

HEALTH INSURANCE PLAN DESCRIPTIONS

PPO – *Preferred Provider Organization*

A PPO does not require a Primary Care Physician to direct care (referrals to Specialists are not required) and offers In and Out-of-Network benefits. PPO's utilize deductibles and co-pays, in most cases, to achieve cost sharing for employees. These plans are attractive to businesses with out of area employees since the use of Network Physicians is less restrictive than an EPO or HMO. The use of Out-of-Network services will lead to higher costs for the employee.

EPO – *Exclusive Provider Organization*

An EPO is similar to a PPO but it does not offer Out-of-Network benefits and in some cases (Closed Panel) it requires a Primary Care Physician to direct care. The savings associated with an EPO, in most cases, are a result of a smaller network of physicians. Therefore, it is important to determine that group's current doctors are in the network associated with the EPO.

HMO – *Health Maintenance Organization*

An HMO offers only In-Network benefits and in most cases requires a referral from your Primary Care Physician to see a Specialist. The HMO model is considered restrictive when compared to other plan types yet the network of doctors is generally broad. HMO's offer co-pays, not deductibles, as a cost sharing option for employees.

POS – *Point of Service*

A POS is most similar to an HMO in that you must use a Primary Care Physician for care and a referral to a Specialist. Consumers will face lower costs if they utilize their PCP. Unlike an HMO an individual can go outside of the network for services although they will pay a higher percentage of the cost.

CDHP – *Consumer Driven Health Plan*

A CDHP utilizes a PPO style plan with high deductibles for "First Dollar" services. The ability to utilize a tax favored Health Savings Account (HSA) to fund the high deductible is this plan's attractive feature. Certain types of preventive care are often covered by the plan before the deductible (well-child [always covered], annual physicals, OB-GYN). Under a CDHP the employee is responsible for paying for the services they receive out of the HSA, although the HSA can be funded by the employer/employee/or both.