

AHIP

Exam AHM-510

Governance and Regulation

Version: 4.0

[Total Questions: 76]

Question No : 1

In the paragraph below, a statement contains two pairs of terms enclosed in parentheses. Determine which term in each pair correctly completes the statement. Then select the answer choice containing the two terms that you have chosen.

One type of acquisition is called a stock purchase. In a typical stock purchase, a company acquires (51% / 100%) of the voting shares of another company's stock, thereby making the acquired company a subsidiary. The (acquired / acquiring) company holds all of the assets and liabilities of the acquired company.

- A. 51% / acquired
- B. 51% / acquiring
- C. 100% / acquired
- D. 100% / acquiring

Answer: C

Question No : 2

One federal law amended the Social Security Act to allow states to set their own qualification standards for HMOs that contracted with state Medicaid programs and revised the requirement that participating HMOs have an enrollment mix of no more than 50% combined Medicare and Medicaid members.

This act, which was the true stimulus for increasing participation by health plans in Medicaid, is called the

- A. Omnibus Budget Reconciliation Act of 1981 (OBRA-81)
- B. Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA)
- C. Employee Retirement Income Security Act of 1974 (ERISA)
- D. Federal Employees Health Benefits Act of 1958 (FEHB Act)

Answer: A

Question No : 3

The Surrey Medical Supply Company was formed as a limited partnership. In this partnership, Victoria Lewin is one of the limited partners and Oscar Gould is a general

partner. This information indicates that, with respect to the typical characteristics of limited partnerships,

- A. Ms. Lewin has more freedom to opt out of the partnership than does Mr. Gould
- B. Ms. Lewin has more liability for the debts of Surrey than does Mr. Gould
- C. both Ms. Lewin and Mr. Gould participate in the day-to-day management of Surrey
- D. the partnership will continue upon the death of Mr. Gould, whereas it will end with the death of Ms. Lewin

Answer: A

Question No : 4

The Tidewater Life and Health Insurance Company is owned by its policy owners, who are entitled to certain rights as owners of the company, and it issues both participating and nonparticipating insurance policies. Tidewater is considering converting to the type of company that is owned by individuals who purchase shares of the company's stock. Tidewater is incorporated under the laws of Illinois, but it conducts business in the Canadian provinces of Ontario and Manitoba.

Tidewater established the Diversified Corporation, which then acquired various subsidiary firms that produce unrelated products and services. Tidewater remains an independent corporation and continues to own Diversified and the subsidiaries. In order to create and maintain a common vision and goals among the subsidiaries, the management of Diversified makes decisions about strategic planning and budgeting for each of the businesses.

By combining under Diversified a group of businesses that produce unrelated products and by consolidating the management of the businesses, Tidewater has achieved the type(s) of integration known as

- A. Conglomerate integration and operational integration
- B. Horizontal integration and operational integration
- C. Horizontal integration and virtual integration
- D. Conglomerate integration only

Answer: A

Question No : 5

One example of health plan's influence on the practice of medicine is that, during the past decade, the focus of healthcare has moved toward _____, which is designed to reduce the overall need for healthcare services by providing patients with decision-making information.

- A. Demand management
- B. Managed competition
- C. Comprehensive coverage
- D. Private inurement

Answer: A

Question No : 6

In the paragraph below, a statement contains two pairs of terms enclosed in parentheses. Determine which term in each pair correctly completes the statement. Then select the answer choice containing the two terms that you have chosen.

Every employee benefit plan governed by the Employee Retirement Income Security Act (ERISA) must distribute a summary plan description (SPD) to participants within (90 / 120) days after the date on which the plan is adopted or made effective. Thereafter, if the plan is amended, a new SPD must be distributed every (5 / 10) years.

- A. 90 / 5
- B. 90 / 10
- C. 120 / 5
- D. 120 / 10

Answer: C

Question No : 7

Arthur Dace, a plan member of the Bloom Health Plan, tried repeatedly over an extended period to schedule an appointment with Dr. Pyle, his primary care physician (PCP). Mr. Dace informally surveyed other Bloom plan members and found that many people were experiencing similar problems getting an appointment with this particular provider. Mr. Dace threatened to take legal action against Bloom, alleging that the health plan had deliberately allowed a large number of patients to select Dr. Pyle as their PCP, thus making it difficult for patients to make appointments with Dr. Pyle.

