

# CPC Compliance and Regulatory 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

- 1. What strategies can organizations use to foster a culture of compliance?**
  - A. Implementing more aggressive marketing tactics**
  - B. Encouraging open communication, training programs, and strong leadership support**
  - C. Limiting employee feedback**
  - D. Focusing solely on profit margins**
- 2. What does the Anti-Kickback Statute aim to prevent?**
  - A. Fraudulent billing practices in healthcare**
  - B. Healthcare providers receiving incentives for referrals**
  - C. Illegal sale of pharmaceuticals**
  - D. Patient data breaches**
- 3. What are the two HIPAA standards code sets mentioned?**
  - A. ICD-10 and CPT**
  - B. CDT and HCPCS**
  - C. HCPCS and NDC**
  - D. LOINC and SNOMED**
- 4. What is the main objective of the Federal Trade Commission Act?**
  - A. To establish a national currency**
  - B. To protect consumers from unfair or deceptive practices in commerce**
  - C. To regulate the telecommunications industry**
  - D. To oversee corporate mergers**
- 5. Which aspect is critical in ensuring the effectiveness of a compliance hotline?**
  - A. Ensuring all calls are directed to senior management**
  - B. Promoting clear guidelines on what constitutes reportable offenses**
  - C. Requiring all employees to make reports in person**
  - D. Making the hotline accessible only during business hours**

- 6. What does the Physician Fee Schedule (PFS) refer to?**
- A. A schedule published by CMS on its website annually**
  - B. A fixed dollar amount used to convert RVUs into fees**
  - C. An estimate of malpractice expenses**
  - D. A specific set of CPT codes for billing**
- 7. What is one key component of an effective compliance program?**
- A. Regular employee training programs**
  - B. A clear code of conduct**
  - C. Comprehensive insurance coverage**
  - D. Detailed financial reporting systems**
- 8. What distinguishes participating providers from non-participating providers?**
- A. Participating providers are out of network**
  - B. Participating providers are contracted with the health insurance company**
  - C. Participating providers offer no services to plan members**
  - D. Participating providers charge higher rates**
- 9. What does Medicare Part D provide coverage for?**
- A. Inpatient hospital care**
  - B. Outpatient services**
  - C. Prescription drugs**
  - D. Home healthcare**
- 10. What is the significance of the geographic cost index (GPCI) in medical billing?**
- A. It determines insurance premium rates.**
  - B. It adjusts reimbursement based on geographic location variations.**
  - C. It assesses yearly income for physicians.**
  - D. It is used to standardize service costs across regions.**



## **Answers**

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

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## **Explanations**

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## 1. What strategies can organizations use to foster a culture of compliance?

- A. Implementing more aggressive marketing tactics
- B. Encouraging open communication, training programs, and strong leadership support**
- C. Limiting employee feedback
- D. Focusing solely on profit margins

Fostering a culture of compliance within an organization is fundamentally about creating an environment where ethical behavior and adherence to regulations are prioritized and promoted. Encouraging open communication is vital because it allows employees to voice concerns, ask questions, and report violations without fear of reprisal. This transparency builds trust and reinforces the notion that compliance is a shared responsibility. Training programs are essential for educating employees about relevant laws, regulations, and organizational policies. Regular training ensures that all staff members understand the importance of compliance and are equipped with the knowledge to act accordingly. This ongoing education helps to instill a compliance mindset throughout the organization. Strong leadership support is also critical in establishing a culture of compliance. When leaders actively demonstrate their commitment to ethical practices and compliance, it sets a tone for the entire organization. Employees are more likely to follow suit and embrace compliance as an integral part of their work culture. In contrast, implementing aggressive marketing tactics, limiting employee feedback, or focusing solely on profit margins can undermine a culture of compliance. These approaches may prioritize immediate business gains over ethical considerations and adherence to regulations, potentially leading to an environment where compliance is not valued or is actively ignored.

