

The U.S. Health Care System, 3e (Austin)
Chapter 2 The Business Side of Health Care

1) A not-for-profit hospital is described by all of the following, EXCEPT it

- A) may focus on serving the poor
- B) is not focused on profits
- C) may lose money on many of its poor patients
- D) has a goal of making money

Answer: D

2) Profit is

- A) money collected from patients and insurance companies for health care services rendered
- B) the price paid when an individual or business borrows money
- C) revenue minus costs
- D) lacking during times of prosperity

Answer: C

3) A single physician in practice would be an example of a(n)

- A) sole proprietorship
- B) partnership
- C) corporation
- D) antitrust

Answer: A

4) Shareholders may exist in which business ownership configuration?

- A) Corporation
- B) Partnership
- C) Sole proprietorship
- D) Collaboration

Answer: A

5) Marketing

- A) includes the product, price, promotion, and distribution to the customer
- B) uses technology to manage information
- C) creates the product or service
- D) tracks the flow of money in and out of a business

Answer: A

6) Accounting

- A) creates the product or service
- B) tracks the flow of money in and out of a business
- C) uses technology to manage information
- D) includes the product, price, promotion, and distribution to the customer

Answer: B

7) Production

- A) uses technology to manage information
- B) tracks the flow of money in and out of a business
- C) includes the product, price, promotion, and distribution to the customer
- D) creates the product or service

Answer: D

8) Information technology

- A) creates the product or service
- B) tracks the flow of money in and out of a business
- C) includes the product, price, promotion, and distribution to the customer
- D) uses technology to manage information

Answer: D

9) A market economy is described by all of the following, EXCEPT it

- A) is also called a private system
- B) is called a free enterprise system
- C) has competition as its central feature
- D) is not concerned with profit

Answer: D

10) Which economic principle influences the cost as well as the availability of goods and services?

- A) Supply and demand
- B) Microeconomics
- C) Recession
- D) Macroeconomics

Answer: A

11) All of the following are key economic indicators, EXCEPT

- A) tax rate
- B) unemployment rate
- C) inflation rate
- D) interest rate

Answer: A

12) Prior to pursuing funding for a new imaging machine, the CFO assesses the economy, especially the prime rate. The CFO is concerned about the effect that the _____ will have on the ultimate cost of the imaging machine.

- A) loan
- B) credit
- C) inflation
- D) interest

Answer: D

13) An increase of the price level at any given time is called

- A) recovery
- B) interest
- C) inflation
- D) recession

Answer: C

14) Which part of the economic cycle occurs with increasing inflation and interest rates?

- A) Prosperity
- B) Recession
- C) Depression
- D) Recovery

Answer: B

15) A decrease in unemployment and interest rates occurs during which portion of the economic cycle?

- A) Prosperity
- B) Recession
- C) Depression
- D) Recovery

Answer: A

16) Hospitals would be inclined to purchase major equipment during the _____ phase.

- A) prosperity
- B) recession
- C) depression
- D) recovery

Answer: A

17) John Q. Public has been looking for a job for 2 months, to no avail. The country is likely in which economic period?

- A) Recovery
- B) Unemployment
- C) Underemployment
- D) Recession

Answer: D

18) Increasing GDP and decreasing interest, inflation, and unemployment rates are indicative of the _____ scenario.

- A) depression
- B) recession
- C) recovery
- D) prosperity

Answer: D

19) Consumers saving discretionary income, organizations holding off on building new facilities, and a persistent slow economy are indicative of a _____ scenario.

- A) recovery
- B) recession
- C) prosperity
- D) depression

Answer: B

20) Individuals may have to do without health care during which business cycle scenario?

- A) Prosperity
- B) Recession
- C) Depression
- D) Recovery

Answer: C

21) The government's role in health care can be described as all of the following, EXCEPT

- A) payer
- B) regulator
- C) organizer
- D) provider

Answer: C

22) Monopoly creation, price fixing, and price discrimination are prohibited by

- A) Medicare
- B) antitrust laws
- C) Medicaid
- D) The Joint Commission

Answer: B

23) The Hill Burton Act

- A) is part of the Social Security Act
- B) prohibits referrals to clinical lab services where the provider has a financial interest
- C) involved the federal government funding construction of private facilities pursuant to a Certificate of Need
- D) provides for health insurance portability and protects the privacy of health records

Answer: C

24) The Stark I law

- A) contains special provisions to protect laid-off workers and to encourage electronic records technology
- B) prohibits referrals to clinical lab services where the provider has a financial interest
- C) involved the federal government funding construction of private facilities pursuant to a Certificate of Need
- D) provides for health insurance portability and protects the privacy of health records

Answer: B

25) All of the following are a part of a SWOT analysis, EXCEPT

- A) evaluating opportunities
- B) identifying threats
- C) devising an action plan
- D) identifying weaknesses

Answer: C

26) Which external environments impact the operation and design of health care businesses?

- A) Economic and political-legal
- B) Technological and economic
- C) Organizational direction and political-legal
- D) Formal structure and economic

Answer: A

27) Under code 62 of the North American Industry Classification System (NAICS), the government tracks the activities of the sector of the economy it calls health and social assistance.

Answer: TRUE

28) TJC accreditation is required for all health care facilities.

Answer: FALSE

29) TJC accreditation can substitute for Medicare and Medicaid federal certification.

Answer: TRUE

30) The Kefauver-Harris Drug Amendment tests safety and effectiveness of drugs.

Answer: TRUE

31) A new hospital system has moved into your three-hospital city. The other two hospitals in the city have been purchased by the new hospital system. The senior leadership of the remaining hospital completes a SWOT analysis during the annual strategic planning session. The new hospital system is an example of the opportunities portion of the SWOT analysis.

Answer: FALSE

32) The _____ part of the management process is the manager's feedback loop.

Answer: control

33) A pharmaceutical company that holds a patent and sells the only drug for heartburn, is a _____.

Answer: monopoly

34) The person in charge of a hospital is the _____.

Answer: CEO

35) An environment where there are few sellers is a(n) _____.

Answer: oligopoly

36) One of the objectives of health care laws is to _____.

Answer: ensure fair competition; protect the public

37) The _____ Act encourages drug companies to produce drugs for rare diseases.

Answer: Orphan Drug

38) Explain a sole proprietorship

Answer: Responses will vary but may include:

In a sole proprietorship, one person owns the business.

The owner makes all the decisions, takes all the risks, and reaps all the rewards.

39) Name the four categories of health and social assistance under code 62.

Answer: The businesses in code 62 are divided into four categories: ambulatory health care services, hospitals, nursing and residential care facilities, and social assistance.