

# The Ultimate Guide on How Insurance Works in Behavioral Health

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## Before You Begin This Guide

You're doing the best you can. Take a deep breath.

You don't have to understand everything right now.

You just need the next step, and we'll walk you through it, one clear section at a time.

You can read a little now or come back later. Nothing in this guide will disappear.

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## Quick Reference Map

-  Types of Insurance → Medicaid, in-network, out-of-network
  -  Key Terms Explained → Deductible, co-pay, co-insurance, out-of-pocket max
  -  How Insurance Authorizations Work → Why coverage isn't guaranteed
  -  Red Flags to Watch Out For
  -  What Ava Health Does Differently
  -  What to Ask Any Provider Before Saying Yes
  -  Printable One-Page Decision Cheat Sheet
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## 1. Situation Snapshot

If you're here, you're likely in a storm.

You're trying to save someone's life, maybe your own, while being told to decipher a language no one ever taught you.

We've sat with over 1,000 families in the same place. We know the terrain.

This guide will help you navigate it with calm and clarity.

Whether you come to Ava Health or not, this guide is yours to use, forever.

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## 2. What You Need to Know First

**Understanding the Landscape:**

- Insurance is not a green light. It's a contract.
  - That contract has fine print, exceptions, and barriers.
  - There are three types of insurance in behavioral health:
    1. Medicaid
    2. In-network commercial
    3. Out-of-network commercial
  - Ava Health will walk you through all of it, for free, even if you don't choose us.
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### ◆ 3. What You're Up Against (and How Ava Health Solves It)

#### ♥ Why This Part Is Important:

Most families think insurance is like a light switch, it's either on or off. In reality, it's more like a bureaucratic chessboard, and every piece moves against you unless you know the game.

#### ✗ Common Landmines in the System:

- Being told you're "covered" — then getting a \$20,000 bill
- Being denied because Medicaid isn't "active" (we'll fix that)
- Being forced to pay upfront with no help submitting claims
- Being left to fight for reimbursement alone
- Being told you can only get 3 days of care at a time
- Being sent home early because insurance said "that's enough"

#### ✓ How Ava Health Shields You from All of It:

- We verify your benefits and explain them clearly
- We help you enroll in Medicaid, even if you're not covered yet
- We handle all billing (pre-auth, utilization review, appeals, denials)
- We never send surprise bills, ever
- We give you a payment plan up front
- We fight for your care every step of the way

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## ◆ 4. The Ava Health Insurance Clarity Map™

### ■ A. Medicaid

#### Government Coverage for Those Who Qualify

🧠 Why this is confusing: Most people assume if you're not "active," you're disqualified. Not true. At Ava Health, we help you get activated or enrolled so you can focus on your care.

- State-funded insurance for low-income, disabled, pregnant, or justice-involved individuals
- Most services are \$0 out-of-pocket
- Must go to approved Medicaid providers
- Requires prior authorization for higher levels of care

#### At Ava Health:

- We take Medicaid
- We help you apply, activate, and navigate your coverage
- We give you access to all levels of care

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### ■ B. In-Network Commercial Insurance

#### Through Employers or Affordable Care Act (ACA) Marketplace

🧠 Why this is confusing: Just because a provider is in-network doesn't mean it's free. There are layers of costs no one explains clearly, until now.

#### 💡 Key Terms Explained:

Term	What It Means	Real-World Example
Deductible	What you pay before insurance kicks in	\$3,000 deductible = you pay first \$3,000
Co-Pay	Flat fee per visit	\$40 per therapy session

Term	What It Means	Real-World Example
Co-Insurance	Your % share of the cost	Insurance pays 80%, you pay 20% (\$2,000 on \$10K)
Out-of-Pocket Max	Max you'll pay annually	After \$6,000 spent, insurance pays 100%

#### At Ava Health:

- We explain your cost-sharing in plain English
- We give you a written estimate before you start care
- We handle all pre-authorizations, billing, and appeals
- You'll never receive a bill you didn't agree to

### C. Out-of-Network Commercial Insurance

#### When Ava Isn't Contracted but You Still Have Coverage

 Why this is terrifying: Most providers say, "Pay us, then try to get reimbursed." You're left battling the system alone while in crisis.

#### What Ava Health Does:

- We verify your exact out-of-network coverage
- We give you a realistic estimate of what insurance will pay
- We create a clear payment plan with you upfront
- We submit and fight for reimbursement on your behalf
- You will never be balance billed, period

### ◆ 5. What to Watch Out For (Industry Red Flags)

 Common traps families fall into:

- "We accept insurance" → actually means cash up front, no billing help
- "You're approved" → for 3 days, not the full treatment

- “We’ll send you a Superbill” → you’re on your own
- “Don’t worry, we’ll work it out” → no written estimate
- “Your child is discharged tomorrow” → because insurance said so

◆ **6. How Insurance Authorizations Actually Work**

● This part often causes panic. Let’s slow it down.

