

AMERICAN COLLEGE OF HEALTHCARE EXECUTIVES

# Board of Governors Examination Reference Manual



AmericanCollege of  
HealthcareExecutives  
*for leaders who care®*

**Board of Governors Examination Reference Manual**

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## **American College of Healthcare Executives Policy Statement**

### ***Board Certification in Healthcare Management***

#### **Statement of the Issue**

By providing a credentialing program, a professional society helps the field it serves by setting standards for competence and excellence and assists the public by providing a means by which to identify those who have met this standard. Choosing to become credentialed in healthcare management enables a professional to demonstrate his or her competence, leadership and commitment to the profession. It also provides evidence of that individual's commitment to lifelong learning, management excellence and ethical conduct.

The American College of Healthcare Executives (ACHE) has a comprehensive, multifaceted credentialing program. Healthcare executives who successfully meet the criteria become board certified in healthcare management and are recognized as ACHE Fellows. With this distinction, Fellows earn the right to use the credential FACHE™ (Fellow of the American College of Healthcare Executives).

#### **Policy Position**

The American College of Healthcare Executives believes that by participating in a voluntary credentialing program, healthcare executives are taking a meaningful and visible step toward demonstrating their competence in the field. Through their participation in such programs, healthcare executives also are reaffirming their commitment to lifelong learning, management excellence and ethical conduct.

The value of a credential is linked to the credibility of the certifying organization and the rigor of the credentialing process itself. To this end, ACHE believes a voluntary credentialing program that bestows certification in healthcare management should encompass requirements addressing:

- Formal academic preparation beyond a bachelor's degree
- Position and responsibility
- Experience

Further, ACHE believes the program should require:

- Participation in continuing education
- Participation in healthcare and community affairs
- Commitment to the association as demonstrated by tenure in ACHE
- Peer review
- Adherence to an ethical code of conduct
- Successful completion of a comprehensive Exam that measures knowledge and skills in healthcare management

For a voluntary credentialing program to be a viable indicator of an individual's competency, the program must be designed using rigorous standards and periodically refined so that it remains a fair and predictable indicator of professional competence in the changing marketplace. To this end, the credentialing body should adhere to the following steps as it relates to the development and refinement of its testing mechanism(s):

- Conduct periodic job analyses within the field to ensure the testing mechanism is reflective of the frequency and importance of job-related tasks performed by healthcare executives
- Provide for periodic review of the testing mechanism by a professional testing service or a psychometric consultant
- Establish a passing point for the test that is reflective of professional competence, reasonable and accepted in the psychometric community
- Administer each test according to established, consistent procedures
- Follow prescribed security procedures that protect the integrity of the testing materials and the administration of the test

Voluntary credentialing programs also should require individuals to periodically recertify—documenting their continuing education and other activities that are indicators of continued competency and their commitment to the profession. Finally, each year credentialed individuals should attest to uphold their professional Code of Ethics.

Policy Statement on Board Certification. Approved by the Board of Governors of the American College of Healthcare Executives on Nov. 12, 2007.

## **Steps for Advancing to Fellow**

Earning the distinction of board certification in healthcare management as a Fellow of the American College of Healthcare Executives (FACHE) signifies your expertise, experience and commitment to continuing education and professional development. Just as members of the medical staff are board certified, having the FACHE credential by your name indicates a level of achievement in the profession.

### **Step 1: Complete a Fellow application**

In order to submit a Fellow application, the following requirements must be met:

- Master's or other postbaccalaureate degree
- Healthcare management position and at least two years of healthcare management experience

### **The Application**

**In addition to the application, you will be required to submit:**

- A copy of your graduate diploma or final transcript
- Current job description, organizational chart and resume
- Names of three Fellow references
- \$250 application fee

### **References**

Three references are required from current ACHE Fellows. One of the references must be a structured interview. A structured interview is a face-to-face meeting or telephone call between the Fellow candidate and the reference. During the interview, the reference should ask questions about your competence, judgment, ethics and professionalism. The questions are available to both the Fellow candidate and reference as part of the Structured Interview Reference Form found in the Fellow application materials.

## **Management Experience**

A healthcare management position is one in which the person is employed by a healthcare organization or by an organization whose purpose is to influence the growth, development or operations of a healthcare organization. To be eligible for advancement a candidate's position must include planning, organizing, staffing, leading and controlling functions at the organizational or department level. Eligible positions include but are not limited to C-suite executives (CEOs, COOs, CMOs, CNOs, CIOs, etc.), associate and assistant administrative officers and directors, as well as specialty management positions of comparable executive authority.

**Postgraduate Fellows** - The experience as a postgraduate fellow may not be used toward management experience.

### **Step 2: Pass the Board of Governors Examination in Healthcare Management**

- The BOG Exam is a 230-question, multiple-choice Examination (only 200 are actually scored)
- The Exam tests 10 core knowledge areas

### **Step 3: Complete all other requirements**

- Three years' tenure with ACHE
- Five years' healthcare management experience within the past five years
- 40 hours of continuing education
- Participation in two healthcare and two community/civic activities

### **Continuing Education**

12 hours must be Category I (ACHE education). The remaining 28 hours may be either Category I or Category II (non-ACHE education) hours.

### **Participation**

Prospective Fellows provide Examples of volunteer participation in two community/civic and two healthcare activities.

## **The Board of Governors Examination in Healthcare Management**

The Board of Governors Examination consists of 10 core knowledge areas. There are 230 questions on the Exam: 200 are scored and 30 are pretest questions. Candidates will have up to six hours to complete the Exam. Each question has four possible answers and a candidate's score is based on the number of scored questions on the Examination. The pretest questions do not affect a candidate's score.

Pretest questions are included in order to evaluate them for possible use as scored questions on future Examinations. The pretest questions are placed throughout the Examination and cannot be identified during the Examination.

Since there is no additional penalty for incorrect answers, it is to your advantage to answer every question, even when uncertain of the correct answer. No credit is given for questions with more than one response.

*Since the intent is to measure competence, not "book learning," Exam questions assess application of knowledge, not just recall of facts.*

### **Exam Updates Reflect Changes**

Considerable change in the healthcare delivery system over the last several years has resulted in a broader ACHE membership base in terms of age, education, employment and career path. The Board of Governors Exam must be fair and equitable to candidates from these diverse backgrounds. It must meet stringent educational testing standards to make sure that it is current and valid. To ensure that the Exam is valid, current and fair, it is revised annually.

The revision process ensures that the credentialing program is fair to candidates from a wide variety of healthcare management settings. A professional Examination service is retained to assist the Examinations Committee with the development of the new Exam. In addition, content experts in each of the 10 knowledge areas are contracted to develop new Exam questions. The result is a carefully structured, fair and valid Examination that addresses the needs of healthcare managers from a variety of backgrounds and settings.

## **The Board of Governors Examination in Healthcare Management (BOG) Knowledge Areas**

### **Origin of Knowledge Areas**

In order to ensure the validity of the certification Exam, it is necessary to periodically reevaluate the content validity of the test specifications. The goal of the ACHE Board of Governors (BOG) Exam is to measure the knowledge needed for successful performance in the healthcare executive job. One way to ensure content validity is to base the assessment on job analysis data.

### **What is a Job Analysis?**

A job analysis is a systematic examination of a particular job, occupation or profession. Typically, a job analysis delineates the tasks that are performed by job incumbents and the knowledge areas, skills and abilities (KSAs) required to successfully perform those tasks.

The most recent job analysis process used available documentation, interviews with healthcare executives, subject matter experts (SMEs) workshops, and a survey of job incumbents to describe the requirements of the healthcare executive. First, using prior job analysis requirements and SME interviews, the Human Resources Research Organization (HumRRO) job analysts drafted lists of tasks and knowledges, skills and abilities (KSAs). The task and KSA lists were reviewed and revised by several SMEs via telephone interviews. These lists were again reviewed and finalized by a group of SMEs during a face-to-face workshop. In order to keep the survey at a reasonable length, only the KSAs were incorporated into a web-based survey. The survey link was e-mailed to a stratified random sample of ACHE members who were asked to rate the KSAs in terms of importance. The results of the survey were translated into an updated test blueprint that describes the knowledge content to be tested on each Exam as well as the relative weight or proportion of test items in each content area.

## **10 Core Knowledge Areas**

### **Business**

This area includes knowledge that pertains to specific areas/concepts of the organization (e.g., marketing, business planning, strategic planning).

### **Finance**

This area covers the planning, development, establishment, analysis and assessment of financial management processes for an organization's capital, budget, accounting and related reporting systems.

### **Governance and Organizational Structure**

This area deals with the development and analysis of the organizational structure and with delineating responsibility, authority and accountability at all levels of the organization. Functions include the development and implementation of policies and procedures for the governance process.

### **Healthcare**

This area focuses on a broad range of organizations and professions involved in the delivery of healthcare. Included are managed care models, healthcare trends and ancillary services provided.

### **Healthcare Technology and Information Management**

This area covers management information and clinical information systems such as finding computer-based support for management, assessing how current technologies and major innovations are changing the way healthcare executives manage, using information systems for short-and long-range planning, using clinical information systems and acquiring information systems.

### **Human Resources**

This area deals with assessing the need for and the supply of professional staff and other personnel. Functions include recruitment, selection, training, compensation and evaluation of such personnel and how to Examine ways of evaluating productivity and monitory accountability for results.

### **Laws and Regulations**

This area covers identifying and interpreting the impact of government regulations and law on the organization; identifying the need for and working with others to develop new regulations and laws; investigating, monitoring, documenting and enforcing existing statutes; and maintaining communication and cooperation with both public and private organization.

### **Management**

This area covers general management principles (planning, organizing, directing and controlling) to address overall organizational objectives.

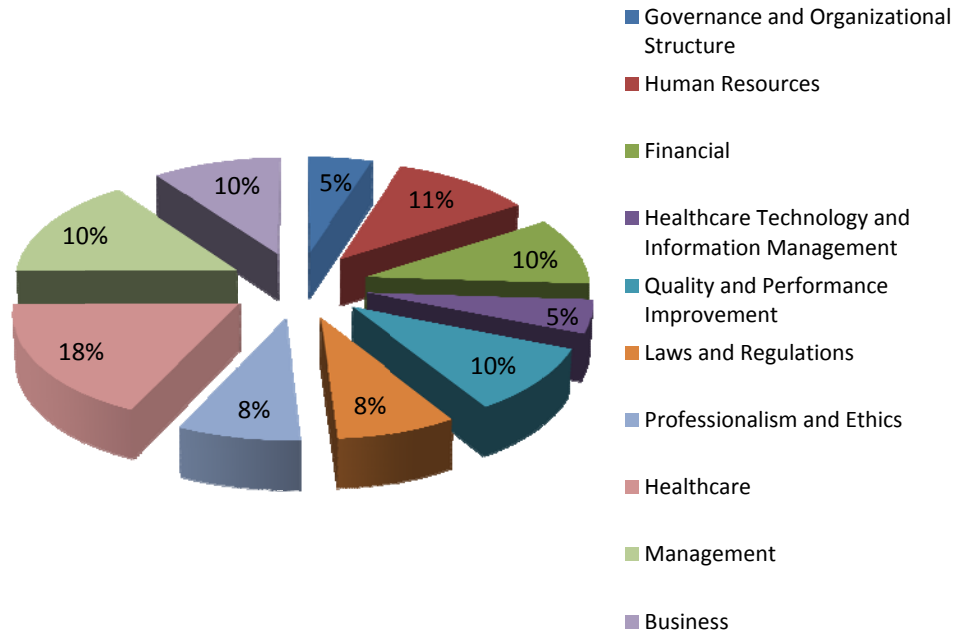
### **Professionalism and Ethics**

This area focuses on the development, monitoring and maintenance of procedures to ensure the needs of professional staff are met. Ethics includes identifying, monitoring and disseminating codes of professional conduct; understanding the implications of ethical decisions; providing procedures to monitor standards of behavior within the organization; and determining, maintaining and monitoring accountability procedures.

### **Quality and Performance Improvement**

This area concentrates on the development, implementation and evaluation of organizational accountability, including quality improvement theories and frameworks programs, quality assessment and assurance philosophies, policies, programs and procedures.

## Percentage of Exam Questions for Each Knowledge Area

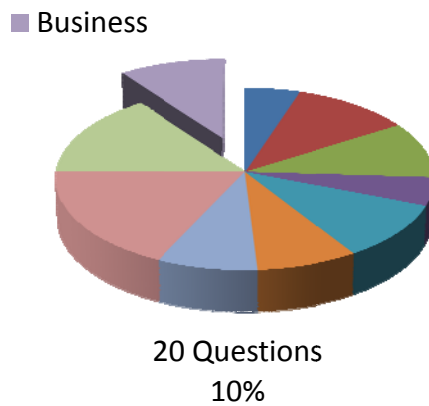


*Figure 1- Percentage of Questions on Board of Governors Examination*

## Business Knowledge

Do you know what to look for in a contract? Are you familiar with marketing principles and tools?

- Knowledge of strategic planning principles (e.g., scenario planning, forecasting, etc.)
- Knowledge of basic business contracts (e.g., legal and financial implications)
- Knowledge of marketing principles and tools (e.g., market analysis, market research, sales, advertising)
- Knowledge of techniques for business plan development, implementation and assessment
- Knowledge of principles of public affairs and community relations
- Knowledge of the functions of organizational policies and procedures
- Knowledge of socioeconomic environment in which the organizations functions



## Governance and Organizational Structure

What are the responsibilities of the Board of Directors? What is the structure of the medical staff?

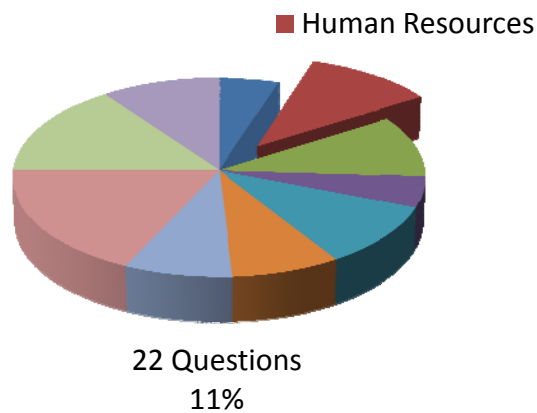
- Knowledge of governance theory (e.g., mission and values, relationships with board of directors, roles of governing board and management)
- Knowledge of governance structure (e.g., bylaws, articles of incorporation, fiduciary responsibilities)
- Knowledge of medical staff structure and its relationship to governing body and facility operation (e.g., credentialing, privileging and disciplinary process)
- Knowledge of public policy matters and legislative and advocacy processes



## Human Resources

Do you have knowledge of recruitment and selection techniques? Are you familiar with compensation and benefits practices?

