

Operations Management

1. Which of the following is the MOST effective way to grow a new medical practice?

- A. Informing pharmaceutical representatives.
- B. Purchasing television and newspaper ads.
- C. Word-of-mouth referrals from patients.
- D. Notifying residency programs.

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Answer: C

Word-of-mouth referrals from patients.

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2. Which of the following is a critical public relations strategy for a medical practice to build its patient base?

- A. A targeted radio campaign.
- B. Direct mail to targeted zip codes.
- C. High quality service to its existing patients.
- D. Setting its fees appropriately.

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Answer: C

High quality service to its existing patients.

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3. What is the monitoring approach for marketing performance that examines the financial performance of sales by customers, regions or products?

A. Percentage variable contribution analysis.

B. Budget analysis.

C. Profitability analysis.

D. Break-even analysis.

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Answer: C

Profitability analysis.

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4. Which of the following is NOT included in an annual operations review?

- A. Specific financial practices.
- B. Clinical guidelines.
- C. Compliance with changes in government regulations.
- D. Business costs and procedures.

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Answer: B

Clinical guidelines.

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5. Which of the following laws enables medical practices to own and operate ancillary services?

A. Employee Retirement Income Security Act.

B. Stark II self-referral regulations.

C. Health Insurance Portability and Accountability Act (HIPAA).

D. Occupational Safety and Health Administration (OSHA).

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Answer: B

Stark II self-referral regulations.

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6. Which of the following is NOT true of a Management Services Organization (MSO)?

- A. Easily transfers responsibilities back to the medical practice.
- B. Usually employs more skilled staff than an individual medical practice.
- C. Typically contracts with multiple medical practices.
- D. Provides management service support to medical practices.

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Answer: A

Easily transfers responsibilities back to the medical practice.

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7. A hospital no longer has use for a used, depreciated piece of capital medical equipment valued at under \$300 and offers to give it to your practice. How should this be handled?
- A. Increase the practice's referrals to the hospital in exchange for the equipment.
 - B. Accept the piece of equipment and use it to generate additional revenue.
 - C. Refuse to accept the equipment as it is a violation of Stark II regulations.
 - D. Refuse to accept the equipment as it is not allowed under the federal anti-kickback statutes.

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Answer: B

Accept the piece of equipment and use it to generate additional revenue.

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8. What process involves keeping a master list of equipment that includes the date of purchase and serial numbers of each item?

- A. Cash flow management.
- B. Utilization management.
- C. Asset control.
- D. Cost accounting.

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Answer: C

Cost accounting.

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9. Better-performing materials management specialists will NOT perform which of the following?

- A. Perform pricing comparisons on a regular basis.
- B. Investigate membership in a buying group.
- C. Give preference to the vendors who leave samples.
- D. Keep an electronic inventory of purchase contact details.

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Answer: C

Give preference to the vendors who leave samples.

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10. Which of the following is NOT a common method of health facility construction?

- A. Design build.
- B. Needs assessment.
- C. Turnkey.
- D. Fast track.

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Answer B

Needs assessment.

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11. During the programming phase of a construction project, the owners will provide an infection control risk assessment (ICRA).
What does the ICRA include?

- A. Potential for the transmission of pathogens during construction.
- B. Documentation of planning and design.
- C. Identified construction design hazards.
- D. Implementation of safety requirements during construction.

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Answer: A

Potential for the transmission of pathogens during construction.

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12. What is the best way a medical practice administrator can ensure that maintenance issues throughout the facility don't "fall through the cracks"?

- A. Ask patients if they think the facility is well-maintained.
- B. Ask employees if they think the facility is well-maintained.
- C. Perform a building tour to determine first-hand if all areas of the facility are carefully maintained.
- D. Check with department heads to determine if they think maintenance issues are being addressed in their areas.

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Answer: C

Perform a building tour to determine first-hand if all areas of the facility are carefully maintained.

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13. Which of the following is LEAST LIKELY to require legal input during the launch of a new joint venture?

- A. Leasing space from a referring physician.
- B. Creating an exit strategy in case the initiative does not meet planned goals.
- C. Aligning incentive plans to support the initiative.
- D. Ensuring that the practice has the needed personnel.

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Answer: D

Ensuring that the practice has the needed personnel.

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14. Which of the following is MOST important when hiring a consultant?

- A. Involving the board of directors in consultant interviews.
- B. Having a clear set of objectives for the scope of work.
- C. Ensuring the consultant is with a national firm.
- D. Checking the consultant's references.

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Answer: B

Having a clear set of objectives for the scope of work.

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15. What is the first step in the negotiation process?

- A. Establish quality as an absolute measure.
- B. Establish a time frame for negotiations.
- C. Establish objectives for negotiations.
- D. Establish the terms for negotiation.

