

CMS Fundamentals Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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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

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- 1. What is the purpose of the National Correct Coding Initiative (NCCI) edits?**
 - A. To increase reimbursement rates for high-cost services.**
 - B. To create hospital coding manuals.**
 - C. To train physicians on coding.**
 - D. To standardize coding and prevent improper coding by restricting the use of certain CPT/HCPCS code combinations.**

- 2. Which sequence correctly shows the progression of steps in this assessment framework?**
 - A. Recognize Cues, Analyze Cues, Prioritize Hypotheses, Generate Solutions**
 - B. Analyze Cues, Recognize Cues, Generate Solutions, Prioritize Hypotheses**
 - C. Generate Solutions, Prioritize Hypotheses, Recognize Cues, Analyze Cues**
 - D. Prioritize Hypotheses, Generate Solutions, Recognize Cues, Analyze Cues**

- 3. In the initial assessment priority, which component is addressed second after ensuring airway patency?**
 - A. Airway**
 - B. Breathing**
 - C. Circulation**
 - D. Pain management**

- 4. Which is ineffective against C. diff spores?**
 - A. Reverse Isolation**
 - B. Alcohol Based Hand Rub**
 - C. Biohazard Disposal**
 - D. Nosocomial Infection**

- 5. Which statement best describes responsibility for data collection and basic interventions?**
 - A. LPN Responsibility**
 - B. UAP Tasks**
 - C. RN Responsibility**
 - D. Time Sensitive Condition**

- 6. If an unrelated service is not encompassed by the global surgical package, how should it be billed?**
- A. The unrelated service is always included in the global package.**
 - B. The unrelated service may be billed separately if it is not encompassed by the global package.**
 - C. The unrelated service cannot be billed.**
 - D. The unrelated service should be billed as an international service.**
- 7. DMEPOS is an acronym used in Medicare terms. What does it stand for?**
- A. Durable Medical Equipment, Prosthetics, Orthotics, and Services**
 - B. Direct Medical Equipment, Prosthetics, Orthotics, and Supplies**
 - C. Durable Medical Equipment, Prosthetics, Orthotics, and Supplies**
 - D. Durable Medical Equipment, Prosthetics, Orthotics, and Substitutes**
- 8. What best describes the difference between a beneficiary's rights and protections under CMS and the appeals process?**
- A. Rights protect access and fair treatment (e.g., timely determinations), while the appeals process provides steps to challenge adverse determinations or payments.**
 - B. Rights guarantee free care for all services.**
 - C. Rights and the appeals process are identical.**
 - D. The appeals process applies only to plans, not beneficiaries.**
- 9. What term means a formal record documenting unusual events?**
- A. Advance Directive**
 - B. Durable Power of Attorney**
 - C. Chain of Command**
 - D. Incident Report**

10. Which statement about Durable Medical Equipment (DME) coverage is true?

- A. DME is always rented with no option to purchase.**
- B. DME coverage includes rental or purchase options with a monthly cap.**
- C. DME is never covered by Medicare.**
- D. DME requires prior authorization for all items.**

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Answers

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

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Explanations

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1. What is the purpose of the National Correct Coding Initiative (NCCI) edits?

- A. To increase reimbursement rates for high-cost services.**
- B. To create hospital coding manuals.**
- C. To train physicians on coding.**

D. To standardize coding and prevent improper coding by restricting the use of certain CPT/HCPCS code combinations.

The main idea behind NCCI edits is to promote consistent, accurate coding by preventing improper combinations of codes. These edits identify CPT/HCPCS code pairings that shouldn't be billed together because the work of one code is already encompassed in another, or because combining them would inflate payment. By flagging these pairings, they steer claims processing toward the correct reimbursement—often paying for only the appropriate bundled service or for the lower-valued code, unless an exception is justified with the right modifier. This standardized approach helps reduce overpayments and coding errors across payers, including Medicare.