- Knowledge of performance management systems (e.g., performance-based evaluation, rewards systems, disciplinary policies and procedures)
- Knowledge of recruitment techniques
- Knowledge of selection techniques
- Knowledge of labor relations strategies and tactics
- Knowledge of staffing methodologies and productivity management (e.g., acuity-based staffing, flexible staffing, fixed staffing)
- Knowledge of employee satisfaction measurement and improvement techniques.
- Knowledge of motivational techniques
- Knowledge of compensation and benefits and practices
- Knowledge of worker safety, security and employee health issues (e.g., OSHA; workplace violence)
- Knowledge of conflict resolution and grievance procedure

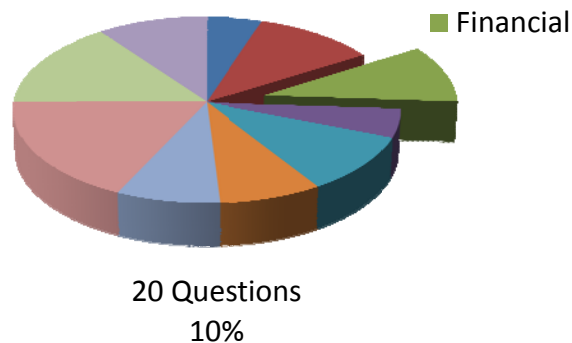


## Finance

Are you aware of operating budget principles (i.e., zero-based, fixed)? Are you familiar with healthcare reimbursement and ramifications?

Knowledge of basic accounting principles (e.g., accounts receivable, cash flow, chart of accounts, GAAP)

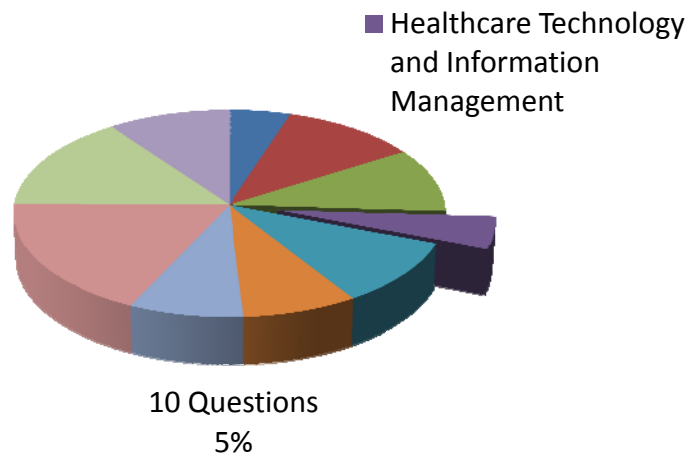
- Knowledge of financial management and financial analysis principles (e.g., balance sheets, income and cash flow statements, ratio analysis)
- Knowledge of operating budget principles (e.g., fixed vs. flexible, zero-based, variance analysis)
- Knowledge of capital budgeting principles
- Knowledge of reimbursement methodologies and ramifications
- Knowledge of fundamental productivity measures (e.g., hours per patient day, cost per patient day, units of service per man hour)
- Knowledge of financial controls and auditing principles
- Knowledge of capital funding sources
- Knowledge of revenue generation
- Knowledge of asset management, including facilities equipment, etc.



## Healthcare Technology and Information Management

Are you aware of technology security requirements? Are you familiar with the role and function of information technology in operations?

- Knowledge of the role and function of information technology in operations
- Knowledge of technology trends and clinical applications
- Knowledge of technology security requirements (e.g., re: HIPAA, local governmental and organizational policies)
- Knowledge of health information (e.g., data equipment, inter-operability standards, decision support)
- Knowledge of information systems continuity (e.g., disaster planning, recovery, backup, sabotage, natural disasters)
- Knowledge of information systems planning and implementation (e.g., service architecture, technology lifecycles, obsolescence)

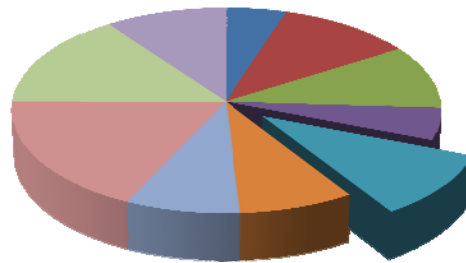


## Quality and Performance Improvement

Are you familiar with benchmarking techniques? Do you have knowledge of risk management principles and programs?

- Knowledge of benchmarking techniques
- Knowledge of medical staff peer review
- Knowledge of risk management principles and programs (e.g., insurance, education, safety, injury management, patient complaint, patient and staff security)
- Knowledge of performance and process improvement
- Knowledge of customer satisfaction principles and tools
- Knowledge of clinical methodologies (e.g., clinical pathways, evidence-based medicine, population health, pay for performance)
- Knowledge of utilization review
- Knowledge of national quality initiatives including patient safety

■ Quality and Performance Improvement

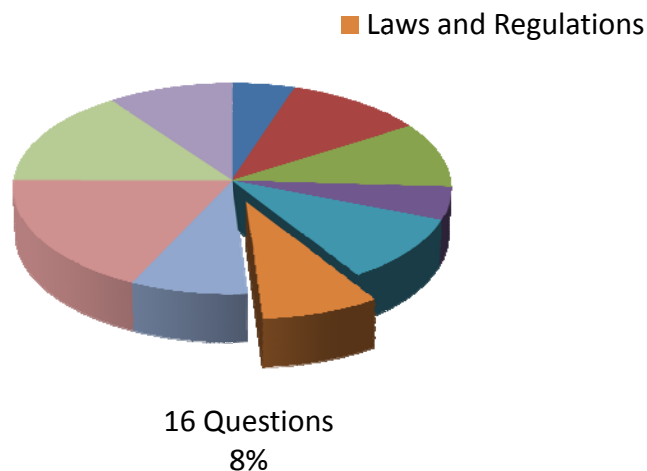


20 Questions  
10%

## Laws and Regulations

Are you familiar with the various laws affecting healthcare? Do you have knowledge of third party payment regulations?

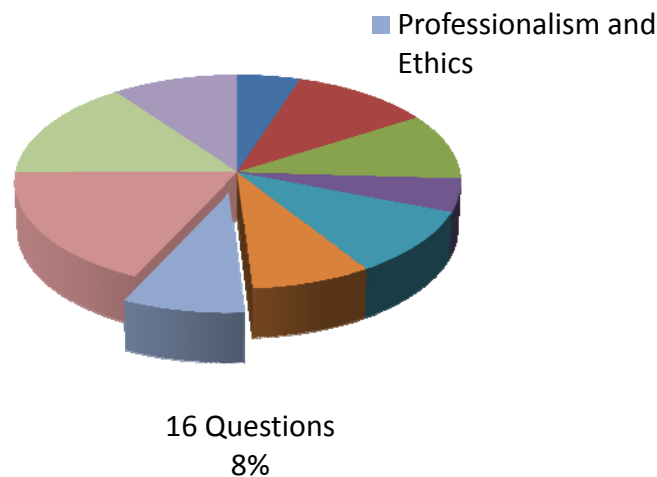
- Knowledge of human resources laws and regulations (e.g., labor law, wage and hour, FMLA, FLSA, EEOC, ERISA, workers compensation)
- Knowledge of confidentiality principles and laws
- Knowledge of corporate compliance laws and regulations (e.g., physician contracts, billing and coding practices, antitrust, conflict of interest, EMTALA, Stark, fraud and abuse, anti-kickback, tax status)
- Knowledge of Medicare/Medicaid/Third Party payment regulations
- Knowledge of inspection and accrediting standards, regulations, and organizations (e.g., TJC/NCQA, OSHA, FDA, NRC, CDC)
- Knowledge of patient rights laws and regulations (e.g., organ donation, HIPPA, medical records, access to care, advance directives, durable power of attorney, involuntary commitments)



## Professionalism and Ethics

What are the patient's rights and responsibilities? Do you know the role of the ethics committee?

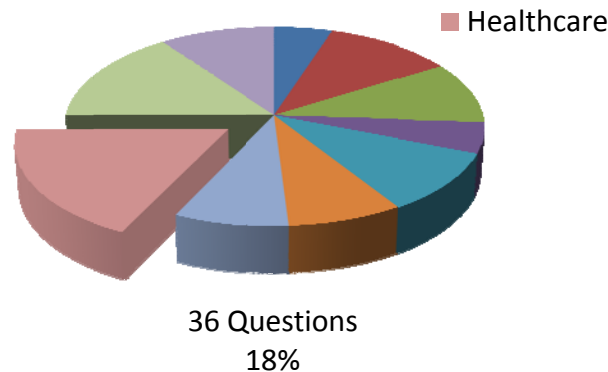
- Knowledge of professional codes of ethical behavior (e.g., ACHE, Hippocratic Oath, AMA)
- Knowledge of patients' rights and responsibilities
- Knowledge of ethics committee's roles, structure, and functions
- Knowledge of cultural and spiritual diversity for patients and staff as they relate to healthcare needs
- Knowledge of conflict of interest situations as defined by organizational bylaws, policies, and procedures
- Knowledge of professional norms and behaviors
- Knowledge of the consequences of unethical actions
- Knowledge of ethical implications of human-subject research



## Healthcare

What are the latest trends in healthcare? Are you familiar with the common healthcare acronyms?

- Knowledge of healthcare and medical terminology
- Knowledge of healthcare trends
- Knowledge of managed care models, structures, and environment (e.g., group, staff, IPA, PPO)
- Knowledge of the ambulatory care sector (e.g., acute care, ambulatory care, post-acute, public health, long-term)
- Knowledge of the interdependency, integration, and competition among healthcare sectors
- Knowledge of ancillary services (e.g., lab, radiology, therapies)
- Knowledge of physician's roles
- Knowledge of implications of community standards of care
- Knowledge of evidence-based management practice
- Knowledge of staff perspective in organizational settings (e.g., frame of reference by discipline and role; orientation)
- Knowledge of healthcare economics
- Knowledge of the interrelationships among access, quality, cost, resources allocation, accountability and community
- Knowledge of nurse and allied health professionals scope of practice
- Knowledge of support services (e.g., plant operations, materials management, supply chain management, hospitality services)
- Knowledge of patient perspective (e.g., cultural differences, expectations)

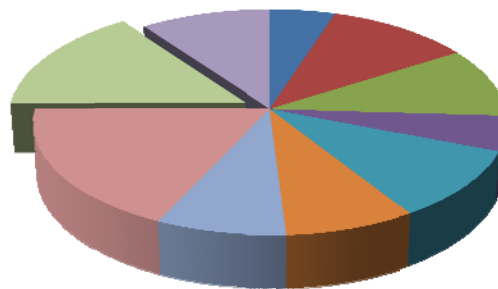


## Management

Do you have knowledge of contingency planning? Are you familiar with team building techniques?

- Knowledge of implementation planning (e.g., operational plan, management plan)
- Knowledge of contingency planning (e.g., emergency preparedness and response)
- Knowledge of organizational systems theory and structuring (e.g., span of control, chain of command, interrelationships of organizational units)
- Knowledge of management functions (e.g., planning, organizing, directing, controlling)
- Knowledge of leadership theory and situational applications
- Knowledge of team building techniques
- Knowledge of mediation, negotiation and dispute resolving techniques
- Knowledge of potential impacts and consequences of decision making in situations both internal and external
- Knowledge of how an organization's culture impacts its effectiveness
- Ability to analyze and evaluate information to support a decision or recommendation
- Ability to distinguish relevant from irrelevant information
- Ability to integrate information from various sources to make decisions or recommendations

■ Management



30 Questions  
15%

## The Following Comments Reflect Previous Test Takers' Experiences

### Preparing for the Exam

- I studied alone due to the lack of a formal study group. I don't see studying alone as a disadvantage other than that there is an absence of other perspectives. I used the three texts recommended by ACHE and concentrated on *The Well-Managed Healthcare Organization* by John Griffith. I also used the tutorial provided by ACHE. Specifically, the questions and answers provided in the tutorial served as a tool for review in the texts. The best advice I could offer is to set aside an hour per day approximately four months prior to the test. I used the time to read chapters, review sample questions, and take notes for further investigation. Two weeks prior to the test date, I reviewed text only and concentrated on areas that I knew were professionally challenging. The day before the Examination, I leisurely thumbed through the texts, questions and answers, and other materials to mentally prepare for the different topics. In summary, I don't think there is a magic formula for studying for this Examination. It's difficult and requires a great deal of knowledge, **much of which is learned on the job**. The text reading requires self-discipline and a set pattern for studying. Finally, I carried one of the texts with me on a daily basis. The book served as a reminder that passing the Examination was a defining moment in my professional life.
- Think globally as you read each question. Determine which answer best describes the situation. Two or more answers may seem appropriate and could be justified, but make sure you consider which one is most inclusive. Do not allow your past experiences in a particular situation to cloud your decision when answering a more global question. Read *The Well-Managed Healthcare Organization* textbook. This textbook provides a good review of each management area covered on the Exam. Keep abreast of articles in healthcare journals. Get a good night's sleep before the Exam. You want to be alert. For areas that you are not familiar with, find an expert in that area and ask him or her to give you a 15-minute update on the current topics of interest in their area of expertise. For those considering the computerized Exam, do not allow your fears of a computer to keep you from taking the Exam. The program is very easy to use and allows you to mark questions that you would like to review again at the end of the Exam. A huge plus is that you get your results immediately.

