CERTIFIED PROFESSIONAL IN HEALTH CARE RISK MANAGEMENT (CPHRM) PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

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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.

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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!

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Questions

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1. What is the purpose of a third-party claim?

A. To exclude liability for the defendant
B. To introduce a liable party to the lawsuit
C. To resolve disputes regarding fault
D. To initiate personal injury claims

2. Which of the following is NOT a technique of risk control?

A. Loss prevention
B. Contractual transfers
C. Risk retention
D. Segregation of loss exposures

3. Why is the identification of hospital-acquired conditions important?

A. It enhances the hospital's reputation among patients
B. It reduces potential legal claims against the hospital
C. It can lead to higher reimbursement rates for treatment
D. It is mandatory for all healthcare facilities

4. What does a binding arbitration agreement imply?

A. the decision can be contested in court
B. the agreement is final and not subject to appeal
C. the parties can opt out of the decision
D. the case will be tried before a jury

5. What is the definition of a lawsuit?

A. A monetary compensation sought in civil court
B. A formal legal action filed in court
C. An appeal of a prior court decision
D. A negotiation to settle a dispute

6. What primarily defines a captive insurance company?

A. Ownership by the state
B. Control by the company owners and beneficiaries
C. Coverage for high-risk industries
D. Compliance with government regulations

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7. What does risk avoidance entail?

A. Accepting the risk to improve learning

B. Completely eliminating the chance of loss by not engaging in an activity

C. Minimizing activities that could cause loss

D. Reducing potential losses through contractual agreements

8. What type of clause involves one party taking on the tort liability of another?

A. Compensation clause

B. Indemnification provision

C. Liability waiver

D. Grievance clause

9. Employee Retirement Income Security Act primarily addresses?

A. Workplace harassment

B. Benefits and pensions

C. Job safety standards

D. Employee rights during termination

10. What is protected under attorney-client privilege?

A. All conversations in public

B. Confidential communications between attorney and client

C. Any document filed in court

D. Conversations between clients

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Answers

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

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Explanations

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1. What is the purpose of a third-party claim?

A. To exclude liability for the defendant

B. To introduce a liable party to the lawsuit

C. To resolve disputes regarding fault

D. To initiate personal injury claims

The purpose of a third-party claim primarily revolves around introducing an additional party who may be liable for damages in a lawsuit. This is significant in complex cases where multiple parties could share responsibility for the alleged harm. By bringing a third-party into the lawsuit, the plaintiff can pursue a claim against that party as well, thereby potentially increasing the chances of recovering damages. This introduction of a liable party is essential for ensuring that all parties responsible for the injury or damage are held accountable. It clarifies the distribution of fault among different parties, which can be crucial in personal injury cases or contractual disputes. The inclusion of a third-party can also facilitate a more comprehensive settlement of liability issues, aiding in the fair adjudication of the case. The other options do not accurately capture the primary intention of a third-party claim. The first option suggests that the claim serves to exclude liability, which is not the case; rather, it seeks to establish another party's liability. The third option focuses on resolving disputes regarding fault but does not reflect the legal mechanism introduced by a third-party claim itself. Lastly, initiating personal injury claims is more of a function of a plaintiff's initial lawsuit, rather than the specific purpose of third-party claims.

2. Which of the following is NOT a technique of risk control?

A. Loss prevention

B. Contractual transfers

C. Risk retention

D. Segregation of loss exposures

Risk control techniques are strategies employed to minimize the likelihood or impact of adverse events in various settings, particularly in healthcare risk management. The correct identification of risk retention as not a technique of risk control stems from understanding the different roles these strategies play in managing risk. Loss prevention aims to reduce the frequency of risks occurring. It involves implementing measures that deter incidents before they arise, such as safety training or better equipment. Contractual transfers refer to shifting the risk to another party, often through insurance or indemnity agreements. Segregation of loss exposures involves isolating certain activities or assets to mitigate the impact of a potential loss, thereby protecting the overall integrity of the organization. Risk retention, on the other hand, involves an organization consciously deciding to accept the risk rather than mitigate or transfer it. This technique does not aim to control the risk but rather acknowledges it as a part of the operational process. While it may be a valid strategy within a broader risk management framework, it does not qualify as a risk control technique since it does not actively work to prevent or reduce risks. Understanding these distinctions is crucial in effectively managing healthcare risks.

