Health Economics Core Concepts and Essential Tools 1st edition Bernell Test Bank

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1. ch02-001
The law of diminishing returns suggests that health improves at a/an ____________ rate with respect to additional amounts of medical care.

a. increasing
*b. decreasing
c. constant

2. ch02-002
The relationship between health and wealth is bidirectional.

*a. True
b. False

3. ch02-003
The relationship between health and wealth can most accurately be represented ____________.

a. linearly
*b. nonlinearly

4. ch02-004
The absolute income hypothesis proposes that

a. an individual's purchasing and savings decisions are determined by income relative to the income of others in the community.
b. an individual's health is affected by the distribution of income within a society.
c. an individual's health is determined by a person's position within the community.
*d. higher income is associated with lower mortality and morbidity.

5. ch02-005
A society with narrow distribution of income has an average health status that is worse than that of a society with a wide distribution of income.

a. True
*b. False

6. ch02-006
Income inequality is often measured by a Gini coefficient. A Gini coefficient of 0.3 implies greater income equality than a Gini coefficient of 0.7.

*a. True
b. False

7. ch02-007
The federal poverty level (FPL) can be used in support of which hypothesis?

a. Relative rank hypothesis
b. Relative income hypothesis
*c. Deprivation hypothesis
d. Absolute income hypothesis

8. ch02-008
Which of the following is not an economic theory used to explain the relationship between health and wealth?

a. Relative rank hypothesis
*b. Relative community hypothesis
c. Absolute income hypothesis
d. Deprivation hypothesis

9. ch02-009
The only effect that wealth increases can have is decreasing mortality.

a. True
*b. False

10. ch02-010
In wealthy countries, improvements in aggregate health can best be achieved by

a. increasing income inequality.
b. lowering income inequality.
c. giving every person the same amount of money (e.g., $1,000).
*d. increasing GDP per capita.