

HFMA CERTIFIED SPECIALIST ACCOUNTING AND FINANCE (CSAF) PRACTICE TEST (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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THE FULL VERSION STUDY GUIDE**

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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. Why is cost-to-charge ratio significant in the health industry?**
 - A. It indicates profitability
 - B. It helps determine pricing
 - C. It affects hospital funding
 - D. It sets a benchmark for salaries
- 2. Which option is NOT a broad class of net assets or net position?**
 - A. Unrestricted
 - B. Temporarily Restricted
 - C. Permanently Restricted
 - D. Donor Restricted
- 3. What does the claims-made basis for insurance refer to?**
 - A. A. Claims are paid based on when the service was provided
 - B. B. Claims are paid based on when the claim is reported
 - C. C. Claims are covered indefinitely
 - D. D. Claims are voided after a certain period
- 4. Which type of lease often leads to an off-balance-sheet accounting treatment?**
 - A. A. Capital Lease
 - B. B. Operating Lease
 - C. C. Financial Lease
 - D. D. Sale-Leaseback
- 5. Is the current portion of long-term debt classified under current liabilities?**
 - A. Yes
 - B. No
 - C. Only if repaid within the next year
 - D. Depends on terms of the debt

- 6. What is the second objective of risk management?**
- A. To minimize the cost of financing the risk
 - B. To allow direct access to the reinsurance market
 - C. To establish regulatory requirements that must be met to operate an insurance company
 - D. To minimize the establishment of a segregated cash account, or trust, from which claims are paid
- 7. Which of the following is NOT a method used to quantify the value of assets?**
- A. Discounted cash flow method
 - B. Replacement cost method
 - C. Debt restructuring method
 - D. Market comparison method
- 8. What is the common term for indirect costs?**
- A. Direct Costs.
 - B. Variable Costs.
 - C. Fixed Costs.
 - D. Indirect Costs.
- 9. When rewards will be shared upon a joint venture becoming profitable, what term describes this scenario?**
- A. Benefit.
 - B. Risk.
 - C. Liability.
 - D. Opportunity.
- 10. Healthcare providers should develop different modeling tools based on what factor?**
- A. The reimbursement method proposed in the contract.
 - B. Whether it will result in additional business.
 - C. Cost estimates for each scheduled rate
 - D. What the cost structure would be

Answers

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

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Explanations

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1. Why is cost-to-charge ratio significant in the health industry?

- A. It indicates profitability
- B. It helps determine pricing**
- C. It affects hospital funding
- D. It sets a benchmark for salaries

The cost-to-charge ratio is significant in the healthcare industry primarily because it helps determine pricing. This ratio represents the relationship between the actual cost of providing services and the charges that a healthcare provider bills patients and payers. By analyzing this ratio, healthcare organizations can set their prices more accurately, ensuring they cover costs while remaining competitive in the market. Understanding the cost-to-charge ratio allows hospitals and healthcare providers to identify appropriate pricing strategies based on their operational costs. It also assists in financial planning and resource allocation, indicating areas where costs may need adjustments to ensure sustainability. This aspect of pricing is crucial for both the healthcare provider's financial health and ensuring that patients receive fair pricing for services rendered. In contrast, while profitability, hospital funding, and salary benchmarks are important factors in healthcare financial management, they are not directly established through the cost-to-charge ratio in the same way that pricing is.

2. Which option is NOT a broad class of net assets or net position?

- A. Unrestricted
- B. Temporarily Restricted
- C. Permanently Restricted
- D. Donor Restricted**

In financial reporting for nonprofits, net assets or net position is categorized into three broad classes based on the restrictions placed on their use. The classes are unrestricted, temporarily restricted, and permanently restricted. Unrestricted net assets are funds that can be used for any purpose deemed necessary by the organization. Temporarily restricted net assets are those that are subject to donor-imposed restrictions that will be satisfied in the future, such as funds designated for a specific project that has not yet taken place. Permanently restricted net assets involve restrictions that will not expire, such as endowment funds where the principal must remain intact, and only the income generated from it can be utilized. The classification of "donor restricted" does not align as a specific separate category of net assets in this framework. Instead, "donor restricted" typically refers to the restrictions placed by donors on contributions, which primarily fall under the temporarily and permanently restricted categories. Hence, it is not recognized as a broad class of net assets or net position on its own, making it the correct answer in this context.