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Answer: C

Establish objectives for negotiations.

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16. What are "sharps" wastes?

- A. Materials that can cause injury during handling.
- B. Materials that can hold human body fluids.
- C. Materials used during laboratory testing.
- D. Any bio hazardous waste.

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Answer: A

Sharp wastes include items such as needles, blades, glass pipettes and other wastes that can cause injury during handling. Sharp wastes are of special concern in the overall bio hazardous waste disposal process.

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17. Establishing appropriate internal controls is an essential element of effective financial management. Which of the following is NOT an internal control measure?

- A. Requiring dual signatures on checks.
- B. Opening and reviewing bank statements.
- C. The use of purchase orders.
- D. The use of group purchasing consortiums.

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Answer: D

**The use of group purchasing consortiums may be of benefit but is not an internal control for financial management.
Reference: Small business development centers preventing embezzlement.**

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18. What is the primary goal of ADA regulations as it applies to facilities?

- A. To provide a safe workplace.
- B. To enhance employment opportunities for disabled individuals.
- C. To provide adequate resources for communication with disabled individuals.
- D. To ensure safe and easy access to individuals with disabilities.

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Answer: D

The primary goal of the ADA as it applies to facilities is to ensure that individuals have safe and easy access to and can maneuver within a place of public accommodation. To comply with these components of the ADA, a practice needs to address physical design features such as doors, restrooms and parking. Option A falls under OSHA regulations, options B and C are not addressed directly as part of facilities management.

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19. What is the value of an operational plan to the medical practice?

- A. Defines strategic goals for the practice.
- B. Outlines procedures for particular administrative processes.
- C. Defines desired results and outlines an action plan.
- D. Describes practice values.

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Answer: C

An operational plan lays out a road map for the year. It provides specific action items, executed by specific people within a specified time period to achieve specified results. Option A relates to the practice's strategic plan. Option B relates to specific guidelines for particular operational procedures. Option D relates to the mission and value statement for a practice.

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20. Which of the following is an example of an indirect cost associated with business partner relationships?

- A. Lost chances for profit.
- B. Management time used to oversee the contract.
- C. Fees charged by the vendor for services.
- D. Business Associate Agreement charges.

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Answer: B

Option A relates to opportunity costs. Option B describes the indirect costs associated with managing a vendor contract including the administrator's time to identify the vendor and develop and monitor the contract. Indirect costs may also be diminished as a result of a vendor relationship. For example the administrator may spend less time managing processes that are now outsourced. Option C is a direct cost. Option D is a regulatory requirement that must be addressed during the contracting process but does not generally represent a specific cost.

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21. Which of the following is NOT an example of a method to improve communication processes in the medical practice?

- A. Segregation of assets.
- B. Feedback loops to lessen reliance on memory.
- C. Checklists.
- D. Processes that cannot proceed unless steps are followed precisely.

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Operations Management

Answer: A

Segregation of assets.

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22. In order to gain employee confidence, how should an administrator communicate?

A. Be open and direct.

B. Be indirect and share only with subordinates.

C. Provide limited information.

D. Be last-minute and crisis-oriented.

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Operations Management

Answer: A

Be open and direct.

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23. In anticipation of purchasing new information technology (IT), what is an effective way to examine the current information management processes within a medical practice?

- A. Investigate the potential costs of a new IT system.
- B. Prepare a flow chart of the current IT procedures and systems to identify areas of strengths and weaknesses.
- C. Investigate and purchase the latest technology.
- D. Check with other practices to see what kind of technology they use to accomplish the tasks you want to achieve.

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Answer: B

Prepare a flow chart of the current IT procedures and systems to identify areas of strengths and weaknesses.

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24. What does an application service provider do?

- A. Provides disease management services.
- B. Provides Web site design services.
- C. Provides transcription services.
- D. Provides remotely hosted software.

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Answer: D

Provides remotely hosted software.

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25. Which of the following should NOT be used to secure a computer workstation?

- A. Spam security policy.
- B. Local machine security policy.
- C. Network group security policy.
- D. Biometric log-in device.

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Answer: A

Spam security policy.

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26. How do you protect against unauthorized access to wireless network?

- A. Establish a static Internet protocol address.
- B. Turn off wireless enabled protection.
- C. Disregard the media access control address.
- D. Turn off the broadcast set service identifier.

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Answer: D

Turn off the broadcast set service identifier.

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27. Which of the following is NOT a method to protect personnel files against potential identity theft?

- A. Verifying the identities of the people who work for the organization.
- B. Encrypting files that include identity information.
- C. Setting a computer screen saver to log out after a few minutes of inactivity.
- D. Using the password wizard when accessing Websites.

