

# GAHE BOG Prep 2022

## **Week 3 Quiz & Answer Key**

Laws & Regulations

Jean O'Conner,

JD, DrPH, FACHE

Business

John Kueven,

FACHE, MHA, RN

1. 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

- Correct answer is D
- **Know the acronyms**

2. 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.

- Correct answer is D

3. All of the following statements about documentation in the medical record are true *except*:
- A. Verbal orders must be authorized by the practitioner within a time frame to be defined by the medical staff
  - B. Verbal orders can only be accepted by registered nurses
  - C. Authentication may be made by actual written signatures, initials, rubber stamp signatures, or computer “signatures”
  - D. That entries must be authenticated by the actual author only.

- Correct answer is B

4. 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.



- Correct answer is B

5. In the past, hospitals have been less effective in lobbying than physicians because:
- A. Legislators like physicians more
  - B. Physicians have better lobbyists
  - C. The law prevents hospitals from lobbying
  - D. Hospitals don't vote

- Correct answer is D

6. In general, courts exhibit which attitude regarding controversies over medical staff privileges?

- A. Human lives are at stake and the courts must intervene to protect physicians' rights to save those lives.
- B. If the decision were supported by reasonable evidence, courts will not substitute their judgment for that of the hospital board.
- C. Hospitals must not be permitted to interfere with the doctor-patient relationship.
- D. Courts may not entertain suits regarding medical staff privileges.

- Correct answer is B

7. Under federal law, whenever a patient comes to a hospital emergency department with an emergency condition:

- A. With few exceptions, the patient's ability to pay may be considered in determining whether to provide treatment
- B. With few exceptions, the patient's condition must be stabilized before he/she is transferred or discharged
- C. A police officer may be asked to authorize treatment
- D. The hospital has no duty to treat the person if he/she is not a patient or a member of the medical staff

- Correct answer is B

8. In considering applications for medical staff privileges, hospitals receive reports from a U.S. Government clearinghouse on malpractice payments and adverse medical staff and licensure actions. In general, these reports have had which effect?

- A. Reports have rarely led hospitals to make privileging decisions they would not have made otherwise
- B. Reports have been timely and helpful and have reduced the complexity of the privileging process
- C. Had they not received the reports, most hospitals' privileging decisions would usually have been different
- D. Hospitals usually receive significant information that neither the practitioner involved nor any other sources had provided.



- Correct answer is A

9. Which of the following statements best summarizes the prevailing legal standard used to judge the actions of members of a not-for-profit healthcare organization's governing board?

- A. They must act in good faith, with reasonable care, and with the best interests of the corporation in mind.
- B. They must exercise the same high level of fiduciary duty as is applied to the trustees of a trust.
- C. They must avoid gross negligence and willful misconduct.
- D. They are immune from personal liability.

- Correct answer is A

10. Which of the following is the clear trend regarding a hospital's liability for the actions of members of its medical staff?

- A. The hospital may be held liable for a physician's negligence even though the physician is an "independent contractor".
- B. Hospitals are not liable for such actions because they are simply physical sites where patients receive treatment from privately retained physicians.
- C. Courts are becoming more reluctant to impose liability on hospitals for the negligence of physicians who use their facilities.
- D. The hospital is liable only if the physician is an employee.

- Correct answer is A

11. A joint venture laboratory owned by a hospital and physicians on its medical staff would probably be in violation of fraud and abuse laws if it were to:

- A. Market its services to both investors and non-investors
- B. Offer ownership shares at the same price to referrers and non-referrers
- C. Require investors to refer business to it
- D. Base its profit distributions on the amount of capital contributed, not on referrals.

- Correct answer is C

12. 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
- C. Deal with these agencies only in written form so as to have a clear paper trail for subsequent review and analysis
- D. Provide only the minimum amount of information required to comply with the regulations of the agency



- Correct answer is B

13. 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 year
- D. Protect the public's economic interest

- Correct answer is D

14. 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.

- Correct answer is D

15. 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.
  - C. Hospitals and physicians from joint venturing in the offering of outpatient imaging centers.
  - D. A hospital from referring a patient to a wholly-owned entity of which it has total ownership.

- Correct answer is A

# Test Questions- Business

16. 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



# Test Questions- Business

Correct answer is 3

While quality-of-care issues are a concern of healthcare administrators, they are not tools used in marketing.

# Test Questions- Business

17. Which of the following is the proper term for the healthcare facility development plan?

1. Land use plan
2. Functional plan
3. Master site plan
4. Strategic plan

# Test Questions- Business

Correct answer is 3

Master site plan is the proper term for the facility development plan.

