



Free Questions for AHM-520

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## Question 1

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Question Type: MultipleChoice

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Doctors' Care is an individual practice association (IPA) under contract to the Jasper Health Plan to provide primary and secondary care to Jasper's members. Jasper's capitation payments compensate Doctors' Care for all physician services and associated diagnostic tests and laboratory work. The physicians at Doctors' Care, as a group, determine how individual physicians in the group will be remunerated. The type of capitation used by Jasper to compensate Doctors' Care is known as:

Options:

- A- PCP capitation
- B- Partial capitation
- C- Full professional capitation
- D- Specialty capitation

Answer:

C

## Question 2

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Question Type: MultipleChoice

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For a given healthcare product, the Magnolia Health Plan has a premium of \$80 PMPM and a unit variable cost of \$30 PMPM. Fixed costs for this product are \$30,000 per month. Magnolia can correctly calculate the break-even point for this product to be:

Options:

- A- 274 members
- B- 375 members
- C- 600 members
- D- 1,000 members

Answer:

C

## Question 3

Question Type: MultipleChoice

A health plan may experience negative working capital whenever healthcare expenses generated by plan members exceed the premium income the health plan receives.

Ways in which a health plan can manage the volatility in claims payments, and therefore reduce the risk of negative working capital, include:

1. Accurately estimating incurred but not reported (IBNR) claims
2. Using capitation contracts for provider reimbursement

Options:

- A- Both 1 and 2
- B- 1 only
- C- 2 only
- D- Neither 1 nor 2

Answer:

A

## Question 4

Question Type: MultipleChoice

Health plans have access to a variety of funding sources depending on whether they are operated as for-profit or not-for-profit organizations. The Verde Health Plan is a for-profit health plan and the Noir Health Plan is a not-for-profit health plan. From the answer choices below, select the response that correctly identifies whether funds from debt markets and equity markets are available to Verde and Noir:

Options:

- A- Funds from Debt Markets: available to Verde and Noir  
Funds from Equity Markets: available to Verde and Noir
- B- Funds from Debt Markets: available to Verde and Noir  
Funds from Equity Markets: available to Verde only
- C- Funds from Debt Markets: available to Verde only

Funds from Equity Markets: available to Noir only

D- Funds from Debt Markets: available to Noir only

Funds from Equity Markets: available to Verde only

Answer:

B

## Question 5

Question Type: MultipleChoice

The Norton Health Plan used blended rating to develop a premium rate for the Roswell Company, a large employer group. Norton assigned Roswell a credibility factor of 0.7 (or 70%). Norton calculated Roswell's manual rate to be \$200 and its experience claims cost as \$180. Norton's retention charge is \$3. This information indicates that Roswell's blended rate is:

Options:

A- \$186

B- \$189

C- \$194

D- \$197

Answer:

B

## Question 6

Question Type: MultipleChoice

Mandated benefit laws are state or federal laws that require health plans to arrange for the financing and delivery of particular benefits. Ways that mandated benefits have the potential to influence health plans include:

1. Causing a lower degree of uniformity among health plans of competing health plans in a given market
2. Increasing the cost of the benefit plan to the extent that the plan must cover mandated benefits that would not have been included in the plan in the absence of the law or regulation that mandates the benefits

Options:

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- A- Both 1 and 2
- B- 1 only
- C- 2 only
- D- Neither 1 nor 2

Answer:

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C

## Question 7

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Question Type: MultipleChoice

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The Chamber Health Plan reimburses primary care physicians on a monthly basis by using a simple capitation method. Chamber assumes an annual utilization rate of three visits per year. The FFS rate per office visit is \$75, and all plan members are required to make a \$10 copayment for each office visit. This information indicates that the capitation rate that Chamber calculates per member per month (PMPM) is equal to:

Options:

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- A- \$6.25
- B- \$16.25
- C- \$18.75
- D- \$21.25

Answer:

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B

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