

# Medical Expense 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. In the Major Medical example, how much is the deductible amount?**
  - A. \$200**
  - B. \$2,000**
  - C. \$400**
  - D. \$1,600**
  
- 2. T was treated for an ailment 2 months prior to applying for a health insurance policy. This condition was noted on the application and the policy was issued shortly afterwards. How will the insurer likely consider this condition?**
  - A. No impact**
  - B. Exclusion forever**
  - C. Pre-existing condition not covered for one year**
  - D. It will be fully covered.**
  
- 3. What is the total out-of-pocket expense for M on a \$2,200 claim under the described policy?**
  - A. \$1,600**
  - B. \$600**
  - C. \$2,200**
  - D. \$200**
  
- 4. How does a calendar-year deductible affect claims?**
  - A. it's always paid by insurer**
  - B. it applies per policy period**
  - C. it always applies to every visit**
  - D. it resets annually**
  
- 5. A health reimbursement arrangement MUST be established**
  - A. By the employer**
  - B. By the employee**
  - C. By the government**
  - D. By the insurer**

- 6. Which policy feature allows an insured to defer current health charges to the following year's deductible instead of the current year's deductible?**
- A. Embedded deductible**
  - B. Carryover provision**
  - C. Grace period**
  - D. Deductible reset**
- 7. With a \$200 deductible and 80% coinsurance, after meeting the deductible, what percentage of the remaining allowed charges is paid by the insurer?**
- A. 60%**
  - B. 80%**
  - C. 100%**
  - D. 20%**
- 8. Which statement best describes dental care indemnity coverage?**
- A. Services are reimbursed after insurer receives the invoice**
  - B. Services are paid directly to the dentist**
  - C. Coverage begins after a waiting period**
  - D. No reimbursement is provided**
- 9. Which type of health coverage frequently uses a deductible?**
- A. Dental indemnity plan**
  - B. Long-term care insurance**
  - C. Major Medical policy**
  - D. Medicare Advantage**
- 10. Basic Medical Expense Insurance has lower benefit limits than Major Medical. Which statement best describes this relationship?**
- A. Higher benefit limits**
  - B. Lower deductible**
  - C. Lower benefit limits**
  - D. More comprehensive coverage**

## **Answers**

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

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## **Explanations**

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**1. In the Major Medical example, how much is the deductible amount?**

- A. \$200**
- B. \$2,000**
- C. \$400**
- D. \$1,600**

The deductible is the amount you must pay out-of-pocket before the insurer starts sharing costs for covered medical services. In this Major Medical example, that deductible is \$200, so you would pay the first \$200 of eligible expenses in the policy year before the plan begins to pay its portion (with coinsurance applying to the remaining costs until other limits are reached). The other dollar amounts shown typically relate to different plan features, such as higher deductibles in other plans or other limits, but they do not represent the deductible in this specific example.

**2. T was treated for an ailment 2 months prior to applying for a health insurance policy. This condition was noted on the application and the policy was issued shortly afterwards. How will the insurer likely consider this condition?**

- A. No impact**
- B. Exclusion forever**
- C. Pre-existing condition not covered for one year**
- D. It will be fully covered.**

A pre-existing condition is a health issue for which treatment or medical advice occurred before the policy's effective date. When such a condition is disclosed and the policy is issued, insurers typically apply a waiting period during which benefits for that condition are not paid. In this scenario, the ailment was treated two months before applying and was noted on the application, so it's treated as pre-existing. The standard approach is to exclude or limit coverage for that condition for a set period, commonly one year from the policy start date. Therefore, the condition will not be covered for one year. After that waiting period, coverage for it may begin if the policy allows, but initially there is a one-year exclusion. The other options don't fit because pre-existing issues usually have some waiting period rather than no impact, permanent exclusion, or immediate full coverage.

**3. What is the total out-of-pocket expense for M on a \$2,200 claim under the described policy?**

- A. \$1,600**
- B. \$600**
- C. \$2,200**
- D. \$200**

Out-of-pocket costs in this plan come from two parts: the deductible and the coinsurance on the remaining charges after the deductible is met. You first pay the \$200 deductible. The remaining covered charges amount to \$2,000. With a 20% coinsurance, you owe 20% of \$2,000, which is \$400. Adding the deductible gives  $\$200 + \$400 = \$600$ . So the total out-of-pocket expense is \$600. The insurer would cover the rest, typically \$1,600, up to any limits that may apply.

#### **4. How does a calendar-year deductible affect claims?**

- A. it's always paid by insurer**
- B. it applies per policy period**
- C. it always applies to every visit**
- D. it resets annually**

A calendar-year deductible determines when the insurer begins sharing the cost of covered expenses within a given year. You must pay a set amount out of pocket for eligible services during that calendar year before the plan starts to pay according to its cost-sharing rules. Because this deductible is tied to the calendar year, it resets on January 1, so any deductible amount paid in the previous year does not carry over. In terms of claims, that means early in the year you may be paying the full allowed amounts for services until you hit the deductible, and once you've met it, the insurer pays (subject to coinsurance or copays) for the remainder of the year. Some plans may cover certain preventive services without counting toward the deductible, but the general effect is that the deductible governs when the insurer steps in and it resets each year.

