

Illinois Accident and Health Insurance 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 significance of a "summary of benefits and coverage" (SBC) document?**
 - A. It details the deductibles for various services**
 - B. It provides a clear overview of a health plan's benefits and coverage**
 - C. It outlines the premium costs of insurance plans**
 - D. It lists all healthcare providers in the network**

- 2. Under what condition can COBRA provide continuation of group coverage to terminated employees?**
 - A. If the employee requests it**
 - B. If there are 20 or more employees**
 - C. If the employee pays the entire premium**
 - D. If the employee works less than part-time**

- 3. What happens to funds in an HSA after the age of 65?**
 - A. Funds can only be used for medical expenses without penalties**
 - B. All funds become tax-exempt**
 - C. Funds cannot be withdrawn without penalties**
 - D. Withdrawals for any purpose become tax-free**

- 4. What is "short-term disability insurance"?**
 - A. Coverage that provides income replacement for a limited time due to temporary disabilities**
 - B. Insurance that covers expenses for severe chronic illnesses**
 - C. A policy for individuals unable to work due to mental health conditions**
 - D. Insurance intended for those who can't perform any job-related tasks**

- 5. In the context of Illinois health insurance, what is the implication for a company that has more than 25 employees?**
 - A. It qualifies as a small employer.**
 - B. It must provide limited health services only.**
 - C. It is not considered a small employer.**
 - D. It cannot offer health insurance at all.**

- 6. What does the Reinstatement provision allow an insured to do?**
- A. Increase policy benefits**
 - B. Change the policy provider**
 - C. Apply to reinstate a lapsed policy**
 - D. Reduce premium payments**
- 7. What does "restricted network" mean?**
- A. A healthcare network with unlimited providers**
 - B. A network with a limited number of providers**
 - C. A general insurance policy accessible to all providers**
 - D. A type of emergency care network**
- 8. What is an "insurance binder"?**
- A. A permanent insurance policy agreement**
 - B. A temporary agreement providing coverage until the policy is issued**
 - C. A type of policy that covers property damage**
 - D. A form of insurance renewal documentation**
- 9. In a Point of Service plan, who does the insured choose as the main contact for medical services?**
- A. A specialist**
 - B. A primary care physician**
 - C. An insurance provider**
 - D. A hospital network**
- 10. Which of the following is NOT a type of service provided by Limited Health Service Organizations?**
- A. Hospital services**
 - B. Surgical services**
 - C. Medical services**
 - D. Preventive services**

Answers

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

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Explanations

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1. What is the significance of a "summary of benefits and coverage" (SBC) document?

- A. It details the deductibles for various services
- B. It provides a clear overview of a health plan's benefits and coverage**
- C. It outlines the premium costs of insurance plans
- D. It lists all healthcare providers in the network

The "summary of benefits and coverage" (SBC) document plays a crucial role in helping consumers understand their health insurance options. Its primary significance lies in its ability to provide a clear and concise overview of a health plan's benefits and coverage. The SBC includes essential information such as what services are covered, the limits of those services, any deductibles, cost-sharing requirements, and potential out-of-pocket expenses. This document aims to simplify the complex information often associated with health insurance policies, making it easier for individuals to compare different plans and make informed decisions regarding their healthcare coverage. While it may also reference deductibles, premium costs, and network providers in some capacity, the primary function of the SBC is to present a comprehensive snapshot of the health plan as a whole, highlighting the benefits and coverage specifics. Therefore, the correct answer underscores the importance of the SBC in promoting transparency and understanding within the health insurance landscape.

2. Under what condition can COBRA provide continuation of group coverage to terminated employees?

- A. If the employee requests it
- B. If there are 20 or more employees**
- C. If the employee pays the entire premium
- D. If the employee works less than part-time

COBRA, which stands for the Consolidated Omnibus Budget Reconciliation Act, provides certain employees and their families the right to continue group health insurance coverage under specific circumstances after a qualifying event, such as termination of employment. The condition of having 20 or more employees is crucial because COBRA applies to group health plans maintained by employers with this minimum number of employees. If a company's workforce meets this threshold, it is subject to COBRA's requirements. This means that eligible employees who lose their coverage due to job loss or other qualifying events are entitled to continue their health insurance for a limited period, typically up to 18 months, as long as they meet the conditions set forth by COBRA. While requesting continuation of coverage and paying premiums are important aspects of the process, they do not determine eligibility for COBRA coverage. Continuation under COBRA is specifically related to the size of the employer's workforce, making the presence of 20 or more employees the decisive factor for offering this benefit. Additionally, there is no stipulation that part-time work affects COBRA eligibility, as the act applies based on group coverage standards rather than individual employment status.