2. Which sequence correctly shows the progression of steps in this assessment framework?

A. Recognize Cues, Analyze Cues, Prioritize Hypotheses, Generate Solutions

B. Analyze Cues, Recognize Cues, Generate Solutions, Prioritize Hypotheses

C. Generate Solutions, Prioritize Hypotheses, Recognize Cues, Analyze Cues

D. Prioritize Hypotheses, Generate Solutions, Recognize Cues, Analyze Cues

In this assessment framework, the thinking flow starts with gathering observations and then builds understanding step by step. First, Recognize Cues means you identify the relevant signals or indicators you're seeing in the situation. This sets a foundation of observable data without jumping to conclusions. Next, Analyze Cues involves interpreting those signals, looking for patterns, relationships, and what they imply about what's happening. This turns raw observations into meaningful information. After that, Prioritize Hypotheses uses the analyzed information to rank possible explanations by likelihood and impact, guiding you to focus on the most plausible options. Finally, Generate Solutions takes the top hypotheses and translates them into concrete actions or remedies to test or implement. This order is effective because you avoid guessing before you understand what the data suggests, and you prevent chasing unlikely explanations or wasting effort on actions that don't address the real issue. If you jump to generating solutions or prioritizing hypotheses without properly analyzing cues, you risk actions that aren't based on solid evidence. Conversely, you wouldn't want to miss important signals by skipping the initial cue recognition.

3. In the initial assessment priority, which component is addressed second after ensuring airway patency?

- A. Airway
- B. Breathing**
- C. Circulation
- D. Pain management

Breathing is addressed second after ensuring airway patency because the immediate goal after opening the airway is to confirm that the patient is ventilating and oxygenating adequately. Opening the airway is essential, but it doesn't guarantee effective breathing. By assessing breathing, you check for adequate rate, effort, and chest movement, and you listen for breath sounds to gauge ventilation. If breathing is inadequate, you intervene to support ventilation and oxygen delivery; if it's adequate, you move on to evaluate circulation. Pain management isn't part of this rapid, life-saving sequence, which is why breathing is the correct next focus.

4. Which is ineffective against C. diff spores?

- A. Reverse Isolation
- B. Alcohol Based Hand Rub**
- C. Biohazard Disposal
- D. Nosocomial Infection

Spore-forming organisms like *C. difficile* are unusually hardy and resist many common sanitizers. Alcohol-based hand rubs do not kill *C. diff* spores, so they're ineffective for preventing transmission in this case. The safer approach is to wash hands with soap and water, which physically removes spores from the skin, and to use sporicidal cleaners (such as bleach-based products) for environmental disinfection. The other options relate to broader infection-control concepts rather than a method that effectively inactivates spores: reverse isolation protects the patient from others, biohazard disposal concerns safe handling of contaminated waste, and nosocomial infection describes infections acquired in a hospital. So the best choice highlights that alcohol-based hand rubs fail to inactivate *C. diff* spores.

5. Which statement best describes responsibility for data collection and basic interventions?

- A. LPN Responsibility**
- B. UAP Tasks**
- C. RN Responsibility**
- D. Time Sensitive Condition**

Data collection and initiating basic interventions require clinical judgment and the ability to interpret how patient data fit into a plan of care. That's the role of the registered nurse. RNs are trained to perform thorough assessments, synthesize information from physical exams, patient history, and monitoring data, and then decide on appropriate, safe interventions or when to escalate care. They document findings, track trends, and adjust the care plan as needed, coordinating with other team members. Licensed practical nurses also gather data and provide care, but under supervision and within a more limited scope of practice, often focusing on routine tasks and monitoring rather than independent clinical decision-making. Unlicensed assistive personnel perform basic care activities and data collection that does not involve clinical interpretation or new interventions. So, the responsibility for data collection and basic interventions sits with the RN, who leadingly assesses, interprets, and acts on patient information within their professional scope.