- My preparation strategy for the Exam included two elements: First, I attended an Advancement Information Session that was hosted by our local Regent. I think that this was very valuable in order to put the Exam in context with the overall advancement process, as well as to explore the “personality of the Exam” and discuss test-taking strategy. In addition, I used ACHE’s Reference Manual to review the topics that would be covered and to run through the sample test questions. While my preparation as outlined above helped me navigate the test process and style, I think that the knowledge base that I used to actually answer the questions really came from my educational background and work experience. In other words, the work I did in advance of the Exam helped me in the process of taking the test, but skill sets that the Exam evaluates are, in my case, the result of experience and education. Since I didn't utilize any books or other knowledge tools, I really don't have any suggestions as to what materials would be good study resources.
- Well I must say, I have been procrastinating taking the Exam for some time. In some ways, this probably helped because I did read the books and worked over time to take the test. I did read the books suggested on the ACHE website. I took the practice test on the website. In addition, I printed off the Reference Manual and took the practice test and read through the Manual. I believe in continuing education so I try to attend the annual ACHE meeting as often as possible. I must say the Exam was very well rounded and the Reference Manual was helpful in that it keeps you focusing on the many areas instead of focusing on one area. Finally, I did not cram: I ate well before the Exam and got a good night's sleep. I did not take the course or the self-study program offered. I wondered prior to the Exam if this would be a mistake, but I am a reader and pretty self-disciplined, so it turned out ok.
- I took a great prep course in October 2008—the Board of Governors Exam Review Course—and then didn't get around to taking the test until this spring. So I had this notebook of materials from the 2008 prep course, and read through it once on a Sunday afternoon and took the test on a Tuesday morning. So I did study to refresh my memory of the material covered by the prep course, but I would highly recommend taking the prep course and then taking the test shortly thereafter.

- As promised, here is how I prepared for the BOG Exam. I think my practical experience of almost 20 years also helped in areas that were not covered by text book or online material.

1. Printed the online reference material from the ACHE website for the BOG Exam and highlighted all the pertinent information for later review.
2. Purchased *The Well-Managed Healthcare Organization*, sixth edition, and read it cover to cover. Again I highlighted all the pertinent information and terminology for later review.
3. Three weeks before the Exam, I reviewed the highlighted portions of the book and reference materials. Also, did some online review of healthcare finance materials (various sources).
4. Reviewed the sample questions and took the practice Exam 2 weeks prior to the test.
5. The week before the Exam, I took "book notes" on the important highlighted sections of the text book. This was a study habit from my college days.
6. Took the practice Exam again. Did some additional light review of finance issues.
7. Reviewed my book notes a few days before the Exam.
8. Took it easy the day before the Exam and really did not review very much.
9. Good night's sleep.

This was pretty much how it went. This all occurred over an eight-week period.

## Study Hints and Practical Tips

- Be sure to read each question carefully.
- Read all responses for each question before selecting an answer.
- There is no added penalty for guessing, so answer every question.
- Skip difficult questions and return to them later. The computerized Exam allows you to mark questions to return to later.
- Do not go back and change answers; your first hunch is most often correct.
- Remember: The Exam is national in scope and is not defined by individual states and their laws or regulations.
- Be aware of critical words that change the direction of the question. Things like is not; all but; least likely; and except for.
- Watch for absolute words (always & never) in the question. They signal extra scrutiny.
- Use the review time you have to its best purpose. When you review, focus on major themes, not obscure facts.
- Listen to what your body is telling you. You cannot fight autonomic responses and win. Take a minute or two to regroup, refresh, refocus and breathe.
- You have enough time—if you use your time wisely.
- **The Board of Governors Exam is a recognition test, not a recall test.** You'll be asked to draw logical outcomes from known concepts.
- Don't over-read or over-analyze the test question. The Exam writers want you to take each question at face value.
- Stay focused on the task and keep moving.
- Keep the test and its outcome in perspective.

**Following are mock questions. The correct answer is in bold and an explanation of the correct answer follows each question. These questions give examples of key words to look for when responding to questions.**

1. In a dispute between two staff physicians, the **primary** role of the CEO is to:
  - 1) ask a representative of the governing authority to mediate the dispute.
  - 2) avoid any involvement in the dispute.
  - 3) meet with both parties as soon as the problem is identified.
  - 4) **request the appropriate chief(s) of service to investigate and report back.**

Answer 4 is correct. This question requires knowledge of the CEO's role in mediating disputes and the reporting relationships within a healthcare facility. The staff physicians report to the chief(s) of service who, in return, report to the CEO.

2. Environmental changes, including shifts in public attitudes, community health needs, provider practices and actions of competing institutions, may alter a healthcare institution's direction. Healthcare executives could be forced to:
  - 1) reduce levels of patient care to the level of payments received.
  - 2) **scrutinize all new ventures from a variety of perspectives, including financial, environmental, ethical and quality of care.**
  - 3) eliminate patient-care programs that do not pay for themselves.
  - 4) place ceilings on those financial categories of patients that pay less than full operating costs.

Answer 2 is a proactive response and it is the most inclusive answer. It provides a variety of perspectives that must be considered when changing a healthcare institution's direction.

3. Committees are an important management tool **primarily** because:
- 1) **they provide a mechanism for reconciling differing opinions and facilitating decision making.**
  - 2) they are the only way of providing for intrastaff communication.
  - 3) they keep staff up to date on new professional developments.
  - 4) they ensure self expression and participation by staff.

Answer 1 is the correct response because it is the most inclusive and proactive. The key word in this question is **primarily**. While up-to-date information regarding professional developments, self expression and participation may be goals in the formation of committees, it is not their primary function.

4. Which one of the following classifications or groups of financial ratios would be most useful as a guide to **long-range financial viability** of an organization in undertaking **facility replacement**?
- 1) **leverage ratios**
  - 2) profitability ratios
  - 3) liquidity ratios
  - 4) composition ratios

Answer 1 is correct. The question requires a basic knowledge of finance. The key words are **long-range financial viability** related to **facility replacement**. Leverage ratios give an indication of the facility's long-range financial viability and the amount of cash available for undertaking facility replacement.

5. The **primary** purpose of the quality assurance/risk management program is to:
- 1) comply with licensure and accreditation standards as required by state and federal legislation.
  - 2) monitor medical staff practices in order to control the increases in malpractice rates.
  - 3) identify potential problems that will keep the hospital from becoming a party to litigation.
  - 4) **monitor, control and direct the institution's efforts toward achieving delivery of the optimal level of care.**

Answer 4 is correct because the **primary** purpose of a quality assurance program is the delivery of the **optimal level of care**. The other responses are secondary to the purpose of having a QA program. Remember that in a healthcare facility, patient care comes first.

6. The administrator's relationship with the board of directors should be one in which the administrator:
- 1) minimizes board involvement in any operational issues.
  - 2) **draws upon skills of board members in facilitating appropriate discussion and decision making.**
  - 3) identifies those topics with which the board should involve itself.
  - 4) serves as the functionary for implementing all board of directors' decisions.

Answer 2 is correct because it is a proactive response. The key word is **facilitating**. The administrator's role is to facilitate the board discussion and decision making. Answer 4 may be correct, but only after answer 2 is accomplished.

7. In consultation with the board, the administrator has decided that an effort must be made to increase the level of involvement among management personnel in quality assessment and assurance. Which one of the following options is **most likely** to achieve the desired results?
- 1) Send all key management personnel to quality assessment workshops over the next year.
  - 2) Delegate quality assessment functions in question to the medical records committee.
  - 3) Delegate quality assessment education functions to the utilization review coordinator.
  - 4) **Develop an in-house program using trained key personnel for presenting and discussing quality assurance and its implications for the organization.**

Answer 4 is correct. The key word is **develop**. Answers 2 and 3 can be immediately disqualified because results are less likely to be achieved through **delegation**. Answer 4 is the most inclusive and proactive answer.

8. A healthcare facility can **best meet** its **social and economic** goals by:
- 1) **developing a realistic and coordinated approach to long-range planning.**
  - 2) devoting most of its efforts to the development of efficient operational practices.
  - 3) having a good public relations program, which will focus the facility in the community.
  - 4) providing all reimbursable services desired by the community.

Answer 1 is correct. Key words are **best meet** and **social and economic**. Both social and economic goals are met through the long-range planning process. Also, the key word in the answer is **developing**. The other responses may meet some goals, but the best way to meet goals is through developing an approach. Again, this is a much more proactive response.

9. The governing body of a healthcare institution meets its responsibility for the quality of patient care by:
- 1) delegating accountability for patient care to the committee appointed by the governing body, which provides a formal administrative liaison between the governing body, the administration, and the medical/professional staff.
  - 2) delegating to the chief executive officer the responsibility for developing criteria for making certain that an effective medical/professional audit is carried out.
  - 3) **establishing, maintaining and supporting through the medical/professional staff and management staff an ongoing program of review and evaluation of patient/client care and action on findings.**
  - 4) establishing an effective system for utilization review, medical/professional audit activities, and credentialing of the medical/professional staff.

Answer 3 is the correct response. Answers 1 and 2 can be immediately disqualified because responsibility is not met through delegating. Answer 4 can be eliminated because it only addresses some of the activities that could be used in meeting quality assurance requirements. Answer 3 is much more inclusive. Key words are **establishing, maintaining, and supporting**. Also, answer 3 is the only response that suggests follow-up on the program through **review, evaluation, and action** on the findings.

10. With growing frequency, employees who have been dismissed are resorting to lawsuits for redress. In such cases, the court may find in favor of the plaintiff if the employer dismissed that plaintiff:
- 1) for cause, but without using progressive discipline.
  - 2) **without cause.**
  - 3) before the end of the plaintiff's probationary period.
  - 4) for union-organizing activities.

Answer 2 is correct. The question requires a basic knowledge of human resources issues. Courts are increasingly finding in favor of employees who are dismissed without cause.

11. The evaluation of senior management is best administered:
- 1) **when criteria are established and known to both parties.**
  - 2) on a scheduled periodic basis.
  - 3) after consultation of the executive committee of the board.
  - 4) in conjunction with a salary adjustment.

Answer 1 is correct. The question requires a basic knowledge of human resources issues. Performance evaluations are most effective when the evaluator and manager have established criteria before the evaluation.

12. Investor-owned healthcare systems are usually distinct from not-for-profit systems because:
- 1) investor-owned healthcare systems provide no uncompensated care.

- 2) members of the medical staff of investor-owned healthcare systems may use any healthcare facility owned by the corporation.
- 3) **investor-owned healthcare systems consolidate balance sheets.**
- 4) local boards have governing authority.

Answer 3 is correct. This question requires a knowledge of the forms of ownership and the differences between them.

13. To survive the turbulent and revolutionary changes facing the healthcare field, executives must manage internal, external and interface stakeholders better. To do so, these executives must:
- 1) minimally satisfy the needs of marginal stakeholders while maximally satisfying the needs of key stakeholders.
  - 2) **establish goals for relationships with current and potential stakeholders as part of an effective strategic management process.**
  - 3) identify stakeholders who are involved in the local community healthcare delivery system.
  - 4) react to the demands of the stakeholders so that their expectations can be met.

Answer 2 is correct. This question requires a knowledge of the term stakeholders. Also, **establish** is a key word because it makes answer 2 the most proactive response. Answers 1, 3 and 4 contain less active words.

14. After determining your own management strengths and weaknesses, the most effective method for follow-up is to:

- 1) seek out educational offerings specific to your identified needs.
- 2) attend short courses that address current industry issues.
- 3) read current trade journals.
- 4) **create a developmental plan with goals and time frames.**

Answer 4 is the correct answer because it involves establishing a plan with goals and time frames and is much more proactive compared to the other responses.

15. The **major** purpose of the code of ethics for members of a healthcare executive's association is to:
- 1) enhance the image of the healthcare management profession.
  - 2) **set forth standards of ethical behavior for healthcare executives.**
  - 3) set ethical guidelines for the advancement of members within the organization.
  - 4) provide a forum for dialogue on healthcare policy issues.

Answer 2 is correct. A code of ethics sets guidelines and standards for behavior (not for advancement, as in answer 3). Answers 1 and 3 may happen as a result of having a code of ethics, but they are not the **major** purpose.

16. In the planning of construction, modernization and alteration programs, **fixed** equipment:
- 1) is not shown in construction documents if it is owner-provided and installed by the vendor.

- 2) includes equipment with quick-disconnect connections to utilities.
- 3) consists of major technical equipment.
- 4) **is usually included as part of the construction contract.**

Answer 4 is correct. The question requires a basic knowledge of plant and facility management. The key word is **fixed** equipment, which should be included in construction contracts.

17. A well-developed marketing plan will include all of the following, **except:**
- 1) staffing considerations.
  - 2) competitive analysis.
  - 3) **quality of care considerations.**
  - 4) pricing considerations.

Answer 3 is correct. While quality of care issues are a concern of healthcare administrators, they are not the tools used in marketing.

18. The most important responsibility of the CIO in a healthcare organization is:
- 1) Evaluating computer hardware, software and intra-and interdepartmental communications.
  - 2) **Supporting the executive team with effective strategic planning and management information.**
  - 3) Developing request for proposals (RFP) for computer software.

- 4) Supervising systems analysts and computer programmers to ensure that they are meeting the organization's needs.

We are asked for **the most important** responsibility. As a member of the executive team, the most correct answer is "b".

19. A well-designed grievance system begins with:
  - 1) An emphasis on sanctions.
  - 2) **Sound employment policies.**
  - 3) Rewards for whistleblowing.
  - 4) Effective employee assistance programs.

The key words are "**begins with**". Employment policies must be in place before a grievance system can be developed. The correct answer is "b".

20. Mission statements:
  - 1) Are frequently changed in response to environmental issues and marketing trends.
  - 2) Do not require formal board action when revised.
  - 3) Require financial parameters.
  - 4) **Identify in broad terms the purposes for which an organization exists.**

A mission statement describes what an organization does, what its purpose is, or why it exists. The correct statement is "d".

## SCORING INFORMATION

### **Criterion-Referenced Testing**

The Board of Governors Exam is a criterion-referenced examination. Each candidate is measured against a fixed standard of knowledge rather than against the performance of other individuals taking the examination. In contrast, a norm-referenced examination (e.g., SAT, GRE) is based on how individuals perform relative to the population that took the test. The passing score for the Board of Governors Exam is based on a candidate's ability to demonstrate an acceptable level of knowledge; it is not related to the distribution of scores obtained during a particular administration of the Exam. Therefore, a candidate's likelihood of passing the Board of Governors Exam is contingent upon his or her ability to demonstrate competence in the healthcare executive field, rather than his or her competence relative to other examinees. Since the intent is to measure competence, not "book learning," Exam questions assess application of knowledge, not just recall of facts.

### **How the Pass Point Is Set**

A modified Angoff Method is used to determine the pass point for the Board of Governors Exam. This method requires Subject Matter Experts (SMEs) to rate the likelihood that an Exam candidate would correctly answer each test question. Data from previous administrations of each question, along with discussion among the SMEs, are used during this process. The ratings for each test question are averaged across the SMEs and summed to determine the overall pass point for the Exam.

