

Virginia Health Insurance Examination
Series 11-06
90 scored (15 pre-test) questions – Two-hour time limit

1.0 Insurance Regulation

17% (15 items)

1.1 Licensing

General Provisions and Definitions (38.2-1800)

Process (38.2-1819)

Types of licensees

Agents (38.2-1800.1(A), 1801, 1814–1815.1, 1817–1818, 1822(A), (B), 1824)

Consultants (38.2-1837–1840)

Nonresidents (38.2-1836, 1845)

Business entities (38.2-1800.1(B), 1820, 1822(C), (D))

Exceptions (38.2-1821.1, 1822 (G))

Maintenance

Duration and termination (38.2-1825, 1826)

Address and/or name changes (38.2-1826(A))

Assumed names (38.2-1822(E), (F))

Requirement to report felony convictions (38.2-1826(B))

Requirement to report other states actions (38.2-1826(C))

Continuing education (38.2-1866, 1868.1–1871)

Appointment procedures (38.2-1825, 1833–1834.1)

Agent's contract with insurer versus agent's appointment with insurer

Agent's appointment versus agency's appointment

Solicitation prior to appointment

Appointment requirement after becoming licensed

Acknowledgment of appointment/notice to agent

Requirement to cease solicitation

Termination of appointment/notice to agent

Termination of license without active appointment

Disciplinary actions

Probation, suspension, revocation or refusal to issue or renew (38.2-1821, 1831, 1832)

Cease and desist order (38.2-219)

Penalties (38.2-218, 1823)

1.2 State regulation

State Corporation Commission's general duties and powers (38.2-200)

Agent regulation

Acting for an unlicensed insurer (38.2-1802)

Record retention (38.2-1809(B))

Activities of unlicensed individuals (38.2-1821.1(B), 1822(G); AL 2002-9)

Payment and sharing of commissions (38.2-1812)

Charging of fees (38.2-310)

Illegal compensation; exceptions (38.2-1812.2)

Fiduciary capacity (38.2-1813)

Responsibility of trust accounts (38.2-1813)

Unfair trade practices

Misrepresentation (38.2-502, 512)

False advertising (38.2-503)

Defamation (38.2-504)

Boycott, coercion and intimidation (38.2-505)

Notice of Adverse Underwriting Decisions (38.2-610)

False statements and entries (38.2-506)

Unfair Discrimination (38.2-508, 38.2-508.1, 38.2-508.2)

Rebating (38.2-509)

Twisting (38.2-1831(5))

Referrals (38.2-1821.1 (B) 8)

Insurance information and privacy protection (38.2-604, 613)

Notice of information practices (38.2-604, 613, 608, 609, 38.2-604.1)

1.3 Federal regulation

Fair Credit Reporting Act (15 USC 1681–1681d)

Fraud and false statements (18 USC 1033, 1034)

Continuation (38.2-3541)

ACA-Related Federal Market Reforms (Article 6, 38.2-3438 through 3454.1)

Definitions (38.2-3438)

Individual health insurance coverage

Dependent coverage (38.2-3439)

Lifetime and annual limits (38.2-3440)

Restrictions relating to premium rates (38.2-3447)

Essential health benefits (38.2- 3451)

Waiting periods (38.2-3452)

Excepted benefits (45 CFR § 148.220), (38.2-3431)

1.4 Industry regulation

National Association of Insurance Commissioners (NAIC)

2.0 General Insurance

10% (9 items)

2.1 Concepts

Risk management key terms

Risk

Exposure

Hazard

Peril

Loss

Methods of handling risk

Avoidance

Retention

Sharing

Reduction

Transfer

Elements of insurable risks

Adverse selection

Law of large numbers

Reinsurance

2.2 Insurers

Types of insurers

Stock companies

Mutual companies

Fraternal benefit societies

Self insurers

Private versus government insurers

Admitted versus nonadmitted insurers

Domestic, foreign and alien insurers

Financial status (independent rating services) and operating results

Marketing (distribution) systems

2.3 Agents and general rules of agency

Types

Captive

Independent

Insurer as principal

Agent of insurer

Authority and powers of agents

Express

- Implied
- Apparent

- Responsibilities to the applicant/insured

2.4 Contracts

- Elements of a legal contract

- Offer and acceptance

- Consideration

- Competent parties

- Legal purpose

- Distinct characteristics of an insurance contract

- Contract of adhesion

- Aleatory contract

- Personal contract

- Unilateral contract

- Conditional contract

- Legal interpretations affecting contracts

- Ambiguities in a contract of adhesion

- Reasonable expectations

- Indemnity

- Utmost good faith

- Representations/misrepresentations

- Warranties

- Concealment

- Fraud

- Waiver and estoppel

3.0 Health Insurance Basics

12% (11 items)

