

AONE_CNML Exam

Volume: 301 Questions

Question No: 1

Which of the following best defines productivity?

- A. Productivity is the output per unit of input.
- B. Productivity is the input needed per unit of output.
- C. Productivity is revenue generated per unit of output.
- D. Productivity is the liabilities incurred per unit of input.

Answer: A

Explanation:

Simply stated, productivity is the output per unit of input. Some input sources are labor, number of hours spent to produce an outcome, and the costs of supplies and equipment. Some outputs are number of customers and the number of widgets that are manufactured, for example. Productivity is highest when input demands are low and output is high.

Question No: 2

You are the director of the special care units in a university medical center. Your spouse is the CFO of a small manufacturing company that produces educational toys for children. Who has the most complex challenges in respect to productivity measurement?

- A. You have the greatest challenges because there are more staff members in your department than employees in your spouse's company.
- B. You have the greatest challenges because the measurement of output is far more complex in health care settings than it is in manufacturing.
- C. Your spouse has the greatest challenges because the ability of a manufacturing company to survive is far greater than a medical center.
- D. Your spouse has the greatest challenges because the measurement of output is far more complex in manufacturing than it is in a health care setting.

Answer: B

Explanation:

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You have the greatest challenges in terms of productivity measurement because the measurement of output is far more complex in the health care setting than it is in manufacturing. For example, manufacturing productivity measurement is quite simple to determine by simply counting the number of toys produced by each worker. Productivity measurement is much more difficult than this in health care settings.

Question No: 3

What are some of the most qualitative factors that impact on productivity in health care?

- A. Size and location of the health care facility
- B. Number of inpatients and Medicare reimbursement rates.
- C. Salaries and unanticipated overtime wages
- D. Quality of care and staff competencies.

Answer: D

Explanation:

Quality of care and staff competencies are the most qualitative factors that impact on productivity in health care. They factors are difficult to quantify. Some of the other qualitative forces that impact on productivity include patient safety and patient satisfaction considerations.

Question No: 4

Total factor productivity is also referred to as:

- A. Human resources productivity.
- B. Entropic productivity.
- C. Multi-factor productivity.
- D. Statistical stability productivity.

Answer: C

Explanation:

Total factor productivity is also referred to as multi-factor productivity. Total factor productivity measurements reflect total outputs that result from more than traditional inputs. Some criticize this productivity method as not sound because it is calculated using dimensional analysis.

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Question No: 5

Which of the following is a PPPV model that is used to measure profitability as a function of productivity and other variables?

- A. The Japanese Kurosawa model
- B. The Greek Entropy model
- C. The American Valence model
- D. The Finnish Variance model

Answer: A

Explanation:

The Japanese Kurosawa model is an example of a PPPV model that is used to measure profitability as a function of productivity and other variables. Some of these other variables include income distribution and volume. Other PPPV models are the French Courbois and Temple model, the Finnish Saari model and the American Gollop model.

Question No: 6

Which of the following statements regarding productivity is accurate?

- A. The primary factor that affects productivity is the size and mix of the workforce.
- B. There are many factors that can positively or negatively impact productivity.
- C. JCAHO has standards and mathematical methods to determine productivity.
- D. Productivity decreases when the cost of supplies and equipment are decreased.

Answer: B

Explanation:

There are many factors that can positively or negatively impact productivity. Some of these factors include work methods, staff competency, established procedures and the quality of management. Productivity can be increased with improved work methods, enhanced staff competency, better procedures and a higher, more effective management team.

Question No: 7

You have been asked to prepare an annual Profit and Loss Statement for your department. What

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should you be aware of while preparing this financial management statement?

- A. Profit and Loss Statements are less complex and less detailed than Balance Sheets.
- B. Variable costs, such as the cost of electricity, are not included in a Profit and Loss Statement.
- C. You can include current and prior year data on the Profit and Loss Statement.
- D. All entries on the Profit and Loss Statement must be in terms of dollars, not % of increase.

