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Financial Implications of Federal Health Care Reform

Course #6735/QAS6735

Exam Packet



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FINANCIAL IMPLICATIONS OF FEDERAL HEALTH CARE REFORM
(COURSE #6735/QAS6735)

COURSE DESCRIPTION

The Patient Protection and Affordable Care Act (often referred to as Federal Health Care Reform) is one of the most sweeping pieces of legislation ever. In 2012, the U.S. Supreme Court upheld the major provisions of the Act, which is designed to provide health insurance coverage to millions of uninsured Americans by mandating that people purchase health insurance if they are otherwise not covered. This course focuses on the aspects of the Act that relate to taxes, employer obligations, and other financial aspects related to individuals and employers. Uses the materials entitled *Financial Implications of Federal Health Care Reform*. No prerequisites. Course level: Basic. Course #6735/QAS6735 – 8 CPE hours.

NOTE: This course is a synopsis of portions of the federal health care reform and its proposed implementation as it is best understood as of the time of this printing. Due to its nature, items are subject to change.

LEARNING ASSIGNMENTS and OBJECTIVES

As a result of studying each assignment, you should be able to meet the objectives listed below each individual assignment.

ASSIGNMENT

SUBJECT

1 Introduction to Federal Health Care Reform

Study the course materials from pages 1-1 to 1-21
Complete the review questions at the end of the chapter
Answer the exam questions 1 to 7

Objectives:

- To discuss the nine titles of the Patient Protection and Affordable Care Act
- To identify some of the immediate benefits of the Act

ASSIGNMENT

SUBJECT

2 Tax and Revenue Changes from Health Care Reform

Study the course materials from pages 2-1 to 2-48
Complete the review questions at the end of the chapter
Answer the exam questions 8 to 21

Objectives:

- To identify some of the tax changes created by the Act to raise revenue to pay for the new government expenses, including the expansion of Medicaid and the creation of new tax credits
- To explain the new information reporting that is required by employers

ASSIGNMENT SUBJECT

3 Provisions of the Patient Protection and Affordable Care Act Impacting Employers

Study the course materials for pages 3-1 to 3-26
Complete the review questions at the end of the chapter
Answer the exam questions 22 to 31

Objectives:

- To recognize the provisions of the Act that affect employers

ASSIGNMENT SUBJECT

4 Effects of Health Care Reform on Individuals

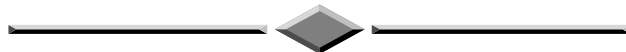
Study the course materials for pages 4-1 to 4-23
Complete the review questions at the end of the chapter
Answer the exam questions 32 to 40

Objectives:

- To describe the provisions of the Act that affect individuals

ASSIGNMENT

5 Complete the Answer Sheet and Course Evaluation and mail to PES for credit



NOTICE

This course and test have been adapted from materials and information contained in the materials entitled *Financial Implications of Federal Health Care Reform* and any supplemental material provided. This course is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional advice and assumes no liability whatsoever in connection with its use. Since laws are constantly changing, and are subject to differing interpretations, we urge you to do additional research and consult appropriate experts before relying on the information contained in this course to render professional advice.

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FINANCIAL IMPLICATIONS OF FEDERAL HEALTH CARE REFORM (COURSE #6735/QAS6735) – EXAM OUTLINE

COURSE EXPIRATION DATE: Per AICPA and NASBA standards, this course must be completed within one year from the date of purchase.

TEST FORMAT: The following final exam, consisting of 40 multiple choice questions, is based specifically on the material included in this course. The answer sheet must be completed and returned to PES for CPE certification. You will find the answer sheet at the back of this exam packet so that you may easily remove it and use it while taking your test.

LICENSE RENEWAL INFORMATION: The Financial Implications of Federal Health Care Reform course (#6735/QAS6735) qualifies for 8 CPE hours.

PROCESSING: Your exam will be graded promptly. You must score 70% or better to pass. When you pass, your certificate of completion will be mailed. If you do not pass, we will give you a courtesy call to inform you of this and then another answer sheet will be sent to you free of charge.

GRADING OPTIONS: Please choose only one of the following. There is no additional charge for any of these grading options. Make sure to fill out your answer sheet completely prior to submitting it.