6. If an unrelated service is not encompassed by the global surgical package, how should it be billed?

- A. The unrelated service is always included in the global package.**
- B. The unrelated service may be billed separately if it is not encompassed by the global package.**
- C. The unrelated service cannot be billed.**
- D. The unrelated service should be billed as an international service.**

The main idea is that the global surgical package covers the operation itself plus related pre- and post-operative care within a set timeframe. If a service is unrelated to that operation and isn't included in the global package, it should be billed separately. This means you assign its own CPT code and follow the payer's rules for payment, rather than trying to fold it into the global package. It's not automatically included, it isn't inherently unbillable, and it isn't appropriate to label it as an international service. So, billing the unrelated service separately is the correct approach, with any necessary modifiers to show it's a distinct service from the surgery.

7. DMEPOS is an acronym used in Medicare terms. What does it stand for?

- A. Durable Medical Equipment, Prosthetics, Orthotics, and Services
- B. Direct Medical Equipment, Prosthetics, Orthotics, and Supplies
- C. Durable Medical Equipment, Prosthetics, Orthotics, and Supplies**
- D. Durable Medical Equipment, Prosthetics, Orthotics, and Substitutes

This question tests the Medicare acronym DMEPOS. It stands for Durable Medical Equipment, Prosthetics, Orthotics, and Supplies. This labeling is used to group items covered under Medicare Part B, covering durable home equipment, prosthetic devices, orthotic devices, and the related supplies needed to use or manage them. The crucial detail is that the final word is Supplies, not Services or Substitutes, and the first word is Durable. The other options misstate one element: Services isn't part of the acronym, Direct isn't used, and Substitutes isn't correct. Thus, the correct expansion is Durable Medical Equipment, Prosthetics, Orthotics, and Supplies.

8. What best describes the difference between a beneficiary's rights and protections under CMS and the appeals process?

- A. Rights protect access and fair treatment (e.g., timely determinations), while the appeals process provides steps to challenge adverse determinations or payments.**
- B. Rights guarantee free care for all services.
- C. Rights and the appeals process are identical.
- D. The appeals process applies only to plans, not beneficiaries.

Beneficiary protections are about ensuring access and fair treatment, including timely determinations of coverage. The appeals process is the formal path to challenge adverse determinations or payments, not a guarantee of care itself. Rights safeguard you from discrimination and ensure you receive decisions within defined timeframes, while the appeals process provides steps like reconsideration, hearings, and external review to seek reversal of a denial or payment issue. These two work together but serve different purposes: rights establish protections, and the appeals process provides a remedy when a specific decision is unfavorable. The other statements aren't accurate: rights don't guarantee free care for all services, rights and the appeals process aren't identical, and the appeals process applies to beneficiaries contesting plan or CMS decisions, not only to plans.

9. What term means a formal record documenting unusual events?

- A. Advance Directive**
- B. Durable Power of Attorney**
- C. Chain of Command**
- D. Incident Report**

When something unusual happens, organizations record it formally to ensure follow-up, accountability, and improvement. The term for this is an incident report. It captures what occurred, where and when it happened, who was involved or witnessed, any injuries or property damage, and the actions taken or planned afterward. This kind of documentation supports safety investigations, quality improvement, and regulatory compliance, and it's often kept separate from routine records to avoid bias and ensure timely reporting. By contrast, an advance directive covers medical treatment preferences, a durable power of attorney designates someone to handle affairs, and a chain of command defines who has authority. So the incident report is the best fit because it specifically documents unusual events in a formal record.

10. Which statement about Durable Medical Equipment (DME) coverage is true?

- A. DME is always rented with no option to purchase.**
- B. DME coverage includes rental or purchase options with a monthly cap.**
- C. DME is never covered by Medicare.**
- D. DME requires prior authorization for all items.**

Durable Medical Equipment coverage is designed to fit real needs by offering options rather than a one-size-fits-all approach. When Medicare covers DME, you can obtain the equipment either by renting it or purchasing it, depending on what's appropriate for the item and how long it's needed. A monthly cap on rental charges helps control costs while you use the equipment. If you expect to need the device long-term, purchasing may be the better option. That combination—rental or purchase with a monthly rental cap—is what makes this statement true. The other options don't fit Medicare coverage in the same way: DME isn't always rented, it can be purchased, Medicare does cover DME when criteria are met, and prior authorization isn't universally required for every DME item.

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://cmsfundamentals.examzify.com>

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

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