3. What does the claims-made basis for insurance refer to?

- A. A. Claims are paid based on when the service was provided
- B. B. Claims are paid based on when the claim is reported**
- C. C. Claims are covered indefinitely
- D. D. Claims are voided after a certain period

The claims-made basis for insurance specifically refers to the timing of when claims are submitted for coverage. Under this structure, claims are paid based on when the claim is reported, rather than when the service that generated the claim occurred. This means that for a claim to be eligible for coverage, it must be made while the policy is in effect. This type of coverage is particularly relevant in professions prone to lawsuits, such as healthcare and legal services, where the timing of claims can significantly impact liability. Often, claims-made policies will include provisions to ensure coverage for claims that arise from services provided during the period the insurance was active. Thus, if a claim is reported after the policy has lapsed or been terminated, even though the incident occurred within the coverage period, it may not be covered. Other options do not accurately capture the essence of the claims-made basis. They either suggest coverage relates to service dates or imply indefinite or time-limited coverage, which does not convey the critical component that a claim must be reported while the policy is still active for it to be honored.

4. Which type of lease often leads to an off-balance-sheet accounting treatment?

- A. A. Capital Lease
- B. B. Operating Lease**
- C. C. Financial Lease
- D. D. Sale-Leaseback

Operating leases often lead to off-balance-sheet accounting treatment because of the way they are structured compared to other types of leases. In an operating lease, the lessee does not assume ownership of the asset, and therefore, the lease payments are typically not recorded as liabilities on the balance sheet. Instead, these payments are recognized as an expense in the income statement over the lease term. This off-balance-sheet approach allows organizations to keep reported liabilities low, which can be particularly beneficial for financial ratios and overall financial presentation. The accounting treatment for operating leases is notably different from capital leases, where the lessee effectively owns the asset and must record both the asset and the associated liability on the balance sheet. In contrast, a financial lease or sale-leaseback arrangement also recognizes assets and liabilities on the balance sheet, making them distinct from the operating lease treatment. Thus, understanding the implications and reporting requirements for different lease types is crucial for accurate financial accounting and reporting.

5. Is the current portion of long-term debt classified under current liabilities?

- A. Yes**
- B. No
- C. Only if repaid within the next year
- D. Depends on terms of the debt

The current portion of long-term debt is indeed classified under current liabilities. This classification is based on accounting principles that define current liabilities as obligations that are expected to be settled within one year or within the operating cycle of the business, whichever is longer. Long-term debt refers to loans or financial obligations that are due for repayment over a period longer than one year. However, the current portion represents the amount of that long-term debt that is due to be paid within the next twelve months. By treating this current portion as a current liability, financial statements accurately reflect the firm's short-term obligations, providing stakeholders with a clearer picture of the liquidity position and the timing of cash outflows. This classification helps users of the financial statements, including investors, creditors, and management, to assess the company's ability to meet its short-term financial obligations, supporting better decision-making processes.

6. What is the second objective of risk management?

- A. To minimize the cost of financing the risk
- B. To allow direct access to the reinsurance market**
- C. To establish regulatory requirements that must be met to operate an insurance company
- D. To minimize the establishment of a segregated cash account, or trust, from which claims are paid

The second objective of risk management focuses on providing a framework for an organization to access various risk transfer mechanisms effectively, such as the reinsurance market. Through reinsurance, a primary insurer can mitigate potential losses by redistributing risk, allowing them to maintain stability and adequately support their operations. By securing direct access to the reinsurance market, an organization ensures it can manage its risk exposure more effectively, strengthening its financial position in the face of unforeseen events. This objective highlights the importance of having strategic partnerships with reinsurers, which can provide added security for the insurer and enable it to take on additional risks while maintaining solvency. The other options do not specifically align with the core objectives of risk management as they pertain to different aspects of insurance operations, such as regulatory compliance, financing costs, or operational cash management. Each of these elements is certainly relevant in the broader context of risk management but does not serve as a central objective in the same manner that accessing the reinsurance market does.