### **Exam Results**

The results of the Board of Governors Exam are given as "pass" or "fail." It is not ACHE's policy to reveal an examinee's raw score. In order to provide developmental feedback for the examinee, ACHE offers information related to his or her performance in each category on the Exam.

### **Reliability and Validity**

Extensive test statistics are calculated in the process of determining test reliability and validity, including item analysis for every test item on the Board of Governors Exam. Reliability is determined by calculating the Kuder-Richardson Formula, the Livingston

Index, and the split-half reliability. Reliability coefficients above 0.80 are considered satisfactory for credentialing exams. The Board of Governors Exam reliability coefficient—as determined by the K-R 20 and split-half methods—has consistently met or exceeded the standard over the years.

### **Consultants**

The American College of Healthcare Executives works with the Human Resources Research Organization to obtain assistance with the development and validation of the Board of Governors Exam. HumRRO has been serving clients for more than 50 years.

## RESOURCES

For healthcare publications:

Health Administration Press (HAP)

[ache.org/hap](http://ache.org/hap)

Quarterly Advancement Information webinar:

[ache.org/membership/credentialing/fellowadvance.cfm](http://ache.org/membership/credentialing/fellowadvance.cfm)

Apply online:

[ache.org](http://ache.org)

Online Tutorial:

[ache.org/BOGExam](http://ache.org/BOGExam)

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[ache.org/membership/credentialing/OnlineCommunity/bogcommunity.cfm](http://ache.org/membership/credentialing/OnlineCommunity/bogcommunity.cfm)

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Customer Service Center:

(312) 424-9400 or [contact@ache.org](mailto:contact@ache.org)

## Instructions

Read each question carefully and put the correct letter in the space provided.

- 1) \_\_\_\_\_ **According to the ACHE's Code of Ethics, one way that healthcare executives can avoid or minimize the negative implications of conflict of interest is to:**

- a. Develop a public relations plan to address potential conflict-of-interest scenarios.
- b. Not participate in the specific decision where conflict may exist.
- c. Ensure members submit annual lists of major activities and holdings for inspections.
- d. Make the conflict known to those in superior positions.

- 2) \_\_\_\_\_ **The principles of quality improvement require that healthcare executives change their management philosophy from:**

- a. Finding fault with employees to finding problems in processes.
- b. Finding fault with employees to involving them in the improvement of processes.
- c. Focusing on enhanced inspection techniques to focusing on variance.
- d. Focusing on employees' roles to focusing on process outcomes.

3) \_\_\_\_\_ **What type of problem arises when a healthcare executive knowingly allows the organization to continue double billing?**

An ethical problem for the healthcare executive, but may not be grounds for  
a. dismissal if organizational policy is not clearly stated.

An actual conflict of interest, even absent a direct economic benefit to the  
b. healthcare executive.

An ethical problem for the employee if the healthcare executive receives direct  
c. economic benefit.

d. An ethical problem if it clearly violates state or federal law.

4) \_\_\_\_\_ **Which of the following is a unit of measure commonly used to determine physicians' clinical productivity?**

a. RVU

b. CMS

c. IPO

d. CPU

5) \_\_\_\_\_ **Which of the following third-party reimbursement methods provides the largest financial incentive for the provider to reduce cost?**

a. Charge-based

b. Cost-based

c. Prospective payment

d. Per diem

- 6) \_\_\_\_\_ **Statements of earnings, financial positions, changes in financial position and retained earnings are required to be submitted yearly by all:**
- a. Publicly owned healthcare organizations.
  - b. Privately owned healthcare organizations.
  - c. Government owned healthcare organizations.
  - d. Faith-based owned healthcare organizations.
- 7) \_\_\_\_\_ **Which of the following is an Example of a capital expenditure?**
- a. Land that is purchased for resale.
  - b. Surgical equipment with a useful life of six months.
  - c. A building with a useful life of 20 years.
  - d. Medical supplies used for patient care.
- 8) \_\_\_\_\_ **What is the correct order of stages for accomplishing organization change?**
- a. Identifying, planning, implementation, evaluation.
  - b. Planning, identifying, evaluation, implementation.
  - c. Evaluation, planning, implementation, identifying.
  - d. Planning, evaluation, identifying, implementation.
- 9) \_\_\_\_\_ **Boards make better strategic decisions if they use information that is:**
- a. Readily available on special board website.
  - b. Generated from computer studies of departmental activity reports.
  - c. Summarized in graphs for better understanding.
  - d. Focused on measurable outcomes of service quality and economic vitality.

10) \_\_\_\_\_ **The central role of the health services organization board includes all of the following:**

- a. Setting the strategic plan and service values of the organization.
- b. Support for assessing changing market needs.
- c. Support in managing important service programs or departments.
- d. Assuring the recruitment, hire, support and reward of the CEO.

11) \_\_\_\_\_ **The first role of the governing body is to:**

- a. Manage inputs of the healthcare organization to achieve the output that are its goals.
- b. Recruit members who understand the health services field.
- c. Set objectives and develop policy to guide the organization in achieving its mission.
- d. Develop the operating plan and monitor departmental performance.

12) \_\_\_\_\_ **Internal members of the healthcare organization's governing body:**

- a. Serve on an ad hoc basis and are rarely voting members.
- b. Are kept to a minimum due to concerns regarding confidentiality.
- c. Often include the CEO, medical director and CFO.
- d. Often include the executive staff in planning and information management.

13) \_\_\_\_\_ **In assessing the advantage of using a focus group over a survey in evaluating a program, one could say that focus groups:**

- a. Are likely to use a larger sample size.
- b. Are more useful in designing improvements to a program.
- c. Are more precise in designing improvements to a program.
- d. Are useful only when maintaining objectivity is not important.

- 14) \_\_\_\_\_ **From a marketing viewpoint, the development of standards of practice, clinical pathways, clinical guidelines and protocols can all be viewed as efforts to deal with which unique aspect of delivering services:**
- a. Inseparability.
  - b. Intangibility.
  - c. Heterogeneity.
  - d. Perishability.
- 15) \_\_\_\_\_ **What purpose do market plans fulfill for the healthcare organization?**
- Provide a business plan (or plans) as a subset of the organization's marketing plan.
- a. \_\_\_\_\_
  - b. Present general goals for the organization to attain in the next three to five years.
- Develop promotion methods to be used in attaining the organization's objectives.
- c. \_\_\_\_\_
  - d. Provide specific objectives for utilization attainment the next fiscal year.
- 16) \_\_\_\_\_ **The five major functions of marketing are:**
- Identifying markets, promoting the organization, recruitment of providers,
- a. managing external relationships, patient selection.
- Identifying markets, health promotion, managing external relationships, patient selection, attracting capable workers.
- b. \_\_\_\_\_
- Identifying markets, promoting the organization, managing external relationship,
- c. convincing patients to select the organization, attracting capable workers.
- Identifying markets, promoting the organization, managing external relationships, strategic planning, physician recruitment.
- d. \_\_\_\_\_

17) \_\_\_\_\_ **Forecasting organizational need for human resources by focusing on specific position openings that are likely to occur and using these for planning is called:**

- a. Demand-pull approach.
- b. Supply-push approach.
- c. Succession analysis.
- d. Transition matrix.

18) \_\_\_\_\_ **A health services organization should use which of the following sequential processes to help establish human resources (HR) objectives and policies?**

- a. Analyze the current HR situation, forecast HR demand, reconcile with the budget, forecast HR supply.
- b. Design HR recruitment and selection activities, develop an HR compensation plan, and establish HR appraisal systems.
- c. Determine best HR job structure, perform HR job evaluations, establish HR training and development plan.
- d. Conduct HR job analysis, determine best HR job structure, and establish HR information system.

19) \_\_\_\_\_ **Probability models that forecast the internal flow of employees from one job category to another use a:**

- a. Graphic rating approach.
- b. Supply-push approach.
- c. Transition matrix.
- d. Curriculum path.

20) \_\_\_\_\_ **Forecasting the internal supply of employees as they move from their current jobs into others through promotions, lateral moves and terminations is called:**

- a. Graphic rating approach.
- b. Supply-push approach.
- c. Demand-pull approach
- d. Rating scale method.

21) \_\_\_\_\_ **Which of the following describes the conflict management strategy that would have the most immediate effect on reducing conflict behavior?**

- a. Imposition of formal authority to resolve or suppress conflict.  
Implementation of substantial, super-ordinate goals that require cooperation among units.
- b. Rotation of members of one unit into another unit.  
Provision of intergroup training that requires listing of perceptions and identifying differences.
- c. Provision of intergroup training that requires listing of perceptions and identifying differences.
- d. Rotation of members of one unit into another unit.

22) \_\_\_\_\_ **Multi-rater assessment (360 degrees feedback) of managers in healthcare organizations is best used:**

- a. In the development of a specific action plan by appraisers.
- b. As part of a training or coaching session.
- c. As part of the performance appraisal system of the organization.
- d. When the appraisers are held accountable for their ratings.

23) \_\_\_\_\_ **Behaviorally anchored rating scales (BARS) for specific jobs can be:**

- a. Used to identify components of job behaviors.
- b. Developed in a short period of time.
- c. Used for evaluation but not for employee development.
- d. Subjective on some scale items.

24) \_\_\_\_\_ **If the amount of charity care increased from one reporting period to the next, which of the following would occur?**

- a. Provision for bad debts would increase.
- b. Unrestricted net assets would increase.
- c. Unrestricted net assets would neither, increase or decrease.
- d. Unrestricted net assets would decrease.

25) \_\_\_\_\_ **Which would be a reasonable basis on which to allocate administrative overhead costs?**

- a. Salaries.
- b. Amount of supplies used.
- c. Hours worked.
- d. Square footage.

26) \_\_\_\_\_ **The effective cost of debt is roughly the same for both not-for-profit and investor-owned organizations because:**

- a. Both types of organizations can issue tax-exempt debt.
- b. The interest rate is the same on both tax-exempt and regular debt.
- c. Neither type of organization can issue tax-exempt debt.

d. The tax deductibility of interest for investor-owned firms offsets the lower coupon rate on tax-exempt debt.

- 27) \_\_\_\_\_ **The master site plan (or master facility plan) for a healthcare organization:**
- Describes future facility needs (either renovation or new construction) necessary
- to meet strategic and operational needs.
  - Provides detailed design documents for all construction programs along with specific costs for each project.
  - Must be prepared by an outside planning or architectural firm to ensure sufficient objectivity.
  - Is necessary to ensure that the organization complies with certificate of need and other regulatory requirements.

- 28) \_\_\_\_\_ **Which of the following statements best describes the statistics budget?**
- It combines volume and expense rates to forecast costs.
  - It is a profit forecast for the coming year.
  - It combines volume and reimbursement data to forecast revenues.
  - It provides input data for other budgets.

- All areas of healthcare facilities are subject to safety, convenience and other regulatory requirements as dictated by the state life safety codes, JCAHO, OSHA, state fire marshal, etc. Which area of the facility typically has the highest standards?**
- 29) \_\_\_\_\_
- The energy plant.
  - Highly used public areas.
  - Areas under construction.
  - Patient care areas.

30) \_\_\_\_\_ **The best way to reduce/contain the costs of distributing supplies throughout an organization is to:**

- a. Purchase the most modern supply distribution system for your organization.  
Minimize the number of times an item is handled from the time it is received by
- b. the organization to the time it is used.  
Utilize a computerized materials management system that allows the
- c. organization to minimize inventory levels.  
Negotiate a contract with an outside vendor who specializes in supply
- d. distribution to provide these services.

31) \_\_\_\_\_ **The objective of maintenance and repair services is to keep the facility and its equipment operating like new. This goal is best achieved by emphasizing:**

- a. Prevention.
- b. Efficiency.
- c. Productivity.
- d. Safety.

32) \_\_\_\_\_ **The facility's plan for a healthcare organization may include plans for renovation or new construction, energy requirements, acquisition of new property, financing options, etc. However, the facility plan begins with an estimate of each service or department's:**

- a. Operational needs.
- b. Parking needs.
- c. Staffing needs.
- d. Equipment needs.

33) \_\_\_\_\_ **An important management principle that should guide the development of information systems in healthcare organizations is to:**

- a. Treat information as an essential organizational resource.
- b. Delegate all decisions about information technology to technical specialists.
- c. Employ consultants to set priorities for systems to be developed.
- d. Always buy the newest system available to avoid technical obsolescence.

34) \_\_\_\_\_ **Which of the following is a major priority for system development in the managed care environment?**

- a. Development of enterprise-wide computer networks.
- b. Development of repositories of computerized patient records.
- c. Development of operational inpatient systems.
- d. Development of strategic decision support systems.

35) \_\_\_\_\_ **Which of the following is considered the best source of information to help a healthcare organization improve its existing services?**

- a. Ongoing patient and internal customer satisfaction surveys.
- b. Focus groups to gather information and statistics from non-patients.
- c. Telephonic surveys of anyone who may decide to use the healthcare organization.
- d. Weekly meetings with staff members to determine organizational deficiencies.

36) \_\_\_\_\_ **Which of the following is an Example of an asset?**

- a. Accounts payable.
- b. Accrued employee benefits.
- c. Property, plant and equipment
- d. Unrealized gain.

- 37) \_\_\_\_\_ **Which statement about short-term debt reduces liquidity?**
- a. Increased use of short-term debt reduces liquidity.
  - b. Short-term debt provides greater certainty about interest costs over time  
The interest rates for short-term debt are typically higher than interest rates for
  - c. long-term debt.  
An organization that relies on short-term debt replaces the need for working
  - d. capital.
- 38) \_\_\_\_\_ **Which of the following is likely to provide useful information for evaluating the profitability of a hospital's managed care business?**
- a. Payor mix.
  - b. Fixed.
  - c. Contract terms.
  - d. Changes.
- 39) \_\_\_\_\_ **A master patient index (MPI) can best be described as:**
- a. A relational database containing all identification numbers assigned to patients.
  - b. A system for converting social security numbers to medical record numbers.
  - c. A system for converting medical record numbers to patient account numbers.
  - d. A longitudinal record of all patient encounters for a fixed period of time.
- 40) \_\_\_\_\_ **A typical use of the Internet by healthcare organizations is to:**
- a. Deliver educational programs to employees.
  - b. Provide the medical staff with electronic access to patient records.
  - c. Advertise services available to the community.
  - d. Communicate financial information to business units of the organization.

