

World Mental Health Day: Does Your Health Insurance Cover Therapy?

Hospitalisation cover for mental illness does not automatically pay for regular therapy. Check outpatient benefits, treatment limits, and employer counselling support before planning your mental healthcare budget



Meghna Maiti
Updated on: 10 October 2026 7:00 am

Follow us on Add as a preferred source on Google SUBSCRIBE



Summary of this article

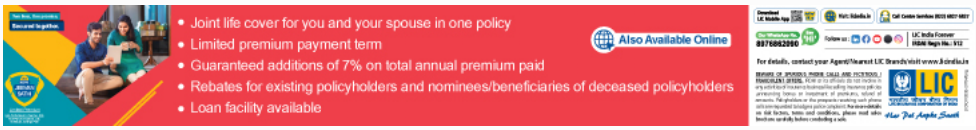
- Health insurance generally covers eligible mental illness hospitalisation expenses
- Regular therapy and medication may require separate OPD coverage
- Employer assistance programmes may provide free mental health counselling sessions

- Budget for ongoing treatment, co-payments, and uncovered mental healthcare expenses

A health insurance policy may pay for hospitalisation for a mental illness, but that does not necessarily mean it will cover weekly therapy sessions or regular medication. For someone receiving ongoing care, the distinction matters: expenses can continue even when hospital admission is not needed.

Ahead of World Mental Health Day on October 10, policyholders should check what their cover pays for, which expenses require outpatient benefits, and how much they may need to set aside themselves.

Advertisement



Hospitalisation Cover Does Not Automatically Include Therapy

"Since the Mental Healthcare Act came in & in line with Insurance Regulatory and Development Authority of India (Irdai) directions, insurers are expected to treat mental illness in the same way as physical illness," says Gurmeet Singh, vice president & head -health underwriting, IFFCO-TOKIO General Insurance Company.

According to Singh, most health policies treat hospital admission for a diagnosed mental health condition as they would admission for another illness. Coverage may also extend to eligible expenses during the pre- and post-hospitalisation periods.

However, therapy sessions and medicines outside hospital admission or the covered post-hospitalisation period fall under outpatient department (OPD) benefits. These may be excluded unless the policy specifically includes OPD cover or an add-on.

Advertisement

"However, it is pertinent to note that we cover 24/7 psychological counselling as a specific value-added service (mental health helpline) in a few of our products without any additional cost," says Singh.

Check whether a counselling helpline, consultations, prescribed medicines, and continuing therapy are separate benefits. Do not assume a counselling service includes reimbursement for treatment elsewhere.

Read the policy wording for waiting periods, co-payments, treatment or session limits, and referral requirements. Ask the insurer whether a referral is needed, which providers are eligible, and what documents must accompany a claim.

Combine Insurance, Employer Support And A Care Budget

"The first step in budgeting for mental health services is to establish how many appointments, therapy sessions, medications, or diagnostic tests may be needed during a given time frame," says Arun Ramamurthy, co-founder, Staywell.Health.

Advertisement

Use the expected treatment schedule to estimate monthly expenses. Deduct only benefits confirmed by the insurer or employer, and keep an additional amount available for changes in treatment or unexpected costs.

"While planning for expenses related to mental health care, one should start by reviewing their existing health insurance policy to identify in-network providers, copays, deductibles, and annual session limits," says Abhishek Kumar, a Securities and Exchange Board of India (Sebi)-registered investment advisor (RIA), and founder and chief investment advisor of SahajMoney, a financial planning firm.

Employees can also check their human resources portal for an Employee Assistance Program. Such programmes may offer a set number of free short-term counselling sessions; check the available sessions and arrangements for continuing care.

Advertisement

"So they should first try to maximise employer-provided free sessions and once those sessions are exhausted then try tapping into in-network providers covered by their health insurance to minimise per-session copays and deductible," says Kumar.

Knowing when employer-funded sessions end helps households budget for subsequent appointments. Keep consultation bills, prescriptions and treatment expense records to track spending and support reimbursement requests.

"Reviewing these provisions annually and keeping records of treatment expenses can help individuals plan for continuity of care without placing undue pressure on their finances," says Ramamurthy.

The aim is to understand the available support early and budget for the remaining costs, so ongoing care does not depend on an unexpected claim approval.

FAQs

Does health insurance cover regular therapy and medication?
Not automatically. Therapy and medicines outside eligible hospitalisation-related cover generally require specific OPD benefits or an add-on that includes mental healthcare.

What should you check before claiming mental healthcare expenses?
Check eligible providers, waiting periods, co-payments, session limits, and referral requirements. Confirm whether consultations, therapy, and prescribed medicines are covered.

Follow our WhatsApp channel

Can employer programmes help pay for counselling?
An Employee Assistance Program may offer limited free counselling sessions. Check with HR and budget for continuing treatment once these sessions end.

RELATED CONTENT

Health Insurance For Parents This Diwali: Should You Buy A Policy Or Pay For The Care It Won't Cover?

Does Health Insurance Cover Dental Bills? Che

Published At: 10 October 2026 7:00 am

SUBSCRIBE

Tags Insurance Health Insurance World Mental Health Day

Advertisement