

## Sample Questions

The answers for the questions are provided. The correct answer for the multiple choice questions appear in bold-face type. A content outline is provided for questions requiring learners to construct a response.

### Revenue Cycle

1. Describe approaches and techniques for improving customer service in patient accounts. Explain the importance of customer satisfaction.

**Answer:**

Techniques for improving customer service in patient accounts include the following:

- Modifying billing formats and statements to make them easier to understand
  - Making sure that everyone answers the telephone courteously and gives the customer the name of the person answering for future purposes
  - Extending normal business hours for inquiries and complaints so that customers can make contact after work
  - Following up on all customer inquiries or complaints within 48 hours
  - Including customer service responsibilities in every staff member's performance plan and holding them accountable during performance reviews
  - In addition, the staff should be empowered to resolve routine inquiries as well as provide access to clinical experts to answer difficult inquiries.
2. Identify the intended outcomes for financial counseling.

**Answer:**

Financial counseling refers to the process of extending credit to a patient and agreeing on a payment plan. It involves assisting the patient in identifying other payment sources that may be available to the patient. It also involves several activities that can take place before, during, or after a patient receives service

As a collection technique, financial counseling should accomplish the following four critical tasks:

- a. Inform the patient as to the provider's payment policies in detail and clarify the patient's financial responsibilities to the provider.
- b. Perform a financial assessment to determine the patient's ability to pay for an actual or anticipated obligation.
- c. Help the patient evaluate applicable alternatives such as payment options, assistance programs such as state Medicaid, or free care, based on the financial assessment.
- d. Follow up and resolve pending transactions, such as bank loans or medical assistance applications.

3. When certain services are not covered, a Medicare patient should be notified by the hospital they may be responsible for payment and the patient is issued a(n) \_\_\_\_\_.

- MSP
- COBRA
- **ABN**
- EMTALA

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4. In the 1980s the Federal government established a methodology that would establish a single payment for an inpatient stay based on the patient's condition as coded by the HIM coders. This program is known as:
  - Ambulatory Payment Groups (Incorrect: This program applies to outpatient services.)
  - Inpatient Flat Rate (Incorrect: No such thing.)
  - Inpatient Prospective Pass-Through System (Incorrect: If anything, it would be Inpatient Prospective Payment System)
  - **Diagnostic Related Groups**

## Disbursements

1. When one is evaluating how many FTEs are needed for department staffing which of the following should be taken into consideration:
  - a. The number of non-productive hours for the position
  - b. The hours the function or position must be staffed
  - c. Whether the position could be staffed with part-time employees
  - d. **All of the above**
2. An FTE:
  - a. Is an individual who works at least 40 hours per pay period. (Incorrect: Typically, an FTE is one that works 40 hours per week or 80 hours per pay period.)
  - b. **Is two or more individuals working enough hours each to equal a single individual working full-time.**
  - c. Is defined as Fellowship Temporary Employee. (Incorrect: FTE is defined as Full-Time Equivalent)
  - d. Is productive 100% of their hours. (Incorrect: Even part-time employees will take authorized breaks for which they are paid, but during which they are not productive.)
3. If an invoice lists terms such as 3/10; N30, it means:
  - a. Pay 3/10ths of the invoice is due now and the remainder in 30 days. (Incorrect: The terms are 3% if invoice paid within 10 days; total invoice due within 30 days.)
  - b. Nothing is due until the 3<sup>rd</sup> month following the invoice. (Incorrect: The terms are 3% if invoice paid within 10 days; total invoice due within 30 days.)
  - c. Deduct \$3 from the invoice if paid within 10 days. (Incorrect: The 3 in the terms means 3% not \$3.)
  - d. **Deduct 3% from the invoice if paid within 10 days.**

## Budgeting & Forecasting

1. What Are the Categories of Ratio Analysis?

**Answer:** the following are broad categories of ratios

- a. Profitability ratios.
- b. Liquidity ratios.

## Sample Questions

- c. Activity ratios.
  - d. Capital structure ratios
2. Explain what liquidity ratio's are.

**Answer:**

Liquidity ratios can be viewed just as you would your own personal finances. These assets are available to meet your short-term obligations, whether they are ongoing bills, car loans, school loans, or mortgage payments.