41) \_\_\_\_\_ **The best way to facilitate information system integration within a healthcare organization is to:**

- a. Centralize all computer activities.
- b. Use computer equipment from only one manufacturer.
- c. Use computer software from only one vendor.
- d. Standardize data definitions and data structures.

42) \_\_\_\_\_ **Which of the following is a developing technology that will help control unauthorized access to computerized information?**

- a. Optical scanners.
- b. Biometric access control devices.
- c. Wireless terminals.
- d. High-speed modems.

43) \_\_\_\_\_ **In negotiating a contract for an information system, healthcare organizations should:**

- a. Form a negotiating team and utilize legal counsel.
- b. Use the standard contract provided by the system vendor.
- c. Employ a consultant from among a list provided by the vendor.
- d. Use a cost-plus contract to maximize flexibility in system design.

44) \_\_\_\_\_ **Which of the following is the most important factor to consider in evaluating vendor software packages?**

- a. Size of the vendor's marketing staff.
- b. Ability of the software to interface with existing systems.
- c. Programming language used to write the software.
- d. Geographic location of the vendor's corporation office.

45) \_\_\_\_\_ **The CIO for a healthcare organization is typically responsible for which of the following functions?**

- a. Information systems and finance.
- b. Medical Records and patient registration
- c. Telecommunications and public relations.
- d. Information systems and telecommunications.

46) \_\_\_\_\_ **In selecting an information system, a consultant can best be used to:**

- a. Chair the selection committee.
- b. Make the final selection decision.
- c. Provide technical information and an outside prospective.
- d. Handle all communications and prospective vendors.

47) \_\_\_\_\_ **The Information Systems Steering Committee for a healthcare organization should perform which of the following duties?**

- a. Information systems planning, selection of software and development of related organizational policies.
- b. Selection and supervision of key information systems personnel.
- c. Negotiation of contracts with vendors for equipment, software and service.
- d. Design and development of the information system software.

48) \_\_\_\_\_ **All of the following are primary functions of the information services department except:**

- a. Ensuring the integrity, quality and security of data.
- b. Archiving and retrieving data.
- c. Training and supporting users.
- d. Utilizing information for operational decision making.

49) \_\_\_\_\_ **Information system departments most often utilize which one of the following methods to ensure confidentiality?**

- a. Issue security codes and limit access to the system.
- b. Centralize access to the computer system.
- c. Do not allow physician and vendor access to the system.
- d. Monitor and audit all entries into the system.

50) \_\_\_\_\_ **Who has the primary responsibility to assure and maintain the integrity and security of electronic data in a healthcare organization?**

- a. The Information Services Steering Committee.
- b. The Information Services Department.
- c. The CIO.
- d. The Safety and Security Department.

51) \_\_\_\_\_ **An efficient Formulary and Therapeutics Committee in many hospitals evaluates all of the following except:**

- a. Symptoms of adverse reactions.
- b. Patients' current medication effectiveness.
- c. Contraindications.
- d. Specific drugs in terms of appropriateness to caseload.

52) \_\_\_\_\_ **Healthcare organizations often utilize special purpose software which allows rapid access to large archives of integrated data to assist management with decision making. This is typically referred to as a (an):**

- a. System analysis program.
- b. Report writer.
- c. Decision matrix management tool.
- d. Executive decision support system.

53) \_\_\_\_\_ **Which of the following would represent the most common cause of adverse drug events (ADEs)?**

- a. Lack of standardization.
- b. Lack of knowledge of drug.
- c. Preparation errors.
- d. Transcription errors.

54) \_\_\_\_\_ **What is the primary advantage of the corporate form of organization for a healthcare provider?**

- a. It exists by virtue of a statute providing for its formation.
- b. It has powers granted to it by its charter.
- c. Its continued existence is not affected by the death or disability of an owner.
- d. It has limited liability.

55) \_\_\_\_\_ **Law and tradition have established basic criteria for healthcare governing boards. One criteria is that:**

- a. All members agree to receive care at the governed organization.
- b. Board members provide a specified amount of financial support.
- c. The actions of the board are reasonable and prudent.
- d. The board must meet a minimum of two times each year.

56) \_\_\_\_\_ **Continuous quality improvement assumes that:**

- a. Achievement will be rewarded.
- b. There is direction from top management.
- c. There is no upper limit to excellence.
- d. Interconnected work teams are in place.

57) \_\_\_\_\_ **Which of the following best describes the responsibility of a hospital with an emergency department (ED) when a person comes to the ED for Examination or treatment?**

- a. The hospital must admit the patient for observation and treatment if an emergency condition exists.
- b. The hospital must provide an appropriate medical screening to determine whether an emergency condition exists and, if so, stabilize the condition.
- c. The hospital may inquire as to the individual's method of payment or insurance status prior to rendering services.
- d. If the individual is uninsured, the hospital must transfer the patient to the nearest public hospital designated for the care and treatment of medically indigent persons.

58) \_\_\_\_\_ **What was the first major law to have a significant impact on individual privacy in the workplace?**

- a. Civil Rights Act
- b. Fair Credit Reporting Act
- c. Polygraph Protection Act
- d. Privacy Act

59) \_\_\_\_\_ **How does physician self-referral or Stark laws apply to Medicare payments?**

- a. The law applies to private party insurance and does not apply to Medicare payments.
- b. The law establishes an additional payment to the normal Medicare payment fees due to the added complexity of referrals.
- c. The law allows a claim to be filed with Medicare for a service provided by a physician who has a financial interest in the DHS.
- d. The law prohibits a provider from presenting a claim to Medicare or to any person or other entity for a prohibited DHS referral.

60) \_\_\_\_\_ **Which of the following is not an advantage of an effective Corporate Compliance Program for a healthcare organization?**

- a. Initiating immediate and appropriate corrective actions.
- b. Costs of implementation and operations.
- c. Developing processes to allow employees to report potential problems
- d. Identifying and preventing criminal and unethical conduct.

61) \_\_\_\_\_ **A privilege of confidentiality exists in a physician-patient relationship when the physician-acquired information is:**

- a. Documented in the patient's medical records.
- b. Substantiated by the patient's nurse.
- c. Related to the care and treatment of the patient.
- d. Confirmed and documented by the patient.

62) \_\_\_\_\_ **Participating providers in the federal Medicare program must:**

- a. Be accredited by the Joint Commission.
- b. Serve Medicaid beneficiaries.
- c. Meet the Conditions of Participation.
- d. Be in compliance with state Certificate of Need laws.

63) \_\_\_\_\_ **Which physician organization is responsible for accrediting residency training programs?**

- a. ACGME
- b. AAMC
- c. CAT
- d. BPQA

64) \_\_\_\_\_ **Which of the following are important aspects to consider when establishing a joint venture?**

Joint ventures involve independent management teams and independent  
a. governance structures.

Joint ventures involve capital investment by all parties, can be difficult to  
b. dissolve, and are usually expected to be permanent.

Joint ventures are managed like an internal organization and are usually re-  
c. negotiated annually.

Joint ventures are developed to acquire portions of the parent organizations and  
d. are generally accepted as irreversible.

65) \_\_\_\_\_ **A balanced scorecard is a set of performance measurements used to:**

a. Assess patient satisfaction.

Ensure the organization does not exceed one performance metric at the expense  
b. of another.

c. Provide a scorecard for annual performance monitoring.

d. Gather and monitor financial data.

66) \_\_\_\_\_ **What is the correct order, from bottom to top, of Maslow's Hierarchy of Needs?**

a. Physiological, safety, esteem, belonging, self-actualization.

b. Safety, physiological, belonging, esteem, self-actualization.

c. Physiological, safety, belonging, esteem, self-actualization.

d. Safety, esteem, physiological, belonging, esteem, self-actualization.

67) \_\_\_\_\_ **Communication Health Intranet Networks (CHINs) were developed for what purpose?**

- a. To provide a platform for an electronic medical record.
- b. To provide a way to disseminate community-level health data.
- c. To provide an inexpensive way of sharing health information.
- d. To provide a community-based hub for sharing health information.

68) \_\_\_\_\_ **Which organizational theory is illustrated by governing activities with explicit and specific procedures, arranging offices in a hierarchal fashion, and selecting candidates on the basis of their technical competency?**

- a. Bureaucratic
- b. Contingency
- c. Institutional
- d. Technological

69) \_\_\_\_\_ **In planning for future community health services, it is important to understand population health needs. Which ethnic category tends to proportionally use physician services the most?**

- a. African-American
- b. Asian
- c. Latino
- d. White

70) \_\_\_\_\_ **Which of the following limitations would cause a hospital OB unit to see no change in volume over a four year period?**

- a. Organizational
- b. Market
- c. Financial
- d. Clinical

**According to CMS Conditions of Participation, under what circumstances, if any, is it permissible to deny a patient access to his or her medical record?**

71) \_\_\_\_\_

- a. The information requested consists of psychotherapy notes.  
The request comes from the patient's personal representative instead of directly
- b. from the patient (if allowed under state law).  
The provider organization will incur significant costs in copying or forwarding
- c. the requested records.
- d. It is never permissible to deny a patient access to his or her records.

72) \_\_\_\_\_ **The overall goal of the HIPPA Act of 1996 is:**

- a. To ensure the privacy and confidentiality of patient medical records.
- b. To standardize the sharing of clinical and administrative information.
- c. To strengthen healthcare data security standards and practices.
- d. Improve portability and continuity of health insurance, combat fraud.

73) \_\_\_\_\_ **Congress enacted Stark II to prohibit which of the following?**

- a. A physician or an immediate family member from referring a patient to an entity with which they have a financial relationship.
- b. Hospitals and physicians from partnering to build in-patient acute care facilities.  
Hospitals and physicians from joint venturing in the offering of outpatient
- c. imaging centers.  
A hospital from referring a patient to a wholly-owned entity of which it has
- d. total ownership.

74) \_\_\_\_\_ **Which of the following activities should be performed by the Board of Directors?**

- a. Calculating patient care fees.
- b. Determining staffing patterns.
- c. Recruiting new medical staff.
- d. Hiring the CEO.

75) \_\_\_\_\_ **Performance improvement teams should consist of:**

- a. Experts in process management.
- b. Members from the involved Microsystems.
- c. Middle managers with experience.
- d. Physicians and other users.

76) \_\_\_\_\_ **The four important aspects of clinical support services are technical quality, patient satisfaction, continuity or integration, and:**

- a. Cost-benefit analysis.
- b. Outcome.
- c. Appropriateness.
- d. Health promotion.

77) \_\_\_\_\_ **A bar chart format, with the items rank ordered on a dependent variable, such as cost, profit, or satisfaction that Examines the components of a problem in terms of their contribution to it is known as:**

- a. A run chart.
- b. A frequency table.
- c. Pareto analysis.
- d. Deming cycle.

78) \_\_\_\_\_ **Governing boards are typically more effective at what size?**

- a. 10 to 15 members.
- b. 15 to 25 members.
- c. 5 to 10 members.
- d. More than 25 members.

79) \_\_\_\_\_ **What type of review involves evaluation of management staff by their superiors, subordinates, and internal and external customers?**

- a. Annual review.
- b. 360-degree review.
- c. Competency review.
- d. Peer review.

80) \_\_\_\_\_ **The role of a not-for-profit healthcare organization's governing board includes all of the following except:**

- a. Delineate clinical privileges.
- b. Ensuring that quality healthcare is delivered.
- c. Overseeing the day to day operations.
- d. Setting broad institutional policy.

81) \_\_\_\_\_ **Medicare Conditions of Participation for hospitals require that a prescribing practitioner authenticate a verbal order within \_\_\_\_\_, if not defined by the state.**

- a. 24 hours.
- b. 48 hours.
- c. 7 days.
- d. 30 days.

82) \_\_\_\_\_ **Cost accounting is an important tool which enables the CFO to:**

- a. Meet Joint Commission fiscal requirements.
- b. Ensure supplies are competitively purchased.
- c. Determine the actual cost of providing patient care.
- d. Improve revenue cycle returns.

83) \_\_\_\_\_ **What is true about the relationship between acute care hospitals and long-term care organization?**

Hospitals and patients frequently have difficulty arranging for nursing home care services.

a.

Hospitals generally do not want to refer patients to nursing homes since part of the patient care revenue must be shared.

b.

Nursing homes generally do not want to refer patients to hospitals since this interferes with state or federal length-of stay requirements.

c.

Nursing homes are generally thought to be superior to hospitals at chronic disease management.

d.

84) \_\_\_\_\_ **The first step in any strategic management scenario planning is to:**

- a. Develop “what if” scenarios
- b. Gather information from as many sources as possible.
- c. Develop courses of action that fit within future organizational resources.
- d. Conduct a make vs. buy analysis.

85) \_\_\_\_\_ **Which of the following is the least serious limitation to decision analysis?**

- a. Oversimplifying the problem.
- b. Inadequate data.
- c. The decision maker’s values.
- d. The statistical model.

86) \_\_\_\_\_ **In a unionized organization, what is the most effective contract dispute resolution finalization alternative?**

- a. Mediation.
- b. Corporate Campaigns.
- c. Arbitration.
- d. Strike.

87) \_\_\_\_\_ **What does a liquidity ratio measure?**

- a. A firm's ability to meet its current obligations in a timely manner.
- b. Size of dividends to be paid to shareholders.
- c. The percent of total funds provided by creditors.
- d. Days in accounts receivable.

88) \_\_\_\_\_ **The real value of financial statements lies in the fact they can be used to help:**

- a. Predict the firm's future financial condition.
- b. Compute total margin versus periodic gain.
- c. Relate the industry average to net profit/loss over time.

Understand that a large portion of a hospital's net income may come from non-operating gains.

- d.

89) \_\_\_\_\_ **Facing struggles such as declining profit margins, nonprofit healthcare organizations have become more dependent on what source for financing capital needs?**

- a. Philanthropy.
- b. Bond financing.
- c. Capital leases.
- d. Operational leases.

90) \_\_\_\_\_ **You work for a county organization that has decided to issue bonds to fund a new building. What type of bond would be sold on behalf of your organization?**

- a. Mortgage bond.
- b. Corporate bond.
- c. Capital bond.
- d. Municipal bond.

91) \_\_\_\_\_ **On a balance sheet, what does the difference between total current assets and total current liabilities indicate?**

- a. Cash on hand.
- b. Net working capital.
- c. Liquid assets.
- d. Equity.

