



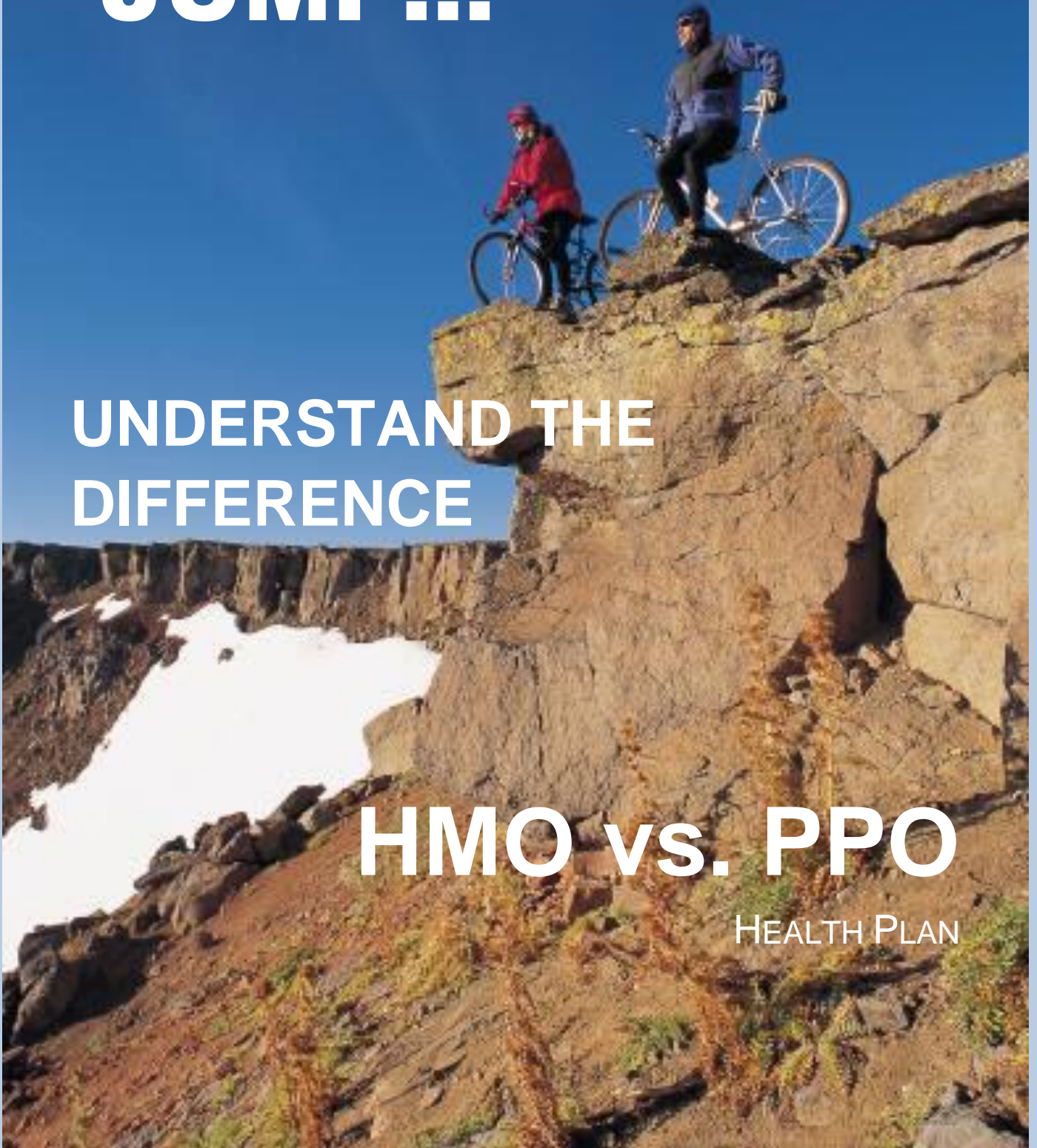
CITY OF PITTSBURG  
HUMAN RESOURCES DEPARTMENT

# BEFORE YOU JUMP...

UNDERSTAND THE  
DIFFERENCE

# HMO vs. PPO

HEALTH PLAN



# HMO vs. PPO

## **What is a HMO?**

A Health Maintenance Organization (HMO) is a type of managed care health plan where members choose their physician from a list of approved health care providers which typically results in lower premiums and/or copayments. Generally, members of an HMO can only see a health care specialist (obstetrician, cardiologist, rheumatologist) if they get a referral from their primary care physician, also known as a gatekeeper. Your primary care physician serves as your health care advocate and will help you find the best treatment for physical and mental health problems you might face. HMOs tend to provide the least expensive medical coverage and a minimum amount of paper work. However, your choice of physicians may be more limited.

The benefits of a Health Maintenance Organization (HMO) can differ depending on the company and group plan. Your HMO may cover health screenings, cancer screening, preventive care, immunizations, laboratory tests, X-rays and other scans, prescribed medications, surgical treatments and more. In addition, HMOs usually cover prenatal care and well-baby care. Make sure you understand the specific benefits offered by your HMO policy and ask questions if you are confused or unsure about the HMO's benefits. Be sure to review the Plan's Summary of Benefits, which outlines the different benefits provided.

## **What is a PPO?**

A Preferred Provider Organization (PPO) is a managed care health plan that gives its members multiple choices in health care and health care providers. You and/or your employer pays a monthly premium for coverage of a broad range of medical services. Like an HMO, a PPO will charge a copayment for each office visit and there is usually no paperwork to complete. The network of physicians is often much larger than an HMO and members can refer themselves to physicians outside of the network, although you may pay a higher copayment for this service.

The PPO does not require the use of a primary care physician (PCP) or a referral to see a specialist. While the PPO is more flexible with their rules than with an HMO, members may make higher out-of-pocket payments to their doctor at an office visit. You may be able to keep your out-of-pocket spending lower by using one of the PPO's network providers.

With a PPO, the health care providers sign a contract to provide care to the plan members at a discounted or negotiated rate. The PPO has agreements with multiple providers, including hospitals, doctors and health-care specialists. These providers make up the PPO provider network. Usually, the plan provides better benefits and lower costs for services received from network providers; covered persons are encouraged to use them. Although plan members can generally receive care from providers outside of the network, they will likely pay more for their care. If you don't want to switch doctors or you or your dependents use out-of-area health-care specialists, a Preferred Provider Organization (PPO) may allow you the flexibility to do so.