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### QUESTION 1

The board of directors of the Garnet Health Plan, an integrated delivery system (IDS), includes physicians and hospital representatives who sometimes feel compelled to represent a specific organization that is only one part of the IDS. Such a circumstance can lead to \_\_\_\_\_, which is a situation in which the members of the board focus on the best interests of component parts of the enterprise rather than on the best interests of Garnet as a whole.

- A. An enterprise-focused board
- B. Representational governance
- C. Enterprise liability
- D. Boundary spanning

Correct Answer: B

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### QUESTION 2

The following situations illustrate per se violations of federal antitrust laws:

Situation A - Two groups of providers agreed among themselves that each provider will do business with health plans only on a fee-for-service basis.

Situation B - In order to avoid competing with each other, two independent, competing physician-hospital organizations (PHOs) divide the geographic areas in which they will market their services.

From the following answer choices, select the response that correctly identifies the types of per se violations illustrated by these situations.

- A. Situation A: price fixing; Situation B: horizontal division of markets
- B. Situation A: price fixing; Situation B: tying arrangement
- C. Situation A: horizontal group boycott; Situation B: horizontal division of markets
- D. Situation A: horizontal group boycott; Situation B: tying arrangement

Correct Answer: A

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### QUESTION 3

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.

Correct Answer: B

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#### QUESTION 4

The Wentworth Corporation uses a self-funded plan to provide its employees with healthcare benefits. One consequence of Wentworth's approach to providing healthcare benefits is that self-funding

A. Requires that Wentworth self-administer its healthcare benefit plan

B. Requires that Wentworth pay higher state premium taxes than do insurers and health plans

C. Eliminates the need for Wentworth to pay a risk charge to an insurer or health plan

D. Increases the number of benefit and rating mandates that apply to Wentworth's plan

Correct Answer: C

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#### QUESTION 5

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.

Inflation plays a role in the health plan environment by influencing the prices of healthcare services, supplies, and coverage. During an inflationary period, consumers typically have (more / less) purchasing power because the prices of goods and services increase (more / less) quickly than income.

A. More / more

B. More / less

C. Less / more

D. Less / less

Correct Answer: C

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#### QUESTION 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.

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

Correct Answer: C

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#### QUESTION 7

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

Correct 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.

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#### QUESTION 8

TRICARE, a military healthcare program, offers eligible beneficiaries three options for healthcare services: TRICARE Prime, TRICARE Extra, and TRICARE Standard. With respect to plan features, both an annual deductible and claims filing requirements must be met, regardless of whether care is delivered by network providers, under

- A. TRICARE Prime and TRICARE Extra only
- B. TRICARE Extra and TRICARE Standard only
- C. TRICARE Standard only
- D. None of these healthcare options

Correct Answer: C

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#### QUESTION 9

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

Correct Answer: A

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#### QUESTION 10

Antitrust laws can affect the formation, merger activities, or acquisition initiatives of a health plan. In the United States, the two federal agencies that have the primary responsibility for enforcing antitrust laws are the

- A. Internal Revenue Service (IRS) and the Department of Justice (DOJ)
- B. Office of Inspector General (OIG) and the Department of Defense (DOD)
- C. Federal Trade Commission (FTC) and the Department of Labor (DOL)
- D. Federal Trade Commission (FTC) and the Department of Justice (DOJ)

Correct Answer: D

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#### QUESTION 11

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 providernetwork. 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.

From the following answer choices, select the response that identifies the type of market conduct examination that is being performed on Greenpath and the frequency with which the HMO Model Act requires state insurance departments to conduct an examination of an HMO's operations.

- A. Type of examination: comprehensive; Required frequency: annually
- B. Type of examination: comprehensive; Required frequency: at least every three years
- C. Type of examination: target; Required frequency: annually
- D. Type of examination: target; Required frequency: at least every three years

Correct Answer: B

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**QUESTION 12**

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)

Correct Answer: A