Bloom recommended, and Mr. Dace agreed to use, an alternative dispute resolution (ADR) method that is quicker and less expensive than litigation. Under this ADR method, both Bloom and Mr. Dace presented their evidence to a panel of medical and legal experts, who issued a decision that Bloom's utilization management practices in this case did not constitute a form of abuse. The panel's decision is legally binding on both parties.

This information indicates that Bloom resolved its dispute with Mr. Dace by using an ADR method known as:

- A. Corporate risk management
- B. An ombudsman program
- C. An ethics committee
- D. Arbitration

Answer: D

Question No : 8

After conducting a business portfolio analysis, the Acorn Health Plan decided to pursue a harvest strategy with one of its strategic business units (SBUs)-Guest Behavioral Healthcare. By following a harvest strategy with Guest, Acorn most likely is seeking to

- A. Maximize Guest's short-term earnings and cash flow
- B. Increase Guest's market share
- C. Maintain Guest's market position
- D. Sacrifice immediate earnings in order to fund Guest's growth

Answer: A

Question No : 9

From the following answer choices, choose the term that best corresponds to this description.

Barrington Health Services, Inc. contracts with a state Medicaid agency as a fiscal intermediary. Barrington does not provide medical services, but contracts with medical providers on behalf of the state Medicaid agency.

- A. Health insuring organization (HIO)
- B. Independent practice association (IPA)

- C. Physician practice management (PPM) company
- D. Peer review organization (PRO)

Answer: A

Question No : 10

Congress enacted three clauses relating to the preemptive effect of the Employee Retirement Income Security Act of 1974 (ERISA). One of these clauses preserves from ERISA preemption any state law that regulates insurance, banking, or securities, with the exception of the exemption for self-funded employee benefit plans. This clause is called the

- A. Savings clause
- B. Preemption clause
- C. Deemer clause
- D. De novo clause

Answer: A

Explanation: The savings clause preserves from preemption any state law that regulates insurance, banking or securities except as provided by the deemer clause.

Question No : 11

The following answer choices describe various approaches that a health plan can take to voice its opinions on legislation. Select the answer choice that best describes a health plan's use of grassroots lobbying.

- A. The Delancey Health Plan is launching a media campaign in an effort to persuade the public that proposed health care legislation will increase the cost of healthcare.
- B. The Stellar Health Plan is using direct mail and telephone calls to encourage people who support a patient rights bill to contact key legislators and voice their support for the bill.
- C. The Bestway Health Plan is encouraging its employees to contribute to a political action committee (PAC) that is funding the political campaign of a pro-health plan candidate.
- D. A representative of the Palmer Health Plan is attending a one-on-one meeting with a legislator to present Palmer's position on pending managed care legislation.

Answer: B

Question No : 12

Health maintenance organizations (HMOs) seeking federal qualification under the HMO Act of 1973 and its amendments must meet requirements in four basic operational areas. One operational requirement for qualification is that an HMO must

- A.** Ensure that at least 1/3 of its policy-making body is comprised of HMO members
- B.** Ensure that there is adequate representation of underserved communities on its policy-making body
- C.** Have an ongoing quality assurance program that meets the requirements of the Centers for Medicaid & Medicare Services (CMS), stresses health outcomes, and provides for review by health professionals
- D.** Test, safeguard, and promote quality of care by following detailed programmatic techniques that are explained in CMS's Federally Qualified HMO (FQHMO) Manual

Answer: C

Question No : 13

The Tidewater Life and Health Insurance Company is owned by its policy owners, who are entitled to certain rights as owners of the company, and it issues both participating and nonparticipating insurance policies. Tidewater is considering converting to the type of company that is owned by individuals who purchase shares of the company's stock. Tidewater is incorporated under the laws of Illinois, but it conducts business in the Canadian provinces of Ontario and Manitoba.

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In creating Diversified, Tidewater formed the type of company known as

- A.** A mutual holding company
- B.** A spin-off company