#### **5. A health reimbursement arrangement MUST be established**

- A. By the employer**
- B. By the employee**
- C. By the government**
- D. By the insurer**

Health Reimbursement Arrangements are employer-established plans to reimburse employees for qualified medical expenses. The employer designs the plan, sets eligibility, and funds the account, with reimbursements typically tax-free. Because the arrangement is created and controlled by the employer, it's not something the employee can set up on their own, nor is it established by the government or by an insurer. An insurer might administer or sponsor related services under the employer's HRA, but the legal establishment of the HRA itself lies with the employer.

**6. Which policy feature allows an insured to defer current health charges to the following year's deductible instead of the current year's deductible?**

- A. Embedded deductible
- B. Carryover provision**
- C. Grace period
- D. Deductible reset

The key idea here is the carryover provision. This feature lets the portion of the deductible that isn't met by year-end be carried forward and applied to the next year's deductible. It's helpful when you incur a lot of medical costs late in the year because those remaining deductible amounts don't disappear at year-end; instead, they reduce what you'll have to meet in the new year before benefits kick in. For example, if the annual deductible is 1,000 and you've incurred 600 toward it in December, you have 400 left for the year. With a carryover provision, that remaining 400 is carried forward to the next year and counted toward the next year's deductible. In the new year, you'd start with 400 already applied to your deductible, so you'd need 600 more of deductible spending before benefits begin. The other features don't address deferring deductible charges to the next year. An embedded deductible relates to how deductibles are structured among family members, not carrying over amounts. The grace period concerns premium payments, not deductibles. A deductible reset would start the deductible over, rather than carrying amounts into the next year.

**7. With a \$200 deductible and 80% coinsurance, after meeting the deductible, what percentage of the remaining allowed charges is paid by the insurer?**

- A. 60%
- B. 80%**
- C. 100%
- D. 20%

When a plan has a deductible and coinsurance, you pay costs up to the deductible first, then coinsurance applies to the remaining charges. With 80% coinsurance, after the deductible is satisfied, the insurer pays 80% of the remaining allowed charges and you pay the other 20%. For example, if total charges are 1,000, you pay 200 to meet the deductible, leaving 800 eligible charges. The insurer would pay  $0.8 \times 800 = 640$ , and you would pay 160. So, after the deductible is met, the insurer covers 80% of what's left.

**8. Which statement best describes dental care indemnity coverage?**

- A. Services are reimbursed after insurer receives the invoice**
- B. Services are paid directly to the dentist**
- C. Coverage begins after a waiting period**
- D. No reimbursement is provided**

Indemnity dental coverage uses a reimbursement method. You can choose any licensed dentist, but you usually pay for the service at the time of service. After the dentist's invoice is submitted and the claim is processed by the insurer, you're reimbursed for a portion of the approved charge according to the plan's benefit level, and you may also owe any deductible or coinsurance. The defining feature is that payment comes after the insurer reviews the claim, rather than the insurer paying the dentist directly or requiring a network. For example, if a procedure costs \$200 and the plan covers 80% of the allowed charge, you'd be reimbursed up to that amount once the claim is processed, subject to any deductible or coinsurance. This flow—invoice received, claim processed, reimbursement issued—is what characterizes indemnity coverage.

**9. Which type of health coverage frequently uses a deductible?**

- A. Dental indemnity plan**
- B. Long-term care insurance**
- C. Major Medical policy**
- D. Medicare Advantage**

A deductible is the amount you pay out of pocket before your insurance starts paying, which helps share risk and keep premiums lower. Major medical policies are built around this idea: you pay the annual deductible first, and once that amount is met, the plan typically pays a large share of remaining eligible expenses (often with coinsurance) up to the policy's limits. This structure is common because it addresses high-cost, broad medical care and helps control small, frequent claims by requiring some upfront payment from the insured. Dental indemnity plans usually rely on fixed co-pays and service-specific benefits with annual maximums rather than a single annual deductible driving most claims. Long-term care insurance uses an elimination period (a waiting period before benefits start) rather than a deductible. Medicare Advantage plans may have deductibles for certain services, but they are not defined by a deductible as the primary feature the way major medical plans are.

**10. Basic Medical Expense Insurance has lower benefit limits than Major Medical. Which statement best describes this relationship?**

- A. Higher benefit limits**
- B. Lower deductible**
- C. Lower benefit limits**
- D. More comprehensive coverage**

The main idea here is how benefit limits differ between Basic Medical Expense Insurance and Major Medical. Basic Medical Expense Insurance provides a smaller cap on what it will pay for covered services, while Major Medical offers substantially higher limits to cover more expensive or catastrophic care. So describing the relationship as Basic having lower benefit limits than Major Medical matches the given premise. This distinction helps explain why Basic is typically viewed as more limited in protection, whereas Major Medical provides broader, higher-dollar coverage. The other ideas—higher limits, lower deductibles, or more comprehensive coverage—don't fit the stated relationship of Basic having lower limits.

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

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

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