3. Identify the types of cost behaviors, briefly explain each and provide an example of each

**Answer:**

- a. Cost behavior categories:
  - i. Variable: Variable costs vary, in total, more or less in direct proportion to volume. An example is the relationship between supply costs and outpatient visits or patient days. For most healthcare organizations, about half of supply costs will vary directly with volume
  - ii. Fixed: These are costs that, in the short run, do not change with changes in volume. Examples include depreciation, long-term lease expense, or amortization of any incurred financing costs.
  - iii. Semi-variable: These are costs that vary in direct relation to volume after a minimal level of activity has been reached. An example of semi-variable cost behavior in healthcare organizations is the telephone expense, whereby a monthly access and service charge is paid initially, no matter what the volume is, and then each time a long distance or local phone call is made an additional charge is assessed. Semi-variable costs exhibit the behavior of fixed costs with a variable cost component
  - iv. Semi-fixed or stepped variable: These are costs changing with volume, but not in direct proportion to the volume; rather, they follow a stair-step pattern. An example of this in a hospital setting would be salary cost in an acute staffing area. If you have a 20-bed acute area with an occupancy of five patients, you would not need any more staffing than you would for one patient. However, when the sixth patient is admitted to the service area, you would have to add an additional FTE; the additional FTE along with the previous staff could provide services for as many as ten occupants on that service level. Then, again, once you get to the eleventh occupant, you would have to add another FTE, and so forth.

## Sample Questions

### Internal Controls

1. Internal controls are intended to provide reasonable assurance of what?

**Answer:**

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations

2. Name the interrelated components of internal controls

**Answer:**

- Control environment
- Risk assessment
- Control activities
- Information and communications
- Monitoring

3. What is the purpose of internal auditing?

**Answer:**

- a. Performing specific internal control procedures like surprise cash counts and review of patient revenue charges
- b. Functioning as part of the monitoring component of the hospital' internal control system
- c. Reviewing and evaluating compliance procedures with laws and regulations
- d. Performing financial, compliance, and operational audits
- e. Performing special projects related to compliance matters and internal control

### Financial Reporting

1. When a manager assesses the variances in his/her budget, it is known as:

- a. Product line costing
- b. Efficiency variance
- c. Responsibility accounting**
- d. Wage variance

2. What are the purposes of financial reports?

**Answer:**

**Purpose for Financial Reports:** To allow others to make determinations about the financial worthiness of an organization

- Banks, investors, donors, suppliers, others

Financial reports may be used by lending entities, investors, and others

## Sample Questions

3. Name and explain the principles underlying GAAP accounting

**Answer:**

GAAP is based on several principles

- Consistency
  - Relevancy
  - Reliability
  - Comparability
- 
- Consistency-All information should be gathered and presented the same across all reporting periods.
    - Example: A company cannot change the way it accounts for inventory from one period to another without making a notation in the financial statement and having a valid reason for the change.
  - Relevancy-Information presented in the financial statements should be appropriate and assist the person in evaluating the statements to make educated guesses regarding the future financial state of the company.
  - Reliability-The information in the financial statement is accurate and verifiable by an independent party. An independent auditor, using the same information, would be able to come up with the same results. The company is representing a clear picture of what has happened (is happening) with their company
  - Comparability: Financial reports and other data can be compared to other comparable businesses in the same industry

4. What is a “balance sheet”/“statement of financial position”?

**Answer:**

This statement summarizes the organization’s assets, liabilities, and accumulated excesses from operations less any accumulated losses from operations or withdrawals.

- The net value of the excesses and losses may be known as “Net Assets” (not-for-profit) or “Retained Earnings” (for profit)
- Is a snapshot of the organization’s wealth as of the date reflected on the statement

5. What is the purpose of “cash flow” statements?

**Answer:**

This statement summarizes how cash (An asset listed on the Balance Sheet or Statement of Financial Position) was used and from where it was obtained.

- The flow may have been from or for:
  - Operations (revenues in excess of expenses, accounts receivable, accrued expenses, etc.),
  - Investing (purchase or sale of assets, distributions to partners, investments, etc.) or
  - Financing (debts, grants, endowments, etc.)

## Sample Questions

### Contracting

1. What makes a contract valid?

For a contract to be valid, two (or more) individuals:

- a. must agree to the provisions of the contract,
  - b. must agree to the price (or promise),
  - c. be legally competent or authorized to enter into the contract, and
  - d. the contract must be for services and products that are legal.
2. What should a provider consider when a payer contract is up for renewal?

**Answer:**

- The provider:
  - Needs to evaluate prior year financial data and assess whether
  - Providing patient care to the insured's of the healthplan/payer constituted a margin of profit, breakeven, or loss
  - Assess any problems or conflicts that arose in the relationship
  - Calculate how many patient encounters were received based on this contract.
  - Consider any patient care challenges that were experienced (conditions that required specialized equipment or technology, complexity of cases, inability to facilitate transfer to other levels of care, outliers, etc.)
  - Evaluate whether the healthplan/payer has the capability to continue to the contract.
  - Assess contract payment accuracy or the correct adjudication of claims per the contract terms.