3.1 Definitions of perils

- Accidental injury

- Sickness

3.2 Principal types of losses and benefits

- Loss of income from disability

- Medical expense

- Dental expense

- Long-term care expense

3.3 Classes of health insurance policies

- Individual versus group

- Private versus government

- Limited versus comprehensive

3.4 Limited policies

- Limited perils and amounts

- Required notice to insured

- Types of limited policies

- Accident-only

- Specified (dread) disease

- Hospital indemnity (income)

- Credit disability

- Blanket insurance (teams, passengers, other)

- Prescription drugs

- Vision care

- Critical illness (specified conditions)

- Short-term medical

3.5 Common exclusions from coverage

- Pre-existing conditions

- Intentionally self-inflicted injuries

- War or act of war

Elective cosmetic surgery
Conditions covered by workers compensation
Government plans
Participation in a felony or illegal occupation (38.2-3504 10)

3.6 Agent responsibilities in individual health insurance

Marketing requirements
 Advertising (14 VAC 5-90)
 Life, Accident and Sickness Insurance Guaranty Association (38.2-1715)
 Sales presentations
Field underwriting
 Nature and purpose
 Application procedures
 Requirements at delivery of policy
Notification of Medicare eligibility

3.7 Individual underwriting by the insurer

Sources of underwriting information
 Application
 Agent report
 Attending physician statement
 Investigative consumer (inspection) report
 Medical Information Bureau (MIB)
 Medical examinations and lab tests (including HIV consent) (38.2-613.01; 14 VAC 5-180-50)
Unfair discrimination (38.2-508, 38.2-508.1, 38.2-508.2)

Genetic information privacy (38.2-508.4, 38.2-613 D)
Classification of risks
 Preferred
 Standard
 Substandard
 Declined

3.8 Considerations in replacing health insurance

Pre-existing conditions (38.2-3514)
Pre-existing condition exclusion (38.2-3514.1)
Benefits, limitations and exclusions
Underwriting requirements
Virginia replacement requirements (14 VAC 5-141-150)

4.0 Individual Health Insurance Policy General Provisions

16% (14 items)

4.1 Uniform required provisions (38.2-3503 A)

Entire contract; changes
Time limit on certain defenses
Grace period
Reinstatement
Notice of claim
Claim forms
Proofs of loss
Time of payment of claims
Payment of claims
Physical examinations and autopsy
Legal actions
Change of beneficiary
Cancellation by insured

4.2 Uniform optional provisions (38.2-3504)

Change of occupation
Misstatement of age
Other insurance in this company

- Insurance with other companies
 - Expense-incurred basis
 - Other than expense-incurred
- Unpaid premium
- Cancellation by company
- Conformity with state statutes
- Illegal occupation
- Intoxicants and narcotics

4.3 Other general provisions

- Right to examine (free look) (38.2-3502)
- Insuring clause
- Consideration clause
- Renewability clause (38.2-3514.2; 14 VAC 5-141-30 C and 14 VAC 5-141-140 A and C)
 - Noncancelable
 - Guaranteed renewable
 - Conditionally renewable
 - Renewable at option of insurer
 - Nonrenewable (cancelable, term)
- Interest on claim proceeds (38.2-3407.1)
- Military suspension provision (14 VAC 5-141-30 I)

5.0 Disability Income and Related Insurance

9% (8 items)

5.1 Qualifying for disability benefits

- Inability to perform duties
 - Own occupation
 - Any occupation
- Pure loss of income (income replacement contracts)
- Presumptive disability
- Requirement to be under physician care

5.2 Individual disability income insurance (14 VAC 5-141-60)

- Basic total disability plan
 - Income benefits (monthly indemnity)
 - Elimination and benefit periods
 - Waiver of premium benefit
 - Additional monthly benefit (AMB)
 - Social insurance supplement (SIS)
 - Occupational versus nonoccupational coverage
- At-work benefits
 - Partial disability benefit
 - Residual disability benefit
- Other provisions affecting income benefits
 - Cost of living adjustment (COLA) rider
 - Future increase option (FIO) rider
 - Annual renewable term rider
 - Relation of earnings to insurance (38.2-3504(6))
 - Change of occupation
- Other cash benefits
 - Accidental death and dismemberment
 - Rehabilitation benefit
 - Medical reimbursement benefit (non disabling injury)
- Refund provisions
 - Return of premium
 - Cash value benefit
- Exclusions

5.3 Unique aspects of individual disability underwriting

- Occupational considerations

Benefit limits
Policy issuance alternatives

5.4 Group disability income insurance (14 VAC 5-141-60)

Group versus individual plans
Short-term disability (STD)
Long-term disability (LTD)