3. What happens to funds in an HSA after the age of 65?

- A. Funds can only be used for medical expenses without penalties**
- B. All funds become tax-exempt**
- C. Funds cannot be withdrawn without penalties**
- D. Withdrawals for any purpose become tax-free**

After the age of 65, funds in a Health Savings Account (HSA) have specific tax advantages and uses that significantly benefit account holders. At this age, individuals can withdraw funds from their HSA for medical expenses without incurring penalties. This means that as long as the funds are used for qualified medical expenses, they remain tax-free. While people often think about the tax treatment of HSA funds, the key aspect here is the penalty-free withdrawal for medical expenses, which aligns with the purpose of HSAs to promote saving for healthcare costs. If funds are withdrawn for purposes other than qualified medical expenses, they will still be subject to taxation, although not to the same penalties that younger individuals face. This understanding is crucial for effectively managing healthcare funds in retirement and maximizing the benefits of HSAs, distinguishing them from other accounts that do not offer such favorable terms specifically related to healthcare expenditure after reaching a certain age.

4. What is "short-term disability insurance"?

- A. Coverage that provides income replacement for a limited time due to temporary disabilities**
- B. Insurance that covers expenses for severe chronic illnesses**
- C. A policy for individuals unable to work due to mental health conditions**
- D. Insurance intended for those who can't perform any job-related tasks**

Short-term disability insurance is designed to provide income replacement for individuals who are temporarily unable to work due to a short-duration illness or injury. The primary goal of this type of insurance is to help policyholders manage their financial obligations during a period when they are unable to earn their usual income. Typically, short-term disability policies cover a specific portion of the individual's salary or wages for a designated length of time, usually ranging from a few weeks to several months. This coverage is particularly beneficial for employees facing situations such as recovery from surgery, severe illness, or injury that does not last long but still prevents them from performing their job duties. The time-limited nature of this coverage helps bridge the gap between the onset of the disability and when the individual might be able to return to work or transition to long-term disability coverage if needed. The other options listed describe different types of insurance or coverage situations that do not align with the specific purpose of short-term disability insurance. This makes the first choice the clear and correct definition within the context of the question.

5. In the context of Illinois health insurance, what is the implication for a company that has more than 25 employees?
- A. It qualifies as a small employer.
 - B. It must provide limited health services only.
 - C. It is not considered a small employer.**
 - D. It cannot offer health insurance at all.

In Illinois, a company with more than 25 employees is not defined as a small employer. The classification of small employer typically includes businesses with 1 to 25 employees. Therefore, a company with more than 25 employees would fall into the category of a large employer. This distinction is important because it often affects the type of health insurance plans available as well as the regulatory obligations that apply to those employers. Large employers usually have different responsibilities under the Affordable Care Act (ACA) and may also have access to different types of health insurance options compared to small employers. Understanding these classifications aids in navigating the requirements for providing health insurance and complying with relevant laws and regulations.

6. What does the Reinstatement provision allow an insured to do?
- A. Increase policy benefits
 - B. Change the policy provider
 - C. Apply to reinstate a lapsed policy**
 - D. Reduce premium payments

The Reinstatement provision is a key feature of insurance policies that allows an insured individual to apply to reinstate coverage for a policy that has lapsed due to non-payment of premiums. When a policy lapses, the insurer typically provides a specific period during which the policyholder can choose to reinstate the coverage without losing the benefits of the original policy. This provision often involves completing certain requirements, such as paying any overdue premiums, and sometimes providing evidence of insurability. The significance of the Reinstatement provision is that it offers policyholders a second chance to maintain their insurance coverage, which might be crucial if unexpected health issues arise during the lapse period. It encourages continuity in coverage, thus providing peace of mind to the insured. Other options do not align with the function of the Reinstatement provision. For example, increasing benefits, changing providers, or reducing premium payments would require different mechanisms or provisions in the insurance contract. These functions pertain to adjustments or negotiations made prior to the contract's terms or during policy renewal, rather than the specific reinstatement of a lapsed policy.