Answer: C

Explanation:

You can format the annual Profit and Loss Statement using both current and prior year income and expense data. This formatting allows for the interpretation of data in context with the prior year for comparisons. Profit and Loss Statement formats vary among health care facilities. Some formats not only include extensive, detailed data relating to income and expenses, they can also include multiple years for comparison and percentages. For example, utility expenses may be shown as accounting for 6% of total expenses.

Question No: 8

Your department has received a grant from a philanthropic group. This grant money is formatted under which area of Revenue and Expenses financial report?

- A. Mixed revenues
- B. Revenues
- C. Variable revenues
- D. Unexpected revenues

Answer: B

Explanation:

Income from grants is entered under the revenues section of a Revenue and Expenses financial report. Among other sources of income that are included in this area are patient revenues and revenues from other sources, such as tuitions collected from nurses in your community to attend a seminar in your facility or department.

Question No: 9

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The Healthcare Integrated General Ledger Accounting System (HIGLAS) is an accepted financial accounting format for:

- A. All integrated health care systems.
- B. All home care and community health providers.
- C. Medicare Parts A and B providers.
- D. All U.S. government-funded health care facilities.

Answer: C

Explanation:

Medicare Parts A and B providers are required to use the Healthcare Integrated General Ledger Accounting System (HIGLAS) according to the U.S. Centers for Medicare and Medicaid Services (CMS). This mandated format has improved the reporting of accounts payable, accounts receivable and other processes such as general ledger reporting.

Question No: 10

Nearly all health care facilities use computerized formatted accounting systems and templates. One of the primary reasons that computerized accounting systems are highly beneficial to health care agencies is because these systems:

- A. Prove that they have not made a profit when they are a “not-for-profit” facility.
- B. Comply with the U.S. Paperwork Reduction Act.
- C. Decrease staff and staff salaries.
- D. Ensure accurate and manipulative data in order to make knowledgeable decisions.

Answer: D

Explanation:

One of the primary reasons that computerized accounting systems are used is to enable health care agencies to make knowledgeable decisions that are based on accurate data. Computerized accounting systems, using spreadsheets like Excel, are not subject to human mathematical errors, and the data is able to be manipulated for more complex analysis than is possible with paper accounting systems.

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Question No: 11

Which of the following is formatted under liabilities on a Balance Sheet?

- A. Accounts receivable
- B. Accounts payable
- C. Capital
- D. Equipment

Answer: B

Explanation:

All accounts payable are formatted under the liabilities section of a Balance Sheet. Likewise, accounts receivables are found in the assets portion of the Balance Sheet. Equipment is formatted on the Balance Sheet under property or equipment.

Question No: 12

Payroll tax deductions, such federal withholding and state withholding taxes, are formatted in what section and subsection of a Balance Sheet?

- A. Payroll Taxes Payable: Liability
- B. Payroll Taxes Payable: Asset
- C. Direct Costs: Expense
- D. Direct Costs: Indirect Cost

Answer: A

Explanation:

Payroll tax deductions, such federal withholding and state withholding taxes, are formatted in the Payroll Taxes Payable and as a liability. These funds are not assets because they will have to be sent to the state or the federal government according to the legal requirements of these regulatory bodies.

Question No: 13

The Patient Protection and Affordable Care Act:

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- A. Was fully implemented in 2011.
- B. Was signed into law during 2010.
- C. Was repealed in 2011.
- D. Was deemed unconstitutional in 2011.

Answer: B

Explanation:

The Patient Protection and Affordable Care Act, also referred to as Obama Care, was signed into law in 2010. It has not been repealed and it was deemed constitutional in 2012. It will not be fully implemented until several years after its enactment into law.

Question No: 14

State hospitals are:

- A. Not-for-profit health care facilities that are established with federal legislation.
- B. Proprietary health care facilities that are established with state legislation.
- C. Governmental health care facilities that are established with federal legislation.
- D. Governmental health care facilities that are established with state legislation.

