



HMO vs PPO

A Medicare Scholar Presentation

Medicare Advantage Plans

- Also known as Medicare Part C
- Provides same benefits as Original Medicare Parts A and B under one plan, and sometime Part D
- Offered through private insurance companies
- Plans can vary by state, county, and carrier



Qualifications

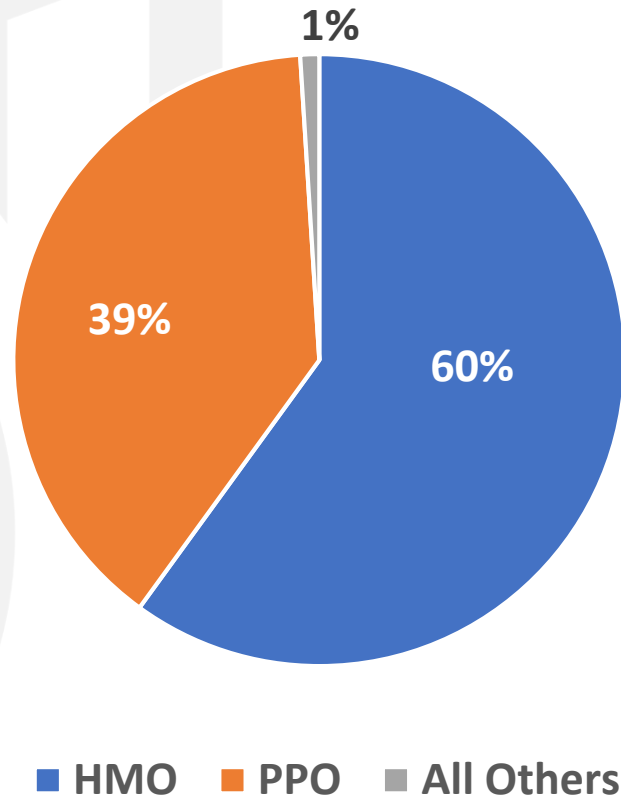
- Must have Medicare Parts A & B
- Must live in the plan's service area (county based)
- Must be able to make an informed decision
- Must have a valid election period

Medicare Advantage Plan Types

- HMO – Health Maintenance Organization
- PPO – Preferred Provider Organization
- PFFS – Private Fee for Service
- MSA – Medicare Savings Account
- Cost Plans

Medicare Advantage Plan Types

Enrollment by Plan Type



- In 2021, more than 26 million beneficiaries are enrolled in a Medicare Advantage plan
- 42% of the total Medicare population

What Are They?

Health Maintenance Organization - HMO

- To provide the best quality care at the lowest cost by utilizing a specific network of doctors and hospitals

Preferred Provider Organization - PPO

- To provide the lowest cost, highest quality care by utilizing in-network doctors and hospitals, but offering the freedom to seek care outside of the network for a higher cost



