

## Chapter 01: The Origins of Health Insurance

### Test Bank

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#### MULTIPLE CHOICE

1. The business of protecting, through legal means, a person or property against loss or harm is referred to as:
- prevention.
  - insurance.
  - a contract.
  - preclusion.

ANS: B                      REF: 2

2. Health insurance narrows down undesirable events to:
- illnesses and injuries.
  - automobile accidents.
  - preventive illnesses.
  - preexisting conditions.

ANS: A                      REF: 2

3. *Securitas* is the Latin term for:
- services.
  - specialist.
  - security.
  - success.

ANS: C                      REF: 3

4. In the United States, the “birth” of health insurance occurred in:
- 1889.
  - 1900.
  - 1915.
  - 1929.

ANS: D                      REF: 3

5. The federal healthcare program for the elderly and certain qualifying others is:
- Medicare.
  - Medicaid.
  - Blue Cross.
  - health maintenance.

ANS: A                      REF: 5

6. The combined federal and state healthcare program for indigent and low-income individuals is:
- Medicare.
  - Medicaid.
  - Blue Cross.
  - health maintenance.

ANS: B                      REF: 5

7. One of the new healthcare laws enacted in 2010 that brought major changes to how Americans can get access to healthcare more easily is the:
- Health Insurance Portability and Accountability Act (HIPAA).
  - Health Maintenance Organization (HMO) Act.
  - Patient Protection and Affordable Care Act (PPACA).
  - Consolidated Omnibus Budget Reconciliation Act (COBRA).

ANS: C                      REF: 6

8. Congress passed the Health Maintenance Organization Act in:
- 1950.
  - 1965.
  - 1973.
  - 1987.

ANS: C                      REF: 5

9. Factors listed in the text that drive healthcare issues include all of the following *except*:
- regulating managed care plans.
  - expanding access for uninsured Americans.
  - increasing genetic testing.
  - stabilizing emergency services.

ANS: C                      REF: 7

10. Many employed individuals obtain healthcare coverage through a/an:
- group plan.
  - individual policy.
  - government-sponsored program.
  - guaranteed insurance pool.

ANS: A                      REF: 7

11. A set of government-regulated, standardized plans eligible for federal subsidies from which individuals can purchase low-cost health insurance.
- COBRA plans
  - Health insurance exchanges
  - Indemnity plans
  - Managed care plans

ANS: B                      REF: 7

12. The acronym for the congressional act that standardized electronic data interchange, enhanced confidentiality and security of patient information as well as other health-related matters is:
- AMA.
  - COBRA.
  - HIPAA.
  - EMTLA.

ANS: C                      REF: 8

13. The situation in which patients pay a certain portion of healthcare costs (e.g., deductible and copayment) is called:
- cost sharing.
  - equalizing.
  - standardizing.
  - community rating.

ANS: A                      REF: 10

14. A system of healthcare payment or delivery arrangements in which the plan attempts to control the use of services by its enrolled members to contain expenditures and/or improve quality.
- Managed healthcare
  - Fee-for-service
  - Health insurance exchange
  - Indemnity insurance

ANS: A                      REF: 10

15. Fee-for-service healthcare plans are also referred to as:
- managed care.
  - preventive plans.
  - indemnity insurance.
  - health maintenance organizations.

ANS: C                      REF: 10

16. The Patient Protection and Affordable Care Act was passed in:
- 1999.
  - 2005.
  - 2008.
  - 2010.

ANS: D                      REF: 6

17. The “graying of America” refers to those who:
- are 65 years of age or older.
  - work in “blue collar” jobs.
  - do not have a high school diploma.
  - are not American citizens.

ANS: A                      REF: 9

18. Which of the following *is not* a provision of HIPAA?
- a. Allows portability of health insurance coverage
  - b. Protects workers and their families from preexisting conditions
  - c. Establishes national standards for electronic healthcare
  - d. Addresses the high cost of health insurance

ANS: D                      REF: 8

19. The program that provides insurance for qualifying children who are ineligible for Medicaid but cannot afford private insurance is called:
- a. CHIP.
  - b. COBRA.
  - c. ARRA.
  - d. HIPAA.