7. What does "restricted network" mean?

- A. A healthcare network with unlimited providers
- B. A network with a limited number of providers**
- C. A general insurance policy accessible to all providers
- D. A type of emergency care network

A "restricted network" refers to a healthcare network that has a limited number of providers available to policyholders. This means that individuals who hold insurance within this network must choose from a specific group of doctors, hospitals, and specialists when seeking care, often to receive the maximum benefits under their insurance plan. This structure is designed to control costs and promote quality care by managing provider relationships. In contrast, a network with unlimited providers allows for a broader range of choices, often leading to higher healthcare costs. General insurance policies that are accessible to all providers typically do not have the restrictions that define a restricted network, allowing policyholders the freedom to visit any healthcare provider. A type of emergency care network does not specifically refer to limitations based on provider access but rather to the timely provision of emergency medical services. Thus, the concept of a restricted network is crucial for understanding how certain health insurance plans manage provider access and cost containment.

8. What is an "insurance binder"?

- A. A permanent insurance policy agreement
- B. A temporary agreement providing coverage until the policy is issued**
- C. A type of policy that covers property damage
- D. A form of insurance renewal documentation

An insurance binder is an important temporary agreement that provides coverage between the time an application is submitted and the formal insurance policy is issued. This binder serves to ensure that the applicant is covered during this interim period, which can be crucial, especially if a loss occurs before the policy is officially in place. The primary purpose of an insurance binder is to provide immediate insurance coverage, which is why it is commonly used when a policyholder is in transit towards obtaining a formal policy, especially with time-sensitive situations such as purchasing a home or car. The other options refer to concepts that do not align with the function of an insurance binder. For instance, a permanent insurance policy agreement indicates a finalized, long-term arrangement, while a type of policy covering property damage looks at specific coverage types rather than the temporary status of a binder. Lastly, renewal documentation pertains to the process of extending an existing policy, which is again distinct from the temporary nature of binders.

9. In a Point of Service plan, who does the insured choose as the main contact for medical services?

- A. A specialist**
- B. A primary care physician**
- C. An insurance provider**
- D. A hospital network**

In a Point of Service (POS) plan, the insured is required to choose a primary care physician (PCP) as their main contact for medical services. The role of the PCP is crucial as they serve as the first point of contact for healthcare needs and are responsible for coordinating the individual's care. This includes managing referrals to specialists and determining the necessary medical services. By selecting a primary care physician, the insured gains a trusted advisor who understands their healthcare history and can provide personalized recommendations and care management. The structure of a POS plan emphasizes the relationship between the patient and their PCP, ensuring that care is organized and efficient. In contrast, specialists, insurance providers, and hospital networks do not serve this coordinating role within a POS plan. While specialists can be consulted, they typically require a referral from the primary care physician. Insurance providers and hospital networks provide coverage and facilities rather than serving as a direct contact for ongoing medical care.

10. Which of the following is NOT a type of service provided by Limited Health Service Organizations?

- A. Hospital services**
- B. Surgical services**
- C. Medical services**
- D. Preventive services**

Limited Health Service Organizations (LHSOs) typically focus on providing specific, often targeted health care services rather than comprehensive medical care. These organizations may offer surgical, medical, or preventive services, which are often structured to address particular health conditions or specific population needs. Hospital services, on the other hand, generally encompass a broad array of medical services typically provided in a hospital setting, including emergency care, inpatient care, and various other extensive healthcare services. LHSOs do not usually provide complete hospital services, as they tend to operate with a more limited scope of care focused on outpatient or specific types of services. Understanding this distinction highlights why hospital services are not included in the offerings of Limited Health Service Organizations, while the other types of services mentioned are more aligned with their intended purpose.

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://ilaccidenthealthinsurance.examzify.com>

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

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