To make an informed choice between a traditional plan and a PPO, state employees need to understand what a PPO is. A Preferred Provider Organization (PPO) is a health plan with an established provider network (physicians, hospitals, labs, etc.) that has agreed to accept specific payment levels for specific services.

I want to make this point clear: A PPO is not a Health Maintenance Organization (HMO). A PPO does not require you to select a Primary Care Physician (as in HMOs), and referrals are not required (as in HMOs). PPOs are an increasingly common plan offered by employers. One benefit of a PPO is that patients can "self-refer" themselves to specialists without having to get a referral from their primary care physician (PCP). You just make an appointment with the specialist. In a PPO, you are free to select any healthcare provider. If your physician is in the PPO network, you will have lower deductibles, a higher reimbursement of expenses, and the lowest possible out-of-pocket expense. If enrolled in a PPO and your physician is not in the PPO network, you will experience a higher deductible, a lower reimbursement level for expenses, and a higher annual out-of-pocket maximum limit.

As part of this conversation on PPO plans, I'd like to summarize the FY2012 plans for the audience. (The following applies to both the traditional and PPO plans.) Pharmacy benefits as well as Dental and Vision are unchanged. New for FY '12 is a premium category (Employee + Spouse + Single Child). The flexible spending account (FSA) limit has been *increased* from $2,500 to $3,000, the Integrated Behavioral Health Plan (IBHP) In-Patient Co-payment has been *increased* to $15, and Outpatient Co-payment has been *increased* to $25. Finally, enhanced Wellness Benefits and Well Baby Nursery Benefit are part of both plans.

For the traditional plan, employee premiums will increase by 15%, traditional plan benefits are unchanged (with the exception of the *addition* of Wellness and Well Baby Nursery Benefits), and co-insurance is unchanged at 80/20 of allowable charges (that is, the insurance carrier pays for 80% of the allowable charges and the employee pays for the remaining 20%).

For the PPO plan, the network is slightly smaller than the traditional network, monthly premiums and deductibles are *less* than the current FY '11 traditional insurance plan, the co-payment is $20 for physician office exams with in-network physicians, and the co-insurance is 85/15 of allowable charges (in-network) and 70/30 out-of-network.

DOCUMENT 7.8

Presentation Notes