- 92) \_\_\_\_\_ **How should supervisors behave toward informal leaders in the organization?**
- a. Maintain a positive attitude toward informal leaders.  
Ensure informal leaders remain at a moderately low status within the work
  - b. group.
  - c. Grant informal leaders occasional favors.
  - d. Pass information on to informal leaders before giving it to formal leaders.

- 93) \_\_\_\_\_ **Budgets for new capital expenditures include requests for:**
- a. Infrastructure.
  - b. Wage adjustments.
  - c. New employee insurance plans.
  - d. New gain share agreement with staff physicians.

- 94) \_\_\_\_\_ **The Capital Asset Pricing Model (CAPM), an equilibrium model, describes the relationship between which of the following?**
- a. Market risk and required rate of return.
  - b. Expected rate of return and actual rate of return.
  - c. Price and market risk.
  - d. Expected rate of return and required rate of return.

- 95) \_\_\_\_\_ **What is the most common operating indicator used to measure overall staff productivity?**
- a. Full-time equivalents per occupied bed.
  - b. Total salaries and benefits as a percent of operating expenses.
  - c. Full-time equivalents per adjusted averaged daily census.
  - d. Nursing salary and benefits as a percentage of total expenses.

96) \_\_\_\_\_ **Determining whether the help desk function is effective and whether projects are well managed are examples of measuring an information system department's:**

- a. Strategic competency.
- b. Political competency.
- c. Vendor competency.
- d. Operational competency.

97) \_\_\_\_\_ **When seeking information about fixed assets, payroll, regulatory and tax reporting, and accounts payable, an administrator will access what information management system?**

- a. Physician practice management.
- b. Patient administration and management.
- c. Home health management.
- d. General financial management.

98) \_\_\_\_\_ **The main role of the board is:**

- a. Selecting the CEO.
- b. Overseeing operations.
- c. Setting institutional policy.
- d. Running the institution in the absence of the CEO.

99) \_\_\_\_\_ **Which of the following is not considered part of the labor budget?**

- a. Staff salaries.
- b. Hourly wages.
- c. Employee benefits.
- d. Contract staff expenses.

100) \_\_\_\_\_ **Health Savings Accounts (HSAs), were established through which law?**

- a. Consolidated Omnibus Budget Reconciliation Act
- b. Medicare Prescription Drug Improvement and Modernization Act
- c. Health Insurance Portability and Accountability Act
- d. Americans with Disabilities Act

101) \_\_\_\_\_ **The only law that mandates a particular type of payment for time not worked.**

- a. FMLA
- b. EMTALA
- c. ADA
- d. CMS

102) \_\_\_\_\_ **Which position is included in the NRLB Bargaining rules?**

- a. Physician independent contractor
- b. Nurse supervisors
- c. Pharmacists.
- d. Certified accountants

103) \_\_\_\_\_ **One method for evaluating relative value of different jobs is:**

- a. Broad banding.
- b. Gant charting.
- c. Scalability.
- d. Benchmarking.

- 104) \_\_\_\_\_ **When discharging a patient from a hospital, the institution can be held liable:**
- a. For providing post-discharge medications for ongoing care.  
If the patient uses public transportation after discharge and is involved in an
  - b. accident resulting in injuries.
  - c. For abandoning the patient if the patient is in need of further medical care.  
When patients are transferred to a less costly setting where adequate care can be
  - d. provided.

- 105) \_\_\_\_\_ **Under the Emergency Medical Treatment and Active Labor Act (EMTALA):**
- a. Benefits only those who are uninsured and unable to pay.
  - b. Originated due to concerns of patient dumping.
  - c. Excludes women in active labor.
  - d. Does not require facility to forward medical records to the second facility.

- 106) \_\_\_\_\_ **Which of the following health maintenance organization models exerts maximum control over physician providers?**
- a. Closed panel.
  - b. Open panel.
  - c. Network.
  - d. Point of service.

- 107) \_\_\_\_\_ **What is generally prohibited by Stark II Laws?**
- a. A hospital paying a physician for admissions.
  - b. A physician receiving payment from another physician for a referral.
  - c. A physician referring a patient to a service owned by the physician.
  - d. A hospital referring a patient to its own home health agency.

108) \_\_\_\_\_ **Under HIPAA, Congress required the Secretary of HHS to adopt standards to:**

- a. Create Pay-for-Performance Standards for CMS.
- b. Provide for standard data elements and code sets.
- c. Require electronic health records by 2010.
- d. Publish clinical outcome results on Medicare patients.

109) \_\_\_\_\_ **Which is the Shewhart process for performance improvement?**

- a. Plan, check, do, act.
- b. Plan, do, check, act.
- c. Analyze, formulate, implement, evaluate.
- d. Analyze, implement, control, evaluate.

110) \_\_\_\_\_ **Which of the following are parts of the dimensions of the strategic balanced scorecard?**

- a. Financial performance.
- b. New technology.
- c. Competitor activity.
- d. Board/management team.

111) \_\_\_\_\_ **The CEO of a 125-bed hospital realizes that her hospital is surrounded by three similar institutions and determines that her institution has no competitive advantage. Which strategy should she pursue?**

- a. Target many market segments based on demographics.
- b. Prioritize market segments and heavily promote to key groups.
- c. Advertise broadly to increase general awareness.
- d. Recruit more physicians to admit to the institution.

112) \_\_\_\_\_ **If the average daily census on an inpatient medical surgical unit is 19, and the productive hours per patient day target is 7.2, and the productive percentage calculation is 8.5, how many fulltime equivalents (FTEs) should be budgeted for the productive core staffing?**

- a. 24.
- b. 26.
- c. 30.
- d. 35.

113) \_\_\_\_\_ **What in the revenue cycle process is a major impediment to prompt payment?**

- a. Payment receipt and posting.
- b. Claims submission.
- c. Poor financial counseling.
- d. Claim denial.

114) \_\_\_\_\_ **When evaluating capital budgeting performance, what is the best indicator of operating leverage?**

- a. Debt to capitalization ratio.
- b. Expense ratio.
- c. Average age of plant.
- d. Depreciation ratio.

115) \_\_\_\_\_ **An analysis of proposed capital investment typically includes all of the following except:**

- a. Cost of capital
- b. Cash flow projections
- c. Liquidity ratio.
- d. Risk assessment.

116) \_\_\_\_\_ **Revenue cycle billing management typically includes what broad activities?**

- a. Billing and collections for inpatient, outpatient and surgical services.
- b. Claims processing, denial management and claims payment.
- c. Processing accounts payables, denial management and billing for outpatient services.

- d. Activities before services are rendered, activities that occur simultaneously with the services and activities after services are rendered.

117) \_\_\_\_\_ **Who gives final approval of the medical staff bylaws?**

- a. The board.
- b. The medical staff.
- c. The board executive committee.
- d. The medical staff executive committee.

118) \_\_\_\_\_ **Which of the following courts is often given jurisdiction to hear cases involving such matters as surgery for an incompetent person or the involuntary commitment of a mentally ill person?**

- a. Family court.
- b. Juvenile court.
- c. Appellate court.
- d. Probate court.

119) \_\_\_\_\_ **To guard against the loss of assets, an administrator should do which of the following?**

- a. Encourage off-site storage of equipment.
- b. Allow service directors to determine the frequency of asset inventories.
- c. Ensure that billing and collections are handled by the same team.
- d. Implement detailed procedures, risk control and annual outside audits.

120) \_\_\_\_\_ **A food service director is assigned responsibility for environmental services. This is an Example of:**

- a. Redundant management.
- b. Matrix management.
- c. Oversight management.
- d. Service line management.

121) \_\_\_\_\_ **Which of the following management styles allows the highest subordinate freedom and lowest personal authority?**

- a. Autocratic.
- b. Participative.
- c. Democratic.
- d. Laissez-faire.

122) \_\_\_\_\_ **Under the regulations of the IRS, a tax exempt entity:**

- a. Must provide a private benefit to those institutions operating or affiliated with the entity.
- b. Must limit the benefit to any private individual.
- c. Must provide a public benefit to the community.
- d. Can minimize penalties if it limits private benefits to less than 50%.

123) \_\_\_\_\_ **Network of hospitals, physicians and other healthcare providers that provide services for a negotiated fee are called:**

- a. HMOs.
- b. PSOs.
- c. PPOs.
- d. MSOs.

124) \_\_\_\_\_ **The practice of a provider seeing a patient more often than is medically necessary, primarily to increase revenue through an increased number of services, is called:**

- a. Cost shifting.
- b. Buffering.
- c. Turfing.
- d. Churning.

125) \_\_\_\_\_ **Which of the following regulations exempted self-funded employer-sponsored health insurance plans from state insurance regulation?**

- a. BBA
- b. TEFRA
- c. COBRA
- d. ERISA

126) \_\_\_\_\_ **Hospitals that were acquired by hospital systems generally have which characteristic?**

- a. They operate at a net gain.
- b. They incur higher debt levels.
- c. They are located in markets with a smaller number of HMOs.
- d. They are younger, not-for-profit hospitals with higher occupied beds.

127) \_\_\_\_\_ **Hospitals known for their ability to attract and retain nurses despite the significant nursing shortages are called:**

- a. Professional excellence centers.
- b. Shared Governance facilities.
- c. Magnet hospitals.
- d. Baldrige award winners.

128) \_\_\_\_\_ **The reimbursement method that was first adopted by Medicare and later by most third party payers is known as:**

- a. ICD-9.
- b. RBRVS.
- c. RUG.
- d. DRG.

129) \_\_\_\_\_ **The principal goal of a Health Service Organization's medical/hospital model is**

- a. Security.
- b. Disease treatment.
- c. Quality of life.
- d. Comfort.

130) \_\_\_\_\_ **Which segment of the healthcare delivery system is exclusively dedicated to terminally ill patients?**

- a. Level I trauma centers
- b. Tertiary care centers
- c. Hospice programs.
- d. Pastoral care services.

**Emerging physician organizations are usually private, for-profit corporations. In order to gain not-for-profit status, such organizations must:**

131) \_\_\_\_\_

- a. Give 50% of profits to charity.
- b. Have a community-dominated board of governance.
- c. Create a partnership with a nonprofit hospital.

Minimize double taxation to members by passing proceeds directly to the  
d. members.

132) \_\_\_\_\_

**Which of the following is a key responsibility of a governing board?**

- a. Recruit and select the CEO.
- b. Operationalize the organization's strategic plan.
- c. Assist the CEO with evaluation of the rest of the management team.
- d. Develop a physician recruitment plan.

**Which of the following networks is intended to reduce costs and improve quality by giving access to financial, clinical and administrative information?**

133) \_\_\_\_\_

- a. Community health information network (CHIN)
- b. Local area health network (LAHN)
- c. Virtual private health network (FPHN)
- d. Health file transfer network (HFTN)

- 134) \_\_\_\_\_ **When introducing a new information technology system to a healthcare organization, resistance can be effectively addressed by:**
- a. Eliminating existing social groups that appear within the organization.
  - b. Employing a policy of mandated use throughout the organization.
  - c. Focusing on the system users and being responsive to their needs.
  - d. Rapidly introducing the system changes to allow the staff to see the cost savings.

- 135) \_\_\_\_\_ **Which of the following would be a discrete measure in continuous improvement?**
- a. Gender.
  - b. Weight.
  - c. Height.
  - d. Temperature.

- 136) \_\_\_\_\_ **The qui tam provision of the federal False Claims Act is a statute aimed at those who commit fraud against the government:**
- a. Have minimal impact in the healthcare industry.
  - b. Prohibits the citizen from sharing in the recovered funds.
  - c. Allows any citizen to bring suit in the name of the United States.
  - d. Can be generated from news media reports.

- 137) \_\_\_\_\_ **Which of the following activities is illegal for tax-exempt health organizations?**
- Allowing an employee to testify before a legislative body regarding pending
- a. decisions which would affect organizations.
  - b. Lobbying members of Congress for healthcare reform.
  - c. Endorsing a candidate for public office.
  - d. Sponsoring a political action committee in a for-profit subsidiary.

- 138) \_\_\_\_\_ **Which statement best describes the status of health organizations under antitrust law?**
- a. The medical staff appointments are exempt from antitrust litigation.
  - b. They are subject to antitrust law relative to price fixing and boycotts.
  - c. They are exempt from most antitrust principles because they are “charitable.”
  - d. They are subject to antitrust law, just as any other industry is.

- 139) \_\_\_\_\_ **Which of the following best summarizes the legal status of the physician-patient relationship?**
- a. It is based on an expressed or implied contract, from which certain elements of duty arise.
  - b. It is based on acceptance of remuneration for services rendered unless charity care is designated.
  - c. It has no legal status in that it is a private business relationship, unless the patient is a Medicare beneficiary.
  - d. It is governed by the hospital or health system’s medical staff bylaws.

- 140) \_\_\_\_\_ **A major advantage of capitation for primary care gatekeepers is it:**
- a. Guarantees primary care physicians will make more money than they ever made in fee-for-service.
  - b. Encourages primary care physicians to be more judicious in their referrals to specialists.
  - c. Elevates the primary care physician’s status in the eyes of his/her patients.
  - d. Makes it easier for health plans to collect utilization data from physicians.

141) \_\_\_\_\_ **Bundled pricing (paying a single fee for all services) for such services as total hip replacement or coronary artery bypass surgery affects physician-hospital relationships by:**

- a. Reducing the need to devote administrative effort to measuring outcomes and performance indicators.
- b. Putting the physician and hospital at each other's throat fighting over the distribution of the fee
- c. Promoting efforts to collaborate and integrate efforts to provide more efficient care.
- d. Guaranteeing that only top quality physicians will be allowed to participate in such programs.

142) \_\_\_\_\_ **A healthcare executive is serving on the board of a community mental health center. The mental health center board is evaluating proposals for inpatient psychiatric services. Proposals were received from the executive's facility and several other facilities. The healthcare executive should:**

- a. Participate in the discussion and the vote if the benefits to the community outweigh possible conflicts of interest.
- b. Not participate in the discussion or the vote.
- c. Declare a potential conflict-of-interest and excuse himself or herself from participating in both the discussion and the vote.
- d. Participate in the discussion but not vote on the proposals.

143) \_\_\_\_\_ **What is a primary reason for conducting continuing education for staff?**

- a. Staff will think the organization cares about them.
- b. There are significant short-term operating efficiencies.
- c. It is a long-term commitment to the patient.
- d. The Joint Commission and NCQA required it.

