

The Differences Between Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) Medical Plans

Choosing a health insurance plan can be a stressful task. Plans vary not only in terms of cost and benefits, but how they function. Do you choose the HMO plan because it's cheaper, or the PPO plan because your favorite doctor is not in the HMO network? Do you place more value on your out-of-pocket costs, or freedom when accessing care?

It's important to understand that once you choose your plan, in most cases you are unable to change it until your annual Open Enrollment period, so it's a good idea to do some research. Fear not, [Garnett-Powers & Associates \(GPA\)](#) is here to help you comprehend the plan differences and choose the plan that best suits your needs.



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HMO plans offer a wide range of health care services through a network of providers that contract exclusively with the HMO, or who agree to provide services to members at a pre-negotiated rate. As a member of an HMO, you will need to choose a primary care physician ("PCP") who will act as your healthcare "gatekeeper" providing most of your care and referring you to HMO specialists as needed. Some HMO plans require that you fulfill a deductible before services are covered, while others only require you to make a copayment when services are rendered. Health care services obtained outside of the HMO network are typically not covered, though there may be exceptions in the case of an emergency.

An HMO may be right for you if:

- You're willing to coordinate your care through a primary care physician
- You're looking for comprehensive benefits, typically at a lower monthly premium
- You're looking to minimize out-of-pocket costs when you access care

With a PPO plan, like the name implies, it's recommended you get your medical care from doctors or hospitals in the insurance company's network of preferred providers if you want your claims paid at the highest level. You will not be required to coordinate your care through a single primary care physician, as you would with an HMO, but you will want to make sure that the health care providers you visit participate in the PPO network. Services rendered by out-of-network providers may still be covered, but will likely cost you more out-of-pocket.

A PPO may be right for you if:

- Your favorite doctor does not participate in the HMO network
- You want some freedom to direct your own health care, and prefer not to obtain specialist referrals through a PCP

We hope this brief overview has helped you understand the basic differences between these two common plan options, and that next time you're faced with making an important health insurance plan decision, you will be more confident in which option is right for you.