

# Arkansas Health Insurance Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

**This is a sample study guide. To access the full version with hundreds of 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. Don't worry about getting everything right, 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, and take breaks to retain information better.**

## 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.**

## 7. Use Other Tools

**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!**

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## **Questions**

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- 1. If a person is convicted of a crime stemming from a hearing, a fine up to \$ \_\_\_\_\_ per violation may be imposed:**
  - A. \$500
  - B. \$1,000
  - C. \$2,500
  - D. \$5,000
- 2. What type of insurance provides income for employees who are disabled and unable to work?**
  - A. Health insurance
  - B. Life insurance
  - C. Disability income insurance
  - D. Long-term care insurance
- 3. What type of rider on a disability income policy guarantees the right to increase benefits without a medical exam?**
  - A. Waiver of premium rider
  - B. Guaranteed renewability rider
  - C. Guaranteed insurability rider
  - D. Cost of living rider
- 4. Maria is a Preferred Provider Organization (PPO) subscriber and received care from an out-of-network provider. Which of the following is the likely result?**
  - A. Care is not covered
  - B. Care is covered
  - C. Care requires prior authorization
  - D. Care must be reimbursed in full by the subscriber
- 5. Which type of business insurance is designed to cover the expenses required to continue operations while the owner is disabled?**
  - A. Key person insurance
  - B. Business overhead expense policy
  - C. General liability insurance
  - D. Property insurance

**6. Which component of health insurance helps manage healthcare costs while ensuring quality of care?**

- A. Utilization review**
- B. Premium calculation**
- C. Claims processing**
- D. Underwriting**

**7. An individual covered under a Blue Cross Blue Shield plan is called a(n):**

- A. Policyholder**
- B. Beneficiary**
- C. Subscriber**
- D. Insured**

**8. What period refers to when accumulated value in an annuity is paid out?**

- A. Accumulation phase**
- B. Pre-annuity phase**
- C. Annuitization phase**
- D. Disbursement phase**

**9. What does not constitute a valid reason for an insurance claim denial?**

- A. Failure to pay premiums**
- B. Pre-existing condition**
- C. Underinsurance**
- D. Exceeding policy limits**

**10. Which of the following plans does NOT allow for pre-tax employee contributions?**

- A. Flexible Spending Account (FSA)**
- B. Health Savings Account (HSA)**
- C. Health Reimbursement Arrangement Plan**
- D. Dependent Care Assistance Plan**

## **Answers**

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

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## **Explanations**

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**1. If a person is convicted of a crime stemming from a hearing, a fine up to \$ \_\_\_\_\_ per violation may be imposed:**

- A. \$500
- B. \$1,000**
- C. \$2,500
- D. \$5,000

The correct answer indicates that if a person is convicted of a crime related to a hearing, a fine of up to \$1,000 per violation may be imposed. This amount aligns with the regulatory framework governing health insurance practices in Arkansas, reflecting the seriousness of maintaining compliance within the industry. Fines are typically structured to act as a deterrent against violations, ensuring that individuals and entities adhere to the laws and standards set forth in the health insurance arena. This specific limit of \$1,000 underscores the enforcement of accountability and the need for practitioners to operate within legal and ethical parameters. Understanding the financial implications of violations is crucial for those involved in health insurance, as it reinforces the importance of compliance with all relevant laws and regulations.

**2. What type of insurance provides income for employees who are disabled and unable to work?**

- A. Health insurance
- B. Life insurance
- C. Disability income insurance**
- D. Long-term care insurance

Disability income insurance is specifically designed to provide financial support to individuals who are unable to work due to a disability, either short-term or long-term. This type of insurance replaces a portion of the insured's income, ensuring that they can maintain their living expenses, such as rent, mortgage, and bills, while they are out of work due to their medical condition. Health insurance covers medical expenses related to illnesses or injuries but does not provide income replacement. Life insurance pays a benefit to beneficiaries upon the death of the insured, serving a different purpose entirely. Long-term care insurance supports non-medical care for individuals who may need assistance with daily living activities, but it also does not address income loss due to disability. Therefore, disability income insurance is the most relevant choice for providing income to employees who are unable to work due to a disability.