- **ONLINE GRADING** –Visit our website at <http://www.mypescpe.com>. Login to your account (if you are a first-time user you must set up a new user account). Go to the “**MY CPE**” tab and click the “**My CPE Exams in Progress**” folder. If your exam is not already located in this folder, click “**Add Exam Previously Purchased**” and follow the instructions.
- **MAIL** – Your exam will be graded and your certificate of completion mailed to you the same day we receive it. Your certificate will be dated according to the **postmark date**; therefore, you do not need to overnight your exam. Please mail your answer sheet to:

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Granite Bay, CA 95746**

- **FAX** – Your exam will be graded and you will be contacted either via phone or fax with your results within 4 business hours of receipt. A copy of your graded exam and certificate of completion will be mailed to you the same day we receive it. Your certificate will be dated according to the fax date. If you choose to fax your exam, please do not mail it. Your fax will serve as the original. Please refer to the attached answer sheet for further instructions on fax grading. Fax number (916) 791-4099.



***Thank you for using
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FINANCIAL IMPLICATIONS OF FEDERAL HEALTH CARE REFORM (COURSE #6735/QAS6735) – FINAL EXAM

The following questions are multiple choice. Please indicate your choice on the enclosed Answer Sheet.

1. The Patient Protection and Affordable Care Act is expected to result in what percentage of Americans being covered by health insurance:
 - a) 75%
 - b) 85%
 - c) 94%
 - d) 100%
2. State-sponsored health care insurance Exchanges must be established by what year:
 - a) 2011
 - b) 2012
 - c) 2013
 - d) 2014
3. When fully implemented, the Patient Protection and Affordable Care Act will forbid which of the following:
 - a) lifetime caps on coverage
 - b) annual caps on coverage
 - c) coverage exclusions for pre-existing conditions
 - d) all of the above
4. Which of the following was an immediate change resulting from the Patient Protection and Affordable Care Act:
 - a) eliminating the lifetime and annual limits on benefits
 - b) ending the medical underwriting and pre-existing condition exclusions
 - c) prohibiting insurers from denying coverage or setting rates based on health status
 - d) prohibiting insurers from varying premiums based on tobacco use
5. Which of the following groups will become eligible for Medicaid benefits under the Patient Protection and Affordable Care Act:
 - a) anyone under 18 years of age
 - b) individuals and families not eligible for Medicare with incomes up to 133 percent of the Federal Poverty Level
 - c) individuals and families with incomes below the median for their state of domicile
 - d) individuals who lack full-time employment
6. To help ensure a sufficient supply of qualified health care workers, the Patient Protection and Affordable Care Act:
 - a) establishes a task force to evaluate future need for health care workforce
 - b) eases student loan repayments for health care workers
 - c) expands grant money available for medical and nursing school students
 - d) all of the above
7. The revenue provisions of the Patient Protection and Affordable Care Act levy a new excise tax of _____ on insurance companies and plan administrators for any health coverage plan with an annual premium above certain thresholds.
 - a) 10%
 - b) 25%
 - c) 40%
 - d) 50%

8. All of the following are among the tax changes resulting from the Patient Protection and Affordable Care Act except:
- imposition of a tax on individuals without qualifying coverage
 - increase in the limit of the amount of funds that can be contributed annually to a flexible spending account
 - increase of the threshold for the itemized deduction for unreimbursed medical expenses
 - elimination of the tax deduction for employers who receive Medicare Part D retiree drug subsidy payments
9. Which of the following is true regarding the treatment of employer-sponsored health coverage:
- the cost of employer-provided health coverage is a deductible expense
 - salary reduction contributions for health insurance premiums not covered by an employer are taxable as gross income
 - reimbursements by employers under flexible spending arrangements are included in an employee's gross income
 - all of the above
10. How does the Consolidated Omnibus Budget Reconciliation Act (COBRA) affect health insurance coverage:
- it mandates certain employers to provide health coverage to employees and dependents
 - it requires employers to subsidize the cost of health care for employees
 - it guarantees the right of employees who lose their employment to keep their group coverage so long as they pay a premium if required
 - it prohibits employers who offer coverage to exclude certain pre-existing conditions
11. The Patient Protection and Affordable Care Act imposes a new excise tax on which of the following businesses:
- tanning salons
 - bars and restaurants
 - movie theatres
 - cigarette manufacturers
12. The Patient Protection and Affordable Care Act imposed a fee beginning in 2011 on what type of manufacturers:
- branded prescription pharmaceutical manufacturers
 - cigarette makers
 - beer producers
 - distilled spirit producers
13. The Patient Protection and Affordable Care Act increases the penalty for withdrawing funds from medical accounts for non-medical reasons to:
- 10 percent
 - 15 percent
 - 20 percent
 - 30 percent
14. Under the new federal law, the maximum amount of pre-tax money that can be contributed to a Health Flexible Spending Account is:
- \$1,500
 - \$2,500
 - \$4,000
 - \$5,000
15. The annual fee on health insurance providers imposed by the Patient Protection and Affordable Care Act takes effect in what year:
- 2010
 - 2011
 - 2013
 - 2014
16. Under what circumstances will the threshold for itemized deductions of unreimbursed medical expenses remain at 7.5 percent during 2013 to 2016:
- if the individual's gross income is less than \$100,000
 - if either the taxpayer or the taxpayer's spouse turns 65 during the taxable year
 - if the taxpayer has at least two dependents
 - if the total unreimbursed expenses does not exceed \$2,500

