AAM PHASE 1 PRACTICE EXAM (SAMPLE)

STUDY GUIDE

SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

1. Who sets the limits on an HRA account?

A. The employee

B. The insurer

C. The employer

D. The government

2. Leverage trend is used in underwriting to reflect the impact of what on premiums?

A. Administrative costs

B. Patient adherence

C. Pharmacy rebates

D. Medical inflation on large claims

3. What are network discounts?

A. Reduced premiums for in-network visits.

B. Discounts on out-of-network services.

C. Lower co-pays for in-network visits.

D. Discounts for using in-network providers.

4. Public exchanges are best described as which of the following?

A. A program that mandates employer-provided coverage for all employees.

B. A private marketplace for high-income individuals to buy plans with no scrutiny.

C. A system that provides subsidies to all enrollees.

D. A mechanism that allowed people to retire before age 65 by providing insurance access, though at a higher cost.

5. What happens to HRA balances when employment ends?

A. They stay with the employee

B. They are transferred to the new plan

C. They are forfeited

D. They stay with the employer

6. What is an HMO?

A. A type of plan that covers only emergency services

B. A plan that relies on nationwide out-of-network coverage

C. A hospital-first arrangement with no primary care

D. Health Maintenance Organization; requires in-network care and PCP referrals

7. Regarding STD elimination period, when do STD benefits begin?

A. Benefits begin immediately upon disability.

B. Benefits begin after 14 days of disability.

C. Benefits begin after 6 months.

D. This elimination period applies only to LTD.

8. In a stop-loss contract basis notation, what does 15/12 indicate?

A. 12 months incurred, 15 months paid.

B. 15 months paid, 12 months incurred.

C. 15 months incurred, 12 months paid.

D. 12 months paid, 15 months incurred.

9. What is the definition of a PPO?

A. A plan with no out-of-network coverage.

B. A health plan with a network of preferred providers offering lower costs in-network but allowing out-of-network care for a higher cost.

C. A tax-exempt account used to pay or reimburse eligible medical expenses.

D. An employer-funded account that reimburses medical expenses tax-free.

10. What is the triple tax benefit of an HSA?

A. Tax-free withdrawals, growth, and reimbursements.

B. Taxable contributions, growth, and reimbursements.

C. Tax-free contributions, growth, and reimbursements.

D. Tax-free contributions, taxed growth, and reimbursements.

Answers

1. C
2. D
3. D
4. D
5. D
6. D
7. B
8. C
9. B
10. C

Explanations

1. Who sets the limits on an HRA account?

A. The employee

B. The insurer

C. The employer

D. The government

HRAs are employer-established accounts, so the annual limit is defined in the employer's plan design. The employer decides how much money the plan can reimburse each year and what expenses qualify, making the cap part of the plan document. The government provides the overarching rules HRAs must follow, and the insurer may handle administering reimbursements, but neither sets the specific yearly limit—that power rests with the employer.

2. Leverage trend is used in underwriting to reflect the impact of what on premiums?

A. Administrative costs

B. Patient adherence

C. Pharmacy rebates

D. Medical inflation on large claims

Leverage trend reflects how medical cost inflation specifically affects large claims, and that impact is what underpins premium changes. Large claims carry outsized weight in overall costs, so when medical prices rise, the cost of those high cost cases tends to grow more than average. By isolating this effect, underwriters price premiums to cover the expected inflation-driven growth in big ticket claims, which can push premiums higher even if general cost trends seem modest. Administrative costs, patient adherence, and rebates influence costs in different ways, but they're not the factor focused on here—the idea is capturing the inflation impact on large claims.

3. What are network discounts?

A. Reduced premiums for in-network visits.

B. Discounts on out-of-network services.

C. Lower co-pays for in-network visits.

D. Discounts for using in-network providers.

Network discounts are savings negotiated between your health plan and providers who are in the plan's network. When you use these in-network providers, they've agreed to a discounted rate with the insurer, so the billed amount is reduced and your out-of-pocket costs are based on that lower rate. This is why the description fits: discounts for using in-network providers. These discounts aren't about premiums—the cost of having the plan itself—and they aren't just lower co-pays, which are fixed amounts you pay for a visit. They also don't apply to out-of-network services, which typically don't carry the plan's negotiated rates and can cost more.