# Test Questions- Business

18. The primary task of marketing is to:

1. Bring about voluntary and involuntary exchanges of values
2. Attract new advertisers
3. Bring about voluntary exchanges of values
4. Advertise new and existing services

# Test Questions- Business

Correct answer is 3

The classic definition of marketing notes its task as being the voluntary exchange of values. The involuntary exchange of values is the realm of the legal establishment of law enforcement agencies. Attraction of new customers is one possible task of marketing, but it is not the primary one. It may not even be the task. For example, sometimes the task is to retain existing customers rather than attract new ones. Advertising is one tool of marketing, but not necessarily the primary one.

Source: Kotler, P. and Clarke, R.N., *Marketing for Health Care Organizations*. 1987, chapter 1-2

# Test Questions- Business

19. It would be incorrect to say that:

1. An organization's image is a function of all that the organization has done as well as what it has attempted to communicate
2. People's images of an organization always reflect their true attitudes towards the organization
3. An organization's image is largely the result of public relations, advertising, selling and communication efforts
4. Responsibility for the creation of the organization's image does not lie merely with the marketer

# Test Questions- Business

Correct answer is 3

Too often in healthcare, organizations view image as the creation of a variety of promotional tools when, in fact, image is a result of everything the whole organization has done. That is also the reason why responsibility for image creation cannot lie merely with the marketer. An image is not an attitude; two people can both view a healthcare organization as large and have opposing attitudes toward a large healthcare organization.

Source: Kotler and Clarke, chapter 2

# Test Questions- Business

20. All of the following are methods used to forecast future demand *except*:

1. Target buyer intentions surveys
2. Performance of an environmental assessment
3. Estimation of a competitor's current customer base
4. Estimate of future demand by “middlemen”



# Test Questions- Business

Correct answer is 3

Target buyer intention surveys, environmental assessments and middlemen estimates are all acceptable methods of forecasting future demand.

Obtaining data on the size of a competitor's customer base may be irrelevant if market size is changing and future marketing efforts contribute to that change.

Source: Kotler and Clarke, chapter 8

# Test Questions- Business

21. All of the following statements are true *except*:

1. Much of the art of forecasting relies on the opinions of experts
2. forecasting, if correctly performed relying on technological forecasting approaches, is an exact science
3. Forecasting including applying the rates of anticipated future change to the current status to predict the future
4. Qualitative data are often used in developing assumptions on which quantitative forecasting can be construed

# Test Questions- Business

Correct answer is 2

Forecasting is not an exact science. Much of forecasting relies on the opinion of experts for which there are many methods of incorporation (e.g., Delphi panel, Delbecq panel, expert consultant, etc.). Rates of anticipated future change can only be hypothesized based on educated guesses, and quantitative forecasts rely on qualitative data and/or assumptions, making forecasting less than an exact science.

Source: Reeves, P.N. and Coile, R.C. Introduction to Health Planning, 4<sup>th</sup> Ed, 1989. chapter 10

# Test Questions- Business

22. The principle reason a public relations professional should be included in the operations plan following a sentinel event is:

1. PR would be able to determine the correct media coverage
2. PR would be able to proactively develop a crisis communications plan
3. PR would need to know in order to squelch rumors
4. A PR professional does not need to be involved

# Test Questions- Business

Correct answer is 2

The best approach in a crisis is a proactive plan, and PR professionals are adept at developing crisis communications plan.

Public relations is a boundary spanning activity between an organization and the community being served. The control of information flow, both positive and negative, about an organization and an attempt to maximize favorable impressions and minimize obstacles to success.

# Test Questions- Business

23. A person has paid cash for an elective cosmetic surgery. This is an example of which of the following:

1. Need
2. Want
3. Demand
4. Opportunity

# Test Questions- Business

Correct answer is 3

Need = condition in which there is a deficiency of something, or one requiring relief

Want = a wish or desire for something

Demand = what the purchaser is willing to pay to satisfy the need or want

# Test Questions- Business

24. The primary reasons for the decision to move from a freestanding voluntary facility to an investor-owned healthcare organization is:

1. Economy of scale
2. Access to the equity market
3. Access to patients
4. Improved visibility in the community



# Test Questions- Business

Correct answer is 2

Access to the equity market. The other 3  
answers can be achieved without changing  
ownership

# Test Questions- Business

25. 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:

1. A sales forecast
2. A market forecast
3. Operational capacity
4. Market potential

# Test Questions- Business

Correct answer is 4

Market potential. This question requires an understanding of marketing terminology

# Test Questions- Business

## 26. 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.

# Test Questions- Business

- Correct answer is 4

**27. Regarding the budget, the board:**

1. Does not use the budget exercise as a way to improve quality and productivity.
2. Gets involved in preparing budgets for all operational units.
3. Decides which personnel are needed in top management.
4. Establishes guidelines and makes final choices among competing opportunities.

# Test Questions- Business

- Correct answer is 4