

Optometry Coding & Billing Alert

Reader Questions: PPOs Offer Members Greater Freedom Than HMOs

Question: What are the main differences between a preferred provider organization (PPO) and a health maintenance organization (HMO)? And what is a -silent- PPO? I have heard that term around the office several times this month.

Delaware Subscriber

Answer: PPOs and HMOs are both managed-care plans, based on a network of physicians, hospitals and other healthcare entities that provide care at reduced or discounted rates.

However, all HMO plan members must select a -gatekeeper- (typically their primary-care physician) who is in the network and guides the patient's use of healthcare resources. PPOs do not require such a gatekeeper, which usually means more freedom of choice for the patient.

HMO plan members must obtain a referral from the gatekeeper before seeing an in-network specialist. By comparison, PPO members can see any in-network provider they want, without any type of referral.

-Silent- PPOs involve third parties: A -silent- PPO occurs when a managed-care business -rents- its PPO provider network to another entity or a smaller PPO, for example.

This third party can then take advantage of the discounts the original PPO negotiated with your providers. To prevent a PPO from taking on a -silent- partner, ask the PPO for all information pertinent to its relationships with other PPOs and healthcare networks before signing a contract.

Also, beware the -all-payer- clause: If your PPO contract contains an all-payer clause, it will allow a PPO to rent or lease its physician network to non-contracted entities.