ANS: A                      REF: 8

20. Recent healthcare reform has introduced two new types of healthcare plans that the text mentions are “on the horizon” are:
- a. Medicare and Medicaid.
  - b. Health Insurance Exchanges and Accountable Care Organizations.
  - c. SCHIP and COBRA.
  - d. HMOs and HIPAA.

ANS: B                      REF: 10

## COMPLETION

1. The amount of money an individual pays in return for health insurance coverage is called a/an \_\_\_\_\_.

ANS: premium

REF: 2

2. The transformation of health insurance from what it was in the beginning to what we know it to be today can be compared with an organic process referred to as \_\_\_\_\_.

ANS: metamorphosis

REF: 4

3. In 1850, the Franklin Health Assurance Company began offering medical expense coverage, similar to today’s health insurance, in the state of \_\_\_\_\_.

ANS: Massachusetts

REF: 3

4. The out-of-pocket expense that patients must pay before insurers begin paying benefits is called a/an \_\_\_\_\_.

ANS: deductible

REF: 5

5. A condition or illness that is in existence before an individual's healthcare coverage begins is called a/an \_\_\_\_\_.

ANS: preexisting condition

REF: 7

6. The type of healthcare policy that a business entity frequently offers its employees is called a/an \_\_\_\_\_ policy.

ANS: group

REF: 6

7. Healthcare plans that provide cost-effective care while attempting to contain expenditures are referred to as \_\_\_\_\_.

ANS: managed healthcare

REF: 10

8. The two major sources of health insurance are \_\_\_\_\_ programs and \_\_\_\_\_ organizations.

ANS: government, private

REF: 9

9. The two basic types of healthcare are \_\_\_\_\_ and \_\_\_\_\_.

ANS:

indemnity, managed care  
fee-for-service, managed care  
managed care, fee-for-service  
managed care, indemnity

REF: 10

10. The federal act that allows employees who quit their jobs or get laid off to extend their group coverage is known by the acronym \_\_\_\_\_.

ANS: COBRA

REF: 7

**TRUE/FALSE**

1. Healthcare providers and companies that sell insurance have determined it is less costly to prevent serious illnesses than to treat them after they emerge.

ANS: T                      REF: 2

2. Justin Ford Kimball introduced a health plan in Dallas in 1929 that evolved into what is known today as Medicare.

ANS: F                      REF: 3

3. Usually, there are no deductibles to be met or claim forms to be completed with HMOs.

ANS: T                      REF: 5

4. A health insurance exchange is an organized and competitive market that offers a choice of plans with common rules governing cost and provides information so consumers can understand the choices available to them.

ANS: T                      REF: 7

5. Under HIPAA, employees who quit their jobs or are laid off can extend their group healthcare coverage for up to 5 years.

ANS: F                      REF: 8

6. One of the factors that drives up healthcare costs is the fact that Americans are living longer than ever before.

ANS: T                      REF: 8

7. Media coverage is instrumental in keeping healthcare costs down.

ANS: F                      REF: 10

8. Under the new healthcare law, ACOs agree to manage all of the healthcare needs of a minimum of 5,000 Medicare beneficiaries for at least 3 years.

ANS: T                      REF: 10

9. Medicare provides healthcare coverage for qualifying low-income individuals.

ANS: F                      REF: 10

10. The two basic types of health insurance plans are indemnity and managed care.

ANS: T                      REF: 10

11. Because health insurance is constantly evolving, there will no doubt always be issues to face, such as keeping costs down and preventing chronic illnesses.

ANS: T                      REF: 7

12. Individuals who are employed by a business are always covered by a group healthcare plan.

ANS: F                      REF: 6

13. The Affordable Care Act does not eliminate or affect COBRA.

ANS: T                      REF: 7

14. The new healthcare reform laws make it more difficult for Americans to qualify for state Medicaid programs.

ANS: F                      REF: 8

15. With the passage of the Affordable Care Act, insurance companies can deny coverage to children with preexisting illnesses until they are 18 years old.

ANS: F                      REF: 6