerable administrative burden on the American health care system. According to Wickizer et al., there is little justification for utilization review of all patients seeking inpatient or selected outpatient procedures, and utilization review should rather be conducted on a case-by-case specifically targeted basis defined by physician utilization profiles, patient characteristics, diagnostic criteria, or some combination of these. The goal should include monitoring diagnostic populations of patients to ensure they receive needed and appropriate preventive and acute care.

In theory, utilization review should promote higher quality health care, not merely cost containment. Its traditional focus has been to target the overuse of care, which neglects identifying aspects of care that contribute to poor quality. According to the IOM, quality is “the degree to which health services for individuals and populations increase the likelihood of desired health outcomes and are consistent with current professional knowledge.” In 2005, Schuster et al. defined poor quality as too much care, too little care, or the wrong care. Ideally, utilization management should identify and correct poor quality for individual patients and for defined populations. Such procedures would target overuse, underuse, and misuse of care. According to Wickizer and Lessler, utilization management should monitor utilization patterns to ensure that efforts to reduce overuse do not lead to adverse health outcomes. Methods and criteria used should be transparent and support the responsibility of payers, health plans, and providers toward the patient. However, utilization review programs have not secured the trust of patients or providers because their methods and criteria to manage care have historically often not been disclosed. Furthermore, attention must be paid from a societal perspective to the least well understood impact of utilization review, namely its effect on overall societal medical and other costs in addition to the narrow focus on costs saved for the private payer.

In 2014, Bendat described the continued disparity of insurance coverage for psychotherapy in the context of the MHPAEA of 2008 and the ACA of 2010, both in terms of what these laws require as well as how they are circumvented and often fail to be enforced. “Parity” or equality for mental health benefits is mandated for insurance coverage for most medical insurance plans in both self-funded and fully insured private employer plans if mental health benefits are offered and in both self-funded and fully insured ACA plans with respect to essential mental health benefits, with the exception of those “grandfathered” under the ACA. Parity has also been
expanded to mental health benefits in managed Medicaid and Children's Health Insurance (CHIP) programs. Parity is meant to apply both to “quantitative” (number of services) and “nonquantitative” (describing protocols) limitations on the scope and duration of treatment authorized for insurance coverage. “Nonquantitative treatment limitations” include medical management standards, standards for provider admission to insurance networks and reimbursement rates, methods for determining usual, customary, and reasonable charges, and “fail-first policies” that require lower-cost therapies before authorizing coverage for more expensive treatments. Although an incomplete list, these standards and a number of others are prohibited from being applied in a more restrictive manner for mental health services than for other medical care. Nonetheless, the mandate for parity is generally observed essentially in the breach. Managed behavioral health care organizations ration mental health care based on substandard and inappropriately restrictive medical necessity guidelines not developed by recognized mental health specialty groups and adjudicate benefits for other medical conditions based on more generally recognized standards. To authorize no more than a set minimum of mental health services, other illegal practices include, for example, a more restrictive insistence on fail-first treatment protocols and on much more severe and immediately life-threatening conditions (eg, ongoing risk of imminent suicide) by which to evaluate requests for nonhospital levels of care. And in lieu of the older annual visit limitations and higher copays for mental health services commonly used before the MHPAEA (which the law has now proscribed) and in a hidden violation of the demand for parity in quantitative measures (number of services), insurers now use concealed algorithms to flag “outlier” patients who require more than a minimal, “normative” amount of treatment. These cases trigger the ostensibly “nonquantitative” protocol of managed care reviews masquerading as “quality control” or uncover “fraud and abuse” with the ultimate aim of rationing care under the guise of “medical necessity.”

To date, processes to provide avenues for insured patients' challenges to inappropriate denial of mental health benefits have been deeply flawed. Under Department of Labor rules, self-funded health plans (which cover nearly half of the country's health benefits) are permitted to contract (generally through managed behavioral health care organizations) with “independent” review organizations (IROs) to adjudicate such consumer appeals with respect to benefit denials. IROs, however, routinely overlook parity and due process violations and fail to reverse benefit denials on these grounds because exercising actual independence and finding legal violations could compromise their contracts with the very managed care organizations that hire them. Although the states have primary responsibility to enforce parity compliance of fully insured health plans, the states do not routinely examine denials with respect to parity requirements and also routinely use the same IROs who service the self-funded insurance companies, leading essentially to the same result.

[Q] In practice, insurance companies put up a strong resistance not only to covering the most expensive mental health benefits for hospitalization and residential treatment, but also vigorously limit access to outpatient psychotherapy, particularly more than a brief course per year. Aside from these obstacles inherent in the current system for appeals, in theory there always remains the potential remedy of litigation, however costly, financially and emotionally, for insurance subscribers faced with wrongful denial of coverage for mental health services. Individuals with employer-sponsored mental health benefits can exercise a private right to initiate legal action to enforce parity and due process remedies conferred by the MHPAEA. However, even though the parity requirements apply also to individual and nonfederal governmental health plans regulated by the states, these subscribers lack a right to private legal action to enforce their entitlement to mental health care parity, thus limiting recourse to ~30 million insured subscribers. Among other measures, what is clearly needed are policy and regulatory revisions, the right of private legal action to all insurance subscribers, and establishment of true independence for “independent review organizations” adjudicating appeals of claim denials.

REFERENCES