144) \_\_\_\_\_ **What is the first effect of demographic trends on a health services organization's strategic planning process?**

- a. Appraising financing sources and payment levels for programs.
- b. Establishing future staff by type and estimating staffing levels.
- c. Determining the locations of delivery units for the next period.
- d. Determining the range and types of services to be offered.

145) \_\_\_\_\_ **Managers who use their authority to greatly enhance their salaries, benefits, and accoutrements of office may be causing a disbenefit to patients. This personal aggrandizement is known as self dealing and can:**

- a. Be seen most commonly in for-profit HMOs.
- b. Occur only in for-profit organizations.
- c. Occur in any health service organization.
- d. Be seen only in non-health services field charities.

146) \_\_\_\_\_ **The primary stimuli that causes educational programs to be made available to and required of staff are the:**

- a. Legal demands resulting from medical malpractice.
- b. Regulations issued by governments at all levels.
- c. Demands and expectations of stakeholders.
- d. Increasingly stringent expectations of consumers.

147) \_\_\_\_\_ **Research in behavioral science has consistently found that once basic needs are met, staff is motivated most:**

- a. By an incentive payment program.
- b. Only by a significant increase in salary.
- c. By factors such as being kept informed.
- d. When performance sets them apart from the group.

- 148) \_\_\_\_\_ **Resource allocation in health services organizations involves balancing the needs of organization, staff, and patients. However, the essential primary focus on patients can be met only if the:**
- a. Strategic planning process has been effective and thorough.
  - b. Mission and vision statements are appropriate to the task.
  - c. Organizational culture makes a basic commitment to it.
  - d. Basic needs of the organization and staff are addressed first.

- 149) \_\_\_\_\_ **Which of the following best describes a healthcare organization's recognized service reputation that has been earned over the long-term within its market?**
- a. Soft assets.
  - b. Market share.
  - c. Brand equity.
  - d. Community perception.

- 150) \_\_\_\_\_ **Which technique would provide the most beneficial information to a healthcare organization about customer satisfaction?**
- a. Direct mail surveys.
  - b. Mall intercepts.
  - c. Focus groups.
  - d. Competitor analyses.

**You have been assigned to develop a marketing strategy for your organization. The most important issue to consider is that the marketing strategy be:**

- 151) \_\_\_\_\_
- a. Broad-based.
  - b. Customer-centered.
  - c. Accessible on the Internet.
  - d. Short-term oriented.

152) \_\_\_\_\_ **What is the first stage in the strategic planning process?**

- a. Board retreat.
- b. Situation analysis
- c. Mission statement development.
- d. Action planning.

153) \_\_\_\_\_ **Which of the following analyses is used for workforce planning and forecasting?**

- a. Qualifications inventory analysis.
- b. Job analysis.
- c. Productivity analysis.
- d. Ratio analysis.

154) \_\_\_\_\_ **Which of the following techniques would play a central role in an organization being able to demonstrate equal employment compliance?**

- a. Job questionnaires.
- b. EEOC postings in the human resource department.
- c. A job analysis procedure.
- d. An established complaint process.

155) \_\_\_\_\_ **An organization has made a commitment to begin training its employees to fill anticipated job openings in upcoming years. This is an Example of:**

- a. Succession planning.
- b. Reengineering.
- c. Position control.
- d. Quality improvement.

156) \_\_\_\_\_ **Which of the following is an Example of direct costs?**

- a. Utility bills.
- b. Parking operations.
- c. Dept service.
- d. Drug prescriptions.

157) \_\_\_\_\_ **Healthcare organizations require the filing of annual disclosure statements on the part of board members and officers. This policy is intended to address:**

- a. Inurement.
- b. Theft.
- c. Exploitation.
- d. Incompetence.

158) \_\_\_\_\_ **Healthcare organizations are routinely faced with accommodating competing space needs. The key considerations in resolving such issues should be based upon which of the following?**

- a. Long-range facility plan.
- b. Return on investment for each use.
- c. Prospective donor's interest in the program.
- d. Board of trustee preference.

159) \_\_\_\_\_ **Information systems management security is concerned with the policies and procedures for ensuring the security of:**

- a. Data.
- b. Software.
- c. Hardware.
- d. Firmware.

160) \_\_\_\_\_ **A patient files a complaint relating to a negative hospital experience. The proper handling of this patient's complaint is to:**

- a. Cite organizational policy.
- b. Side against the organization.
- c. Minimize the complaint.
- d. Clarify the problem.

161) \_\_\_\_\_ **The single most important way patients can help prevent medical errors from affecting them is to:**

- a. Interact with their caregivers.
- b. Research medical error rates among organizations.
- c. Read and understand consent forms.
- d. Choose large, reputable healthcare providers.

162) \_\_\_\_\_ **In a hospital setting, a critical pathway is best described as:**

a. A document that focuses on efficiency and describes a standard set of activities to be performed for a defined category of patients.

b. A set of guidelines that focus on identifying those decision points which should lead to the consistent provision of appropriate clinical practice.

c. Any attempt to standardize clinical activities based upon diagnostic categories and projected outcomes.

d. Decision tree that focuses on physician decision making.

163) \_\_\_\_\_ **One reason healthcare entities should document their credentialing procedures is to:**

- a. Meet federal compliance mandates.
- b. Maximize medical staff understanding of the process.
- c. Minimize inconsistency and liability.
- d. Assist with practitioner auditing.

164) \_\_\_\_\_ **One feature that distinguishes nonintegrated healthcare organizations from integrated organizations is a:**

- a. Regional community vision.
- b. Widely accepted brand identity.
- c. Seamless continuum of care.
- d. Define market image.

165) \_\_\_\_\_ **Hospitals pursuing strategic alliances are faced with issues of vertical integration. One Example of vertical integration is:**

- a. Acquiring a long-term care facility.
- b. Creating a “super” physician-hospital organization.
- c. Developing a system of local hospitals.
- d. Outsourcing laboratory services.

166) \_\_\_\_\_ **Governance challenges faced by fully integrated healthcare delivery systems are more complex than those faced by nonasset merged multi-hospital systems because:**

- The components of integrated systems function in a highly interdependent
- a. manner.
  - b. Multi-hospital systems usually have been in existence for a long time.
  - c. Multi-hospital systems often have an independent governance structure.
  - d. Boards of multi-hospital systems have a different board selection process.

167) \_\_\_\_\_ **The purpose of the ACHE Ethics Committee is to review and recommend action on ethical violations to which group?**

- a. Executive Committee.
- b. Board of Governors.
- c. Council of Regents.
- d. Membership Committee.

168) \_\_\_\_\_ **According to the ACHE *Code of Ethics*, what action can the Ethics Committee take against an affiliate after a grievance procedure has been initiated?**

- a. Fine the affiliate.
- b. Report the violation to the affiliate's employer.
- c. Issue a written reprimand to the affiliate.
- d. Recommend expulsion of the affiliate.

**ACHE's Ethical Policy Statement on Ethical Issues Related to Downsizing recommends that healthcare executives should consider providing which of the following when downsizing?**

169) \_\_\_\_\_

- a. Financial aid.
- b. Child care.
- c. Family counseling
- d. Out-placement assistance.

**According to the ACHE's Ethical Policy Statement in Creating an Ethical Environment for Employees, the organization should:**

170) \_\_\_\_\_

- a. Ensure maximum utilization of an employee's skills and abilities.
- b. Create a working environment that provides freedom from coercion.
- c. Develop a committee that addresses employee diversity and compliance.
- d. Provide sensitivity training to new employees at orientation.

**What are the three basic categories of quantitative performance measures used in conventional accounting systems?**

171) \_\_\_\_\_

- a. Market share, customer satisfaction, and quality.
- b. Demand, sales, and cost.
- c. Demand, cost, and output/productivity.
- d. Services rendered, market share, and access.

**Under a capitated payment system, the risk sharing arrangements involve which parties?**

172) \_\_\_\_\_

- a. Insurers and patients.
- b. Physicians and purchasers.
- c. Hospitals and patients.
- d. Hospitals and insurers.

- 173) \_\_\_\_\_ **Which concept of profitability analysis listed below is correct?**
- a. Internal Rate of Return (IRR) measures a project's percentage of cash flow.  
Net Present Value (NPV) is a profitability measure that uses discounted cash
  - b. flow.  
Modified Internal Rate of Return (MIRR) is a less accurate measure than a
  - c. project's actual rate of return.
  - d. Profitability Return Rate (PRR) provides the most accurate measure.

- 174) \_\_\_\_\_ **Which of the following must be included when determining a capital project's incremental cash flow?**
- a. Opportunity costs.
  - b. Cash inflows.
  - c. Inflation.
  - d. Internal rate of return.

- 175) \_\_\_\_\_ **The critical link that brings patients and providers together is:**
- a. Marketing.
  - b. Advertising.
  - c. Strategic planning.
  - d. External analysis.

- 176) \_\_\_\_\_ **The concept of demand management consists of:**
- a. Concurrent review.
  - b. Risk assessment.
  - c. Disease management.
  - d. Chart review.

177) \_\_\_\_\_ **The primary purpose of generally accepted accounting principles (GAA) in healthcare settings is to:**

- a. Provide regulators with increased access to high quality financial statements of organizations within their jurisdiction.
- b. Ensure that financial information that is reported to outsiders is consistent across businesses and presented in a manner that facilitates interpretation and judgments.
- c. Allow interested individuals a rapid means of collecting financial data about hospitals and managed care organizations.
- d. Facilitate the training of accountants and other finance professionals in the fundamentals of hospital and health services accounting.

178) \_\_\_\_\_ **The internal rate of return measures the:**

- a. Number of years to recover the original investment.
- b. Discounted future cash flows.
- c. Discount rate at which the net present value is zero.
- d. Discount rate that the firm uses in computing the cost of capital.

179) \_\_\_\_\_ **The Statement of Cash Flows is typically organized into three sections: Cash Flow From Operations; Cash Flow From Investing Activities; and Cash Flow From:**

- a. Bad Debt Recovery.
- b. Regulatory Recapture.
- c. Financing Activities.
- d. Donations & Foundation Support.

180) \_\_\_\_\_ **Which of the following combines data from a balance sheet and an income statement to create a single number that facilitates easy interpretation?**

- a. Financial ratio analysis.
- b. Acid test ratio.
- c. Operating margin ratio.
- d. Cash flow analysis.

181) \_\_\_\_\_ **In a healthcare organization, who has ultimate fiduciary responsibility?**

- a. Chief financial officer
- b. Board of directors.
- c. Medical staff officers.
- d. Senior management.

182) \_\_\_\_\_ **Medicare DRG payment is highly dependent upon a hospital's case mix index. This index represents the average relative weight for all Medicare patients treated in a:**

- a. Specific nursing unit or specialty area.
- b. Specific period.
- c. Common geographic market.
- d. Specific facility.

183) \_\_\_\_\_ **If a CEO wanted to look at a "snapshot" of the financial condition of the healthcare organization, he/she would review which of the following?**

- a. Income Statement.
- b. Balance Sheet.
- c. Retained Earnings Statement.
- d. Investment Portfolio.

184) \_\_\_\_\_ **Where should charity care be shown in a healthcare organization's financial statement?**

- a. In the balance sheet.
- b. In the statement of operations.
- c. In the statement of changes in net assets.
- d. In the notes to the financial statements.

185) \_\_\_\_\_ **Which of the following is the best way to assign costs in responsibility management?**

- a. Allow each department manager to be responsible for a different type of fixed cost.
- b. Allow each department manager to choose the cost that he/she prefers to control.
- c. Assign costs to the department manager who is responsible for making decisions about those costs.
- d. Assign costs equally to all managers thus allowing equal responsibility for costs.

186) \_\_\_\_\_ **You are planning to conduct an assessment of the utilization patterns in your organization's emergency department over the past three years. Which of the following techniques would be most appropriate?**

- a. Strategic Planning.
- b. Trend Analysis.
- c. Situational Analysis.
- d. Survey Research.

187) \_\_\_\_\_ **A manager who seeks input from others prior to making a decision is engaging in which leadership style?**

- a. Autocratic.
- b. Participative.
- c. Democratic.
- d. Laissez-faire.

188) \_\_\_\_\_ **When a specialist within the organization provides a directive or states an opinion, there is recognition of that individual as an expert in the field. This is an Example of what type of authority?**

- a. Positional.
- b. Functional.
- c. Personal.
- d. Charismatic.

189) \_\_\_\_\_ **Which of the following is not an Example of marketing function?**

- a. Promoting the organization.
- b. Convincing patients to select the organization.
- c. Managing external relationships.
- d. Reviewing organizational costs.

190) \_\_\_\_\_ **The arrival of women for obstetrical deliveries or patient flow in an emergency department can best be analyzed through the use of which technique?**

- a. Pert Charting
- b. Stochastic Modeling.
- c. Gant Charting.
- d. Monte Carlo Simulation.

191) \_\_\_\_\_ **One approach for measuring technical quality of clinical support services is:**

- a. Patient satisfaction scores.
- b. Degree of continuity of care.
- c. Appropriateness testing.
- d. Process review.

192) \_\_\_\_\_ **Which financial statement is updated daily to reflect changes in assets or composition of financing?**

- a. The flash report.
- b. The balance sheet.
- c. The statement of operations.
- d. The statement of cash flows.

193) \_\_\_\_\_ **An organization's long-term competitive position is substantially dependent on its credit rating. Which of the following is a direct benefit of an excellent credit rating?**

- a. Increased market share.
- b. Improved quality of clinical care.
- c. Improved cost of capital.
- d. Increase in community rating.

194) \_\_\_\_\_ **The applicability of continuous improvement in healthcare organizations assumes:**

- a. An upper limit of improvement.
- b. The physician's perspective is dominant.
- c. An organizational commitment.
- d. The elimination of outliers.

- 195) \_\_\_\_\_ **Which of the following is an output-related performance measure?**
- a. Provider productivity.
  - b. Board satisfaction.
  - c. Customer loyalty index.
  - d. Paid nursing hours.
- 196) \_\_\_\_\_ **The thrust of antitrust legislation as applied to the healthcare field is to:**
- a. Contain costs.
  - b. Contain rising costs of independent single unit hospital.
  - c. Monitor the scope of health services provided in a given area.
  - d. Protect the public's economic interest.
- 197) \_\_\_\_\_ **The primary function of an extended-care unit is to provide:**
- a. Post-acute care services in a rehabilitation-oriented environment.
  - b. Self-care facilities for ambulatory patients.
  - c. Additional facilities for geriatric cases.
  - d. More intensive nursing care for chronically ill patients.
- 198) \_\_\_\_\_ **All of the following are essential components of strategic planning except:**
- a. The corporate mission statement.
  - b. Timetables for activity completion.
  - c. Competitive analysis.
  - d. Assessment of the external environment.

