

Microeconomic Principles in Human Health

Microeconomics · Practice Test · 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.