POINT OF SERVICE (POS) PLANS

DEFINITION

These plans are another type of managed care group health insurance and are known as point-of-service, since each time health care services are needed, the insured can decide to stay within the network and allow their primary care physician (PCP) to manage their care or go outside the network on their own without a referral from their PCP. POS plans have characteristics of both an HMO and a PPO.

HOW THEY WORK

A PCP is selected from a list of participating providers and all medical care is directed by this physician (gatekeeper). This doctor will usually refer members to other in-network physicians in the event there is a need for a specialist.

Members also have a choice to see out-of-network providers when they need a specialist, similar to a PPO plan but most POS plans require the member to go through their PCP before they see an out-of-network specialist. Members will be required to complete the paperwork and submit claims on their behalf for reimbursement from the insurer where the percentage the insurer pays is likely lower.

POS plans also offer limited coverage to members who choose to go out-of-network for medical care similar to a PPO plan. However, the out-of-network coverage is significantly less than that of in-network coverage, and requires a deductible and co-payment.

ADVANTAGES

- In a POS, there is greater freedom to see out-of-network providers than with an HMO. Even if the member goes out-of-network for some of their medical needs, the insured is still covered to a certain extent.
- There is an emphasis on prevention and health education, similar to that with an HMO, where members are encouraged to participate in programs promoting healthier life choices and better health.
- They have lower deductibles for most care and limited co-payments for in-network coverage, compared with a PPO. With a PPO plan, members are required to meet deductibles and make co-payments.

DISADVANTAGE

- Members are required to choose a primary care physician (PCP). Even if a specialist is in their POS network, members still need to first get approval from their PCP before they visit the specialist if they want to be covered by their POS plan.
- If the member goes out-of-network for their medical care, their coverage is limited and they will incur higher out-of-pocket expenses.