Health Policy Issues An Economic Perspective 7th edition Feldstein Test Bank

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1. ch12-001
Why is there excess demand for medical schools?

a. Medical schools can't expand their spaces fast enough to accommodate the increased demand.
*b. Medical schools have no incentive to expand their spaces even though demand exceeds the number of spaces.
c. No excess demand for medical schools exists. Students apply to multiple medical schools, so the net demand for spaces equals the number of spaces available.
d. It takes many years and a great deal of money to expand medical school capacity, and medical schools must raise the funds to do so. If the schools received more donations, they would expand their number of spaces.

2. ch12-002
If the market for medical education were like other markets, what role would tuition play?

a. Increased tuition would serve to ration student demand for the existing number of spaces.
b. Increased tuition would provide funds to pay higher salaries to the administrative staff.
c. Increased tuition would provide medical schools a financial incentive (and the funds) to invest in facilities and faculty so that they could accommodate larger enrollments.
*d. A and C

3. ch12-003
If medical education were like other markets, would low-income students be able to become physicians?

a. No, they couldn't afford the high tuition.
*b. Yes, they would be eligible for scholarship and loan programs.
c. Yes, they could go to medical schools overseas.
d. No, medical schools would want students whose parents could make large donations for their children to be admitted.

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4. ch12-004
How does the market for medical education differ from other markets?

a. Medical schools operate inefficiently (high cost) and require too many years of a student's time.
b. The method used to finance medical education (subsidized tuition) is inequitable; large subsidies go to students from high-income families.
c. Before taking licensing exams, students must first graduate from approved medical schools; this prevents competition from more efficient firms that do not meet the accrediting criteria.
*d. All of the above

5. ch12-005
How has the medical education industry, with its record of poor performance, been able to survive?

a. The industry, being not-for-profit, is able to produce very high quality medical graduates.
b. The excess demand for medical education ensures the survival of medical schools.
*c. Medical schools are heavily subsidized and do not depend solely on tuition for their revenues.
d. Medical school faculty, an essential input to medical education, would not participate in competitive firms providing a drastically different form of medical education.

6. ch12-006
How would medical schools likely respond to subsidies being provided directly to students, instead of the schools receiving the subsidies?

a. Medical schools would have to compete for students to receive the subsidies.
b. Nothing would change because there is excess demand for medical education.
c. Medical schools would become more responsive to changing their curricula and decreasing the years required to graduate.
*d. A and C

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7. ch12-007
What is the likely goal of many medical schools?

a. Produce as many medical graduates as possible to increase the health of the population
b. Train primary care physicians who can practice in underserved areas
*c. Achieve prestige by training academically gifted students to become specialists and educators
d. Train students to become leaders in providing coordinated care in integrated delivery systems

8. ch12-008
What incentives exist for medical schools to respond cost-effectively to changing medical education demand?

a. Revenues are dependent on responding to changing demands.
b. Faculty salaries would be adversely affected if the school was not responsive to changing demand conditions.
c. Students would enroll in other medical schools if the school was not responsive to changing demands.
*d. No such incentives currently exist.

9. ch12-009
What is a likely consequence of the accreditation requirement that medical schools be not-for-profit?

a. The quality of nonprofit school graduates is higher than the quality of graduates from schools with a profit motive.
*b. Private organizations have no incentive to invest capital to start a new medical school.
c. For-profit medical schools find it more difficult to attract qualified faculty.
d. All of the above

10. ch12-010
What would be a likely consequence of requiring periodic re-examination for licensure rather than the current system of graduation from an approved medical school, a one-time licensing exam, and continuing medical education credits to achieve physician quality? (Physicians who are not board

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certified have to achieve a certain number of continuing education credits each year. Continuing education by itself is a process measure for ensuring quality and does not ensure that physicians actually maintain and update their skills and knowledge bases.)

a. All physicians—not just those who are board certified—have to update their skills and knowledge.
b. Re-examination determines the appropriate amount of continuing education on an individual basis.
c. Periodic re-examination and relicensure determine what tasks an individual physician is proficient in performing. (Currently, all licensed physicians are permitted to perform a wide range of tasks, although they may have insufficient training in some of these tasks.)
*d. All of the above

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1. ch02-001
Why is there a concern that this country is spending too much on medical care?

a. Insurers' administrative costs are too high.
b. Hospitals and physician prices are much higher than in other countries.
*c. The country is not receiving sufficient value for what it spends on healthcare.
d. The healthcare system is too regulated.

