



Free Questions for AHM-520 by dumpshq

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Question 1

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 2

Question Type: MultipleChoice

The following information relates to the Hardcastle Health Plan for the month of June:

Incurred claims (paid and IBNR) equal \$100,000

Earned premiums equal \$120,000

Paid claims, excluding IBNR, equal \$80,000

Total health plan expenses equal \$300,000

This information indicates that Hardcastle's medical loss ratio (MLR) for the month of June was approximately equal to:

Options:

A- 40%

B- 67%

C- 83%

D- 120%

Answer:

C

Question 3

Question Type: MultipleChoice

The Montvale Health Plan purchased a piece of real estate 20 years ago for \$40,000. It recently sold the real estate for \$80,000 and reported a capital gain of \$40,000 on this sale. Even though the purchasing power of the dollar declined by half during this period and Montvale realized no actual gain in purchasing power, Montvale recorded in its accounting records the \$40,000 gain from this sale. This situation best illustrates the accounting concept known as the:

Options:

- A- Measuring-unit concept
- B- Time-period concept
- C- Full-disclosure concept
- D- Concept of periodicity

Answer:

A

Question 4

Question Type: MultipleChoice

The Wallaby Health Plan purchased an asset two years ago for \$50,000. At the time of purchase, the asset had an appraised value of \$52,000. The asset carries a value on Wallaby's general ledger of \$47,000, and its current market value is \$80,000. According to the cost concept, Wallaby would report on its financial statements a value for this asset equal to:

Options:

A- \$47,000

B- \$50,000

C- \$52,000

D- \$80,000

Answer:

B

Question 5

Question Type: MultipleChoice

The following transactions occurred at the Lane Health Plan:

Transaction 1 --- Lane recorded a \$25,000 premium prior to receiving the payment

Transaction 2 --- Lane purchased \$500 in office expenses on account, but did not record the expense until it received the bill a month later

Transaction 3 --- Fire destroyed one of Lane's facilities; Lane waited until the facility was rebuilt before assessing and recording the amount of loss

Transaction 4 --- Lane sold an investment on which it realized a \$14,000 gain; Lane recorded the gain only after the sale was completed.

Of these transactions, the one that is consistent with the accounting principle of conservatism is:

Options:

A- Transaction 1

B- Transaction 2

C- Transaction 3

D- Transaction 4

Answer:

D

Question 6

Question Type: MultipleChoice

Residual trend is the difference between total trend and the portion of the total trend caused by changes in provider reimbursement levels.

Consider the following events that could affect an health plan's provider reimbursement levels:

Event 1 --- The disenrollment of a large group with unusually high utilization rates

Event 2 --- The introduction of a new treatment for infertility

Event 3 --- A serious flu epidemic

Event 4 --- A shift in inpatient medical services from obstetrical care to neonatal intensive care

One cause of residual trend is change in intensity, which would be represented by:

Options:

- A- Event 1
- B- Event 2
- C- Event 3
- D- Event 4

Answer:

D

Question 7

Question Type: MultipleChoice

The Essential Health Plan markets a product for which it assumed total expenses to equal 92% of premiums. Actual data relating to this product indicate that expenses equal 89% of premiums. This information indicates that the expense margin for this product has:

Options:

- A- a 3% favorable deviation

- B-** a 3% adverse deviation
- C-** an 11% favorable deviation
- D-** an 11% adverse deviation

Answer:

A

Question 8

Question Type: MultipleChoice

The following statements are about state health coverage reinsurance programs.

Options:

- A-** The reinsurance offered through these programs is administered on a for-profit basis by the federal government.
- B-** The purpose of these programs is to reinsure MCOs and other carriers who offer guaranteed healthcare plans to small employers.
- C-** These programs must reinsure only an entire small group, not specific individuals within a group.
- D-** Any shortfalls in the pool established by these programs are funded by the state government.

Answer:

B

Question 9

Question Type: MultipleChoice

The following statements are about the Health Insurance Portability and Accountability Act (HIPAA) as it relates to the small group market. Three of these statements are true and one statement is false. Select the answer choice containing the FALSE statement:

Options:

- A-** A health plan that participates in the small group market is required to issue a contract to any employer that requests healthcare benefits, as long as the employer meets the statutory definition of a small group.
- B-** A small group must consist of more than 10 employees in order to be underwritten on a group, rather than an individual, basis.
- C-** A health plan is prohibited from canceling a small group's healthcare coverage because of poor claims experience.
- D-** A health plan that participates in the small group market is limited in placing restrictions such as waiting periods and pre-existing conditions exclusions to individuals in high risk categories.

Answer:

B

Question 10

Question Type: MultipleChoice

The Raven Health Plan is domiciled in a state that requires the health plan to offer small employers and their employees a comprehensive healthcare benefit plan that approximates the healthcare benefits available to large employer-employee groups. This type of uniform benefit plan is known as:

Options:

- A- A basic plan
- B- A low-option plan
- C- A standard plan
- D- An essential plan

Answer:

C

Question 11

Question Type: MultipleChoice

The Arista Health Plan is evaluating the following four groups that have applied for group healthcare coverage:

The Blaise Company, a large private employer

The Colton County Department of Human Services (DHS)

A multiple-employer group comprised of four companies

The Professional Society of Daycare Providers

With respect to the relative degree of risk to Arista represented by these four companies, the company that would most likely expose Arista to the lowest risk is the:

Options:

A- Blaise Company

B- Colton County DHS

C- Multiple-employer group

D- Professional Society of Daycare Providers

Answer:

A

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