5.5 Business disability insurance

Key employee (partner) disability income
Business overhead expense policy
Business Disability buyout policy

5.6 Social Security disability

Qualification for disability benefits
Definition of disability
Waiting period
Disability income benefits

5.7 Workers compensation

Eligibility
Benefits

6.0 Medical Plans

10% (9 items)

6.1 Medical plan concepts

Fee-for-service basis versus prepaid basis
Specified coverages versus comprehensive care
Benefit schedule versus usual/reasonable/customary charges
Any provider versus limited choice of providers
Insureds versus subscribers/participants

6.2 Types of providers and plans

Major medical insurance (insurers)

Characteristics
Common limitations
Common exclusions from coverage
Deductibles
Coinsurance feature
Stop-loss feature
Maximum benefits

Health services plans

Definitions (38.2-4201)
Plans offered (38.2-4202–4204, 4209)
Other services (38.2-4205)
Qualified providers (38.2-4221)
Choice of provider or pharmacy (38.2-4209.1, 4218)
Provider panels (38.2-3407.10)
Disclosure of benefits (38.2-4219)
Subscribers

Health maintenance organizations (HMOs) (38.2-4300–4323; 14 VAC 5-211-10-280)

Combined health care delivery and financing
Limited service area/out of area benefits
Limited choice of providers
Gatekeeper concept
Copayments
Prepaid basis
Preventive care services
Primary care physician versus referral (specialty) physician
Emergency care
Hospital services
Other basic services

- Subscribers
- Preferred provider organizations (PPOs)
 - General characteristics
 - Open panel or closed panel
- Point-of-service (POS) plans
 - Nature and purpose
 - Out-of-network provider access (open-ended HMO)
 - PCP referral
 - Indemnity plan features
- TRI-CARE
- Virginia Family Access to Medical Insurance Security Plan (FAMIS) (RL 32.1-351)

6.3 Cost containment in health care delivery

- Cost-saving services
 - Preventive care
 - Outpatient ambulatory services
 - Alternatives to hospital services
- Utilization management
 - Prospective review
 - Concurrent review

6.4 Virginia eligibility requirements

- Dependent child age limit (38.2-3500(C), 3525)
- Coverage for adopted children (38.2-3411.2)
- Newborn child coverage (38.2-3411)
- Medical child support coverage (38.2-3407.2)
- Intellectual disability and physical handicap dependent coverage (38.2-3409)

6.5 HIPAA (Health Insurance Portability and Accountability Act) requirements (38.2-3430.1–.9, 3432.1–.3)

- Eligibility
- Guaranteed issue
- Pre-existing conditions
- Creditable coverage
- Renewability

6.6 Health Savings Accounts (HSAs) and Health Reimbursement Accounts (HRAs)

- Definition
- Eligibility
- Contribution limits

7.0 Group Health Insurance

8% (7 items)

7.1 Characteristics of group insurance

- Group contract
- Certificate of coverage (38.2-3533)
- Experience rating versus community rating

7.2 Defined groups (38.2-3521.1)

- Employer
- Creditor
- Labor union
- Association
- Credit union

7.3 Marketing considerations

- Advertising
- Regulatory jurisdiction/place of delivery

7.4 Employer group health insurance

- Insurer underwriting criteria
 - Characteristics of the group
 - Plan design factors
 - Persistency factors
 - Administrative capability

- Eligibility for insurance
 - Annual open enrollment
 - Employee eligibility
 - Dependent eligibility
- Coordination of benefits provision
- Change of insurance companies or loss of coverage
 - Coinsurance and deductible carryover
 - No-loss no-gain
 - Events that terminate coverage
 - Reinstatement of coverage for military personnel (38.2-508.1(B))
 - Notification of Medicare eligibility
 - Extension of benefits
 - Continuation of coverage under COBRA and Virginia specific rules (38.2-3541)

7.5 Small employer medical plans (38.2-3431–3437)

- Definition of small employer (38.2-3431)
- Availability of coverage (38.2-3431(C), 3432.2)
- Disclosure of coverage provisions (38.2-3434)
- Enrollment eligibility (38.2-3436)
- Renewability (38.2-3432.1)

8.0 Dental Insurance (14 VAC 5-141-70)

2% (2 items)

8.1 Types of dental treatment

- Diagnostic and preventive
- Restorative
- Oral surgery
- Endodontics
- Periodontics
- Prosthodontics
- Orthodontics

8.2 Indemnity plans

- Choice of providers
- Scheduled versus nonscheduled plans
- Benefit categories
 - Diagnostic/preventive services
 - Basic services
 - Major services
- Deductibles and coinsurance
- Combination plans
- Exclusions
- Limitations
- Predetermination of benefits