## 2. What does the Anti-Kickback Statute aim to prevent?

- A. Fraudulent billing practices in healthcare
- B. Healthcare providers receiving incentives for referrals**
- C. Illegal sale of pharmaceuticals
- D. Patient data breaches

The Anti-Kickback Statute is designed to prevent healthcare providers from receiving or offering incentives for referrals of patients for services or treatments that are covered by federal healthcare programs. This statute aims to eliminate the possibility that financial interests can corrupt clinical decision-making, thereby safeguarding the integrity of the healthcare system. When healthcare providers are incentivized to refer patients - whether through direct payments, gifts, or other benefits - the quality of care that patients receive may be compromised. The law recognizes that such practices can lead to overutilization of services, unnecessary testing, and potentially harmful interventions purely for financial gain, undermining patient trust and the ethical standards of the medical profession. This focus on the referral practices underscores the importance of ensuring that healthcare decisions are made based on patient need rather than financial incentives. The other options, while significant issues in healthcare compliance, do not directly pertain to the core intent of the Anti-Kickback Statute.

### 3. What are the two HIPAA standards code sets mentioned?

- A. ICD-10 and CPT
- B. CDT and HCPCS**
- C. HCPCS and NDC
- D. LOINC and SNOMED

The two HIPAA standards code sets mentioned relate specifically to the classification and reporting of healthcare services and procedures, as well as diagnoses. The correct response identifies the Current Dental Terminology (CDT) and the Healthcare Common Procedure Coding System (HCPCS) as recognized code sets under HIPAA regulations. CDT is crucial for dental practices, as it provides a uniform nomenclature for dental procedures and services, helping ensure that dental claims can be processed efficiently and accurately. HCPCS, on the other hand, encompasses codes for various medical procedures, supplies, and services, including those that are not covered by the Common Procedural Terminology (CPT) codes. This makes HCPCS vital for overall healthcare billing and documentation. Together, these code sets facilitate standardized communication within the healthcare system, ensuring compliance with HIPAA requirements regarding the transmission of health information.

### 4. What is the main objective of the Federal Trade Commission Act?

- A. To establish a national currency
- B. To protect consumers from unfair or deceptive practices in commerce**
- C. To regulate the telecommunications industry
- D. To oversee corporate mergers

The main objective of the Federal Trade Commission Act is to protect consumers from unfair or deceptive practices in commerce. This act established the Federal Trade Commission (FTC), which is empowered to investigate and prevent business practices that are deemed unfair or misleading. This includes deceptive advertising, fraudulent practices, and other unethical business behaviors that could harm consumers or competition. The FTC's role in promoting fair competition and safeguarding consumer interests is fundamental to ensuring a marketplace where consumers can trust that the products and services they engage with are being offered fairly and honestly. The act aims to maintain healthy competition and prevent monopolistic behaviors, which directly relates to protecting consumer rights and choices. This focus on consumer protection sets the Federal Trade Commission Act apart from other options, which address issues such as currency establishment or specific industry regulation, but do not primarily center on consumer welfare in commercial transactions. The act serves as a cornerstone in consumer protection laws and regulatory practices in the United States.

**5. Which aspect is critical in ensuring the effectiveness of a compliance hotline?**

- A. Ensuring all calls are directed to senior management**
- B. Promoting clear guidelines on what constitutes reportable offenses**
- C. Requiring all employees to make reports in person**
- D. Making the hotline accessible only during business hours**

An effective compliance hotline is essential for promoting a culture of openness and accountability within an organization. One critical aspect that contributes to its effectiveness is the promotion of clear guidelines on what constitutes reportable offenses. This ensures that employees are well-informed about the types of issues that can be reported, such as unethical behavior, regulatory violations, or conflicts of interest. When employees have clear guidelines, they are more likely to feel empowered to report concerns without fear of confusion or misunderstanding regarding what constitutes an appropriate report. This clarity helps to foster a safe environment where employees can voice their concerns, which can ultimately lead to the identification and resolution of compliance issues before they escalate. In contrast, directing all calls to senior management may create barriers for employees who are hesitant to report to higher-ups. Requiring in-person reports can be intimidating and may discourage employees from coming forward. Limiting hotline access to business hours can also reduce its effectiveness, as employees may need to report issues outside of those times, especially in urgent situations. Thus, providing clear guidance on reportable offenses stands out as a pivotal component in enhancing the effectiveness of a compliance hotline.

**6. What does the Physician Fee Schedule (PFS) refer to?**

- A. A schedule published by CMS on its website annually**
- B. A fixed dollar amount used to convert RVUs into fees**
- C. An estimate of malpractice expenses**
- D. A specific set of CPT codes for billing**

The Physician Fee Schedule (PFS) refers to a comprehensive schedule published by the Centers for Medicare & Medicaid Services (CMS) annually. This schedule outlines the payment amounts for various medical services and procedures provided by physicians and certain other healthcare providers. It incorporates Relative Value Units (RVUs), which account for the resources and practice costs associated with delivering care, and translates these into specific payment amounts for each service. The importance of the PFS lies in its role in determining reimbursement for Medicare services, which in turn impacts how other insurers approach billing and payments. By providing this annual publication, CMS offers transparency and a structured guide for providers to understand how their services will be compensated, contributing to financial planning and operational efficiency in healthcare practices.

