

***Economics of Health and Medical Care 1st edition
Hicks Test Bank***

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Multiple Choice

1. Perhaps the most glaring deficiency in the United States today is:

- A) The scarcity of healthcare resources
- B) The lack of affordable health insurance coverage
- C) The high cost of health care services
- D) The poor health status of the population

Ans: B

Complexity:

Ahead:

Subject: Chapter 1

2. The three major tasks of economics are:

- A) Description, Explanation, Prediction
- B) Description, Evaluation, Estimation
- C) Description, Explanation, Evaluation
- D) Description, Evaluation, Estimation

Ans: C

Complexity:

Ahead:

Subject: Chapter 1

3. If the quantity of physician visits increases when the price of physician visits decreases, we can conclude the causal relation is:

- A) Negative
- B) Positive
- C) Constant
- D) Unrelated

Ans: A

Complexity:

Ahead:

Subject: Chapter 1

4. In the following graph, if the price of visits is \$300, the quantity of visits demanded is:

<INSERT Figure 1.1>

- A) 40
- B) 30

C) 20

D) 10

Ans: D

Complexity:

Ahead:

Subject: Chapter 1

5. If a \$200 increase in price is associated with an increase in quantity of 50 visits, with regard to the quantity axis the slope is:

A) 200/50

B) 200 X 50

C) 50/200

D) 50 X 200

Ans: B

Complexity:

Ahead:

Subject: Chapter 1

True/False

1. Scarcity is a major cause of many of today's healthcare system problems.

Ans: True

Complexity:

Ahead:

Subject: Chapter 1

2. Scarcity is defined as the excessive quantity of available goods and services compared with the amounts that people desire.

Ans: False

Complexity:

Ahead:

Subject: Chapter 1

3. The size of the uninsured and underinsured population in the United States has become an indication of the access problems in the US healthcare system.

Ans: True

Complexity:

Ahead:

Subject: Chapter 1

4. Economics is the discipline that deals with the consequences of resource scarcity.

Ans: True

Complexity:

Ahead:

Subject: Chapter 1

5. Descriptive economics involves conducting a cause-and-effect analysis.

Ans: False

Complexity:

Ahead:

Subject: Chapter 1

6. The purpose of a model is to illustrate relations between economic variables.

Ans: False

Complexity:

Ahead:

Subject: Chapter 1

7. In causal terms, slope can be expressed as the magnitude or sensitivity of response.

Ans: True

Complexity:

Ahead:

Subject: Chapter 1

Short Answer

1. Define the discipline of health economics.

Ans: Health economics deals with the consequences of resource scarcity in the health care industry and the necessity of making choices in health care.

Complexity:

Ahead:

Subject: Chapter 1

2. What is the purpose of graphic analysis?

Ans: The purpose of graphic analysis is to illustrate relations between economic variables.

Complexity:

Ahead:

Subject: Chapter 1

3. What is the true test of an explanatory model?

Ans: The true test of an explanatory model is how well it explains or predicts actual phenomena.

Complexity:

Ahead:

Subject: Chapter 1