Answer: D

Explanation:

State hospitals are governmental health facilities that are established with state legislation, regulated by the states and paid for with taxpayer money. These facilities aim to provide quality care and access to health care services to those who do not have health insurance or the financial resources to get necessary health care services.

Question No: 15

A community outpatient health agency will be reimbursed for some preventive health care under what legislation?

- A. Federal government Medicare Part A legislation
- B. Federal government Medicare Part B legislation

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C. State government Medicaid Part A legislation

D. State government Medicaid Part B legislation

Answer: B

Explanation:

Preventive health care is covered under the federal government's legislation relating to Medicare Part B. Medicare Part B also funds doctor services, outpatient care, home health care and durable medical equipment. Medicare Part A funds inpatient hospital care, care in skilled nursing facilities, home care and hospice care.

Question No: 16

The Children's Health Insurance Program is:

A. Legislated by and administered by the federal government.

B. Legislated by and administered by the individual states.

C. Legislated by the federal government and administered by the states.

D. Legislated by the states and administered by the federal government.

Answer: C

Explanation:

The Children's Health Insurance Program is legislated by the federal government and implemented, or administered, by the states. The Children's Health Insurance Program (CHIP) provides access to health care services to children with family incomes that are too high to be eligible for Medicaid, but not sufficient enough to afford private health insurance. Funding is provided by both the federal government and the states, similar to the Medicaid program.

Question No: 17

The Indian Health Service:

A. Was established in 1955 within the U.S. Department of Health and Human Services.

B. Was established in 1965 within the U.S. Department of Health and Human Services.

C. Was established in 1955 within the U.S. Bureau of Indian Affairs.

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D. Was established in 1965 within the U.S. Bureau of Indian Affairs.

Answer: A

Explanation:

The Indian Health Service was established in 1955 within the U.S. Department of Health and Human Services, at which time it was removed from the U.S. Bureau of Indian Affairs. This federally legislated, and funded, program provides health care services to millions of tribal members throughout our nation who are recognized as native Americans and Alaskan natives.

Question No: 18

Medigap is best described as:

- A. A state approved supplemental health insurance policy that is paid for by individuals.
- B. A state approved supplemental health insurance policy that is paid for by Medicaid.
- C. A federally approved supplemental health insurance policy that is paid for by individuals.
- D. A federally approved supplemental health insurance policy that is paid for by Medicare.

Answer: C

Explanation:

Medigap is a U.S. government approved supplemental health insurance policy that is paid for by the individual to cover medical and health care expenses that are not already covered by Medicare. For example, an individual may choose, and pay for, Medigap to cover their copayments and/or deductibles that are not paid for by Medicare Part A.

Question No: 19

A major financial threat to the integrity of the Medicare and Medicaid programs is:

- A. Fraud.
- B. The lack of accessibility to necessary health care.
- C. The paucity of rural health care services.
- D. The severe and projected nursing shortage.

Answer: A

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Explanation:

A major financial threat to the integrity of Medicare and Medicaid and a current barrier to health care cost containment is fraud. Fraud, including the provision of unnecessary procedures, inaccurate billing and billing for services not provided, are serious infractions that are punishable by federal law. Even the public is encouraged to report fraud to the Centers of Medicare and Medicaid Services (CMS) using their hot line.

Question No: 20

Which of the following is a major type of a budget?

- A. A cash budget
- B. A deficit budget
- C. An expense and revenue budget
- D. A variable budget.

Answer: A

Explanation:

A cash budget is a major type of budget. Other major types of budgets include capital budgets and operating budgets. A cash budget is typically one that contains monthly disbursements and monthly revenue, or receipts.

Question No: 21

What are steps in the budgeting process?

- A. Assessment, planning, implementation and evaluation
- B. Problem definition, identifying and implementing the most viable option and evaluation
- C. Data gathering, planning, developing the budget, negotiation/revision and evaluation
- D. Variance analysis, identifying and implementing the most viable option and evaluation

Answer: C

Explanation:

The steps of the budgeting process begin with a collaborative and thorough collection of data and information. The next step is the planning of the budget as based on the financial objectives,