

Glossary of Mental Health Insurance Terms for Caregivers

Term	Definition
Adventure or wilderness therapy	Adventure or wilderness therapy uses outdoor activities — like hiking, camping, rock climbing, or group challenges—to promote psychological growth and resilience.
Art therapy	Art therapy uses creative processes — like drawing, painting, sculpting, or collage — to help people express emotions, explore experiences, and develop insight.
Behavioral health services	Refers to Medicaid/Children’s Health Insurance Program (CHIP) benefits for mental health and substance use disorder services.
Care/case management	Process that connects patients with healthcare providers, resources, and services. It involves designing treatment plans and ensuring the timely completion of all tasks to provide the best possible care.
Children’s Health Insurance Programs (CHIP)	Provides health coverage to uninsured children in families with incomes too high to qualify for Medicaid but too low to afford private insurance.
Cognitive behavioral therapy (CBT)	A skill-building therapy focusing on thoughts and behaviors.
Coinsurance	A percentage of the cost you pay after meeting your deductible.
Copay/copayment	A fixed dollar amount you pay for each visit (e.g., \$20 per therapy session).
Deductible	The amount you pay out-of-pocket before insurance begins covering services.
Dialectical behavior therapy (DBT)	A structured therapy for emotional regulation and distress tolerance.
Drama therapy	Drama therapy uses role-play, storytelling, improvisation, and performance techniques to help people explore emotions, rehearse new behaviors, and process experiences.
Equine-assisted therapy	Equine-assisted therapy involves interactions with horses — such as grooming, leading, or observing them — to support emotional and behavioral growth.
Experiential therapies	Experiential therapies are a type of psychological or therapeutic approach where people learn, process emotions, or gain insight through experience rather than talk alone. Examples include art therapy, music therapy, equine-assisted therapy, drama therapy, and adventure or wilderness therapy.

Glossary of Mental Health Insurance Terms for Caregivers

Term	Definition
Explanation of benefits (EOB)	A statement showing how a claim was processed; <i>not</i> a bill.
Eye movement desensitization & reprocessing (EMDR)	Therapy is used for trauma and post-traumatic stress disorder (PTSD).
Federal poverty level (FPL)	The income threshold below which a family or individual is considered to be living in poverty. Used to determine eligibility for various federal and state assistance programs, such as Medicaid and CHIP.
Formulary	Your insurance plan's approved list of prescription medications.
Group therapy	A type of psychological therapy conducted with a group of people, rather than between an individual and mental health professional. People in the group usually face similar issues, such as anxiety or addiction.
Individual therapy	A form of mental health treatment that involves one-on-one sessions between a therapist and an individual seeking support. This therapeutic approach is designed to help individuals explore their thoughts, feelings, and behaviors in a confidential and supportive environment.
In-network provider	A provider who accepts your insurance with discounted rates, resulting in lower costs than an out-of-network provider.
Inpatient care	Around-the-clock intensive care treatment in a hospital or mental health facility.
Intensive outpatient program (IOP)	Several hours of therapy several days per week.
Licensed marriage and family therapist (LMFT)	A licensed mental health professional who helps individuals, couples, and families work through relationship, emotional, and behavioral challenges.
Licensed practical nurse (LPN)	A licensed nurse who provides basic medical care, such as monitoring patients, giving medications, and assisting with daily health needs under the supervision of a registered nurse or doctor.
Licensed professional counselor (LPC)	A licensed mental health counselor who helps people manage emotional, mental, and personal life issues through therapy and guidance.

Glossary of Mental Health Insurance Terms for Caregivers

Term	Definition
Licensed social worker (LSW)	A licensed professional who helps people access resources, cope with personal and social challenges, and improve their overall well-being.
Managed care organization (MCO)	A company that coordinates and manages healthcare services for its members, helping them access care while controlling costs and maintaining quality.
Medicaid	A joint federal and state health coverage program for people with low income and limited resources.
Medicaid fee-for-service (FFS)	Payment model where states pay healthcare providers directly for each service rendered to Medicaid beneficiaries. Allows beneficiaries to choose any doctor, hospital, or specialist that accepts Medicaid, without needing referrals through a specific network.
Medicaid-managed	Follow-up sessions to monitor psychiatric medications.
Medical necessity	The insurance company's criteria to determine if a service is reasonable, necessary, and appropriate.
Mental Health Parity & Addiction Equity Act (MHPAEA)	<p>Law requiring coverage for mental health and substance use disorders to be no more restrictive than the coverage that generally is available for medical/surgical conditions. This requirement applies to:</p> <ul style="list-style-type: none"> ○ Copays, coinsurance, and out-of-pocket maximums ○ Limitations on utilization of services, such as limits on the number of inpatient days or outpatient visits that are covered ○ The use of care management tools ○ Criteria for medical necessity determinations <p>This means that if a plan offers unlimited doctor visits for a chronic condition like diabetes, it must also offer unlimited visits for a mental health condition such as depression or schizophrenia. The law does not require plans to offer these benefits, but mandates that if they do, they must be on par with or no more restrictive than comparable medical benefits.</p>
Mindfulness-based therapy	Use of meditation and awareness practices in a clinical framework.

Glossary of Mental Health Insurance Terms for Caregivers

Term	Definition
Movement/dance therapy	Therapeutic use of movement to support emotional regulation.
Music therapy	Music therapy uses music — listening, creating, singing, or moving to music — to support emotional, cognitive, and social well-being
Out-of-network provider	A healthcare provider who does not contract with your insurance company. When working with an out-of-network provider, you may pay more or need to submit claims yourself.
Outpatient care	Treatment that allows individuals to receive mental health services without requiring an overnight stay in a hospital or facility. May include individual counseling or group therapy.
Parity law	Requires mental health coverage to be equal to medical and surgical coverage.
Partial hospitalization program (PHP)	Structured full-day program without overnight stay.
Patient advocate	A professional or designated support person who guides patients through the healthcare system, helping them understand diagnoses, manage treatments, and communicate with providers.
Play therapy	A structured therapeutic approach for children (typically ages 3-11) that uses play, a child's natural language, to express feelings, process experiences, and resolve emotional or behavioral problems.
Preventive services	Proactive measures aimed at maintaining mental well-being and preventing the onset of mental health disorders.
Prior authorization (PA)	Insurance approval required before certain services or medications are covered.
Psychiatrist	A medical doctor who diagnoses conditions and prescribes medication.
Psychologist	A professional who provides therapy and testing; may hold a PhD or PsyD.
Somatic therapy	Therapy focused on body-based regulation of emotional responses.
Step therapy	A type of prior authorization in which the patient must try a less expensive prescription drug or service before moving to a more expensive one.

Glossary of Mental Health Insurance Terms for Caregivers

Term	Definition
Superbill	A detailed invoice you submit for reimbursement when seeing an out-of-network provider.
Telehealth	The use of electronic information and telecommunications technologies, such as audio or video calls, to provide mental health services remotely, enhancing access to care and supporting patient-provider communication.
Therapist (LPC, LCSW, LMFT)	A professional who provides counseling or psychotherapy.
Trauma-informed therapy	Therapy designed for individuals with trauma histories.
Utilization review	Process used by insurers to decide if the requested mental health care is medically necessary, efficient, and aligned with accepted medical practice.
Simple outpatient treatment	Often referred to as a “standard” or “traditional” outpatient program (OP). Considered to be the lowest level of care for medical and addiction treatment. Allows the patient to remain at home or in a sober living environment.