

# HMO, HMO-POS, PPO – What Does it All Mean?

When it comes to choosing a health insurance plan, the acronyms can be *very* confusing! And what, quite frankly, do they even mean?

Health Insurance Companies use various types of plans to help reduce premiums. By adding controls as to where and who you can see for medical services, they are able to pass on savings in premium. This is done through negotiated discounts with doctors or clinics and those savings come to you through reduced monthly premium costs. Savings can also come through lower copays, deductibles and out-of-pocket maximums.

To better understand the options, here is a brief description of each type of plan:

- **HMO** = Health Maintenance Organization. In the world of health insurance, these are the most restricted plans when it comes to accessing doctors and care. With most HMOs, you need to choose a Primary Care Physician (PCP) who will coordinate the majority of your care. If you need to see a Specialist, your PCP will determine which specialist and coordinate appointments and insurance.

If you travel outside of the “service area” (the area where your network is located), then you should expect to pay for your services, unless it’s an emergency. These plans can be cost effective, typically offering the lowest monthly premiums, if you don’t travel a lot. If you do, consider something else.

- **HMO-POS** = Health Maintenance Organization with Point of Service. What does THAT mean? Similar to an HMO, as described above, the HMO-POS provides another layer of options for seeking care. Keep in mind, though, that adding this option also adds cost to the monthly premium.

That additional cost may be worth it, though, if you want more options for who you see and when. With the Point of Service added, although you will pay more for the services, you have more options when seeking care. Coordination by your PCP is not required, and you can make appointments directly with care providers.

- **PPO** = Preferred Provider Organization. PPO plans usually do not require that you choose a Primary Care Physician (PCP) and you have broader access to doctors, clinics and hospitals. You will also pay more in monthly premium which may be worth the extra cost if it gets you the access you need. Many PPO plans have extensive networks that cross state lines, so if you travel, these may be the best option to consider.

## **How Do You Choose?**

When it comes to making that all important decision on which plan to pick, in the end it really comes down to 5 things:

1. How much premium can you afford each month?
2. How much can you afford to pay out of pocket, if you or your family require a lot of medical services?
3. Do you travel outside of the “service area” for the plan(s) you are considering?
4. Is your primary doctor in-network? If not, are you willing to change doctors?
5. If you have conditions already being treated by specialists, are your *specialists* in-network? And if not, are you willing to change?

In the end, if your doctors are out of network for an HMO and the cost for adding the POS is within your budget, take the broader access to doctors and clinics. The additional premium could save you in out-of-pocket costs over the long term.