

Chapter 01: The Origins of Health Insurance

Beik: Health Insurance Today: A Practical Approach, 6th Edition

MULTIPLE CHOICE

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

ANS: B REF: p. 2

2. Health insurance narrows down undesirable events to
 - a. illnesses and injuries.
 - b. automobile accidents.
 - c. preventive illnesses.
 - d. preexisting conditions.

ANS: A REF: p. 2

3. *Securitas* is the Latin term for
 - a. services.
 - b. specialist.
 - c. security.
 - d. success.

ANS: C REF: p. 3

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

ANS: D REF: p. 3

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

ANS: A REF: p. 4

6. The combined federal and state healthcare program for indigent and low-income individuals is
 - a. Medicare.
 - b. Medicaid.
 - c. Blue Cross.

d. health maintenance.

ANS: B REF: p. 4

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: p. 6

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

ANS: C REF: p. 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: p. 7

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

ANS: A REF: p. 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: p. 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: p. 8

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

ANS: A REF: p. 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.
- a. Managed healthcare
 - b. Fee-for-service
 - c. Health insurance exchange
 - d. Indemnity insurance

ANS: A REF: p. 10

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

ANS: C REF: p. 10

16. The Patient Protection and Affordable Care Act was passed in
- a. 1999.
 - b. 2005.
 - c. 2008.
 - d. 2010.

ANS: D REF: p. 6

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

ANS: A REF: p. 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: p. 8

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

ANS: A

REF: p. 8

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

ANS: B

REF: p. 11

COMPLETION

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

ANS: premium

REF: p. 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: p. 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: p. 3

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

ANS: deductible

REF: p. 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: p. 7

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

ANS: group

REF: p. 7

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

ANS: managed healthcare

REF: p. 10

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

ANS:

government; private

government, private

REF: p. 7

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

indemnity managed care

fee-for-service managed care

managed care fee-for-service

managed care indemnity

REF: p. 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: p. 8

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: p. 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: p. 3

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

ANS: T REF: p. 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: p. 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: p. 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: p. 9

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

ANS: F REF: p. 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: p. 11

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

ANS: F REF: p. 11

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

ANS: T REF: p. 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: p. 7

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

ANS: F REF: p. 7

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

ANS: T REF: p. 8

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

ANS: F REF: p. 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: p. 6