

HMOs Versus PPOs: Understanding Your Options In Health Insurance

Choosing the right insurance for you and your family can be a difficult decision, and the terminology used in policies, especially in the health insurance market, can make the options available even more complicated. If you are considering health insurance options, understanding the difference between HMOs and PPOs can help make the choice easier and clearer. This article will help you understand the difference between these two popular health insurance options and determine which is best for you.

HMOs

HMOs, or Health Maintenance Organizations, are prepaid health plans that offer comprehensive medical coverage in exchange for a monthly premium. The care you receive is limited to healthcare providers and institutions that have an agreement with the HMO you select, and so this limits where you can receive healthcare and from whom, except in the case of an emergency. These types of plans usually also include a small co-payment for most expenses such as doctor's visits or hospital stays, and depending on the type of coverage you select it may or may not include prescription drugs. The costs associated with HMOs are usually more predictable than other options.

PPOs

PPOs, or Preferred Provider Organizations, are more of a subscription type healthcare option than a comprehensive medical plan. This type of coverage gives you a discounted rate for healthcare from the specific providers associated with your PPO, and they act as a middle man between you, the insured, and the healthcare provider. In general these plans offer more flexibility in coverage, as you do not need a Primary Healthcare Provider, and you can see doctors out of network and still receive coverage, though at a higher premium. Most PPOs have higher annual deductibles and larger co-payments.

There are definitely benefits to both types of health insurance plans. Consider your options carefully and choose what makes sense for you and your family.