17. The Patient Protection and Affordable Care Act imposes an additional 0.9 percent Medicare tax on wages of what people:
- an individual with gross wages of \$200,000 or above
 - anyone receiving employer-sponsored health care
 - anyone with gross income of \$300,000 or above
 - all employees of employers with 100 or more employees
18. What is the amount of new tax imposed on the manufacturer of medical devices by the Patient Protection and Affordable Care Act:
- 1.4 percent
 - 2.3 percent
 - 3.7 percent
 - 8 percent
19. How will the Patient Protection and Affordable Care Act's codification of the economic substance doctrine result in revenue:
- it will result in a penalty being imposed on transactions lacking a real economic purpose
 - it will result in offshore money being repatriated
 - it will eliminate tax loopholes for wealthy taxpayers
 - it will increase corporate tax rates
20. Which of the following is generally not included in the definition of medical care for the purposes of itemizing medical deductions:
- amounts paid for diagnoses of disease
 - amounts paid for "over-the-counter" medicine
 - amounts paid for insulin
 - amounts paid for the purpose of affecting any structure of the body
21. The Patient Protection and Affordable Care Act limits the tax deductible compensation of certain health insurance executives to what amount:
- \$250,000
 - \$500,000
 - \$750,000
 - \$1 million
22. Which of the following statements best summarizes the impact of the Patient Protection and Affordable Care Act on employers:
- it mandates employers of all sizes to provide health care coverage beginning in 2012
 - it allows employers to either provide health care coverage for all employees or pay for employees to receive coverage through Medicare
 - it imposes penalties on large employers who fail to offer coverage but does not mandate coverage
 - it requires employers to provide health coverage for employees who have been employed on a full time basis for at least 24 months
23. Free Choice Vouchers are designed to help which of the following groups obtain health insurance coverage:
- employed persons whose employer does not offer coverage
 - employed persons whose employer offers coverage but the cost is a large percent of their household income
 - persons not eligible for Medicaid or Medicare
 - persons with pre-existing health conditions who cannot otherwise obtain coverage
24. Employers must automatically enroll new full-time employees in their health care plans if:
- the employee requests to be covered at the time they are hired
 - the employer has more than 100 full time employees
 - the employer has more than 200 full time employees
 - the employee's salary exceeds \$100,000
25. The Patient Protection and Affordable Care Act provides a new credit for the cost of health care coverage to employers of what size:
- all employers with 100 or fewer full time employees
 - all employers with 50 or fewer full time employees
 - all employers with 25 or fewer full time employees
 - all employers with gross revenue of \$100 million or less

26. Which of the following statements about the new small business tax credit under the Patient Protection and Affordable Care Act is not correct:
- the credit is fully refundable
 - the credit is nonrefundable
 - the credit is available under the alternative minimum tax
 - the credit is not payable in advance
27. Any organization that is exempt under section 501(a) that otherwise qualifies for the small business tax credit is eligible to receive the credit for taxable years beginning in years after 2013 limited to:
- 25%
 - 35%
 - 40%
 - 50%
28. Which employers are subject to the “shared responsibility” penalty under the Patient Protection and Affordable Care Act:
- any employer with 50 or more employees
 - employers who fail to offer coverage, regardless of size
 - employers with 50 or more employees that do not offer coverage and have at least one employee receive the premium assistance tax credit
 - any employer that does not offer health coverage
29. Which employers are eligible to create Simple cafeteria plans:
- those with fewer than 250 employees
 - those that average 100 or fewer employees
 - those with gross income of under \$5 million
 - those with gross income of under \$20 million
30. The investment credit for qualifying therapeutic projects created under the Patient Protection and Affordable Care Act is equal to:
- 20 percent of qualified research expenses
 - 40 percent of qualified research expenses
 - 50 percent of qualified research expenses
 - 60 percent of qualified research expenses
31. A reward from an employer-sponsored wellness program that is based on the participant satisfying a health standard is limited to _____ of the cost of the health plan’s coverage in 2012.
- 10%
 - 20%
 - 25%
 - 30%
32. One of the most significant changes as a result of the passage of the Patient Protection and Affordable Care Act is:
- to require most individuals to obtain Minimum Essential Coverage for themselves and their dependents beginning in 2014
 - the reduction in Medicare benefits offered beginning in 2011
 - the increase of affordable clinics nationwide
 - the completion of Electronic Document Mapping for the entire health care industry
33. The Patient Protection and Affordable Care Act requires group health plans to provide first dollar coverage, without any cost sharing requirements, for:
- preventive care services recommended by the U.S. Preventive Services Task Force
 - immunizations recommended by the Centers for Disease Control and Prevention
 - preventive care and screenings for infants, children, adolescents, and women provided for in guidelines supported by the Health Resources and Services Administration
 - all of the above
34. Which of the following criteria must be met before someone is eligible for the new premium assistance credit created by the Patient Protection and Affordable Care Act:
- the individual does not receive coverage through his or her employer
 - the individual’s household income is between 100 and 400 percent of the federal poverty level
 - any individual not covered by health insurance for whatever reason
 - both (a) and (b) above

