

Chapter 35 Life and Health Insurance

Section 35.2 Health Insurance

Reading Activity—Create a Table

Directions Read the excerpt from the textbook. Then fill in the table to identify the advantages and disadvantages of HMOs and PPOs.

HMOs and PPOs

A health maintenance organization (HMO) provides health care at its own health center for a fixed fee per month. With an HMO, policyholders must go to a designated clinic. If they pick a doctor who is not part of the HMO, the patient must pay additional costs. HMO plans stress preventive health care to keep down medical costs.

A preferred provider organization (PPO) is a group of doctors and hospitals that agree to provide specified medical services to members at prearranged fees. With PPOs, members receive more coverage if they choose health-care providers approved by or affiliated with the plan. PPO health-care providers agree with the insurer to provide health care at reduced rates. While HMOs offer limited referrals to outside specialists, PPOs allow policyholders to choose their own physicians and hospitals within certain limits.

Health Maintenance Organization (HMO)	
Advantages	Disadvantages

Preferred Provider Organization (PPO)	
Advantages	Disadvantages