

# [Comparing and contrasting hmo and ppo insurance programs](https://assignbuster.com/comparing-and-contrasting-hmo-and-ppo-insurance-programs/)

Comparing and Contrasting HMO and PPO Insurance Programs Introduction Both HMO and PPO are managed healthcare insurance plans; HMO (Health Maintenance Organization) and PPO (Preferred Provider Organization) compete with each other in the managed healthcare to impress both policy holders and healthcare providers. The PPO is marked relatively by a higher range of providers, attracting more high-risk policyholders (Bardey & Rochet, 2009).
HMO and PPO are same in the sense that both health insurance plans offer the policyholders to select a primary care physician (PCP). It is the PCP who takes all decisions of providing medical care to the policyholders of the plan. Whenever a policyholder needs the services of a specialist doctor, the PCP needs to be visited to refer the specialist to be visited by the policyholder, HMO or PPO. Difference between HMO and PPO comes in the PCP aspect. For HMO, there is no choice; the member has to identify a PCP but in PPO, it is not mandatory. It depends on the will of the members to choose a PCP or not. In other words, the PPO members can select a specialist by their own (Daltons, 2007).
Personally, I would like to opt for HMO, reason being it suits my needs. I do not need to search for any specialist myself. Whosoever the specialist, I will be referred to by the PCP; it would relieve me from the tension of finding a good specialist. It is cost-effective also, as I will be eligible for coverage or benefits, not available in PPO for getting medical care outside of the private network. I need not pay from my own pocket if I select HMO, as my healthcare insurance provider (Dalton, 2007).
It needs to be noted that a PPO member will not pay extra if the chosen doctor is from the preferred providers, but the HMO member can consult only the selected PCP. If there is some emergency, the selected PCP would refer the case to the specialist in the HMO network only. In the case of PPO, advanced permission might be required for costly services, such as MRIs. Even in HMO, procedures and prescription services and copayments for doctor visits are charged. In PPO arrangement, out-of-network charges are only partly paid (Behari, 2010).
Role of the PCP is very critical in HMO, as it is the PCP who caters to all healthcare needs of the insurer. A PCP functions as a personal doctor to attend to all needs of the patient. A PCP could either be an internal medicine physician, family physician, and in some HMOs, gynecologists to offer essential healthcare for women. A PCP can be a pediatrician too or a family doctor as well, as per one’s choice for getting treatment for the children (Bihari, 2010).
In the case of PPO, there is no need to go to the PCP, as one can visit any doctor inside the preferred network or outside of it. In other words, the selection of PCP and the referral specialist is not required at all in PPOs. In case, one visits a doctor in the preferred network, charges will be deducted on yearly basis besides an additional payment for the visit. Health services availed from a doctor outside the preferred network of hospitals will be costlier, and the doctor will have to be paid on the spot. Claim for refund of the paid amount can be filed later to the PPO (Bihari, 2010).
Selection of a healthcare insurance provider ideally depends on the individual needs of a member. There is limited flexibility in the HMO, but at the same time it is less costly, while on the other hand, PPO is more flexible, but could be relatively expensive also.
References
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