AHIP AHM-520 Practice Questions

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Question 1

Question Type: MultipleChoice

The accounting department of the Enterprise health plan adheres to the following policies:

Policy A---Report gains only after they actually occur

Policy B---Report losses immediately

Policy C---Record expenses only when they are certain

Policy D---Record revenues only when they are certain

Of these Enterprise policies, the ones that are consistent with the accounting principle of conservatism are Policies

Options:

A- A, B, C, and D
B- A, B, and D only
C- A and B only
D- C and D only

Answer:

B

Question 2

Question Type: MultipleChoice

The Danner Bank loaned money to the CareWell Health Plan to fund an expansion of a healthcare facility. With respect to the type of financial information user Danner represents to CareWell, it is correct to say that Danner is an:

Options:

A- Internal user with a direct financial interest
B- Internal user with an indirect financial interest
C- External user with a direct financial interest
D- Case-mix adjustment

Answer:

C

Question 3

Question Type: MultipleChoice

Juan Ramirez, a licensed social worker, and Dr. Laura Lui, a licensed psychiatrist, are under contract to the Peninsula Health Plan. Peninsula has contracted with CMS to provide services to Medicare and Medicaid beneficiaries. Both Mr. Ramirez and Dr. Lui provide the same type of counseling services to Peninsula's enrollees. With respect to amendments made to the Balanced Budget Act (BBA) of 1997 that impact provider reimbursement, the amount by which Peninsula will reimburse Mr. Ramirez will be equal to:

Options:

A- 50% of Dr. Lui's reimbursement
B- 75% of Dr. Lui's reimbursement
C- 90% of Dr. Lui's reimbursement
D- 100% of Dr. Lui's reimbursement

Answer:

D

Question 4

Question Type: MultipleChoice

Dr. Martin Cassini is an obstetrician who is under contract with the Bellerby Health Plan. Bellerby compensates Dr. Cassini for each obstetrical patient he sees in the form of a single amount that covers the costs of prenatal visits, the delivery itself, and post-delivery care . This information indicates that Dr. Cassini is compensated under the provider reimbursement method known as a:

Options:

A- global fee
B- relative value scale
C- unbundling

D- discounted fee-for-service

Answer:

A

Question 5

Question Type: MultipleChoice

The following statements are about pure risk and speculative risk---two kinds of risk that both businesses and individuals experience. Select the answer choice containing the correct statement.

Options:

A- Healthcare coverage is designed to help plan members avoid pure risk, not speculative risk.
B- Only pure risk involves the possibility of gain.
C- An example of speculative risk is the possibility that an individual will contract a serious illness.
D- Only speculative risk contains an element of uncertainty.

Answer:

A

Question 6

Question Type: MultipleChoice

A health plan can use a SWOT (strengths, weaknesses, opportunities, and threats) analysis to analyze its relationships with the major providers in each market in which it conducts business.

Options:

A- True
B- False

Answer:

A

Question 7

Question Type: MultipleChoice

In order to show the efficiency of a health plan's managers in using the health plan's investments to earn a return for stockholders, a financial analyst most likely would use a type of profitability ratio known as

Options:

A- A net gain-to-total income ratio
B- An insurance leverage ratio
C- A statutory return on assets (ROA) ratio
D- A gross profit ratio

Answer:

C

Question 8

Question Type: MultipleChoice

The Nuevo health plan's capital structure consists of 30% debt and 70% equity. Nuevo's average after-tax cost of debt is 6% and its cost of equity is 12%. The following statement(s) can correctly be made about Nuevo's weighted average cost of capital (WACC):

A) Nuevo has a WACC of 10.2%

B) If Nuevo establishes its WACC as the handle rate for capital investments, then it can expect an investment to add value to the health plan only if the investment is expected to earn a return of less than Nuevo's WACC

Options:

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

Answer:

B

Question 9

Question Type: MultipleChoice

One true statement about the rate ratios used by a health plan is that the

Options:

A- End result of a typical family rate ratio is that the health plan's family rate is subsidized by its single premium rate
B- health plan cannot arbitrarily increase or decrease its rate ratio for a rate category
C- rate ratios used by the health plan most likely have been established by government regulations
D- health plan should determine its rate ratios by considering family size alone rather than competitive factors such as the ratios that competitors are using

Answer:

A

Question 10

Question Type: MultipleChoice

One way that the Medicare and Medicaid programs differ is that under Medicare, a smaller proportion of provider reimbursement goes to the main care providers and a greater proportion of the reimbursement goes to hospitals and specialists.

Options:

A- True
B- False

Answer:

A

Question 11

Question Type: MultipleChoice

Cascade Hospital has negotiated with the McBee Health Plan a straight per-diem rate of $1,000 per day for medical admissions. One of McBee's plan members was admitted to Cascade for 10 days. Total billed charges equaled $10,000, of which $2,000 were for noncovered items. This information indicates that, for this admission, the amount that McBee was obligated to reimburse Cascade was:

Options:

A- $0
B- $8,000
C- $10,000
D- $12,000

Answer:

C

Question 12

Question Type: MultipleChoice

The Eagle health plan wants to limit the possibility that it will be held vicariously liable for the negligent acts of providers. Dr. Michael Chan is a member of an independent practice association (IPA) that has contracted with Eagle. One step that Eagle could take in order to limit its exposure under the theory of vicarious liability is to

Options:

A- Supply Dr. Chan with office space
B- Employ nurses, laboratory technicians, and therapists to support Dr.Chan
C- Be responsible for keeping Dr. Chan's medical records updated
D- Ensure that documents provided to Dr. Chan's patients describe him as an independent practitioner

Answer:

D

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