

## HMO VS PPO

An HMO, or [health maintenance organization](#), is a plan that offers members care within a specific network of doctors, hospitals, and other medical providers. These are called in-network providers.

Your costs are typically lower with an HMO because it already has agreements in place with providers. They pay less to providers they have contracts with, so you pay less for the plan.

If you use a provider that isn't in the HMO's network, known as an out-of-network provider, the plan typically won't cover your visit unless it's an emergency.

As an HMO member, you pay a monthly premium and a copay when you seek care. You choose a primary care doctor to coordinate your care. If you need to see a specialist, your primary care doctor must give you a referral.

**PPOs**

With a PPO, or preferred provider organization, there's more flexibility where you seek care. You can see doctors who are out-of-network. You can also see a specialist without getting a referral.

But if you get care from a provider that's in the PPO network, you pay less. Your out-of-pocket costs will be lower and your coverage will be more thorough.

If you choose care from a provider that's out-of-network, your out-of-pocket costs will be higher. You'll pay more for some services, and others may not be covered at all.

Your PPO has agreements with in-network providers to pay a set fee for each service. PPOs usually have a set rate they will pay for an out-of-network service or provider. If you go out-of-network and the doctor or medical facility charges more for a service, you have to pay the difference.

PPOs have more flexibility than HMOs. You choose which doctors you go to. You can see providers that are in-network or out-of-network. You don't need prior approval or a referral from a primary care doctor. If you choose a PPO and your doctor isn't in-network, you don't have to change doctors to be covered.

Think of it as a trade-off. With an HMO, you pay less but have less flexibility where you get care. With a PPO, you pay more but have more options.

**HMO advantages**

- Lower out-of-pocket costs
- Lower monthly premiums
- Lower [prescription costs](#)

## PPO advantages

- More flexibility
- Broader choice of providers
- Coverage for in-network and out-of-network doctors
- Seeing a specialist without a referral

## HMO drawbacks

- Limited choice
- Coverage for in-network providers only, unless it's an emergency.

Deciding between an HMO and a PPO depends on your needs. These questions may help you choose.

- Which is more important to you: lower costs or more flexibility?
- How important are low monthly premiums and copays?
- What are the deductibles for each plan?
- How often do you see a doctor?
- Which medical services do you think you'll need in the near future?
- Do you have an existing medical condition that requires you to see specialists often?
- Is your doctor in-network or out-of-network?
- Do you have a team of specialists you'd like to keep using, even if they're out of network?
- Do you travel a lot, which means you need more flexibility when seeking care
- If lower out-of-pocket costs are more important than having more choices, an HMO may be right for you. If more flexibility is more important than keeping costs down, a PPO may be a good choice.
- The plan that's best for you is the one that meets your needs and priorities.

From an article in; [What to Know About HMOs and PPOs \(webmd.com\)](https://www.webmd.com/insurance/what-to-know-about-hmos-and-ppos)