199) \_\_\_\_\_ **Which one of the following conditions must be met for human subjects to be used in a medical research program?**

- a. No suitable animal model exists for use instead of people.
- b. The research program has been approved by the medical staff.
- c. The research program has been approved by the governing authority.

Risk should be clearly explained in understandable language to each individual  
d. subject.

200) \_\_\_\_\_ **Controlling the costs of accounts receivable is heavily affected by:**

- a. The time or length of the payment cycle.
- b. The dollar amount of credit granted to individuals.
- c. The total dollar amount of receivables carried on the books.
- d. Working capital management.

201) \_\_\_\_\_ **Operational planning can be correctly defined as:**

A function of establishing the annual budget by accumulating departmental  
a. information.

The process by which short-range objectives and actions are established and  
b. implemented in accordance with the strategic plan.

An annual process of developing, evaluating and implementing goals based on  
c. community needs.

d. Determining the major types of services offered based on profit margins.

202) \_\_\_\_\_ **Short-range planning is enhanced if a strategic plan has been adopted because:**

- a. Potential program can be eliminated easily if not part of the strategic plan.
- b. Use of space has already been determined.
- c. A frame of reference is already in place.
- d. Operational problems can be quickly resolved.

203) \_\_\_\_\_ **In the field of healthcare services, which of the following trends has significantly increased the need to develop more comprehensive and more systematic credentialing processes in healthcare facilities?**

- a. The increased number of independent healthcare practitioners.  
The expansion of governmental regulations covering the operation of healthcare facilities.
- b. facilities.
- c. The growth of ambulatory healthcare services.  
The growth of liability of healthcare facilities for malpractice by health practitioners.
- d. practitioners.

204) \_\_\_\_\_ **In a sound human resources program, the primary purpose of the job classification system is to:**

- a. Develop position descriptions for employees.
- b. Establish a total wage and salary administration program.
- c. Rank jobs by kind and level of work performed.
- d. Define an effective organizational structure.

- 205) \_\_\_\_\_ **Which of the following statements best defines increased productivity?**
- a. An increase in productivity occurs when the number of units of service rendered in a given year increases over the number rendered in the previous year.
  - b. An increase in productivity occurs when an increase occurs in the volume or number of units of service rendered.
  - c. An increase in productivity occurs when a reduction occurs in the ratio of hours worked to the number of units of service rendered.
  - d. An increase in productivity occurs when an increase occurs in the revenue from a given number of full-time equivalent employees.

- 206) \_\_\_\_\_ **Which of the following is the depreciation method that best recognizes changes in the general purchasing power of the dollar and/or changes in the replacement cost of specific assets?**
- a. Declining-balance depreciation.
  - b. Straight-line depreciation.
  - c. Price-level depreciation.
  - d. Sum of the years' digits depreciation.

- 207) \_\_\_\_\_ **When third-party policies and programs impede the healthcare facility's fiscal capacity to renovate and model its plant as routinely scheduled, the healthcare facility—to protect itself—should first:**
- a. Delay capital improvements until funds are available.
  - b. Reduce the level of operating services
  - c. Limit the number of admissions from selected third-party payments sources.
  - d. Resort to the regulatory agency to obtain a waiver.

208) \_\_\_\_\_ **The method referred to as *value analysis* is used in inventory control activities to:**

- a. Make adequate substitutions for requisitioned items.
- b. Reduce the quantity of items issued to the various departments.
- c. Reduce cost without impairing functional efficiency.
- d. Relate quantity and quality of items.

209) \_\_\_\_\_ **Under generally accepted accounting standards, bad debts are reported as a/an:**

- a. Operating expense.
- b. Deduction from net revenue.
- c. Contractual allowance.
- d. Deduction from gross revenue.

210) \_\_\_\_\_ **Incident reports should be initiated by:**

- a. A member of the medical/professional staff or by any employee.
- b. Any person with direct patient-care responsibilities.
- c. The department director or supervisor.
- d. The risk manager/quality assurance coordinator.

211) \_\_\_\_\_ **The governing authority of a healthcare facility can terminate the privileges of any member of the medical/professional staff:**

- a. At any time, if it follows its own adopted procedures.
- b. At any time, with or without due process.
- c. Only if termination is recommended by the medical/professional executive committee.
- d. Only if termination is recommended by the medical/professional staff.

212) \_\_\_\_\_ **Materials management can best be defined as a system of effective:**

- a. Purchasing of materials at the lowest possible cost.
- b. Distribution of materials on a scheduled basis.
- c. Allocation of materials.
- d. Control of inventories.

213) \_\_\_\_\_ **When facility maintenance is deferred, which of the following outcomes is predictable?**

- a. Higher costs.
- b. Lower costs.
- c. Deferred risk.
- d. Higher liability exposure.

214) \_\_\_\_\_ **The major purpose of a code of ethics for members of a healthcare executives association is to:**

- a. Provide guidance to members in their own professional conducts.
- b. Increase public understanding of the professional association.
- c. Provide a framework for disciplining members when necessary.
- d. Provide a framework for annually evaluating professional performance.

215) \_\_\_\_\_ **The volume that would be realized if each prospective consumer were to purchase a specified amount of a particular service during a defined future time frame is called:**

- a. A sales forecast.
- b. A market forecast.
- c. Operational capacity.
- d. Market potential.

216) \_\_\_\_\_ **As an internal control method, a budget is most commonly used to:**

- a. Allow managers to control expenditures in the current year and to justify increases in future budgets.  
Provide feedback concerning operational expenditures to the governing authority and to allow management to satisfy the governing authority's requirements of accountability.
- b. Serve as a numerical specification of plans and to function as a standard of control against which results can be compared.
- c. Allow management to monitor operational expenditures and to justify future requests for decreased or increased expenditures to rate-setting agencies.
- d.

217) \_\_\_\_\_ **The most useful way for a healthcare organization to deal with outside regulatory and credentialing bodies is to:**

- a. Identify opportunities to influence political outcomes.
- b. Regularly maintain both formal and informal relationships with these agencies.  
Deal with these agencies only in written form so as to have a clear paper trail for subsequent review and analysis.
- c. Provide only the minimum amount of information required to comply with the regulations of the agency.
- d.

- 218) \_\_\_\_\_ **The cultural climate of an organization affects its recruiting procedure because:**
- a. It reduces employee turnover and absenteeism.  
Organizations seek applicants whose attitudes, values and goals are consistent
  - b. with those of the organization.  
Applicants who cannot support a given culture will be unwilling to work for that
  - c. organization.
  - d. Applicants look only to organizations that portray a positive cultural climate.

- 219) \_\_\_\_\_ **Accident rates among personnel continue to rise and are distributed among all departments. What would be your best initial action in finding a comprehensive solution to this problem?**
- a. Form a safety committee of key personnel to review reports of all accidents and make recommendations for corrections.  
Require each department head to analyze his/her department's accidents in order
  - b. to determine the causes and find methods of correction.
  - c. Institute a safety education program by departments.  
Recommend that the personnel committee formulate an effective accident-
  - d. prevention program.

- 220) \_\_\_\_\_ **If a physician abuses a patient in the healthcare organization, initial corrective action should be taken by the:**
- a. Chief of staff.
  - b. Chief of services (department chairman).
  - c. Nursing unit supervisor.
  - d. Chief executive officer.

221) \_\_\_\_\_ **A successful healthcare organization usually has a unique and well-articulated company philosophy that presents a clear picture of the organization's objectives, norms and values. Employee motivation to support this philosophy would be greatest when the company:**

- a. Maintains a program that provides employees with a wide variety of social, cultural and recreational activities.
- b. Emphasizes financial rewards, including strong employee benefits.
- c. Provides a training program that is well communicated, understood by employees and enforced by executive management.
- d. Continues a major effort to articulate employee rights in such areas as grievances, affirmative action and human rights issues.

222) \_\_\_\_\_ **One of the techniques most frequently used in industry to aid management in interpreting a firm's balance sheet is computation of the *acid-test ratio*, which is the ratio of:**

- a. Current assets to current liabilities.
- b. Total assets to total liabilities.
- c. Cash to short-term department.
- d. Cash, marketable securities and accounts receivable to current liabilities.

223) \_\_\_\_\_ **The primary reason for the decision to move from a freestanding voluntary facility to an investor-owned healthcare organization:**

- a. Economy of scale.
- b. Access to the equity market.
- c. Access to patients.
- d. Improved visibility in the community.

224) \_\_\_\_\_ **Most products and services enter a period of decline. Unless compelling reasons prevail, continuing a declining product or service is costly because:**

- a. Increased turnover of personnel will occur.  
Continuation will set an undesirable precedent concerned with maintaining the
- b. status quo.  
The program will consume a disproportionate amount of management time and
- c. delay the search for a replacement.
- d. The organization will be perceived as being insensitive to the marketplace.

225) \_\_\_\_\_ **After a marketing research problem has been identified, the researcher's next step is to:**

- a. Conduct a literature search.
- b. Conduct focus groups and collect data.
- c. Specify information needs.
- d. Design a data-collection instrument.

226) \_\_\_\_\_ **Which of the following statements is in accordance with the principle of delegation?**

- a. The executive who subscribes to the principle of delegation knows what he/she wants to accomplish and exercises control over the work schedule of subordinates.
- b. An executive explains how he/she wants things done and points out how the subordinate's contribution fits into the overall plan.
- c. A successful executive gives instructions, telling subordinates exactly how and in what sequence things should be done.
- d. In applying the principle of delegation, an executive makes relatively few decisions personally and frames orders in broad general terms.

227) \_\_\_\_\_ **Before submission of the annual business plan to the governing authority, the plan should be developed by:**

Recommendations from the finance committee, on the basis of its estimate of  
a. income for the budget year.

The heads of the profit centers, considering each center's anticipated revenues  
b. and expenses, with the CEO collating.

Key executives, after receiving recommendations from the head of operating  
c. divisions.

d. The heads of the operating divisions, with the CEO collating.

228) \_\_\_\_\_ **Memorial Hospital offers a screening test as a public service for \$0.50 per test. Variable costs per unit are \$0.32. Fixed costs are \$43,200 per month for the department performing the test. It is the only test done by this special department. The break-even point in tests is:**

a. 240,000 tests.

b. 172,000 tests.

c. 135,000 tests.

d. 86,400 tests.

229) \_\_\_\_\_ **A positive net present value indicates that the investment has a rate of return:**

a. Higher than the discount rate used in the calculation.

b. Lower than the discount rate used in the calculation.

c. Equal to the discount rate used in the calculation.

d. Equal to the accounting profit averaged over the life of the investment.

230) \_\_\_\_\_ **The asset turnover ratio is useful in measuring managerial performance because it indicates the:**

- a. Amount of resources required to generate a dollar of revenue.
- b. Profitability per dollar of revenue.
- c. Effectiveness of capital structure decisions.
- d. Effective use of current assets.

### Practice Exam Answer Key

1	D	46	C	91	B
2	A	47	A	92	A
3	B	48	D	93	A
4	A	49	A	94	A
5	C	50	B	95	C
6	A	51	B	96	D
7	C	52	D	97	D
8	A	53	B	98	C
9	D	54	D	99	D
10	C	55	C	100	B
11	C	56	C	101	A
12	C	57	B	102	C
13	B	58	A	103	D
14	C	59	D	104	C
15	D	60	B	105	B
16	C	61	C	106	A
17	A	62	C	107	C
18	A	63	A	108	B
19	C	64	B	109	B
20	B	65	B	110	A
21	A	66	C	111	B
22	A	67	D	112	A
23	A	68	A	113	D
24	D	69	D	114	B
25	B	70	B	115	C
26	D	71	A	116	D
27	A	72	D	117	A
28	D	73	A	118	D
29	D	74	D	119	D
30	B	75	B	120	B
31	A	76	C	121	D
32	A	77	C	122	C
33	A	78	A	123	C
34	C	79	B	124	D
35	D	80	C	125	D
36	C	81	B	126	B
37	A	82	C	127	C
38	D	83	A	128	D
39	A	84	B	129	B
40	C	85	D	130	C
41	D	86	C	131	B
42	B	87	A	132	A
43	A	88	A	133	A
44	B	89	A	134	C
45	D	90	D	135	A

### Practice Exam Answer Key

136	C	184	D	232
137	C	185	C	233
138	D	186	B	234
139	A	187	B	235
140	B	188	B	236
141	C	189	D	237
142	D	190	B	238
143	C	191	D	239
144	D	192	B	240
145	C	193	C	241
146	C	194	C	242
147	C	195	A	243
148	D	196	D	244
149	C	197	A	245
150	A	198	B	246
151	B	199	D	247
152	B	200	A	248
153	D	201	B	249
154	C	202	C	250
155	A	203	D	251
156	D	204	C	252
157	A	205	C	253
158	A	206	C	254
159	A	207	A	255
160	D	208	C	256
161	A	209	A	257
162	A	210	A	258
163	C	211	A	259
164	D	212	C	560
165	A	213	A	261
166	A	214	A	262
167	B	215	D	263
168	D	216	C	264
169	D	217	B	265
170	B	218	B	266
171	C	219	A	267
172	D	220	B	268
173	B	221	C	269
174	A	222	D	270
175	A	223	B	271
176	A	224	C	272
177	B	225	C	273
178	C	226	D	274
179	C	227	C	275
180	A	228	A	276
181	B	229	A	277
182	B	230	A	278
183	B	231		279

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Patient Satisfaction – Understanding and Managing the Experience of Care – Irwin Press, 2<sup>nd</sup> ed.

Healthcare Management – Dunn & Haimann's 9<sup>th</sup> ed.

### **Professionalism and Ethics**

The Tracks We Leave Behind – Frankie Perry

### **Healthcare**

The Well Managed Healthcare Organization – J. Griffith and K. White – 7<sup>th</sup> ed.

Healthcare journals, healthcare magazines, current events

**Note: The listing above is not all inclusive. There are numerous materials available for reference, including your healthcare management experience, current events, professional journals, professional magazines, additional readings on healthcare.**