Healthcare Management: An Introduction

1. The following statements describe two types, or models, of HMOs:
The Quest HMO has contracted with only one multi-specialty group of physicians. These physicians are employees of the group practice, have an equity interest in the practice, and provide

A. A captive group a staff model

B. A captive group a network model

C. An independent group a network model

D. An independent group a staff model

Answer(s): B

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2. _______________ HMOs can't medically underwrite any group incl small groups.

A. State

B. Not-for-profit

C. For-profit

D. Federally qualified

Answer(s): B

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3. A common physician-only integrated model is a group practice without walls (GPWW). One characteristic of a typical GPWW is that the

A. GPWW combines multiple independent physician practices under one umbrella organization

B. GPWW generally has a lesser degree of integration than does an IPA

C. member physicians cannot own the GPWW

D. GPWW's member physicians must perform their own business operations

Answer(s): A

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4. A health plan may use one of several types of community rating methods to set premiums for a health plan. The following statements are about community rating. Select the answer choice containing the correct statement.

A. Standard (pure) community rating is typically used for large groups because it is the most competitive rating method for large groups.

B. Under standard (pure) community rating, a health plan charges all employers or other group sponsors the same dollar amount for a given level of medical benefits or health plan, without adjusting for factors such as age, gender, or experience.

C. In using the adjusted community rating (ACR) method, a health plan must consider the actual experience of a group in developing premium rates for that group.

D. The Centers for Medicare and Medicaid Services (CMS) prohibits health plans that assume Medicare risk from using the adjusted community rating (ACR) me

Answer(s): B

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5. A health plan's ability to establish an effective provider network depends on the characteristics of the proposed service area and the needs of proposed plan members. It is generally correct to say that

A. health plans have more contracting options if providers are affiliated with single entities than if providers are affiliated with multiple entities

B. urban areas offer more flexibility in provider contracting than do rural areas

C. consumers and purchasers in markets with little health plan activity are likely to be more receptive to HMOs than to loosely managed plans such as PPOs

D. large employers tend to adopt health plans more slowly than do small companies

Answer(s): B

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6. A health savings account must be coupled with an HDHP that meets federal requirements for minimum deductible and maximum out-of-pocket expenses. Dollar amounts are indexed annually for inflation. For 2006, the annual deductible for self-only coverage must

A. $525

B. $1,050

C. $2,100

D. $5,250

Answer(s): B

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7. A medical foundation is a not-for-profit entity that purchases and manages physician practices. In order to retain its not-for-profit status, a medical foundation must

A. Provide significant benefit to the community

B. Employ, rather than contract with, participating physicians

C. Achieve economies of scale through facility consolidation and practice management

D. Refrain from the corporate practice of medicine

Answer(s): A

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8. A particular health plan offers a higher level of benefits for services provided in-network than for out-of-network services. This health plan requires preauthorization for certain medical services. With regard to the steps that the health plan's claims e

A. should assume that all services requiring preauthorization have been preauthorized

B. should investigate any conflicts between diagnostic codes and treatment codes before approving the claim to ensure that the appropriate payment is made for the claim

C. need not verify that the provider is part of the health plan's network before approving the claim at the in-network level of benefits

D. need not determine whether the member is covered by another health plan that allows for coordination of benefits

Answer(s): B

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9. A physician-hospital organization (PHO) may be classified as an open PHO or a closed PHO. With respect to a closed PHO, it is correct to say that

A. the specialists in the PHO are typically compensated on a capitation basis

B. the specialists in the PHO are typically compensated on a capitation basis

C. it typically limits the number of specialists by type of specialty

D. it is available to a hospital's entire eligible medical staff

E. physician membership in the PHO is limited to PCPs

Answer(s): B

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10. A public employer, such as a municipality or county government would be considered which of the following?

A. Employer-employee group

B. Multiple-employer group

C. Affinity group

D. Debtor-creditor group

Answer(s): A

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11. According to the IRS, which of the following is not an allowable preventive care service?

A. Smoking cessation programs.

B. Periodic health examinations.

C. Health club memberships.

D. Immunizations for children and adults.

Answer(s): C

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12. After a somewhat modest start in 2004, enrollment in HSA-related health plans more than tripled in 2005, making them today's fastest growing type of CDHP. As of January 2006, enrollment in HSAs had reached nearly:

A. 1.2 million

B. 2.2 million

C. 3.2 million

D. 4.2 million

Answer(s): B

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13. Al Marak, a member of the Frazier Health Plan, has asked for a typical Level One appeal of a decision that Frazier made regarding Mr. Marak's coverage. One true statement about this Level One appeal is that

A. Mr. Marak has the right to appeal to the next level if the Level One appeal upholds the original decision

B. It requires Frazier and Mr. Marak to submit to arbitration in order to resolve the dispute

C. It is considered to be an informal appeal

D. It will be handled by an independent review organization (IRO)

Answer(s): A

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14. All CDHP products provide federal tax advantages while allowing consumers to save money for their healthcare.

A. True

B. False

Answer(s): A

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15. Allgood Medical, Inc., a health plan, has contracted with Mercy Memorial Hospital to provide inpatient medical services to Allgood's plan members. The terms of the contract specify that Allgood will reimburse Mercy Memorial on the basis of a negotiated ch

A. per diem agreement

B. fee-for-service agreement

C. withhold agreement

D. diagnostic related group (DRG) agreement

Answer(s): A

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16. Although the process is voluntary for health plans, external accreditation is becoming more and more important as states and purchasers require health plans undergo as many states and purchasers require health plans undergo some type of external review pr

A. Is voluntary for health plans.

B. Requires all change accreditation organizations to use the same standards of accreditation.

C. Typically requires the accrediting organization to conduct a medical record review and a review of a health plan's credentialing processes, but not an evaluation of the health plans' member service systems processes.

D. Cannot assure that a health plan meets a specified level of quality.

Answer(s): A

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17. Amendments to the HMO act 1973 do not permit federally qualified HMO's to use

A. Retrospective experience rating

B. Adjusted community rating

C. Community rating by class

D. Community rating

Answer(s): A

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18. An exclusive provider organization (EPO) operates much like a PPO. However, one difference between an EPO and a PPO is that an EPO

A. Is regulated under federal HMO legislation

B. Generally provides no benefits for out-of-network care

C. Has no provider network of physicians

D. Is not subject to state insurance laws

Answer(s): B

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19. An HMO that combines characteristics of two or more HMO models is sometimes referred to as a:

A. Network model HMO

B. Group model HMO

C. Staff model HMO

D. Mixed model HMO

Answer(s): D

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20. Appropriateness of treatment provided is determined by developing criteria that if unmet will prompt further investigation of a claim which are also called:

A. Codes

B. Lists

C. Edits

D. Checks

Answer(s): C