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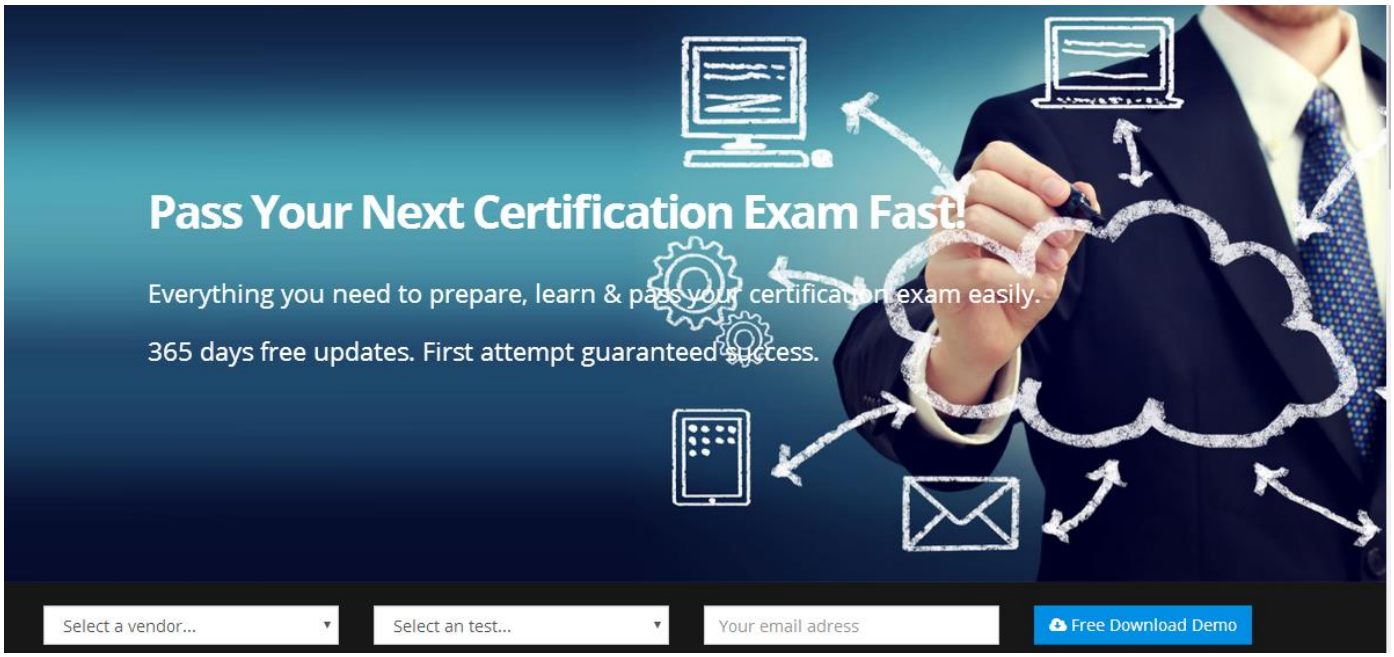