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Answer: D

Using the password wizard when accessing Websites.

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28. When must a medical practice report the names of patients to the state health department?

- A. When the patient threatens a malpractice suit.
- B. When the patient becomes violent.
- C. When the patient is terminated from the practice.
- D. When the patient has a dangerous, communicable disease.

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Answer: D

When the patient has a dangerous, communicable disease.

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29. What do current procedural terminology code modifiers allow the physician to indicate?

- A. That a service or procedure could not be completed in the usual amount of time, because of patient complications for which there is no valid CPT code.
- B. That a service or procedure is a starred procedure and includes the surgical procedure only, without pre- and post-operative services.
- C. That a service or procedure has been altered by some specific circumstance but not changed in its definition or code.
- D. That a service or procedure is recognized as experimental by payable until such time that a CPT code is established.

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Answer: C

That a service or procedure has been altered by some specific circumstance but not changed in its definition or code.

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30. For a given geographic location, the Medicare fee schedule is based on relative value units established for each code along with the geographic practice cost indices for the location and which of the following?

- A. State conversion factor.
- B. National conversion factor.
- C. National cost-of-living adjustment.
- D. Cost-of-living adjustment for the location.

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Answer: B

National conversion factor.

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31. What is meant by bundling services?

- A. A capitated payment.
- B. A market basket of services used as an inflation indicator.
- C. More than one CPT-4 code is paid as a single service.
- D. A diagnosis related group payment.

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Answer: C

More than one CPT-4 code is paid as a single service.

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32. Which of the following is NOT an acceptable registry for inclusion in the PQRI reporting program?

- A. Registries for patient management.
- B. Registries that capture only PQRI related data.
- C. Registries created by individual providers.
- D. Registries for specialty recognition data.

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Answer: C

Providers can choose among registries that simply capture PQRI-related data to more extensive ones for patient management or other specialty-recognition programs. Not all registries are qualified by CMS for PQRI reporting. Check online at www.cms.hhs.gov.

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33. Which of the following entities is the primary regulatory authority on matters of medical record retention?

- A. CMS.
- B. State governments.
- C. State medical boards.
- D. Federal Department of Health and Human Services.

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Answer: B

Most states have specific retention requirements for healthcare information and those requirements should be the basis for retention policies. If a practice does decide to destroy legal health record information, the destruction must be carried out in accordance with all applicable laws and regulations. Some states require that an abstract be created prior to destruction. Others specify methods of destruction that can be used. If specific guidelines are not specified healthcare organizations can follow general guidelines.

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34. Which of the following Personal Health Information record formats are covered under the HIPAA Security rule?

- A. Written.
- B. Electronic.
- C. Oral.
- D. All records.

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Answer: B

The HIPAA Security rule offers a high-level description of principles which each covered entity must evaluate and apply based on the entity's specific situation. Different from the Privacy rule, which covers health information in written, oral and electronic form, the new Security rules' scope is narrowed to PHI in electronic form only.

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35. Which is the first step in the acquisition of information technology?

- A. Develop a list of potential vendors.
- B. Develop the components of a request for proposal.
- C. Perform a needs assessment.
- D. Send a request for proposal to as many vendors as possible.

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Answer: C

The needs assessment provides the foundation for information technology acquisition. It should incorporate information from a number of experts and knowledgeable individuals. This may include administrative leadership, physicians, key support staff and/or information technology staff. Each will bring a different perspective as to the status of the current information technology infrastructure and the future needs of the practice. Once practice needs have been properly analyzed, the vendor selection process, including request for proposals, can begin.

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36. Which of the following is an added benefit to a medical practice of implementing an EHR (Electronic Health Record) system?

- A. It provides for a reduction in staff.
- B. It allows the practice to redesign inefficient paper processes to improve clinical effectiveness.
- C. It provides for automated billing and financial reporting.
- D. It is simpler than managing paper records.

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Answer: B

An EHR is a computer-based medical record system that provides for the capture of data from multiple sources and is used as the primary source of information to support clinical decision making at the point of care. It may or may not interface with accounting or financial systems. It may or may not result in greater efficiency resulting in staff reduction. Its implementation provides an opportunity to redesign existing workflows to improve the delivery of patient care.

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Operations Management essay questions

You are the new administrator of a 15-physician cardiology practice that has recently undergone a practice evaluation by an outside CPA firm. The practice evaluation shows significant problems with accounts receivable (A/R) due to unworked credit balances, delays in posting charges due to operational items and procedural issues regarding tracking of fee slips.

Discuss how you would handle this situation.

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You are the new administrator of a medical group. Your physicians inform you of their plan to merge with a smaller group and want you to orchestrate the merger.

Describe your plan of action.

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