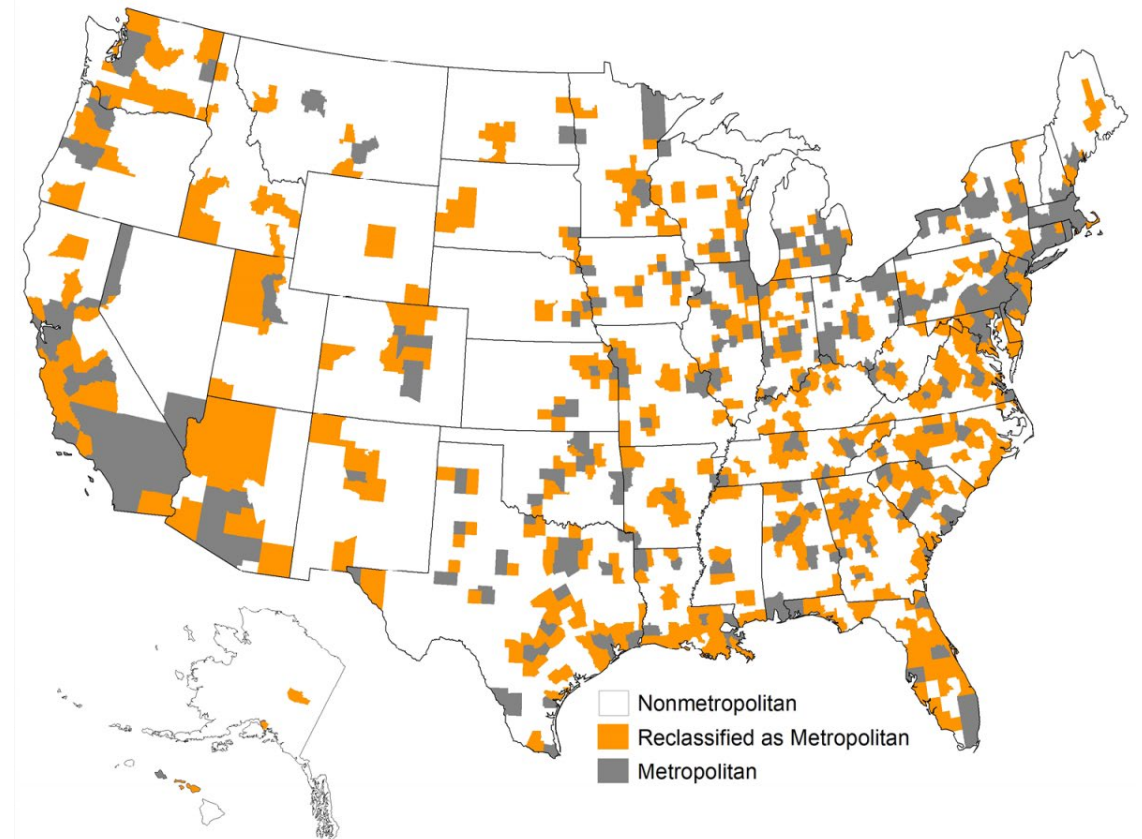
How Do HMOs and PPOs Differ?

- Service Area
- Network Access
- Premiums
- Maximum-Out-of-Pocket

Service Area - HMO

Smaller regions that are usually based on:

- Counties in and surrounding major Metro or Urban areas
- Regions covered by one or more larger healthcare systems