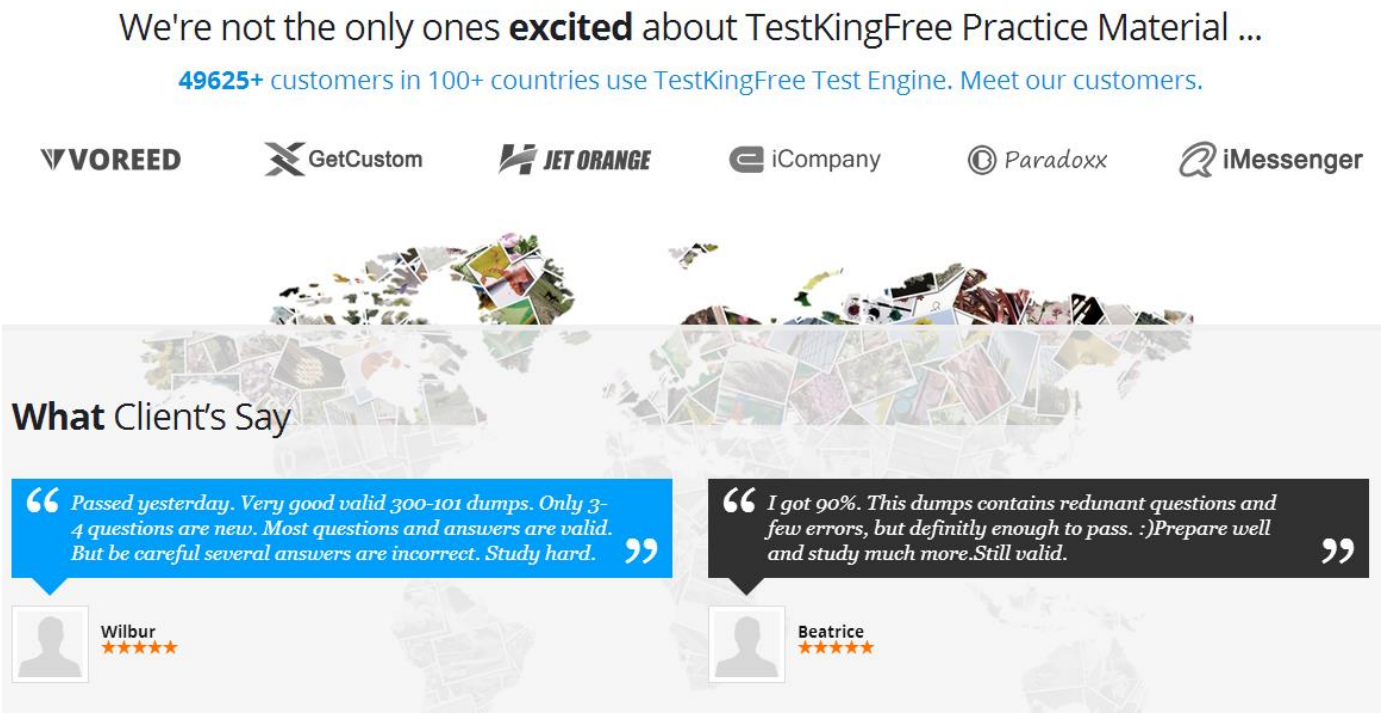

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Exam : **AHM-510**

Title : Governance and Regulation

Vendor : AHIP

Version : DEMO

NO.1 Regulators of health plans have set standards in a number of areas of plan operations. Requirements with which health plans must comply typically include
A. providing enrollees and prospective enrollees with detailed information about various aspects of health plan policies and operations
B. maintaining internal grievance and appeals processes to resolve enrollee complaints against the organization
C. maintaining quality assurance programs that reflect the plan's activities in monitoring quality
D. all of the above
Answer: D

NO.2 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.
In order to become the type of company that is owned by people who purchase shares of the company's stock, Tidewater must undergo a process known as
A. management buy-out
B. piercing the corporate veil
C. demutualization
D. mutualization
Answer: C

NO.3 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

NO.4 Third party administrators (TPAs) provide various administrative services to health plans or groups that provide health benefit plans to their employees or members. Many state laws that regulate TPAs are based on the NAIC Third Party Administrator Model Statute. One provision of the TPA Model Law is that it
A. Prohibits TPAs from performing insurance functions such as underwriting and claims processing

B. Prohibits TPAs from entering into an agreement under which the amount of the TPA's compensation is based on the amount of premium or charges the TPA collects
C. Requires TPAs, upon the termination of a TPA agreement with a group, to immediately transfer all its records relating to the group to the new administrator
D. Requires TPAs to notify the state insurance department immediately following any material change in the TPA's ownership or control
Answer: D

NO.5 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

NO.6 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
Answer: C

NO.7 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

NO.8 Health plans are allowed to appeal rules or regulations that affect them. Generally, the grounds for such appeals are limited either to procedural grounds or jurisdictional grounds. The Kabyle Health Plan appealed the following new regulations:
Appeal 1 - Kabyle objected to this regulation on the ground that this regulation is inconsistent with the law.
Appeal 2 - Kabyle objected to this regulation because it believed that the subject matter was outside the realm of issues that are legal for inclusion in the regulatory agency's regulations.
Appeal 3 - Kabyle objected to the process by which this regulation was adopted.
Of these appeals, the ones that Kabyle appealed on jurisdictional grounds were
A. Appeals 1, 2, and 3
B. Appeals 1 and 2 only
C. Appeals 1 and 3 only
D. Appeals 2 and 3 only
Answer: B