

# **GENERAL SERVICES DEPARTMENT Risk Management Division/Employee Benefits Bureau**

## **Overview Paper - HMOs vs. PPOs**

The two most common health plans available are HMOs (Health Management Organizations) and PPOs (Preferred Provider Organizations). Both can be affordable and both can offer access to high-quality care, but they do have their differences.

Both HMOs and PPOs are types of managed care. That means your costs stay lower — but there will be restrictions on how you receive your care.

### **What are the Differences Between an HMO and PPO?**

HMOs and PPOs differ in two main ways: **cost** and **access**.

**HMO Plan** - With an HMO plan, your costs tend to be much lower. HMO plans often have no deductible and co-payments are generally low when you visit a doctor or hospital. This means your out-of-pocket expenses are kept at a minimum.

The tradeoff for these low costs is that your HMO plan comes with restrictions on when you can receive care and who you can receive it from. To receive coverage, you must get care from a doctor on the plan's pre-approved list of healthcare providers. If you need specialist care, you'll need a referral from your doctor. For some kinds of specialist care, you'll need approval from the plan's management.

**PPO Plan** - PPO plans can be more expensive, but have fewer restrictions. Many PPO plans have a deductible between \$500.00 and \$2,000.00. Your PPO plan will have higher monthly premiums.

With a PPO, you'll be able to see almost any doctor you choose. PPO plans also have pre-approved lists of healthcare providers but they also provide coverage when you see providers who are not on the approved list. When you see a pre-approved doctor, you'll save more money but you won't be without coverage if you choose to see an "out-of-network" provider.

For more information concerning the best plan for you, please contact your Medical Plan Carrier or call our Employee Benefits Help Desk @1-877-301-8041.