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3. Why is the identification of hospital-acquired conditions important?

A. It enhances the hospital's reputation among patients

B. It reduces potential legal claims against the hospital

C. It can lead to higher reimbursement rates for treatment

D. It is mandatory for all healthcare facilities

The identification of hospital-acquired conditions (HACs) is critical in the context of healthcare management because it directly influences reimbursement processes. When hospitals accurately identify and address these conditions, they can take necessary measures to improve patient safety and quality of care. This proactive approach can lead to better health outcomes, which are increasingly tied to reimbursement rates. In the current healthcare landscape, particularly with the implementation of value-based care models, reimbursement is often contingent upon the quality of care provided. Hospitals that can demonstrate improved patient safety and lower rates of HACs can position themselves favorably when negotiating reimbursements. This is pivotal as it allows healthcare facilities to not only maintain financial viability but also invest in further quality improvements. The focus on HACs aligns with broader healthcare initiatives aimed at enhancing patient care and safety, thus promoting overall systemic improvements within healthcare environments. Understanding and identifying these conditions is fundamental for healthcare facilities to secure better reimbursement and advance their commitment to high-quality care.

4. What does a binding arbitration agreement imply?

A. the decision can be contested in court

B. the agreement is final and not subject to appeal

C. the parties can opt out of the decision

D. the case will be tried before a jury

A binding arbitration agreement implies that the decision made by the arbitrator is final and not subject to appeal. This means that once the arbitrator reaches a conclusion and issues an award, the parties involved cannot challenge that decision in a court of law. Binding arbitration is designed to provide a speedy and efficient resolution of disputes outside the traditional court system, and it enforces the finality of the arbitrator's ruling, reinforcing the intention of the parties to resolve their differences quickly and decisively. In this context, the concept of finality is crucial, as it allows parties to have closure and move forward without the uncertainty of potentially protracted legal battles. The idea is that both parties have voluntarily agreed to this process, accepting the arbitration outcome as conclusive. The other alternatives involve elements of litigation and flexibility regarding decisions, which are not characteristic of binding arbitration. For instance, the ability to contest a decision or opt out of it contradicts the principles of binding arbitration, where the enforceability of the arbitrator's decisions is paramount.

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5. What is the definition of a lawsuit?

A. A monetary compensation sought in civil court

B. A formal legal action filed in court

C. An appeal of a prior court decision

D. A negotiation to settle a dispute

A lawsuit is fundamentally defined as a formal legal action filed in court by one party against another. In this context, it represents a legal process initiated to resolve a dispute that typically involves claims for damages or enforcement of legal rights. This definition encapsulates the essence of legal proceedings where one party formally initiates a complaint against another, seeking a legal remedy through the judicial system. While the other options touch upon aspects related to lawsuits, they do not serve as comprehensive definitions. For instance, seeking monetary compensation is a common outcome of lawsuits but not representative of the lawsuit itself. Appeals pertain to the reassessment of previous court decisions rather than the initiation of a new legal action. Negotiations may also play a role in dispute resolution but typically occur outside of a formal lawsuit process and do not embody the entire legal framework that a lawsuit entails. Thus, the definition chosen explicitly captures the process of formally engaging the court system to address a legal grievance.

6. What primarily defines a captive insurance company?

A. Ownership by the state

B. Control by the company owners and beneficiaries

C. Coverage for high-risk industries

D. Compliance with government regulations

A captive insurance company is fundamentally defined by its ownership structure, where it is created and owned by its insureds (the company owners and beneficiaries). This allows the organization to have direct control over its insurance needs, including risk management strategies, insurance policies, and financial reserves. This ownership structure differentiates captives from traditional insurance companies, which are typically owned by shareholders and operate for profit. Captive insurance companies are formed specifically to insure the risks of their parent company or its affiliates, which provides them with tailored coverage that meets their specific requirements. The other options do not capture the essence of what defines a captive insurance company. While compliance with government regulations is indeed necessary for all insurance companies, including captives, it is not what primarily distinguishes them. Similarly, while captive insurance can be utilized by high-risk industries, this is not a defining feature, as captives can serve a wide range of industries. Ownership by the state refers to government-run insurance programs and does not relate to the concept of a captive, which is typically privately owned. Hence, the emphasis on control by the company owners and beneficiaries accurately highlights the main characteristic of a captive insurance company.