**3. What type of rider on a disability income policy guarantees the right to increase benefits without a medical exam?**

- A. Waiver of premium rider**
- B. Guaranteed renewability rider**
- C. Guaranteed insurability rider**
- D. Cost of living rider**

The guaranteed insurability rider is a feature that allows policyholders to increase their disability income benefits at specified times without the need for a medical exam. This rider is particularly important because it provides the insured with flexibility to adapt their coverage to changing needs or circumstances, such as inflation or an increase in income. This ensures that, even if the insured's health situation changes, they can still secure additional benefits without the concern of being turned down due to the new medical condition. The other options do not provide the same benefit: - The waiver of premium rider permits the insured to refrain from paying premiums while they are disabled, but it does not allow for an increase in benefits. - The guaranteed renewability rider ensures that a policy will not be canceled as long as premiums are paid but does not address the increase of benefits. - The cost of living rider typically adjusts benefits upward based on changes in the cost of living, but this is based on a predefined formula rather than allowing the insured to select increases without medical scrutiny. Thus, the guaranteed insurability rider is specifically designed for the purpose of enhancing benefits without the barrier of medical examination, making it the correct choice in this context.

**4. Maria is a Preferred Provider Organization (PPO) subscriber and received care from an out-of-network provider. Which of the following is the likely result?**

- A. Care is not covered**
- B. Care is covered**
- C. Care requires prior authorization**
- D. Care must be reimbursed in full by the subscriber**

When a subscriber like Maria is enrolled in a Preferred Provider Organization (PPO) plan, one of the key features of this type of insurance is flexibility in choosing healthcare providers. While PPOs encourage the use of in-network providers by offering greater benefits and lower out-of-pocket costs, they also provide coverage for care received from out-of-network providers. In this scenario, since Maria received care from an out-of-network provider, her PPO plan is still likely to cover a portion of those costs, albeit at a lower reimbursement rate compared to in-network services. This design allows subscribers to seek care where they wish, ensuring access to a broader range of health services. It's important to note that while care from out-of-network providers is covered, it may involve higher deductibles, copayments, or coinsurance compared to in-network providers. Furthermore, there typically aren't the same prior authorization requirements for all out-of-network care as there might be with some managed care plans. Understanding this mechanism within PPO plans elucidates why the answer is that care is covered, reflecting the inherent flexibility and choice that these plans offer their members.

**5. Which type of business insurance is designed to cover the expenses required to continue operations while the owner is disabled?**

- A. Key person insurance**
- B. Business overhead expense policy**
- C. General liability insurance**
- D. Property insurance**

The correct answer is business overhead expense policy. This type of insurance specifically provides coverage for the ongoing operational expenses of a business in the event that the owner becomes disabled. It is designed to cover fixed costs such as rent, utilities, and salaries, allowing the business to maintain its operations during the owner's absence due to disability. This policy is particularly important for small business owners who may not have the financial reserves to cover these fixed expenses during a period of incapacity. By ensuring that these costs are met, the policy helps prevent the business from suffering irreparable financial harm and allows it to remain viable until the owner can return to work or until alternative arrangements can be made. Key person insurance focuses on providing financial support to a business in the event of the death or disability of an essential employee or owner, but it does not specifically address ongoing operating costs. General liability insurance protects against legal claims for injuries or damages that occur on the business property or as a result of business operations, while property insurance covers physical assets and the resulting loss or damage. Neither of these options is tailored to support continuous operations during a disability.

**6. Which component of health insurance helps manage healthcare costs while ensuring quality of care?**

- A. Utilization review**
- B. Premium calculation**
- C. Claims processing**
- D. Underwriting**

Utilization review is a critical component of health insurance that plays a significant role in managing healthcare costs while also ensuring the quality of care provided to patients. This process involves the evaluation of the necessity, appropriateness, and efficiency of healthcare services, procedures, and facilities. By assessing whether specific medical services or treatments are needed for a patient based on established guidelines, utilization review helps prevent unnecessary healthcare spending and promotes effective use of medical resources. This proactive approach not only addresses cost factors by minimizing excess healthcare utilization but also focuses on maintaining quality by ensuring that patients receive appropriate care that aligns with clinical standards. This may involve evaluating the necessity of certain procedures, reviewing treatment plans, and monitoring ongoing care to ensure it is in the best interest of the patient. The other components listed do not primarily focus on the management of healthcare costs in relation to the quality of care in the same manner. Premium calculation relates to how costs are determined for policyholders but doesn't directly assess the appropriateness of care received. Claims processing involves the administration and management of claims submitted by healthcare providers, while underwriting relates to the risk assessment of applicants for insurance policies. Neither of these functions evaluates the necessity and quality of care in the way that utilization review does.