**7. What is one key component of an effective compliance program?**

- A. Regular employee training programs**
- B. A clear code of conduct**
- C. Comprehensive insurance coverage**
- D. Detailed financial reporting systems**

A clear code of conduct is crucial for an effective compliance program as it establishes the ethical framework and operating principles that guide organizational behavior. It communicates the organization's values and expectations regarding compliance with laws, regulations, and internal policies. This document serves as a reference point for employees, providing clarity on acceptable and unacceptable behaviors within the organization. Moreover, a well-defined code of conduct promotes a culture of compliance by encouraging employees to report unethical activities and seek guidance when uncertain about compliance-related issues. It can also help mitigate legal risks by ensuring that employees understand their obligations and the potential consequences of non-compliance. This foundational element is vital in fostering an environment where ethical behavior is prioritized and integrated into daily operations. While regular employee training programs, comprehensive insurance coverage, and detailed financial reporting systems contribute to compliance efforts, they rely on the principles laid out in the code of conduct to guide behavior and ensure the effectiveness of those systems.

**8. What distinguishes participating providers from non-participating providers?**

- A. Participating providers are out of network**
- B. Participating providers are contracted with the health insurance company**
- C. Participating providers offer no services to plan members**
- D. Participating providers charge higher rates**

Participating providers are distinguished from non-participating providers by their contractual relationship with health insurance companies. Participating providers have agreed to a contract with the insurance company, which typically includes terms regarding reimbursement rates and other conditions. This contract allows participating providers to offer services to members of the insurance plan at reduced rates. As a result of this agreement, patients who use participating providers usually benefit from lower out-of-pocket costs in terms of coinsurance or copayments compared to those using non-participating providers. This relationship ensures that participating providers are integrated into the health plan's network, making them more accessible to plan members, and allows for effective coordination of care and payment processes. In contrast, non-participating providers do not have such agreements with the insurer, which can lead to different coverage levels, potentially higher out-of-pocket costs for patients, and a lack of network support for care management.

**9. What does Medicare Part D provide coverage for?**

- A. Inpatient hospital care**
- B. Outpatient services**
- C. Prescription drugs**
- D. Home healthcare**

Medicare Part D is specifically designed to provide coverage for prescription drugs. This program was established to help beneficiaries afford the cost of their medications, which can be a significant expense for individuals, particularly those with chronic health conditions requiring ongoing treatment. Part D plans are offered by private insurance companies that are approved by Medicare, allowing beneficiaries a variety of options to choose from based on their individual needs, medications, and budget. Medicare Part D does not cover inpatient hospital care, outpatient services, or home healthcare, which are covered under different parts of Medicare. For instance, inpatient hospital care falls under Medicare Part A, while outpatient services and home healthcare services are generally covered under Medicare Part B. Understanding the distinct roles of these parts of Medicare is essential for beneficiaries to maximize their healthcare benefits.

**10. What is the significance of the geographic cost index (GPCI) in medical billing?**

- A. It determines insurance premium rates.**
- B. It adjusts reimbursement based on geographic location variations.**
- C. It assesses yearly income for physicians.**
- D. It is used to standardize service costs across regions.**

The geographic cost index (GPCI) plays a crucial role in medical billing by adjusting reimbursement levels based on the cost of living and other economic factors that vary by geographic area. This index acknowledges that the expenses related to providing healthcare services—such as rent, salaries, and operational costs—can differ significantly from one location to another. By applying the GPCI, payers can ensure that healthcare providers are compensated more fairly in relation to the cost of delivering care in their specific region. This adjustment process helps to maintain equity in reimbursement, leading to a more balanced distribution of healthcare resources across different areas. It enables providers in high-cost regions to receive adequate compensation while preventing overpayment in lower-cost areas. Thus, the significance of the GPCI in medical billing is fundamentally about aligning reimbursement with the economic realities faced by healthcare providers in various locations.



## 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://cpccomplianceregulatory.examzify.com>**

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