Microeconomic Principles in Human Health

Microeconomics · Answer Key · 12 Questions

1. In a microeconomic model of human capital development, which biological process most closely represents diminishing marginal returns to education and training?

A) DNA replication
B) Cellular respiration
C) Neural plasticity after a certain age
D) Protein synthesis

2. The supply curve for a specific organ transplantable tissue, like a kidney, is most accurately characterized by which of the following microeconomic principles?

A) Perfectly elastic supply due to technological advancements.
B) Downward sloping due to increased efficiency with scale.
C) Upward sloping due to the biological limitations and time constraints of organ viability and donor availability.
D) Perfectly inelastic supply regardless of price.

3. Consider the production function of a healthcare provider. Which factor most directly relates to the concept of 'labor' as an input in the microeconomic sense?

A) The number of hospital beds available.
B) The diagnostic accuracy of an MRI machine.
C) The number of hours a surgeon performs operations.
D) The efficacy of a new pharmaceutical drug.

4. The demand for a life-saving drug with no close substitutes, such as insulin for Type 1 diabetes, is microeconomically characterized by:

A) High price elasticity of demand.
B) Unitary elasticity of demand.
C) Perfectly elastic demand.
D) Low price elasticity of demand.

5. When analyzing the cost of producing a specific diagnostic test (e.g., a blood panel), which component best exemplifies a variable cost in microeconomics?

A) The depreciation of the laboratory equipment.
B) The salary of the laboratory manager.
C) The cost of reagents and consumables used per test.
D) The monthly rent for the laboratory space.

6. The phenomenon of 'moral hazard' in health insurance, where individuals may consume more healthcare services due to insurance coverage, is a direct application of which microeconomic concept?

A) Adverse selection
B) Information asymmetry
C) Externalities
D) Principal-agent problem

7. A public health intervention aimed at reducing the prevalence of a contagious disease (e.g., vaccination campaigns) generates positive externalities. This means the private benefit to an individual receiving the vaccine is:

A) Greater than the social benefit.
B) Equal to the social benefit.
C) Less than the social benefit.
D) Independent of the social benefit.

8. The concept of 'opportunity cost' in the context of an individual's decision to undergo a complex surgical procedure includes:

A) Only the direct financial cost of the surgery.
B) The cost of the surgical instruments used.
C) The income foregone due to recovery time and inability to work.
D) The average cost of a hospital bed.

9. In a perfectly competitive market for general practitioners, the long-run equilibrium condition implies that the price (average fee for a consultation) will be equal to:

A) Marginal cost only.
B) Average total cost, including normal profit.
C) Average variable cost only.
D) Total cost.

10. The effectiveness of a new diagnostic technology, like genetic sequencing for predisposition to certain diseases, in influencing demand for related preventive care illustrates the concept of:

A) Inferior goods.
B) Complementary goods.
C) Substitute goods.
D) Giffen goods.

11. The 'shut-down point' for a specialized medical clinic operating in the short run occurs when the price of its services falls below its:

A) Average fixed cost.
B) Marginal cost.
C) Average variable cost.
D) Total cost.

12. The market structure for patented, brand-name pharmaceuticals is best described as:

A) Perfect competition.
B) Monopolistic competition.
C) Oligopoly.
D) Monopoly.