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Industry Insights

# Mental health – a transforming sector demands tailored Solutions

Nick Gonzalez • May 28, 2022

Mental health is a growing market sector with significant opportunities for both insureds and insurers alike. The current market size is estimated at 21 billion USD with room to grow, with many providers seeking to provide alternative and easier-to-access treatment methods.[1] While growth in this sector indicates mental health issues are on the rise, it also means more individuals are seeking help. Beazley has been quick to respond with bespoke coverage options for insureds facing unique challenges.

Winter is a particularly tough time of the year for individuals with mental health issues. Many struggle with seasonal affective disorder (a type of depression  related to changes in seasons) and post-holiday blues. In 2022 the COVID-19 pandemic compounded feelings of isolation and loneliness for millions.

What happens to mental healthcare providers when these circumstances collide? According to a 2021 CDC poll of public healthcare workers including mental health professionals, mental health issues were nearly 41% more common among healthcare workers than the general population. This lead directly to increased absenteeism, high turnover, and lower productivity and morale.[2] These issues can lead to mistakes or oversights in the delivery of mental healthcare to patients.

Mental healthcare providers have always presented unique challenges to professional liability insurers. This can be seen in the constantly updated DSM-5 (Diagnostic and Statistical Manual of Mental Disorders) and in the delivery of today’s atypical or 2nd-generation antipsychotic medications.  The range of treatments provided is extensive and continues to grow as new ailments, illnesses, and disorders are identified.

Delivery methods for these treatments have become just as diverse – from a face-to-face therapy session, to a virtual counselling session, or even an extended stay in an inpatient mental healthcare facility.[3] Beazley works to understand the exact nature and exposures of each risk and offers customized competitive coverage.

## Current climate – changing perceptions and accessing care

Mental health is receiving more attention in the public sphere than ever before. While negative attitudes toward individuals with mental health conditions are frustratingly still common, the perception is changing. Over the past year we have seen famous public figures speak openly about their mental health struggles. Having an open dialogue encourages care and support, which is deeply needed in the US. A 2020 study showed that only 46.2% of adults in the US with a mental illness received mental health services.[4]

Unfortunately engaging with mental healthcare is not the only obstacle for many people: the cost may be prohibitive, or cost-friendly alternative options may be inadequate. There may also be a lack of awareness or education on the issue, making it less likely that treatment is sought. Finally, there may be a lack of accessible mental health professionals or treatment facilities in the area. This is a systemic issue – in 2021, the labor union for Kaiser Permanente therapists took a poll which found 80% of their members complained that understaffing prevented them from providing patients with appropriate and timely care.[5]

Help is on the horizon, however, as US President Biden announced the strategy to address the national mental health crisis during the 2022 State of the Union. This strategy specifically outlined his plans to "strengthen system capacity, connect more Americans to care, and create a continuum of support –transforming our health and social services infrastructure to address mental health holistically and equitably." [6] With more funding we can expect more mental healthcare providers and a higher demand for insurance solutions.

## Traditional treatment modalities and risks

Traditionally, mental healthcare was provided face-to-face via outpatient sessions or, when more extensive care was needed, at a 24-hour facility where patients could be treated and monitored around the clock. These treatment methods  are still prevalent today, and come with their own associated exposures and risks.

One of the most common lawsuits made against a mental healthcare provider in these traditional settings is an allegation of misdiagnosis or failure to diagnose. In severe claims scenarios, this type of lawsuit may arise from a patient's suicide or attempt to commit suicide. Other common lawsuits include allegations of inappropriate provider/patient relationships and improper prescriptions or dosing of medications. Inpatient facilities are especially vulnerable to claims. In addition to concerns on the professional liability side, these facilities are at high risk for slip and fall claims as they have a duty to care for their patients around the clock.

## Evolving treatment modalities and new risks

Much has changed in the delivery of mental healthcare over the past few decades. A shift in the delivery of mental healthcare to an online or remote setting began before the pandemic. Once businesses began shutting down across much of the world in March of 2020, this shift accelerated. It is now common for patients to see their mental healthcare providers via a telehealth platform or app using their phone, tablet, or laptop.

Many recognize this shift as a positive. Accessing care from one's own home or private environment can encourage more open communication which leads to better care. In a six-year study published in June of 2020, a team from McMaster University in Canada compared cognitive behavioral therapy delivered face-to-face and via video conference, e-mail, and text, and concluded remote delivery was more effective at reducing the severity of symptoms of depression.[7]

Risks and exposures are also evolving alongside this growing delivery method. The traditional claims still exist - even those you may have believed were confined to an in-person setting. Allegations of inappropriate behavior by a professional towards a client, for example, can still arise in a virtual setting, and there are new challenges to address, too.

Providers need to be sure that distance does not prevent or delay in-person human intervention, if required, as consequences could be severe. New networks and protocols need to be established to ensure intervention is available, or providers may find themselves exposed to lawsuits or allegations of negligence.

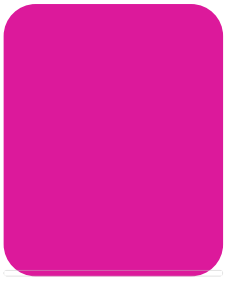
Regulatory and licensing concerns also remain in a virtual setting. While many states have temporarily waived licensure requirements for treating across state lines in the face of the pandemic[8], it is not clear how long these waivers will persist or what protections they may provide when challenged in certain jurisdictions. Beazley can mitigate these concerns by providing affirmative coverage for any licensing or disciplinary proceedings.

## Providing solutions

At Beazley, we were insuring remote mental healthcare providers for their expanded exposures prior to the pandemic, using our bespoke telehealth product – and continue to address our insureds' evolving needs in this growing area.

Mental health providers have been pushed to their limits since the start of the pandemic. We strive to partner with these providers to ensure that, at a minimum, they do not need to worry about insurance issues such as coverage gaps. At Beazley, we aim to provide mental healthcare providers and facilities with liability insurance that addresses their practice no matter how their treatment options are delivered.

We combine miscellaneous medical professional liability insurance with general liability insurance and other coverages that experience has shown are essential for this unique and growing sector – making sure to include mental anguish within our bodily injury definition. Our coverage also extends to products liability and privacy and network security liability exposures.




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