

Preferred Provider Organization

You'll pay more out of pocket for a PPO compared with an HMO, especially if you see out-of-network doctors. But PPOs tend to have larger networks and they make it easier to get out-of-network care.

Here are the major features of PPOs:

- For in-network, or "preferred," doctors, you typically pay a \$15 to \$30 [co-payment](#).
- You have to pay an annual [deductible](#), generally between \$250 and \$1,500, before insurance kicks in.
- You can see specialists, including those outside the network, without a referral from a primary-care doctor.
- You can get care outside the network but will pay more, generally 20 to 50 percent of the bill. Moreover, you will likely also have to pay the difference between what the doctor charges and the PPO deems "reasonable and customary." For example, say a doctor's bill is \$100 and the PPO pays 80 percent but says the reasonable charge for the service is \$75. In that case, the insurer will pay \$60 (80 percent of \$75) and you will pay \$15 (20 percent of \$75) plus the \$25 difference between the doctor's bill and the reasonable charge, for a total of \$40.

You might want to choose a PPO if you:

- Want ready access to specialists and out-of-network doctors and hospitals.
- Don't mind paying more for care than you might if enrolled in an HMO in exchange for greater freedom.
- Don't mind the hassle of filing claims and figuring out your bills.

Health Maintenance Organizations

With an HMO you will have more limited options for out-of-network care than with a PPO. But you will generally pay less out-of-pocket, have less paper work, and have more coordination of your care that's overseen by your primary-care doctor. HMOs also emphasize measuring and improving quality of care.

Here are the major features of HMOs:

- [Co-payments](#) are generally \$10 to \$20.
- [Deductibles](#) are generally lower than in a PPO, between \$100 and \$500.
- You usually won't have to pay [co-insurance](#).
- You need a referral from your primary-care doctor to see a specialist. But these are more readily available now than in the past.
- You can see providers or go to hospitals outside of the HMO's network but you'll usually have to pay the full cost.

You might want to choose an HMO if you:

- Are comfortable with some restrictions on your choice of doctors and hospitals.
- You are happy with the choice of doctors and hospitals within the plan.
- Like the idea of a primary-care doctor coordinating your care.
- Prefer to have more certainty about your out-of-pocket costs.