

d. based on the consumer price index

ANS: B PTS: 1 REF: Private Sector Insurance

5. When a person insured with a preferred provider organization plan receives healthcare services from a provider who does not participate in the plan, the insured person ____.
- a. gets a lower deductible
 - b. has a reduced copayment
 - c. pays more for the service
 - d. loses insurance coverage

ANS: C PTS: 1 REF: Private Sector Insurance

6. Healthcare providers who participate in a capitated payment type of health maintenance organization ____.
- a. pay directly for medical services
 - b. are salaried employees of the HMO
 - c. get paid a per member per month rate
 - d. receive bonuses for spending more time with patients.

ANS: C PTS: 1 REF: Private Sector Insurance

7. Individuals covered by a high deductible health plan within a preferred provider organization use fewer outpatient services and shop around for lower cost outpatient services because they ____.
- a. pay directly for routine care
 - b. are retirees on fixed budgets
 - c. get rebates for spending less on care
 - d. pay taxes on healthcare expenditures

ANS: A PTS: 1 REF: Private Sector Insurance

8. An individual works at a business that covers half the cost of a group healthcare insurance plan with the other half paid by the employee. The individual quits his job but wishes to retain group healthcare insurance as per COBRA. How much will he pay for coverage?
- a. The same amount he paid while employed
 - b. The same amount he paid while employed plus an administrative fee
 - c. Twice the amount he paid while employed
 - d. Twice the amount he paid while employed plus an administrative fee

ANS: D PTS: 1
REF: Government Regulation of Private-Sector Healthcare Plans: Consolidated Budget Reconciliation Act (COBRA)

9. Prescription drugs for the elderly are covered under ____.
- a. Medicare Part A
 - b. Medicare Part B
 - c. Medicare Part C
 - d. MMA (2003)

ANS: D PTS: 1 REF: Government Healthcare Programs

10. Which act allowed Medicare-eligible persons to receive Medicare benefits from private insurers?
- a. Balanced Budget Act of 1997
 - b. Medicare Prescription Drug, Improvement, and Modernization Act of 2003
 - c. American Recovery and Reinvestment Act of 2009
 - d. Social Security Act of 1935

ANS: A PTS: 1 REF: Government Healthcare Programs

11. Premium payments from Medicare recipients cover what portion of Medicare's prescription drug benefits?
- a. 10%
 - b. 25%
 - c. 50%
 - d. 85%

ANS: A PTS: 1 REF: Government Healthcare Programs

12. Which of the following programs currently allows armed forces members and their eligible dependents to be reimbursed for services provided by civilian healthcare providers?
- a. CHAMPUS
 - b. TRICARE Extra
 - c. TRICARE Prime
 - d. TRICARE Standard

ANS: D PTS: 1 REF: Government Healthcare Programs

13. What is the source of funding for the *TRICARE For Life* program?
- a. beneficiary-paid premiums
 - b. the Veterans Administration
 - c. Medicare
 - d. tariffs on imported products

ANS: C PTS: 1 REF: Government Healthcare Programs

14. Americans without healthcare insurance (private or government) ____.
- a. cannot get care at for-profit hospitals
 - b. numbered around 80 million in 2009
 - c. typically were denied private healthcare insurance
 - d. pay directly for routine medical care

ANS: D PTS: 1 REF: The Growing Uninsured

15. Rising healthcare insurance costs in a tight employment market (fewer jobs and many qualified applicants) will likely result in employers ____.
- a. covering a greater portion of employee healthcare insurance costs
 - b. dropping part-time positions in favor of fewer full-time positions
 - c. eliminating healthcare insurance as a benefit
 - d. firing workers with the greatest healthcare expenditures

ANS: C PTS: 1 REF: The Growing Uninsured

16. Uncompensated hospital care in 2009 ____.
- a. was 20% of hospital expenses
 - b. was 10% of hospital expenses
 - c. was almost \$100 billion
 - d. was almost \$40 billion

ANS: D PTS: 1 REF: Uncompensated Care

17. Group healthcare insurance plans were first seen in America ____.
- a. in the late 1800s
 - b. during the Great Depression
 - c. shortly after World War II
 - d. in 1965

ANS: A PTS: 1 REF: Private Sector Insurance

18. Which type of healthcare insurance program uses primary care "gatekeepers"?
- a. CHAMPUS
 - b. HMOs
 - c. PPOs
 - d. TRICARE Standard

ANS: B PTS: 1 REF: Private Sector Insurance

19. The Social Security Act of 1935 ____.

5. The Congressional Budget Office predicted that annual Medicare expenditures will exceed one trillion dollars in the year _____.

ANS: 2020

PTS: 1

REF: Government Healthcare Programs

SHORT ANSWER

1. Describe preferred provider organization plans and explain their limited ability to control healthcare costs.

ANS:

A PPO plan is a form of managed care in which the insurer contracts with healthcare providers that agree to a reduced-cost fee schedule. Covered persons who use a preferred provider pay less through a combination of lower premiums, lower deductibles, and smaller co-payments. A PPO plan is still fee-for-service, and providers have no incentives for reducing services.

PTS: 1

REF: Private Sector Insurance

2. A rural village has one family physician. The nearest hospital, 25 miles away, is a thirty-bed facility owned by the physicians who practice in the rural county. Explain why village residents are unlikely to use a preferred provider organization or a health maintenance organization.

ANS:

The local physicians and the small hospital have no competition and therefore no need to accept reduced fees from a PPO or capitated payments from an HMO.

PTS: 1

REF: Private Sector Insurance

3. Describe the *American Recovery and Reinvestment Act of 2009 (ARRA)*, its relation to COBRA, and how its costs are paid.

ANS:

People who were laid-off and wish to retain their group healthcare insurance from their former employer under COBRA will have 65% of the premiums subsidized by the federal government under ARRA (and its two extensions). The costs are paid by taxpayers today and in the future (because the federal government is borrowing over 40% of what it spends).

PTS: 1

REF: Government Regulation of Private-Sector Healthcare Plans: Consolidated Budget Reconciliation Act (COBRA)

4. Describe the Children's Health Insurance Program of 1997.

ANS:

CHIP expanded Medicaid healthcare coverage to the children of families with incomes of up to 200% of the federal poverty level.

PTS: 1

REF: Government Healthcare Programs

5. Why are hospitals most affected by large numbers of uninsured persons?

ANS:

Hospitals with emergency departments must provide emergency care to any person, insured or not. A person admitted to a hospital who turns out not to have healthcare insurance cannot be discharged or transferred until he's medically stable. Many hospital-treated persons who are uninsured cannot pay for their emergency care or hospitalization.

PTS: 1

REF: Uncompensated Care