

## **What are the differences between HMO and PPO?**

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## **Choice of Health Care Provider**

The PPO offers choice and flexibility, but is often more expensive. With a PPO, patients can see any doctor they wish, or visit any hospital they choose, usually within a preferred network of providers. One does not have to designate a primary care physician, and one can usually see any specialist without referral.

Conversely, an HMO requires that patients see only doctors or hospitals on their list of providers, and in addition, patients must choose a primary care physician who will direct care and refer patients to approved specialists. This type of organization offers fewer choices and may make changing doctors or seeking second opinions more difficult. Generally, the HMO will not, without prior approval, cover medical expenses incurred by seeing someone who is not contracted with the HMO, but usually will have defined coverage for emergency medical care when patients travel outside the normal coverage area.

There are a lot of decisions to make when it comes to choosing a health insurance plan. One of the first decisions you will need to make is which type of plan is right for you.

You've probably heard the terms HMO and PPO, but do you really understand the differences between the two?

## **Which one is cheaper? Which one provides the coverage you need?**

To help you decide, we've created a simple comparison chart that lays out the basic features of HMOs and PPOs. Once you have a better understanding of each plan type and how it works, it will be much easier to choose the plan that's best for you and your family.

## HMO vs. PPO: What's the difference?

Question	HMO Health Maintenance Organization	PPO Preferred Provider Organization
How much will this plan cost?	<b>Lower cost</b> HMO plans typically have lower monthly premiums. You can also expect to pay less out-of-pocket for medical services.	<b>Higher cost</b> PPOs tend to have higher monthly premiums in exchange for the flexibility to use providers both in- and out-of-network without a referral. Out-of-pocket medical costs can also run higher with a PPO plan.
Do I have to use a Primary Care Physician (PCP)?	<b>YES</b> With most HMO plans, all of your healthcare services are coordinated by your designated Primary Care Physician (PCP).	<b>NO</b> A PPO plan does not require you to select a PCP. You can receive care from any doctor you choose, however you will save money by choosing a healthcare provider within your network.
Do I have to get referrals to use another doctor?	<b>YES</b> With an HMO, you must first schedule an appointment with your PCP and he/she will provide a referral to an in-network specialist.	<b>NO</b> PPO plans do not require referrals for any services.
If I have a doctor or specialist who is out-of-network, will I still be able to see them and have the costs covered?	<b>NO</b> HMOs don't offer coverage for care from out-of-network healthcare providers. The only exception is for true medical emergencies.	<b>YES</b> With a PPO, you have the flexibility to visit providers outside of your network. However, visiting an out-of-network provider will include a higher fee and a separate deductible.
Will I need to file claims?	<b>NO</b> Since HMOs only allow you to visit in-network providers, it's likely you'll never have to file a claim. This is because your insurance company pays the provider directly.	<b>YES</b> In some cases, you will have to pay a doctor for services directly, and then file a claim to get reimbursed. This is most common when you seek services from out-of-network providers.