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7. What does risk avoidance entail?

A. Accepting the risk to improve learning

B. Completely eliminating the chance of loss by not engaging in an activity

C. Minimizing activities that could cause loss

D. Reducing potential losses through contractual agreements

Risk avoidance involves completely eliminating the chance of loss by not engaging in an activity that presents a risk. This means that if a certain action is deemed too risky and could result in adverse consequences, an individual or organization chooses to avoid that action altogether to ensure that risk is not present. For instance, a healthcare facility may decide not to implement a certain procedure that has known high risks associated with it. By doing so, they remove the possibility of encountering those risks and potential losses entirely. The other options describe different approaches to managing risk rather than avoiding it outright. For example, accepting risk to improve learning speaks to embracing risk as an opportunity for growth and education, while minimizing activities that could cause loss implies continued engagement in some risk-laden activities but with heightened caution. Lastly, reducing potential losses through contractual agreements is a risk transfer strategy rather than avoidance, where the risk remains, but its financial impact may be mitigated via other means.

8. What type of clause involves one party taking on the tort liability of another?

A. Compensation clause

B. Indemnification provision

C. Liability waiver

D. Grievance clause

The correct choice involves an indemnification provision, which is a contractual agreement where one party agrees to compensate another for losses or damages that arise from specific actions or claims. This means that if an issue occurs that would normally hold one party liable, the indemnifying party assumes that liability and covers the associated costs. Indemnification provisions are commonly used in contracts to protect parties from the consequences of other parties' negligent or wrongful acts. This is essential in health care risk management because it helps ensure that organizations can manage potential risks associated with the services provided, thereby enhancing financial stability and protecting assets. Understanding the importance of indemnification provisions illustrates their role in risk transfer and management within health care settings, where the potential for liability is significant. This provision establishes clarity in responsibilities and helps mitigate the legal and financial risks that healthcare organizations face.

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9. Employee Retirement Income Security Act primarily addresses?

A. Workplace harassment

B. Benefits and pensions

C. Job safety standards

D. Employee rights during termination

The Employee Retirement Income Security Act (ERISA) primarily addresses benefits and pensions, focusing on the protection of employee benefit plans. This federal law sets standards for the administration of these plans and ensures that employees receive the benefits they are entitled to from their employer-sponsored plans. ERISA mandates disclosure and reporting requirements for plan administrators, ensures accountability in the management of plan assets, and provides avenues for employees to seek redress if their rights under the plans are violated. The law specifically covers a variety of benefit plans, including health insurance, retirement plans, and pension funds, making it a significant piece of legislation in ensuring that employees' financial resources and retirement savings are safeguarded. While workplace harassment, job safety standards, and employee rights during termination are important aspects of employment law, they fall under different laws and regulations which do not relate to the core mission of ERISA.

10. What is protected under attorney-client privilege?

A. All conversations in public

B. Confidential communications between attorney and client

C. Any document filed in court

D. Conversations between clients

The concept of attorney-client privilege is fundamentally based on the need for clients to be able to communicate openly and freely with their legal counsel without fear that these communications will be disclosed to others. This privilege specifically protects confidential communications made for the purpose of seeking legal advice or assistance. It ensures that a client's disclosures to their attorney remain private, promoting trust and ensuring that the client can share all relevant information necessary for effective legal representation. Confidential communications refer to information shared in a private setting where both parties expect confidentiality. This does not extend to conversations held in public or documents that are filed in court, as those are subject to disclosure and scrutiny. Thus, the correct answer clearly delineates the scope of what is considered protected under attorney-client privilege, emphasizing the importance of maintaining confidentiality in the attorney-client relationship.

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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.

Or visit your dedicated course page for more study tools and resources:

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

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