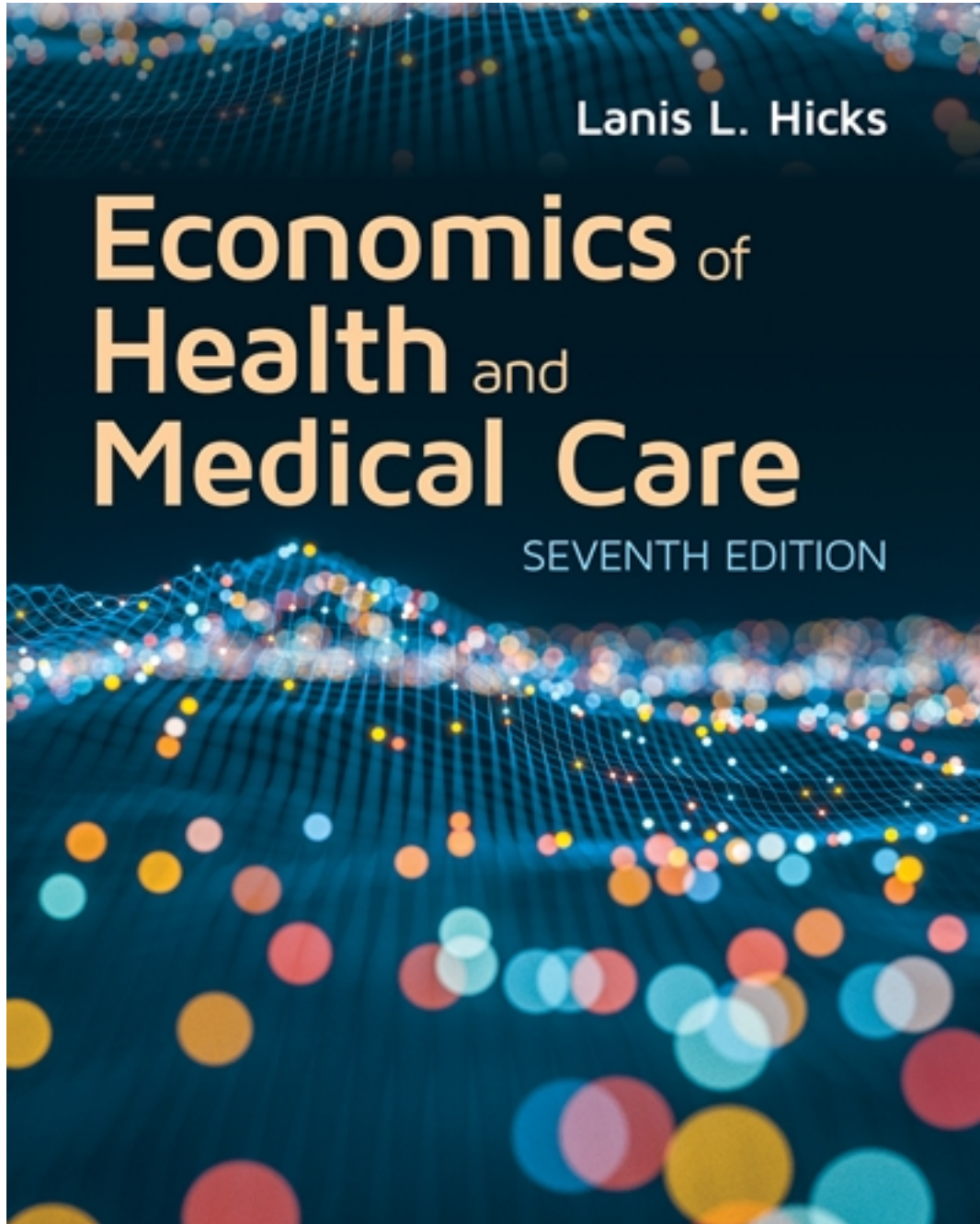


Test Bank for Economics of Health and Medical Care 1st
Edition by Hicks

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Test Bank

Economics of Healthcare and Medical Care, Seventh Edition

Lanis Hicks, PhD

Chapter 1—Overview of Economics

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

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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.

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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.

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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