



HMO 101

Health maintenance organizations (HMOs) are one of the most popular types of health insurance available today. But what is an HMO, and how does it work? Is it different from a PPO? Which doctors can you see as an HMO member? How much do you pay when you receive care—and for that matter, what types of services will an HMO cover?

This primer explains the basics of HMOs and will give you a better understanding of the key concepts you need to understand if you join one.

What is an HMO?

A health maintenance organization, or HMO, is a health plan that covers your hospital, medical and preventive care. In an HMO, you can only see the providers that the HMO has agreed to work with—except in emergencies, when you can see any provider. This group of providers is called the **provider network**. If you see a doctor who is not part of your HMO's provider network, your services will not be covered.



You may also have heard of PPOs, or **preferred provider organizations**. This type of health plan works very much like an HMO in that it covers many of the same services. The main difference is that with a PPO, you not only have access to network providers, but also can see doctors outside of the network—for higher out-of-pocket costs. So while a PPO gives you more provider choice, it generally comes at a higher price.

Can you tell me more about the provider network thing?

It's important to know that an insurer can offer more than one provider network. For example, Fallon Community Health Plan (FCHP) has the FCHP Direct Care network and the FCHP Select Care network for its HMO plans, and the Fallon Preferred Care network for its PPO. The network of providers you use would depend on which plan you join.

FCHP Direct Care uses a unique and concentrated network built around high-quality provider groups and community-based hospitals. FCHP Direct Care includes more than 11,000 providers through Acton Medical Associates, Charles River Medical Associates, Fallon Clinic, Highland Healthcare Associates IPA, Lahey Clinic, Lawrence General IPA, Lowell General PHO, Mount Auburn Cambridge IPA, Northeast PHO, and Southboro Medical Group. A larger network than FCHP Direct Care, FCHP Select Care offers a choice of providers from an expansive network that includes physician practices, community hospitals and medical facilities throughout the Commonwealth.



And Fallon Preferred Care, our PPO, boasts more than 450,000 network providers throughout the country.

OK, when sick, see a network provider. Got it.

Well yes, but while you may think HMOs are mostly there to help you get better when you're sick, they also focus on preventing illness in the first place. There are many ways an HMO might help to keep you well.

For example, Fallon Community Health Plan covers annual checkups for adults and children in full, provides supportive

nursing staff to help members manage chronic conditions like asthma and diabetes, and offers a generous reimbursement toward the cost of group fitness activities from swimming to skiing to Little League.

So how does it work?

Basically, when you join an HMO, you find a doctor in your network to work with on routine and ongoing medical issues. This doctor is your **primary care physician**, or PCP. When you've got a sore throat, call your PCP. Have an issue that needs to be addressed by a specialist? Still call your PCP. He or she will give you a referral to a specialist when needed. PCPs often choose to refer their patients to certain plan specialists—this is called a **referral circle**.

Please remember, though, that most HMOs will not pay for specialist visits unless you have a referral.

How do I find a PCP?

If you don't have someone in mind, try asking family, friends or coworkers for suggestions. Fallon Community Health Plan members can search for a PCP online at www.fchp.org or call Customer Service at 1-800-868-5200 for help.

Once you've picked a doctor, you'll need to make sure he or she is taking new patients by checking with the doctor's office or Customer Service. Then, you can officially name that doctor as your PCP by calling Customer Service, or, for FCHP members, making the change online.





What if I'm sick or hurt after my doctor's office has closed?

What happens if you get hurt or become sick, but your doctor's office is closed? If it's a medical emergency, go to the nearest emergency or urgent care facility. Some HMOs require that you call them for permission to be seen at the ER. FCHP believes that it's more important that you get the care you need. So in an emergency, call 911 or get to the ER.

If it's not an emergency, but it also can't wait until morning, call your PCP's office for guidance from the on-call physician.

If you're an FCHP member, you have another option—Nurse Connect. Call 1-800-609-6175 to talk privately with a nurse for answers to your medical questions, 24 hours a day, seven days a week.

What if I need to see a doctor when I'm away from home? When you're traveling, you are generally covered only for emergency services—these are covered wherever you are. Call your PCP if you have a non-emergency while you're away.

Students living outside of the plan's service area are covered for emergencies, and may be covered for additional services, as well. With FCHP, these students are covered for non-routine health services, such as a doctor's visit for a sinus infection.

What do I pay?

In today's economy, price tags play a key role in most every decision. HMOs keep their costs as low as possible by

encouraging preventive care and working with a set network of providers.

As an HMO member, you'll be responsible for certain costs. The first is your **premium**, which is the amount you pay to be a member of the plan. In many cases, your employer may pay a portion of your premium.

A **deductible**, if you have one, is the amount you must pay out of your pocket before the plan will pay for services. For example, if you have a \$500 annual deductible, you will have to pay for the first \$500 worth of medical services you receive each year.

A **copayment** is a set dollar amount you pay for each visit to the doctor, each prescription that you fill, etc.