**Here’s what it looks like:**

1. Provider requests authorization for a level of care
2. Insurance approves a few days or sessions
3. Provider must submit clinical updates
4. Insurance either approves more time, or doesn’t
5. If needs change, provider requests a new level of care

**Levels of Care in Behavioral Health:**

<b>Level of Care</b>	<b>Description</b>
Sub-Acute Stabilization	24/7 care, medical detox, crisis stabilization
Residential	24/7 structured living, therapy, medication
Partial Hospitalization	5–6 days/week day treatment
Intensive Outpatient	3–5 days/week, fewer hours
MHTL	Covered by Medicaid and Optum
3.1 Recovery Home	Covered by Medicaid and Optum
Outpatient	1–2x/week therapy appointments
Medication Management	Psychiatry or prescribing sessions
Case Mgmt & Peer Support	Often not covered by insurance

**At Ava Health:**

- We manage every transition and review
  - We submit all clinical updates, documentation, and appeals
  - We never discharge without a full plan and conversation with you
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#### ◆ 7. What to Ask Any Provider Before Saying Yes

✦ Use this checklist to protect yourself:

- ✓ Are you in-network or out-of-network?
  - ✓ Will you verify my benefits and send me a written breakdown?
  - ✓ Who handles billing, me or you?
  - ✓ Will you request all pre-authorizations and renewals?
  - ✓ Will you document my payment plan in writing?
  - ✓ Will you tell me if insurance denies coverage mid-treatment?
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#### ◆ 8. One-Page Summary: Insurance Decision Cheat Sheet

- What type of insurance do I have?
  - What's my deductible?
  - What's my co-pay and co-insurance?
  - What's my out-of-pocket max?
  - How many days/sessions are approved right now?
  - Who is handling billing?
  - What's my written estimate?
  - What happens when coverage runs out?
- ✓ Print this page. Bring it to every call. You're now the most informed person in the room.

#### 9. The Top 10 Questions to Ask Any Provider About How They Work with Insurance

*Ask these before you commit. If they can't or won't answer clearly, walk away.*

1. **Are you in-network with my insurance plan?**

- Get the exact insurance company name *and* network listed in writing.
2. **Will you verify my benefits before admission and give me the breakdown in writing?**
    - No verbal-only promises. Written means proof.
  3. **Who will handle billing, your team or me?**
    - If it's you, expect a long and frustrating process.
  4. **Do you request all pre-authorizations and renewals directly from my insurance?**
    - If they say no, they're pushing the fight onto you.
  5. **Will you give me a written cost estimate before I start care?**
    - This is your shield against "surprise bills."
  6. **Will you notify me *before* coverage runs out or changes mid-treatment?**
    - This avoids being blindsided with a discharge notice.
  7. **Do you submit appeals if my insurance denies coverage?**
    - Many programs won't, they'll just discharge.
  8. **Do you have a dedicated utilization review or insurance advocacy team?**
    - Lone-wolf billing departments can't keep up with aggressive insurance tactics.
  9. **How often do you communicate with families about insurance status during treatment?**
    - You want consistent updates, not last-minute panic calls.
  10. **If I have a balance after insurance, what payment plan options are available?**
    - Clarifies how they treat financial hardship and whether they're flexible.
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## **10. Confirming What's Covered (and What's Not) - No Surprises**

This is where most families get blindsided. They assume "covered" means "paid for." It doesn't.

Coverage is *conditional* - based on the level of care, the length of stay, and whether the insurer says you still meet medical necessity.

## How to Lock Down Coverage Clarity:

- **Step 1: Ask for a Written Coverage Verification**  
Include: your insurance type, deductible, co-pay, co-insurance, out-of-pocket max, and whether the provider is in-network.
- **Step 2: Ask for a Written Cost Estimate**  
This should include *both* the estimated insurance payment and your estimated out-of-pocket costs.
- **Step 3: Ask for a “Not Covered” List**  
Have the provider tell you exactly what services, tests, or amenities may not be covered by your plan. Example: Some insurance plans won’t cover certain lab tests, family therapy sessions, or specialized programming.
- **Step 4: Ask How They Handle Non-Covered Services**  
Will they alert you *before* providing something that isn’t covered so you can choose whether to proceed? Or will they bill you after the fact?
- **Step 5: Reconfirm During Treatment**  
At every stage - detox, residential, outpatient - ask if coverage status has changed and whether anything new has been added that your plan may not pay for.

### Insider Tip:

If a provider can’t tell you, in writing, what’s covered, what’s not, and what your real financial exposure is, that’s not a provider, that’s a gamble.

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## ◆ 9. For Those Who Want More

-  Download this guide as a PDF
  -  Let us walk you through your insurance, no pressure
  -  Explore our Behavioral Health Explained Resource Hub
  -  Subscribe to our newsletter
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## Closing Emotional Reassurance

If you're still confused, it's okay. You're not failing.

This system was built to overwhelm you.

Call us. We'll walk you through it all, patiently and supportively.

You are not alone.

We built this for you. And we're here when you're ready.