

HDHP vs. PPO: What's the Difference?

Choosing the right health plan during open enrollment or a qualifying life event is of the utmost importance since it dictates your care and associated costs for the year. With so many options, acronyms, and policy rules to consider, picking a plan can feel tricky.

Centenary College offers HDHPs (high deductible health plans) and traditional PPOs (preferred provider organizations).

HDHPs	Traditional PPOs
Lower monthly premiums	Higher monthly premiums
Higher deductible and out-of-pocket maximums	Lower deductible and out-of-pocket maximums
Typically grants access to an HSA	May not grant access to an HSA

What is an HDHP?

An HDHP, or high deductible health plan, is a type of health insurance plan that features higher deductibles and out-of-pocket maximums with lower monthly premiums in comparison to a traditional health insurance plan.

HDHPs can be ideal for customers who only make occasional visits to their doctors. With higher deductibles and out-of-pocket maximums, the value of an HDHP can start to diminish as visits, procedures, and prescriptions become more frequent.

What is a PPO?

A preferred provider organization (PPO) is a health insurance plan that works with a network of providers who offer certain rates for those enrolled in the plan. Members typically pay a higher monthly premium for these health plans than they would for a high-deductible health plan.

On the flip side, a traditional PPO plan typically has a lower deductible and lower out-of-pocket maximum than an HDHP. For customers who visit their doctor often, lower deductibles and out-of-pocket maximums could help lead to savings once all their medical expenses are paid.

For example, let's say you receive a medical bill for \$5,000. Under an HDHP, your deductible might be \$3,000. That means you'll be required to pay \$3,000 of the bill before your insurance provider covers the rest. With a PPO, you might only have to contribute \$2,000 before your coverage kicks in.

Networks

The HDHP and the PPO plans at Centenary College are in the same network. This means that people on the HDHP health plan get access to the PPO's network of providers. They still pay higher deductibles and out-of-pocket maximums in exchange for lower monthly premiums.

High deductible health plans with HSAs

If you enroll in an HDHP, you have the option to enroll into to a health savings account (HSA). An HSA can be used to cover the costly deductibles in a high-deductible health plan, as well as prescription medications or other medical expenses. Funds are not taxed and are typically deposited into an HSA as part of a payroll deduction.