

Medicaid Psychotherapy Spending Up 156%

By Chris Larson | August 19, 2026

Medicaid spending on core psychotherapy services has more than doubled from 2018 to 2024, according to Behavioral Health Business' analysis of data from a vital Centers for Medicare & Medicaid Services (CMS) system.

Overall spending across all providers increased by 156% across the seven-year span to \$6.68 billion. Additional spending was largely driven by increases in average payments across a core bundle of psychotherapy codes analyzed and, to a lesser degree, by increases in provider entities billing for those codes. The number of patients seen increased as well. Those growth numbers are slightly ahead of new providers suggesting that incumbents took on more patients over the years.

Analysis also reveals the degree to which for-profit entities do not appear in the list of organizations that were paid the most across this seven-year period.

Of the top 20 payment-getters, only five organizations fit that description: Nystrom & Associates (now known as Sagent Behavioral Health), Transformations Care Network, Thrive Behavioral Health, Advanced Behavioral Health and BTST Services. Each is a leader in the outpatient mental health space that has invested in services for vulnerable populations, especially pediatric populations and parallel family support services.

Separate federal research by U.S. Department of Health and Human Services' (HHS) Office of the Inspector General (OIG) finds that only a slim majority of behavioral health providers are able and willing to provide timely access to patients with Medicaid. In that research, pediatric populations especially [faced timely access challenges](#). All but one of these companies (Sagent Behavioral Health) are based on the East Coast.

Executives at Transformations Care Network, headquartered in Boston, previously told BHB that they have a better success rate when it [comes to innovative arrangements](#) among Medicaid programs. The organization's CEO, Brian Wheelan, has previously [highlighted several strategic initiatives](#) the company has in place to care for Medicaid patients. Wheelan himself is an ex-Massachusetts Medicaid official and was once the president of Beacon Care Options, a Medicaid managed care organization (MCO) focused on behavioral health. It operates 90 locations in Maryland, Massachusetts, Pennsylvania, Washington, West Virginia and Virginia.

Rosedale, Maryland-based Thrive Behavioral Health operates six offices and offers in-home, in-school and community-based outpatient mental health services across the DMV region. Also based in Maryland, Advanced Behavioral Health and BTST Services offer comprehensive pediatric and family-based mental health services.

Sagent Behavioral Health operates 84 sites in Iowa, Minnesota, Missouri, North Dakota and Wisconsin. It and Transformations Care Network are among the largest mental health care providers in the U.S.

By contrast, LifeStance Health Group, the largest outpatient mental health provider in the U.S., only derived [7% of its revenue](#) from treating Medicaid patients. It employs 8,542 providers who work at more than 550 locations.

Across the data timeframe, the number of billing providers increased by 33%, while total claims increased by 43%, and the number of patients increased by 40%.

But across all codes, the average payment per claim line increased by 65%.

The federal spending database, called [Medicaid Provider Spending by HCPCS](#), includes a 238-million-row data set of provider-level Medicaid spending data from the Transformed Medicaid Statistical Information System (T-MSIS). That is the data system that the CMS uses to get enrollment, claims and expenditure data from local Medicaid offices. It provides a publicly accessible snapshot of spending nationally across the several states and providers involved in the program.

It was released by the U.S. Department of Health and Human Services (HHS) and the Department of Government Efficiency initiative (DOGE) in February.

This dataset is just a snapshot of spending in the industry. It only considers one type of health plan payment. It also did not include providers with small patient sets. While it also included individual providers, this analysis did not consolidate spending associated with individual providers to billing organizations given the incompleteness in the data.

Comparing and contrasting industries

Nonprofit and government entities dominate the 20 organizations to accumulate the most payments across the seven-year period. This contrasts sharply with BHB's [previous analysis of data](#) related to applied behavior analysis (ABA), the main therapy provided within the autism therapy industry. In the latter industry, all but one of the organizations with the most payments accumulated were for-profits.

Within the 20 top-paid organizations for psychotherapy, safety-net organizations and similar nonprofit organizations rule the roost among large organizations and come from two poles of population density: large urban metros or rural states. Five of the top-20 most-paid organizations over the span are government entities that offer services by directly managing clinics or via a network of providers, with the government entity acting as the go-between. The bulk of the organizations on the list are nonprofits.

Centerstone, which ranks at No. 4 on this list, merged with the nonprofit Brightli. The move made the combined organization among the largest of its type in the nation. Combined, the two companies generate about \$1 billion in revenue a year. The deal to merge was announced about a year ago, outside of the timeframe of this data.

The 156% increase in psychotherapy payments also contrasts sharply with the autism therapy industry's explosive growth within a similar timeframe. Autism therapy services increased by 403%. This is largely an artifact of the age of the respective treatments and industries. Applied behavior analysis (ABA), the core therapy of the industry, has only come into the mainstream over the last decade, as local advocates pushed for and secured treatment mandates for autism therapy services.

The increase in spending predated COVID-19: 2019 and 2020 both saw a 23% increase in spending. Annual spending thereafter was robust and consistent. Spending in 2021 and 2022 increased by about 15%, while spending in 2023 increased by 18%. However, 2024 saw continued but slowed growth — increasing by about 8.5% in that year. This suggests that spending is hitting some element of normalization.

Psychotherapy data reflects increased payments across all service lines

BHB's analysis of nine main codes took in about 394 million claim lines that included 197 million patients and 69,700 unique providers.

Individual psychotherapy makes up nearly all spending in the data. The three types of session lengths make up 81% of all spending. Sixty-minute sessions are the fastest-growing and the code that saw the largest increase in total cumulative payments. Spending in 2024 had increased by 201% compared to 2018. Thirty-minute session spending growth was not far behind. Spending on that code increased by 198%.

The slowest-growing code was family therapy with the patient. Total spending only increased by 14.5%.

The role that a rise in claim volumes and increases in average payments contributed to the overall increases varied by year. Leading into the coronavirus pandemic, both average payments and patient volume increases contributed in nearly equal measure. However, in 2020 and 2021, volume skyrocketed, increasing 13% and 14% year-over-year, respectively. This is especially notable for 2021, where average payments only increased by 1.1%. In 2022 and on, volume continues to grow, but at much lower levels. Increases in spending from then on out are largely driven by increases in the average payment.

On a claim volume basis, only one service saw shrinkage over the years. In 2024, claim lines for family psychotherapy with the patient had decreased by about 32% compared to 2018. Because of increases in the average payment for the service (up 68%), spending still increased by about 15%.