

Health Maintenance Organizations

Health maintenance organizations (HMOs) both finance and deliver health care services. Instead of paying a health care provider each time a service is rendered, HMO subscribers agree to pay periodic fees (usually annual). In turn, HMOs provide virtually all of their subscribers' covered health care needs.

If you are considering an HMO, here's what you should know:

Under HMOs in general, you pay a fixed premium in advance. In return for that premium, the HMO guarantees to provide all the services specified in the contract without deductibles or co-insurance charged to the patient. Your out-of-pocket expenses are, therefore, greatly reduced. And, because the HMO does not make more money if you use more health care, it has an incentive to keep costs down. Advocates say that cost-reduction is good, eliminating unnecessary tests and procedures. Critics say that it sometimes means inadequate care.

Currently, there are five different HMO models.

1. Staff Model – the HMO owns its health care facility and employs health care providers on a salaried basis. Patient choice is limited: enrollees are restricted to network providers and are required first to see a primary care physician, who then refers them to specialists within the HMO when it is considered medically necessary and appropriate.
2. Group Model – the HMO contracts with a single independent group practice to provide services to the HMO participants. The practice is managed independently and is usually paid on a capitated basis. Group model HMO providers usually spend most of their time with HMO participants but may spend some time in private practice.
3. Independent Practice Associations (IPAs) – are groups of physicians in private practice who provide some services to HMO participants but primarily provide services to patients not enrolled in an HMO.
4. Network Model – HMOs contract with two or more independent physician groups that often

provide general and specialty services. These groups are typically paid on a capitated basis by the HMO.

5. Mixed Model – the HMO initially adopts one type of model, such as a staff model, and then expands its capacity and/or its geographic region later by adding another type of model such as an IPA.

Each HMO is different, with different doctors and hospitals, different premium costs and different administrative policies. If you are interested in an HMO, compare those that are available to you. Ask the following questions.

- What hospitals, laboratory and diagnostic facilities do the HMOs use? What arrangements are there for around-the-clock emergency care?
- What proportion of the doctors are board certified or board eligible? Does the HMO have specialists in surgery, orthopedics, eye care and any other field that you might conceivably need?
- Can you choose your primary care physician? Can you change that physician if your initial choice is not satisfactory? Will you have any say in choosing specialists, or is that decision up to the primary care physician?
- How long does it take to get an appointment for routine check-ups? How long before you can see a specialist? How long a wait can you expect once you have an appointment and are in the office?
- What happens if you fall ill when traveling? What is the HMO's policy on reimbursing medical expenses?
- How financially stable is the HMO? Has it been around for awhile and it is likely to continue to be in business?