Lastly, **coinsurance** is your share of the cost for a service you receive. This is usually a percentage. For example, if your coinsurance is 20% for a doctor office visit, you pay 20% of the total charges, and your HMO pays the remaining 80%. You would pay either a copayment or coinsurance for a benefit—not both.

I'm not familiar with deductibles. How do they work?

Deductibles can be confusing, so let's talk about them a little more.

First, HMOs don't always have deductibles. But let's say you have a \$500 deductible each year. (The "year" can run from January through December,



or according to dates set by your group.) At the beginning of your year, you go for a follow-up visit with your PCP. Since it's a new year, you must meet your deductible before the HMO will pay for services. So you'll need to pay the total cost of the visit. You may need to pay that day, or the doctor's office may bill you. Either way, you pay the doctor's office directly for the visit. Your HMO will send you an explanation of benefits after each medical visit. This is not a bill, just a statement outlining what costs from the visit will go toward your deductible.

Once you have paid a total of \$500 for medical expenses that year, you will be responsible only for applicable copayments and coinsurance for the rest of the year.



Some plans have a deductible carryover, which means that any amount you pay toward your deductible during the last three months of one year can count toward the next year's deductible, getting you one step ahead on the coming year. Ask your benefits administrator if your plan has a deductible carryover.

I heard something about a formulary—what is that?

Plans that cover prescription medications keep a list of medications that are covered, called a **drug formulary**. A drug will not be covered unless it appears on this list.

Many times, the formulary is broken into categories. With Fallon Community Health Plan, these are called "tiers." Drugs in a lower tier, usually generics, will have a lower copayment, while drugs in higher tiers will have a higher copayment.

Brand-name drugs normally fall into higher tiers. You may be able to save money by filling your prescriptions through a mail-order pharmacy service if your HMO offers one. By using mail-order, FCHP members can get a three-month supply of medications for the cost of a two-month supply.

What if your physician prescribes a specific drug not covered by your plan? He or she can often find a drug on the plan's formulary that will work just as well. If not, your doctor can make a special request that the HMO cover that drug for you.

So what are my benefits?

Your HMO will give you an **evidence of coverage**, often called a **member handbook**, that explains what services are covered, what aren't, and how to go about getting them. If you joined the HMO through a group, such as an employer, you may also get a **schedule of benefits** that lists details specific to your group. It is very important to read and understand your evidence of coverage before you seek care.

But if you just can't find the information you need, you can always call Customer Service (1-800-868-5200, for FCHP members). They're happy to help so that you make the most of your coverage.

Anything else I should know?

Sometimes HMOs will limit how much you have to pay out-of-pocket each year. If you meet that amount, you will not have to pay copayments or coinsurance for the rest of that year. Also, HMOs generally pay only for services that are deemed **medically necessary**. For example, a facelift is typically done for cosmetic—not medical—purposes, so HMOs would not cover it.



Oh, and have you ever wondered why you and your friend have different copayments when you're on the same plan? It may be because you each have plans that use the same network (like FCHP Select Care), but offer different copayments and services. In fact, plans can vary greatly by employer or group. That's why you may have different benefits than your friend does, even though you are both members of the same HMO.

What if I need a new ID card?

If you misplace your ID card, or find something on it that's wrong, you should request a new one right away. With Fallon Community Health Plan, there are a couple of ways to request a new card—you can call Customer Service at 1-800-868-5200 to ask for a replacement, or make the request online with a members-only My FCHP account.



What if I need to add people to my coverage?

Just get married? Congratulations! Bet you'd like to add your spouse to your health insurance, right? Most HMOs let you add people to your coverage only during certain times—and marriage is one of them!

HMOs generally let you change your coverage:

- During annual open enrollment
- If you marry
- If you have a child, through birth or adoption
- If your spouse or dependent children lose other coverage
- If a dependent child qualifies for coverage under IRS guidelines

- If you are court-ordered to cover your children or former spouse

If you get insurance through your employer, work with them to request changes to your coverage. FCHP members can also contact Customer Service to make any of these changes.

What if I have a complaint?

Hey, sometimes it happens. You have a problem with the receptionist at your doctor's office. Or you go to get a prescription filled and have to wait a ridiculously long time at the pharmacy. What do you do? If you're not happy with services you've received, call your HMO's Customer Service line to make a complaint.

What if your problem is with the HMO itself, like it won't cover a service you think you need? Again, call their Customer Service Department. HMOs want to know if you're unhappy so they can make it right if possible. If you don't get the answer you're looking for, you can then work with the Massachusetts Office of Patient Protection. The HMO will give you—and is required to give you—information on how to get in touch with them.

What if I have questions?

When you have questions, there are lots of places you can look for answers.

You can contact your HMO's Customer Service Department or visit the plan's Web site, take a look in your member handbook, or talk with someone in your HR department.

Notes

To learn more about Fallon Community Health Plan, you can:

Call: 1-800-868-5200 (TDD/TTY: 1-877-608-7677)

Click: www.fchp.org

E-mail: contactcustomerservice@fchp.org



Making our communities healthy.

www.fchp.org • 1-800-868-5200