35. The Patient Protection and Affordable Care Act provides a cost-sharing subsidy to reduce annual out-of-pocket cost-sharing for individuals and households. Which of the following is true regarding this subsidy:
- a) this provision is effective beginning in 2014
 - b) the reductions are made in reference to the dollar cap on annual deductibles for high deductible health plans
 - c) the reduction in cost-sharing applies to both the essential and additional health benefits offered by the plan the individual is enrolled in
 - d) all of the above
36. Individuals who fail to obtain health insurance coverage with essential benefits coverage will be subject to a penalty beginning in what year:
- a) 2010
 - b) 2011
 - c) 2014
 - d) 2015
37. In 2016, the penalty for an individual for not having health insurance coverage will be at least:
- a) \$95
 - b) \$695
 - c) \$1,000
 - d) \$1,200
38. A new reporting requirement mandates that each insurer (including self-insured employers) provide information about employees' health insurance coverage to:
- a) the employee only
 - b) the employee and the IRS
 - c) the IRS only
 - d) The Department of Health and Human Services
39. The Patient Protection and Affordable Care Act helps reduce the tax liability of certain health care workers by:
- a) eliminating from gross income student loans forgiven by states
 - b) providing a tax credit for persons entering the medical field in certain areas of the country
 - c) reducing the tax rate for employees in the health care field
 - d) providing a special credit for employees of hospitals
40. Which of the following changes does the Patient Protection and Affordable Care Act make to the Medicare program:
- a) provided a one-time payment for seniors hitting the "donut hole" in 2010
 - b) promotes health and wellness by providing free annual wellness visits
 - c) provides a discount on brand name drugs
 - d) all of the above

***Congratulations –
you've completed the exam!***

FINANCIAL IMPLICATIONS OF FEDERAL HEALTH CARE REFORM #6735/QAS6735 (8 CPE hours) – ANSWER SHEET (12/12)

Important Note: For certification, this answer sheet must be completed and submitted to PES for grading within one year from the date of purchase. Please use black ink and print for quicker processing – thank you.

Name (as it appears on your license) _____

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PTIN Number (if applicable) _____

If course was ordered by another party, please indicate name here: _____

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- **ONLINE GRADING** – Visit our website at <http://www.mypescpe.com>.
 - Login to your account (if you are a first-time user, you *must* set up a new user account).
 - Go to the “**MY CPE**” tab and click the “**My CPE Exams in Progress**” folder.
 - If your exam is not already located in this folder, click “**Add Exam Previously Purchased**” and follow the instructions.
- **Mail** – Mail your exam to: PES, 4208 Douglas Blvd., Ste 50, Granite Bay, CA 95746
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 Please: mail my results only or fax phone my results to: (____) _____

PLEASE INDICATE YOUR ANSWER BY FILLING IN THE APPROPRIATE CIRCLE

	A	B	C	D		A	B	C	D
1.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	21.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	22.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	23.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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12.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	32.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
13.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	33.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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16.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	36.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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18.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	38.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
19.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	39.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
20.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	40.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please complete the attached course evaluation – your opinion is extremely valuable.

Financial Implications of Federal Health Care Reform #6735/QAS6735 - Course Evaluation

Rate on a scale of 1-10 with 1 being poor and 10 being excellent.

- 1. The course met the course objectives described in the promotional material. _____
- 2. The course was up to date, held my interest, was timely, and effective. _____
- 3. The course materials were understandable, valuable, and suitable for a correspondence course. _____
- 4. The amount of advance knowledge and stated prerequisites were appropriate. _____
- 5. The completion time was appropriate for the number of credits allowed. _____
- 6. The course met my professional education needs. _____

Please answer the following questions – mark/rate any and all that may apply

- 1. How would you rate PES's order desk _____
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2. What can PES do to keep you as a valued customer?

3. Any other comments regarding this course or our company would be appreciated.

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