Finance

Health-Insurance
Health Insurance Licensing – Core Essentials

Latest Version: 6.0

Question: 1

When an applicant tells his agent that no one in his family has suffered from cancer, the agent recommends against buying a cancer policy. Later, the applicant develops cancer and sues the agent. An insurance policy that may cover the agent's legal costs and liability is called:

A. Fiduciary duty protection
B. Insurer's Liability Insurance
C. Errors and omissions
D. Agent Oversight Coverage

Answer: C

Explanation:
Agents have wide exposure for mistakes and recommendations. Errors and omissions insurance protects agents and consumers for agents' actions or neglect.

Question: 2

An insured's health plan premium does not reach the insurance company when due. Three weeks later, the insured's dependent child visits the emergency room. If the now delinquent policy would normally cover emergency room visits, the insurer must pay:

A. Covered charges
B. Half of the usual and customary fees
C. Nothing
D. A reduced scheduled amount

Answer: A

Explanation:
Charges incurred during the 31-day grace period are paid in full as if the policy premiums were paid on time.

Question: 3

An elderly adult's caregiver has a full-time job, but cannot leave the adult alone at home. The care solution for the adult that is likely to have the lowest cost is:

A. Custodial care
B. Respite care
C. Assisted living
D. Adult day care

Answer: D

Explanation:
Adult day care provides daytime supervision, nutritional meals and some help with ADLs. Costs are likely to be lower than other care services. Respite care takes care of patients to give caregivers rest from care duties for a day-to-several days. Custodial care and assisted living are facility living arrangements that cost more than Adult Day Care.

Question: 4

In an individual health plan, a participant receives a policy. In a group health plan, the participant receives a:

A. Certificate of coverage
B. Care coordinator
C. Contract
D. Summary of benefits

Answer: A

Explanation:
Group health plan participants receive a certificate of coverage that may give a benefit summary, but they do not receive a contract. A care coordinator is often assigned when a patient has complex medical challenges, but it is not connected to enrollment.

Question: 5

An employer with a small group health plan receives a notice that his insurer will not offer health insurance after the end of the current year. His employees qualify for:

A. Emergency essential coverage
B. Medicaid
C. Premium rebate
D. A special enrollment period

Answer: D

Explanation:

When an insurer leaves the health insurance market, employees have a special enrollment period of 60 days from the termination date. Qualification for Medicaid is not connected to group plan renewal.

Question: 6

A rare disease strikes an insured's spouse and a university medical program has a promising new therapy. When the insured submits the treatment to his health plan for pre-approval, the health plan will:

A. Cover hospitalization costs only
B. Pay physician's charges
C. Deny the treatment
D. Most likely pay costs up to 80 percent

Answer: C

Explanation:
New, experimental therapies are not covered in health care plans.

Question: 7

An individual disability policy has a Cost of Living rider. All the following are rider features, except:

A. Benefit increases may be capped
B. The rider costs go up every year
C. Increases are often adjusted to an index
D. Benefit increases are automatic

Answer: B

Explanation:
The Cost of Living Rider premiums are fixed for the life of the contract. Once benefits start, the cost of living rider increases benefits automatically after one year of payments. The rider provision may cap increases and automatic increases are often tied to an index such as the Consumer Price Index.

Question: 8

A medical plan pays according to a benefit schedule. The plan will pay:

A. An amount not to exceed the cost of the specified treatment
B. Reimbursements only
C. Usual and customary charges

D. Only in-network charges

Answer: A

Explanation:
Benefit schedules specify how much a plan pays for a given treatment and often pays different amounts for in-network treatments and out-of-network treatments. Usual and customary charges are most often paid in plans that do not use a benefit schedule. Benefit schedule plans may pay providers directly or reimburse insureds.

Question: 9

In a health insurance plan, if a benefit is not listed, it is the same as a(n):

A. Supplement
B. Deductible
C. Limitation
D. Exclusion

Answer: D

Explanation:
If a benefit is not listed, it is the same as an exclusion because it is not covered under the plan. Supplements are optional benefit additions to a plan and offer benefits at additional cost. Deductibles are amounts an insured pays for covered benefits and limitations specify the amount up to which a plan will pay for a covered benefit.

Question: 10

The advantage of an individual health policy vs. a group health policy is that:

A. Coverage can be customized for the individual
B. Coverage can be changed annually
C. Costs are lower due to the insurer's smaller risk
D. The insured only pays for coverage he uses

Answer: A

Explanation:
Individual health policies can be customized to fit the insured’s needs. With any insurance, the cost of the policy is not related to actual usage. Individual health plans most often exceed group plans because the number of insureds is small. Both individual and group plans can change coverages yearly.

Question: 11

During the Open Enrollment period, a Medicare eligible person may do all the following, except:

A. Add a Medicare Supplement
B. Cancel a Medicare Supplement
C. Change Medicare Advantage Plans
D. Submit claims under a new plan

Answer: D

Explanation:
The Medicare open enrollment period allows eligible persons to compare Medicare Advantage plans, add supplements or cancel supplements. Claims may be submitted under the new plan when the plan year starts (generally, January 1st).

Question: 12

In contrast to a non-occupational disability policy, an occupational disability policy has all the following characteristics, except:

A. Workers' Compensation may pay benefits
B. Job related sickness
C. It may be short-term or long-term
D. It may develop over time

Answer: C

Explanation:
Occupational disability occurs or develops in connection to one's job. I may develop over time (such as hearing loss) or result from an injury. Workers' Compensation may pay disability benefits for occupational disabilities but not for non-occupational ones.

Question: 13

Increasing health care costs force an insurer to stop selling its individual health plan. When it does, the insurer must offer the insured:

A. Another plan it sells
B. The group plan it sells most like the one discontinued
C. A plan sold by another insurer
D. No plan

Answer: A

Explanation:
Insurers that stop selling an individual health plan must offer the insured the ability to purchase another plan unless the insurer stops selling all health insurance in the State.

Question: 14

A retired worker has coverage from his spouse's large employer group health plan and he has Medicare, as well. If he needs medical care,

A. Medicare is his primary payer and his spouse's plan is the secondary payer
B. His spouse's plan pays benefits first and Medicare is the secondary payer
C. Each plan pays an equal amount of the covered charges
D. Only the spouse's plan is responsible for medical coverage

Answer: B

Explanation:
In this situation, if the insured is retired and his spouse is still working at a large employer or the health plan is part of a large employer group, the spouse's employer coverage pays first and Medicare is the secondary payer. Under Coordination of Benefits, each plan will pay benefits, but payments may not cover the entire bill.

Question: 15

All the following are protections under the Health Insurance Portability and Accountability Act (HIPAA), except:

A. State agency transmittals
B. Enforcement
C. Security
D. Privacy

Answer: A

Explanation:
State agencies that transmit personal data do not have to abide by HIPAA.

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