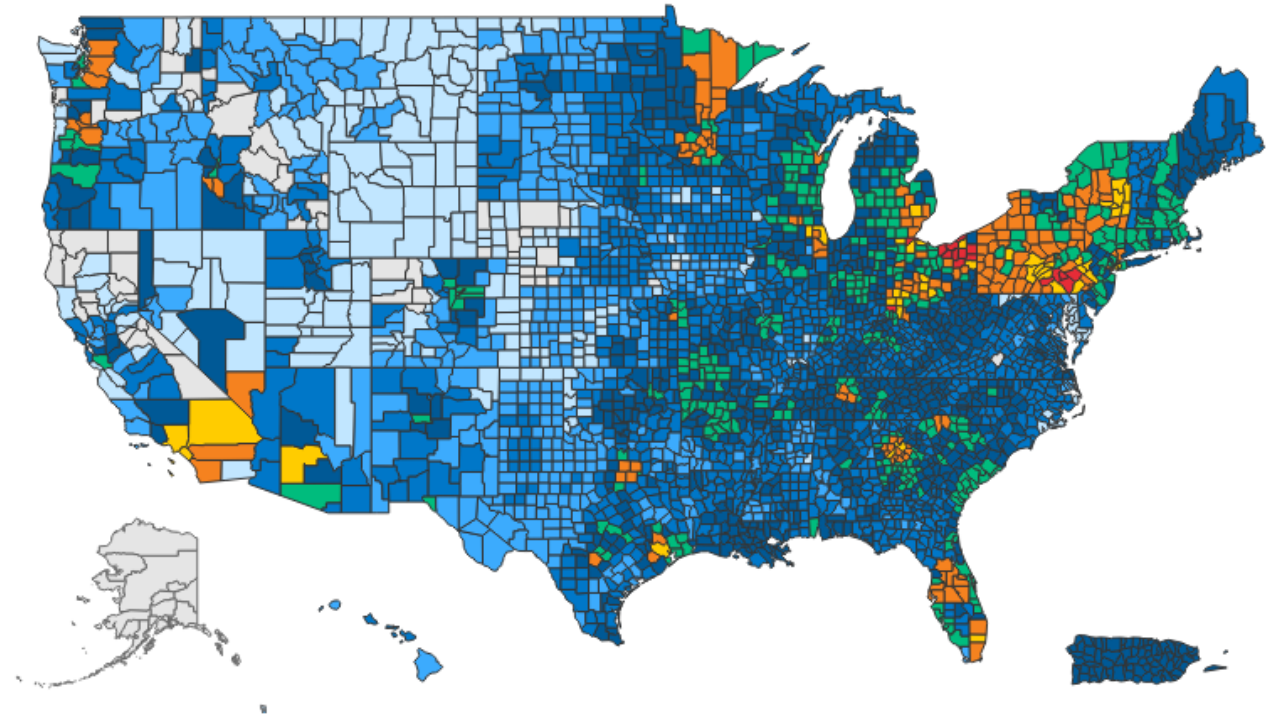


Service Area - PPO

Medium to larger regions that are usually based on:

- Counties in and surrounding major Metro or Urban areas
- Rural areas or statewide

Medicare Advantage Plans in 2021:



NOTE: Excludes SNPs, EGHPs, HCPPs, and PACE plans, and plans in territories.
SOURCE: KFF analysis of CMS's Landscape Files for 2020.

Network Access - HMO

- Must utilize contracted, in-network providers
- Can only go out of the network for emergency or urgently needed services
 - Emergency services are covered worldwide
- If you need medical care that cannot be completed by an in-network provider, you can get approval from the plan to cover an out-of-network provider. The approval must be granted prior to receiving care from an out-of-network provider

Network Access - HMO

Some plans include a Point of Service (POS) benefit:

- This allows you to go outside of the HMO network to receive care at out-of-network providers
- The POS benefit is limited to specific services (examples: dialysis, inpatient hospitalization, skilled nursing services, etc.)
- The plan's Summary of Benefits will clearly indicate which services can be covered by the POS benefit



Network Access - PPO

- To receive care at the lowest out-of-pocket costs, beneficiaries should utilize contracted, in-network providers
- Beneficiaries can go outside of the network for any and all services, and may pay a higher copay/coinsurance
- Out-of-network providers must accept Medicare and agree to bill the plan

Premiums

HMO

- Average premium in 2021 - \$18

PPO

- Average premium in 2021:
 - \$25 for Local PPOs
 - \$48 for Regional (Statewide) PPOs

Maximum Out-of-Pocket

HMO

- Average MOOP for 2021 - \$4,566

PPO

- Average MOOP for 2021:
 - In-Network - \$5,873
 - Out-of-Network - \$9,206

Things to Consider - HMO

- Available in most major metro and urban areas across the country
- Requires you to see in-network providers
- Offers the lowest premiums and out-of-pocket maximums, on average
- Great for care at your local hospitals & doctors

Things to Consider - PPO

- Available on most of the country, from metro to rural areas
- Gives you the flexibility to seek care using in and out-of-network providers
- For most plans, you will pay more to seek care outside of the network
- Premiums and out-of-pocket maximums are higher than HMOs, on average
- Great if you're looking for the greatest flexibility in who you can see for your healthcare



Questions?



Thank You For
Attending!



Sources

- <https://www.kff.org/medicare/issue-brief/medicare-advantage-in-2021-premiums-cost-sharing-out-of-pocket-limits-and-supplemental-benefits/>
- <https://carsey.unh.edu/publication/rural-america-failing-or-succeeding>
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