AHM-510 Q&As

Governance and Regulation

QUESTION 1

The following statements are about the Federal Employees Health Benefits Program (FEHBP), which is administered by the Office of Personnel Management (OPM). Three of the statements are true and one statement is false. Select the answer choice that contains the FALSE statement.

A. For every plan in the FEHBP, OPM annually determines the lowest premium that is actuarially sound and then negotiates with each plan to establish that premium rate.

B. Once a health plan has submitted its rate proposals for a contract year to the OPM, it cannot adjust its premium rate for any reason.

C. To cover its administrative costs, OPM sets aside 1% of all FEHBP premiums.

D. Each spring, OPM sends all plan providers its call letter, a document that specifies the kinds of benefits that must be available to plan participants and cost goals and procedural changes that the plans need to adopt.

Correct Answer: A

QUESTION 2

Greenpath Health Services, Inc., an HMO, recently terminated some providers from its network in response to the changing enrollment and geographic needs of the plan. A provision in Greenpath\\'s contracts with its healthcare providers states that Greenpath can terminate the contract at any time, without providing any reason for the termination, by giving the other party a specified period of notice.

The state in which Greenpath operates has an HMO statute that is patterned on the NAIC HMO Model Act, which requires Greenpath to notify enrollees of any material change in its provider network. As required by the HMO Model Act, the state insurance department is conducting an examination of Greenpath\\'s operations. The scope of the on-site examination covers all aspects of Greenpath\\'s market conduct operations, including its compliance with regulatory requirements. The contracts between Greenpath and its healthcare providers contain a termination provision known as

A. An \\'economic credentialing\\' termination provision

B. A \\'breach of contract\\' termination provision

C. A \\'fair procedure\\' termination provision

D. A \\'without cause\\' termination provision

Correct Answer: D

QUESTION 3

The Balanced Budget Act (BBA) of 1997 created the Medicare+Choice plan. One provision of the BBA under Medicare+Choice is that the BBA A. Requires health plans to qualify as either a competitive medical plan (CMP) or a federally qualified HMO in order to participate in the Medicare program

B. Eliminates funding for demonstration projects such as the Medicare Enrollment Demonstration Project

C. Narrows the geographic variations in payments to Medicare health plans by lowering the growth rate of payments in high-payment counties and raising the rates in low-payment counties

D. Increases Graduate Medical Education (GME) payments to hospitals for the training and cost of educating and training residents

Correct Answer: C

QUESTION 4

The following statements are about various provisions of the Health Insurance Portability and Accountability Act of 1996 (HIPAA). Three of the statements are true and one statement is false. Select the answer choice that contains the FALSE statement.

A. HIPAA permits group health plans that offer coverage through an HMO to impose affiliation periods during which no benefits or services are provided to a plan member.

B. HIPAA created a new category of federal healthcare crimes, called federal healthcare offenses that apply to private healthcare plans as well as to federally funded healthcare programs.

C. One effect of Section 231(h) of HIPAA, which amended the Social Security Act, has been to permit health plans with Medicare contracts to provide enrollees with value-added services such as discounted memberships to health clubs.

D. HIPAA provides that any fines and penalties recovered through regulatory proceedings to enforce the federal fraud and abuse statutes will be turned over to enforcement agencies to conduct additional investigations.

Correct Answer: C

QUESTION 5

The Westchester Health Plan is using a pricing strategy that involves setting a low price in a highly price-sensitive market to stimulate revenue growth. In following this strategy, Westchester is sacrificing short-term profits for fast growth in selected markets. This information indicates that Westchester is following the pricing strategy known as

A. Market skimming

B. Buying market share

C. Price skimming

D. Unitary pricing

Correct Answer: B