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QUESTION 1

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

QUESTION 2

Several states have adopted clinical practice guidelines for treating workers' compensation injuries. Clinical practice guidelines can best be described as

- A. Fee schedules that specify the maximum amount providers may charge for treating workers' compensation patients
- B. A utilization management and quality management mechanism designed to aid providers in making decisions about the most appropriate course of treatment for a specific case
- C. Detailed plans of medical treatment designed to facilitate a patient's return to the workplace
- D. Payment practices that might technically violate the provisions of the anti-kickback statute but that will not be considered illegal and for which providers and health plans will not be subject to penalties

Correct Answer: B

QUESTION 3

One provision of the Mental Health Parity Act of 1996 (MHPA) is that the MHPA prohibits group health plans from

- A. Setting a cap for a group member's lifetime medical health benefits that is higher than the cap for the member's lifetime mental health benefits
- B. Imposing limits on the number of days or visits for mental health treatment
- C. Charging deductibles for mental health benefits that are higher than the deductibles for medical benefits
- D. Imposing annual limits on the number of outpatient visits and inpatient hospital stays for mental health services

Correct Answer: A

QUESTION 4

Nightingale Health Systems, a health plan, operates in a state that requires health plans to allow enrollees to visit obstetricians and gynecologists without a referral from a primary care provider. This information indicates that Nightingale must comply with a type of mandate known as a:

- A. Direct access law
- B. Scope-of-practice law
- C. Provider contracting mandate
- D. Physician incentive law

Correct Answer: A

QUESTION 5

Any willing provider laws have their share of proponents and opponents. Arguments commonly made in opposition to any willing provider laws include

- A. That such laws reduce the number of providers in a health plan's network
- B. That such laws limit consumer choice to coverage options that are more costly than network-based plans
- C. That such laws encourage providers to offer discounts in exchange for patient volume
- D. All of the above

Correct Answer: B

QUESTION 6

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

QUESTION 7

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

Correct Answer: D

QUESTION 8

Directors on a health plan's board must demonstrate their compliance with three duties in all their decisions. Directors who exercise their duties in good faith and with the same degree of diligence and skill that an ordinary, reasonable person would be expected to display in the same situation are meeting the duty known as the

A. Duty of loyalty

B. Duty to supervise

C. Duty of care

D. Trustee duty

Correct Answer: C

QUESTION 9

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 10

SoundCare Health Services, a health plan, recently conducted a situation analysis. One step in this analysis required SoundCare to examine its current activities, its strengths and weaknesses, and its ability to respond to potential threats and opportunities in the environment. This activity provided SoundCare with a realistic appraisal of its capabilities. One weakness that SoundCare identified during this process was that it lacked an effective program for preventing and detecting violations of law. SoundCare decided to remedy this weakness by using the 1991 Federal Sentencing Guidelines for Organizations as a model for its compliance program.

With respect to the Federal Sentencing Guidelines, actions that SoundCare should take in developing its compliance program include

- A. Creating a system through which employees and other agents can report suspected misconduct without fear of retribution
- B. Holding management accountable for the misconduct of their subordinates
- C. Assigning a high-level member of management to the position of compliance coordinator or administrator
- D. All of the above

Correct Answer: D

QUESTION 11

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

Correct Answer: C

QUESTION 12

Indigo Health Plan advertised a specific individual health insurance policy through a direct mail advertisement that provided detailed information about the product. In order to comply with the NAIC Model Rules Governing Advertisements of Accident and Sickness Insurance, Indigo must disclose whether the advertised policy contains any exceptions, reductions, or limitations. Thus, Indigo disclosed in the advertisement that one policy provision limits

coverage for dental exams to \$50 per exam and to one exam per calendar year. This information indicates that, with respect to the definitions in the NAIC Model Rules, Indigo's advertisement is an example of an

- A. Invitation to contract, and it discloses a policy provision known as an exception
- B. Invitation to contract, and it discloses a policy provision known as a reduction
- C. Invitation to inquire, and it discloses a policy provision known as an exception
- D. Invitation to inquire, and it discloses a policy provision known as a reduction

Correct Answer: B

QUESTION 13

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

Correct Answer: A

QUESTION 14

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

Correct Answer: D

QUESTION 15

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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