7. Which of the following is NOT a method used to quantify the value of assets?

- A. Discounted cash flow method
- B. Replacement cost method
- C. Debt restructuring method**
- D. Market comparison method

The debt restructuring method is not a recognized method for quantifying the value of assets. Instead, it focuses on modifying the terms of an existing loan to improve the borrower's financial situation, which may involve reducing interest rates, extending repayment terms, or even forgiving a portion of the debt. While it affects liabilities and can impact net asset value indirectly, it does not provide a direct valuation of an asset itself. In contrast, the other options are all established methodologies for assessing asset value. The discounted cash flow method estimates the value of an asset based on its expected future cash flows, discounted back to their present value. The replacement cost method determines value based on the cost to replace an asset with a similar one, accounting for depreciation. The market comparison method assesses an asset's value by comparing it to similar assets that have recently been sold in the market. Each of these methods offers a systematic approach to valuing assets directly, which highlights why they differ fundamentally from debt restructuring.

8. What is the common term for indirect costs?

- A. Direct Costs.
- B. Variable Costs.
- C. Fixed Costs.
- D. Indirect Costs.**

Indirect costs are often referred to as overhead costs and are expenditures that cannot be directly traced to a specific product, project, or department. These costs encompass expenses such as utilities, rent, administrative salaries, and other general expenses that support the overall operations of an organization. While direct costs can be directly attributed to a specific project or product (like raw materials or labor specifically for that project), indirect costs are allocated across multiple projects or departments. Indirect costs are critical for financial management as they contribute to the total cost of doing business, and they must be accounted for to obtain a comprehensive understanding of financial performance. Understanding indirect costs helps organizations in budgeting, pricing, and financial reporting, ensuring that they can allocate resources effectively and understand the true profitability of their operations. The option that names these costs directly as "indirect costs" is the most precise and reflects standard terminology in accounting and finance.

9. When rewards will be shared upon a joint venture becoming profitable, what term describes this scenario?

- A. Benefit.
- B. Risk.**
- C. Liability.
- D. Opportunity.

In the context of joint ventures, the scenario describes the potential gain or return expected from a collaborative effort after expenses and risks have been managed. Specifically, when rewards are shared upon a joint venture becoming profitable, the situation is framed in terms of "risk." This is because parties involved in a joint venture typically share both the risks and rewards. The profits from a successful joint venture are contingent upon taking on the associated risks before any financial gains can be realized. Thus, the term "risk" reflects the understanding that while there is potential for profit, there is also uncertainty and a possibility of loss which the parties must navigate. Recognizing that success in such ventures often involves investing resources that may or may not yield a return is an essential aspect of financial and strategic planning in joint ventures.

10. Healthcare providers should develop different modeling tools based on what factor?

- A. The reimbursement method proposed in the contract.**
- B. Whether it will result in additional business.
- C. Cost estimates for each scheduled rate
- D. What the cost structure would be

The correct answer highlights the importance of aligning modeling tools with the reimbursement methods outlined in contracts. Each reimbursement method (e.g., fee-for-service, capitation, value-based care) can significantly impact a healthcare provider's revenue and financial performance. Developing different modeling tools based on these reimbursement structures allows providers to analyze how various scenarios might affect their bottom line under different contractual terms. By customizing modeling tools to the specifics of the reimbursement method, providers can better forecast revenue, assess the financial implications of different care delivery models, and make informed decisions about service offerings and operational strategies. This tailored approach ensures that the financial models accurately reflect the specific incentives, risks, and opportunities associated with each reimbursement method. While the other options may relate to important aspects of financial modeling and decision-making in healthcare, they do not provide the foundational basis for why different modeling tools should be developed. Understanding the reimbursement method is crucial since it directly influences how providers will be compensated and can guide strategic financial planning effectively.

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://hfmacsaf.examzify.com>

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

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