**7. An individual covered under a Blue Cross Blue Shield plan is called a(n):**

- A. Policyholder**
- B. Beneficiary**
- C. Subscriber**
- D. Insured**

The correct term for an individual covered under a Blue Cross Blue Shield plan is "Subscriber." In health insurance terminology, the subscriber is the person who holds the insurance policy and is entitled to benefits under that policy. This individual usually pays the premiums and has the right to make decisions regarding the coverage and benefits. In contrast, a policyholder is typically the entity or individual that legally owns the insurance policy, which can sometimes differ from the subscriber. Beneficiaries are individuals designated to receive benefits from an insurance policy in the event of the death or incapacity of the insured, which is not applicable to health insurance in this context. The term "insured" generally refers to anyone who is covered under an insurance policy, but it lacks the specificity of indicating who holds the policy itself. Therefore, subscriber accurately captures the role of the individual in the Blue Cross Blue Shield plan.

**8. What period refers to when accumulated value in an annuity is paid out?**

- A. Accumulation phase**
- B. Pre-annuity phase**
- C. Annuitization phase**
- D. Disbursement phase**

The annuitization phase is the period during which the accumulated value in an annuity is converted into periodic payout benefits to the annuitant. This phase typically follows the accumulation phase, where funds are deposited and grow over time. During the annuitization phase, the insurance company will determine how long the payouts will continue based on the terms of the annuity, such as whether the payments are for a fixed period or for the lifetime of the annuitant. This ensures that the annuitant receives a reliable income stream, which can be particularly valuable during retirement. In contrast, the accumulation phase is focused on building the value of the annuity before any payouts begin, while terms like pre-annuity phase and disbursement phase do not specifically define the stage where income payments are calculated and distributed. Thus, understanding the significance of the annuitization phase is key in the context of how annuities function as a financial product.

**9. What does not constitute a valid reason for an insurance claim denial?**

- A. Failure to pay premiums**
- B. Pre-existing condition**
- C. Underinsurance**
- D. Exceeding policy limits**

Underinsurance does not constitute a valid reason for an insurance claim denial because it reflects a situation where the policyholder has chosen a level of coverage that is insufficient for their needs. When a claim is made, insurers are obligated to pay within the terms of the insurance policy, as long as the claim falls under covered events. Therefore, while underinsurance may result in the policyholder facing significant out-of-pocket expenses or may impact the total amount they receive, it does not invalidate the claim itself. The claim can still be processed based on the terms of the policy, which distinguishes it from issues like failure to pay premiums, pre-existing conditions, or exceeding policy limits, all of which can lead to legitimate denial of claims.

**10. Which of the following plans does NOT allow for pre-tax employee contributions?**

- A. Flexible Spending Account (FSA)**
- B. Health Savings Account (HSA)**
- C. Health Reimbursement Arrangement Plan**
- D. Dependent Care Assistance Plan**

Health Reimbursement Arrangement Plans (HRAs) do not allow for pre-tax employee contributions because they are employer-funded accounts where employers reimburse employees for qualifying medical expenses. HRAs are designed to give employers flexibility in providing health benefits, and the contributions made by employers are tax-deductible for the employer and not taxable to the employee, but employees do not contribute funds to the HRA directly. In contrast, Flexible Spending Accounts (FSAs), Health Savings Accounts (HSAs), and Dependent Care Assistance Plans allow employees to make contributions that are deducted pre-tax from their paychecks. This pre-tax feature helps reduce the employee's taxable income and can result in tax savings. FSAs allow employees to set aside money for specific medical expenses, HSAs are designed for individuals with high-deductible health plans to save for future medical expenses, and the Dependent Care Assistance Plan allows for pre-tax deductions for dependent care costs.

# 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](mailto:hello@examzify.com).**

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

**<https://arhealthinsurance.examzify.com>**

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

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