Economics of Human Biology

Basic Economics · Answer Key · 20 Questions

1. Which economic concept describes the cost of a medical treatment as the value of the next best alternative use of those funds?

A) Sunk cost
B) Opportunity cost
C) Marginal utility
D) Inflation

2. In health economics, what does the term 'scarce resource' primarily refer to regarding human organ transplantation?

A) Limited supply of donor organs
B) The cost of surgical tools
C) The number of hospital beds
D) The price of anesthesia

3. What is the primary economic objective of preventive healthcare measures like vaccinations in a population?

A) Increasing medical fees
B) Reducing long-term expenditure on disease treatment
C) Maximizing pharmaceutical profits
D) Creating new labor markets

4. How do economists typically classify the 'demand' for emergency surgery in a patient?

A) Highly elastic
B) Perfectly elastic
C) Highly inelastic
D) Unitary elastic

5. What economic phenomenon occurs when an individual's health status improves, leading to an increase in their labor productivity?

A) Human capital appreciation
B) Deflation
C) Diminishing returns
D) Market saturation

6. Which economic principle explains why the cost of healthcare services often rises faster than general inflation due to labor intensity?

A) Baumol's cost disease
B) The Law of Diminishing Returns
C) Comparative advantage
D) The multiplier effect

7. In the context of the pharmaceutical industry, what are patents designed to provide to companies for a limited time?

A) Perfect competition
B) Monopoly power
C) Negative externalities
D) Price ceilings

8. What does the 'marginal benefit' of consuming a nutritional supplement represent?

A) The total cost of the supplement
B) The additional health improvement from one more unit
C) The initial cost of production
D) The average price across all brands

9. What is the economic term for the unintended consequence where a vaccinated individual provides protection to others, benefiting the public?

A) Positive externality
B) Negative externality
C) Deadweight loss
D) Public utility

10. Why is the healthcare market considered to have 'asymmetric information'?

A) Doctors have more medical knowledge than patients
B) Patients set the prices
C) All participants have equal data
D) Government controls all supply

11. Which term describes the reduction in utility caused by the potential side effects of a necessary medical drug?

A) Consumer surplus
B) Negative utility
C) Marginal cost
D) Fixed asset

12. When a hospital operates at maximum capacity and cannot treat additional patients without building new wings, it is experiencing:

A) Economies of scale
B) Diminishing marginal returns to capital
C) Market equilibrium
D) Elastic demand

13. What is the 'opportunity cost' of a doctor's time spent documenting patient records instead of performing a physical examination?

A) The price of the paper
B) The loss of diagnostic time
C) The hospital's profit margin
D) The patient's insurance premium

14. In health economics, what are 'public goods' defined as?

A) Goods that are non-excludable and non-rivalrous like herd immunity
B) Private hospital rooms
C) Over-the-counter vitamins
D) Medical research journals

15. How does an 'increase in demand' for healthcare services affect the market price if supply remains constant?

A) Price decreases
B) Price increases
C) Price remains unchanged
D) Quantity supplied decreases

16. What concept refers to the total value of all healthcare services produced within a country's borders in a year?

A) Gross Domestic Product (GDP)
B) Consumer Price Index
C) Disposable income
D) Human Development Index

17. In the labor market for nurses, what happens when the wage rate increases above the equilibrium level?

A) A shortage of nurses
B) A surplus of nurses
C) No change in supply
D) Increased patient demand

18. Which economic factor best explains why high-end elective cosmetic surgery is more elastic than emergency medical care?

A) Necessity vs. luxury

B) Supply constraints

C) Government regulation

D) Biological factors

19. What is the 'price floor' in the context of government-regulated minimum wages for healthcare support staff?

A) The lowest legal wage an employer can pay

B) The highest price for medical equipment

C) The average cost of a physical exam

D) The subsidy provided to hospitals

20. What happens to the 'demand' for health insurance as a population ages and perceives higher health risks?

A) Decreases

B) Increases

C) Becomes perfectly inelastic

D) Becomes irrelevant