8.3 Employer group dental expense

- Integrated deductibles versus stand-alone plans
- Minimizing adverse selection

9.0 Insurance for Senior Citizens and Special Needs Individuals

14% (13 items)

9.1 Medicare

- Nature, financing and administration
- Part A — Hospital Insurance
 - Individual eligibility requirements
 - Enrollment
 - Coverages and cost-sharing amounts
- Part B — Medical Insurance
 - Individual eligibility requirements
 - Enrollment
 - Coverages and cost-sharing amounts

Exclusions

Claims terminology and other key terms

Part C — Medicare Advantage

Part D — Prescription Drug Insurance

9.2 Medicare supplement insurance (14 VAC 5-170-10–220, 38.2-3600 – 38.2-3611)

Purpose (14 VAC 5-170-10)

Open enrollment (14 VAC 5-170-100)

Rating of Medicare supplement plans (14 VAC 5-170-30)

Attained age

Issue age

Community rated

Standardized Medicare supplement plans (14 VAC 5-170-75, 85, 87)

Core benefits

Additional benefits

High deductible plans

Virginia regulations and required provisions

Standards for marketing (14 VAC 5-170-180)

Advertising (38.2-3609; 14 VAC 5-170-170)

Appropriateness of recommended purchase and excessive insurance (14 VAC 5-170-190)

Buyer's guide (14 VAC 5-170-150(A)(6))

Outline of coverage (38.2-3606; 14 VAC 5-170-150(D))

Right to return (free look) (38.2-3604; 14 VAC 5-170-150(A)(5))

Replacement (14 VAC 5-170-160, 210)

Prohibited policy provisions (14 VAC 5-170-210)

Minimum benefit standards (14 VAC 5-170-75)

Required disclosure provisions (14 VAC 5-170-150)

Pre-existing conditions (38.2-3605)

Permitted compensation (14 VAC 5-170-140)

Guaranteed issue for eligible persons (14 VAC 5-170-105)

Continuation and conversion requirements (14 VAC 5-170; 14 VAC 5-170-75 B 7 (a)(b)(c)(d))

Medicare SELECT (14 VAC 5-170-90)

Medicare supplement policies for person eligible by reason of disability (38.2-3610) (14 VAC 5-170-87 (A) (2))

9.3 Other options for individuals with Medicare

Employer group health plans

Disabled employees

Employees with kidney failure

Individuals age 65 and older

Medicaid

Eligibility

Benefits

9.4 Long-term care (LTC) policies (38.2-5200–5210; 14 VAC 5-200-10–210)

LTC, Medicare and Medicaid compared

Eligibility for benefits (14 VAC 5-200-187)

Levels of care

Skilled care

Intermediate care

Custodial care

Home health care (14 VAC 5-200-50, 90)

Adult day care (14 VAC 5-200-50)

Respite care

Benefit periods

Benefit amounts

Optional benefits

Guarantee of insurability

Return of premium

Qualified LTC plans (14 VAC 5-200-40)

Deductibility of premiums for LTC insurance for state income tax purposes
Exclusions (14 VAC 5-200-60(B))
Underwriting considerations
Virginia regulations and required provisions
Standards for marketing (14 VAC 5-200-170)
Advertising (14 VAC 5-200-160)
Consumer guide (38.2-5207(3))
Outline of coverage (38.2-5207, 5207.1; 14 VAC 5-200-200)
Suitability including personal worksheet (14 VAC 5-200-175)
Right to return (free look) (38.2-5208)
Replacement (14 VAC 5-200-110, 190)
Renewal considerations (14 VAC 5-200-60(A))
Continuation of benefits (14 VAC 5-200-60(D))
Required disclosure provisions (14 VAC 5-200-70)
Incontestability (38.2-5209)
Inflation protection (14 VAC 5-200-100)
Unintentional lapse (14 VAC 5-200-65)
Pre-existing conditions (38.2-5204; 14 VAC 5-200-190)
Nonforfeiture benefit (38.2-5210; 14 VAC 5-200-185)
Benefit triggers (14 VAC 5-200-70(G), 187)

10.0 Federal Tax Considerations for Health Insurance

2% (2 items)

10.1 Personally-owned health insurance

Disability income insurance
Medical expense insurance
Long-term care insurance

10.2 Employer group health insurance

Disability income (STD, LTD)
Medical and dental expense
Long-term care insurance
Accidental death and dismemberment

10.3 Medical expense coverage for sole proprietors and partners

10.4 Business disability insurance

Key person disability income
Business overhead expense
Business Disability Buyout

10.5 Health Savings Accounts (HSAs), Health Reimbursement Accounts (HRAs), and Flexible Spending Accounts (FSAs)

Health Savings Accounts
Health Reimbursement Accounts
Flexible Spending Accounts
High Deductible Health Plans