Health Care Finance Economics and Policy for Nurses 3rd edition Rambur Test Bank

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Health Care Finance, Economics, and Policy for Nurses

A Foundational Guide

Third Edition

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Chapter 1: How the Money Works: Nurses, Economics, Finance, and Reimbursement

Multiple Choice Questions

1. What is health economics primarily concerned with?
   a) Obtaining funds for health care
   b) Paying providers for services
   c) Allocation of scarce resources
   d) Calculating insurance premiums

   Answer: c) Allocation of scarce resources

2. Which of the following best describes the concept of financing in health care?
   a) How providers are paid for services
   b) How funds for health services are obtained
   c) How resources are distributed
   d) How patients pay for care

   Answer: b) How funds for health services are obtained

3. What percentage of national health expenditures does medical care receive, according to the chapter?
   a) 50%
   b) 70%
   c) 90%
   d) 100%

   Answer: c) 90%

4. Which of the following is NOT considered a payer in the U.S. health care system?
   a) Commercial insurance companies
   b) Medicare
   c) Medicaid
   d) Individuals paying out-of-pocket

   Answer: d) Individuals paying out-of-pocket

5. What is payer mix?
   a) The combination of different insurance plans offered by a provider
   b) The proportion of patients with different types of insurance

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c) The mix of services covered by different payers
d) The combination of different payers and their proportion in a provider's overall revenue

Answer: d) The combination of different payers and their proportion in a provider's overall revenue

6. What is cost shifting in health care?
   a) Moving costs from one department to another
   b) Charging higher rates to commercial insurance to offset lower reimbursements from other payers
   c) Transferring costs from patients to providers
   d) Shifting costs between different fiscal years

   Answer: b) Charging higher rates to commercial insurance to offset lower reimbursements from other payers

7. Which of the following is NOT a category of health insurance coverage mentioned in the chapter?
   a) Commercial insurance
   b) Medicare
   c) Medicaid
   d) Universal coverage

   Answer: d) Universal coverage

8. What percentage of the federal budget was allocated to Medicare, Medicaid, CHIP, and ACA subsidies in 2022?
   a) 10%
   b) 25%
   c) 40%
   d) 55%

   Answer: b) 25%

9. What is the primary purpose of insurance in health care?
   a) To increase health care costs
   b) To spread financial risk among members
   c) To reduce the quality of care
   d) To eliminate the need for government involvement

   Answer: b) To spread financial risk among members

10. Which factor does NOT impact the cost within a risk-sharing arrangement?
    a) Size of the group

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b) Age of members
c) Health status of members
d) Educational level of members

Answer: d) Educational level of members

11. What is the term for the amount members pay each month to be insured?
    a) Deductible
    b) Copayment
    c) Premium
    d) Coinsurance

    Answer: c) Premium

12. Which of the following best describes experience rating in health insurance?
    a) Charging the same premium for all members of a group
    b) Basing premiums on an individual's health history and risk factors
    c) Charging higher premiums for younger individuals
    d) Basing premiums solely on occupation

    Answer: b) Basing premiums on an individual's health history and risk factors

13. What percentage does medical care contribute to overall health status, according to the chapter?
    a) 10%
    b) 25%
    c) 50%
    d) 75%

    Answer: a) 10%

14. What is the primary purpose of insurance reserves?
    a) To pay for administrative costs
    b) To cover unexpected high numbers of claims
    c) To reimburse providers for services
    d) To pay dividends to shareholders

    Answer: b) To cover unexpected high numbers of claims, which also ensures option c

15. What is the primary difference between for-profit and nonprofit insurance companies?
    a) For-profit companies do not make money.
    b) Nonprofit companies do not make money.
    c) For-profit companies return dividends to stockholders.
    d) Nonprofit companies have shareholders.

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Answer: c) For-profit companies return dividends to stockholders.

Fill-in-the-Blanks

1. _____ is concerned with the question of how goods and services are produced, organized, and delivered to maximize efficiency and value.

   Answer**:** Economics

2. The discipline that focuses on the unique aspects of health care markets is called _____.

   Answer**:** health economics

3. In the United States, health care is financed through three main mechanisms: out-of-pocket money, _____, and insurance premiums.

   Answer**:** taxes

4. _____ refers to the money paid to providers of care for services delivered.

   Answer: Reimbursement

5. The combination of different payers any one provider may be reimbursed by and the proportion of each payer to the overall revenue of the provider is called _____.

   Answer**:** *payer mix*

6. _____ and _____ are two major tax-funded insurance coverage programs in the United States.

   Answer**:** Medicare, Medicaid

7. The phenomenon of higher reimbursement from commercial insurance to offset the lower reimbursement from Medicare, Medicaid, and charity care/bad debt is called _____.

   Answer**:** *cost shifting*

8. Insurance is a form of financial _____, in which funds are redistributed from those who are not using health services to those who are.

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Answer**:** risk sharing

9. The amount members pay each month to be insured is called a(n) _____.

   Answer**:** *premium*

10. The _____ and _____ trends are used by insurance companies to determine the likely amount of money needed in the next year for a group insurance plan.

    Answer**:** medical, pharmaceutical

Essay Questions

Explain the concepts of health economics, financing, and reimbursement in the U.S. health care system. In your response, be sure to:

- Define health economics and describe its importance for nurses
- Explain how health care is financed in the United States
- Describe the role of payers and the concept of payer mix
- Discuss how insurance works to spread financial risk
- Explain the phenomenon of cost shifting

Answer**:**

Health economics is a discipline that examines how scarce resources are allocated in health care to maximize efficiency and value. It is important for nurses to understand health economics because it shapes the organization, financing, and delivery of health care, as well as nurses' salaries and career opportunities. Health economics helps nurses make sense of the complex ways economics influences health care systems and policy decisions.

Health care in the United States is financed through multiple mechanisms:

- Out-of-pocket payments from patients
- Taxes (for government programs like Medicare and Medicaid)
- Insurance premiums

The United States has a multi-payer system, where different entities called "payers" reimburse health care providers for services. Major payers include:

- Commercial insurance companies (e.g., Blue Cross Blue Shield, Aetna)
- Government programs (Medicare, Medicaid)

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Payer mix refers to the combination of different payers that reimburse a health care provider and the proportion each contributes to overall revenue. This mix is important because different payers reimburse at different rates.

Insurance works by spreading financial risk across a group of people. Members pay monthly premiums into a pool, which is then used to pay for health care services when needed. This allows the financial burden of expensive medical care to be shared among many individuals rather than borne entirely by the person receiving care.

Cost shifting occurs when health care providers charge higher rates to some payers (typically commercial insurance) to offset lower reimbursement from other payers (like Medicare and Medicaid) or to cover uncompensated care. This results in different payers being charged different amounts for the same services.

Understanding these economic concepts is crucial for nurses to navigate the health care system effectively, advocate for patients, and contribute to discussions on health care policy and resource allocation.

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