

Financial health

HMO vs. PPO: Which one is right for you?



There are a lot of decisions to make when it comes to choosing a health insurance plan. One of the first decisions you will need to make is which type of plan is right for you. You've probably heard the terms health maintenance organization (HMO) and preferred provider organization (PPO), but do you really understand the differences between the two? Which one is cheaper? Which one provides the coverage you need?

To help you decide, we've created a simple comparison chart that lays out the basic features of HMOs and PPOs. Once you have a better understanding of each plan type and how it works, it will be much easier to choose the plan that's best for you and your family.

HMO vs. PPO: what's the difference?

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Question	HMO Health Maintenance Organization	PPO Preferred Provider Organization
How much will this plan cost?	Lower cost HMO plans typically have lower monthly premiums. You can also expect to pay less out-of-pocket.	Higher cost PPOs tend to have higher monthly premiums in exchange for the flexibility to use providers both in and out-of-network

Question	HMO Health Maintenance Organization	PPO Preferred Provider Organization
		without a referral. Out-of-pocket medical costs can also run higher with a PPO plan.
Do I have to use a primary care physician (PCP)?	Yes With most HMO plans, all your healthcare services are coordinated by your designated PCP.	No PPO plans do not require referrals for any services.
Do I have to get referrals to use another doctor?	Yes With an HMO, you must first schedule an appointment with your PCP and he/she will provide a referral to an in-network specialist.	No PPO plans do not require referrals for any services.
If I have a doctor or a specialist who is out-of-network, will I still be able to see them and have the costs covered?	No HMOs don't offer coverage for care from out-of-network healthcare providers. The only exception is for true medical emergencies.	Yes With a PPO, you have the flexibility to visit providers outside of your network. However, visiting an out-of-network provider will include a higher fee and a separate deductible.
Will I need to file claims?	No Since HMOs only allow you to visit in-network providers, it's likely you'll never have to file a claim. This is because your insurance company pays the provider directly.	Yes In some cases, you will have to pay a doctor for services directly, and then file a claim to get reimbursed. This is most common when you seek services from out-of-network providers.

Generally speaking, an HMO might make sense if lower costs are most important and if you don't mind using a PCP to manage your care. A PPO may be better if you already have a doctor or medical team that you want to keep, but who don't belong to your plan network.