4. Public exchanges are best described as which of the following?

A. A program that mandates employer-provided coverage for all employees.

B. A private marketplace for high-income individuals to buy plans with no scrutiny.

C. A system that provides subsidies to all enrollees.

D. A mechanism that allowed people to retire before age 65 by providing insurance access, though at a higher cost.

Public exchanges are marketplaces designed to give individuals access to private health plans outside of employer-based or government-run coverage, with subsidies available to many based on income. The option that describes enabling access to insurance before turning 65 captures the practical effect: people can obtain private coverage even as they approach Medicare eligibility, which can support an earlier retirement if they choose, though costs can be higher for some. The other statements don't fit because exchanges don't mandate employer coverage, aren't a space with no plan scrutiny, don't provide subsidies to everyone, and aren't designed as a retirement mechanism.

5. What happens to HRA balances when employment ends?

A. They stay with the employee

B. They are transferred to the new plan

C. They are forfeited

D. They stay with the employer

HRA funds are owned by the employer and are not portable to the employee. When employment ends, any unused balance generally does not transfer to a new employer or to the employee; it stays with the employer under the plan rules (often being forfeited by the employee and retained by the employer). The exact treatment is defined in the plan document, but the standard rule is that the balance remains with the employer.

6. What is an HMO?

A. A type of plan that covers only emergency services

B. A plan that relies on nationwide out-of-network coverage

C. A hospital-first arrangement with no primary care

D. Health Maintenance Organization; requires in-network care and PCP referrals

An HMO is a Health Maintenance Organization that requires you to use providers within a specific network and to go through a designated primary care physician to access most services. Your PCP acts as a gatekeeper, so you usually need a referral to see specialists. Because care is coordinated through the PCP and the network, costs are typically lower and preventive care is emphasized, but you have limited or no coverage for out-of-network services except in emergencies. This is why the description of in-network care with a PCP referral best captures what an HMO is. The other scenarios—coverage limited to emergencies, relying on nationwide out-of-network coverage, or a hospital-first arrangement with no primary care—don't describe how an HMO operates.

7. Regarding STD elimination period, when do STD benefits begin?

A. Benefits begin immediately upon disability.

B. Benefits begin after 14 days of disability.

C. Benefits begin after 6 months.

D. This elimination period applies only to LTD.

The elimination period is the waiting period after disability begins before STD benefits start. This gap helps avoid paying for very short illnesses and injuries and sets the policy's timing for when benefits kick in. In many STD plans, that waiting period is 14 days, so after you are disabled for 14 consecutive days, benefits begin for the covered portion of your disability. It's not immediate; the benefits don't start right when the disability begins. A six-month waiting period is more typical of long-term disability, not standard STD. And STD plans do have elimination periods too, not just LTD, though the length can vary by policy.

8. In a stop-loss contract basis notation, what does 15/12 indicate?

A. 12 months incurred, 15 months paid.

B. 15 months paid, 12 months incurred.

C. 15 months incurred, 12 months paid.

D. 12 months paid, 15 months incurred.

In this notation, losses are measured using two time windows: when a loss is considered incurred and when it is paid. The first number refers to the incurred window, and the second to the paid window. Therefore, 15/12 means losses can be incurred for up to 15 months, but payments for those losses will be made within 12 months. This shows the incurred window is longer than the paid window. The reason this is the best answer is that the order always puts incurred first and paid second, so the interpretation is that 15 months are incurred and 12 months are paid.

9. What is the definition of a PPO?

A. A plan with no out-of-network coverage.

B. A health plan with a network of preferred providers offering lower costs in-network but allowing out-of-network care for a higher cost.

C. A tax-exempt account used to pay or reimburse eligible medical expenses.

D. An employer-funded account that reimburses medical expenses tax-free.

A PPO is a health plan that uses a network of preferred providers who have negotiated discounted rates for members. The defining feature is lower costs when you stay in-network, while you still have the option to receive care from out-of-network providers, though at a higher price due to higher deductibles or coinsurance and often less favorable reimbursement. This aligns with a plan that offers lower in-network costs but allows out-of-network care at higher cost. Choices describing tax-advantaged medical accounts (like an HSA or FSA) refer to financial accounts, not the plan structure, and a plan with no out-of-network coverage would be more like an HMO or EPO, not a PPO.

10. What is the triple tax benefit of an HSA?

A. Tax-free withdrawals, growth, and reimbursements.

B. Taxable contributions, growth, and reimbursements.

C. Tax-free contributions, growth, and reimbursements.

D. Tax-free contributions, taxed growth, and reimbursements.

The triple tax benefit of an HSA comes from three tax-advantaged aspects: contributions are tax-free (or tax-deductible), the account grows tax-free, and withdrawals used for qualified medical expenses are tax-free. This is why the correct choice describes tax-free contributions, growth, and reimbursements, since reimbursements are withdrawals used for medical costs and aren't taxed. The other options would imply taxable contributions or taxed growth, which isn't how HSAs work.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

https://aamphase1.examzify.com

We wish you the very best on your exam journey. You've got this!