

Employee Benefits

Q. There are so many health insurance plans out there, HMO, PPO, EPO, POS, HDPPPO & HSA. What are they and how do I know which one is right for me and my employees?

A. HMO=Health Maintenance Organization – the most commonly purchased health plan among small employers. This type of plan requires that you use providers (doctors, hospitals, medical facilities, etc) who participate with the insurance plan. There is typically no coverage if you go outside the network unless for emergencies or with prior written approval from the carrier, so you must live or work in the service area. *Most* plans require that you obtain a referral from a primary care physician in order to see a specialist and there is a co-pay that you will pay the provider at the time of each visit. Dollar amount of co-pays typically range from \$10 to \$40 depending upon the plan that you have, the higher the co-pay, the lower the premium. The advantage of this type of plan is the ease of use as there is little or no paperwork involved as well as an emphasis on well care and prevention.

PPO = Preferred Provider Organization- This type of plan provides more flexibility because there is coverage for in and out of network use. There would be access to a large network of medical providers representing a broad geographical area that would go beyond the local service area unlike an HMO. When in network the insured member pays a co-payment at the time of each visit and when going out of network there would be an annual deductible and coinsurance that would apply. It is most advantageous to use in network providers as they will accept the PPO's fee schedule and, therefore, avoid any balance billing, but the plan provides the freedom to go out of network without having to get permission from the insurance carrier. This type of plan would work well if a local business also has employees who live out of the area.

EPO = Exclusive Provider Organization-This type of plan is basically the same as a PPO but **without** the access to out of network providers. The advantage of an EPO vs an HMO would be the access the national network of providers and the freedom to see specialist without a referral. An EPO could still work well with a local business with employees who live and work outside of the local service area as long as the network is strong enough where those employees are.

POS = Point of Service-This type of plan operates the same as an HMO when you are in network, however, it gives you the opportunity to go out of network if needed like a PPO. Out of network services would also be subject to a deductible and coinsurance but the percentage the insurance company pays for out of network charges is lower with a POS than a PPO plan. The POS gives you greater flexibility to see out of network providers unlike an HMO, but this freedom comes with a price. This type of plan works well in the chance that a specialist doesn't participate with your insurance but you will continue to see them regardless. The POS would at least provide you with some coverage as opposed to the HMO where there would not be any coverage.

HDHP = High Deductible Health Plan - Years of increasing premiums and higher co-pays have made the High Deductible Health Plan very attractive for employers and employees alike. This type of plan is designed to insure for catastrophic events. You pay for small expenses until your deductible is met. Annual deductibles range from \$1,500 - \$2,650 for an individual plan and \$3,000 - \$5,250 for a family plan. The premiums for the HDHP cost less and the money saved can be put into an HSA = Health Savings Account. An HSA is tax exempt account and is used to accumulate savings to pay for medical expenses leading up to your deductible. Any unused portion remains in the account and earns tax free interest. See our HSA brochure available on our website or call for more information. These types of plans are still relatively new but because the high premiums of regular health insurance plans is such a stumbling block for many employers to continue providing health insurance to their employees the use of the HDHP and HSA's might be the answer they are looking for.