2. ch02-002
Consumer sovereignty is based on the concept that

*a. consumers know best what they want.
b. consumer out-of-pocket payments should be higher so that consumers become more price sensitive.
c. consumers should have greater representation on hospital and insurer boards of directors.
d. consumers should have more comprehensive insurance so that they have more control over their choice of provider.

3. ch02-003
The relationship between the benefits of an additional visit and the number of visits is

a. constant.
b. increasing.
*c. decreasing.
d. A and B

4. ch02-004
What is the "right" or "optimal" amount of spending for a person?

a. When the additional medical benefit provided to the patient is worthwhile, as determined by a health professional
*b. When the benefit of the last visit to the physician is equal to the cost to the consumer for that visit
c. When the additional medical benefit of that visit is worthwhile, as determined by the patient

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d. When the benefit of the last visit to the physician is considered appropriate according to clinical guidelines

5. ch02-005
Economic waste occurs when

*a. the expected benefits of an intervention are less than the expected costs.
b. the expected benefits of an intervention have very little perceived value to the health professional.
c. the expected benefits of an intervention have very little perceived value to the patient.
d. the expected benefits of an intervention do not meet established clinical guidelines.

6. ch02-006
Competitive markets in healthcare assume that

a. government determines the appropriate training and number of competitors.
b. purchasers have information on the benefits of a treatment, provider quality, and the costs of care.
c. purchasers have a price incentive when making their choices.
*d. B and C

7. ch02-007
If a healthcare system is "free" to everyone, and the government provides all the care demanded, then

a. everyone receives the "appropriate" amount of care.
*b. the benefits of an additional visit are very low.
c. the benefits of an additional visit are very high.
d. the benefits of an additional visit in relation to the cost of production are unknown.

8. ch02-008
If a healthcare system is "free" to everyone, and the government limits the amount of care provided, then

a. those who can afford it go elsewhere—to another country—for their care.

b. a shortage occurs.
c. “too few” visits result.
*d. All of the above

9. ch02-009
State and federal governments typically try to limit medical expenditure increases by

a. encouraging insurers to use limited provider networks.
b. incentivizing Medicare beneficiaries to enroll in managed care plans.
*c. instituting provider price controls.
d. promoting high-deductible health plans.

10. ch02-010
The government’s concern over rising healthcare costs is to ensure that

a. universal coverage occurs.
*b. the government doesn’t have to increase taxes or reduce politically popular programs.
c. the voting public receives value for its money.
d. appropriate new technologies are not overused.

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1. ch32-001
What is a health association’s main objective?

a. To ensure that its members provide the highest quality of care and faithfully serve their patient populations
b. To provide valuable membership services, such as continuing education
c. To increase the number of dues-paying members, to unify its membership, and to limit entry of new members
*d. To influence health legislation and regulations to advance its members’ economic interests

2. ch32-002
What is meant by the statement, “Healthcare organizations are engaged in both political and economic competition”?

*a. Healthcare organizations engage in economic competition among themselves for market share and revenues, and they compete politically against members of other health associations to gain an economic advantage.
b. Healthcare organizations engage in political competition among themselves to gain an economic advantage, and they compete economically against members of other health associations to gain market share and revenues.
c. Healthcare organizations engage in economic and political competition with everyone engaged in the financing and delivery of medical services.
d. None of the above

3. ch32-003
Why does each health association favor an increase in demand for its member’s services?

a. To ensure that all those in need of healthcare have access to such care
*b. To enable its members to increase the prices they charge and/or choose the clientele they prefer to serve
c. To limit competition from competitive professions
d. Both A and C

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4. ch32-004
Why has the American Medical Association (AMA) favored subsidies to those with low incomes (Medicaid) but opposed Medicare, which provided subsidized healthcare to all the aged?

*a. The largest increase in demand would come from extending insurance to those unable to pay. Those with higher incomes presumably have private insurance coverage or can afford to pay physicians. Extending government subsidies to those currently able to pay would greatly increase the government's cost, which would result in the government developing a concentrated interest in regulating physician fees.
b. The AMA was concerned that the aged already had comprehensive private health insurance, so subsidizing the aged would merely raise everyone's taxes.
c. The AMA opposed subsidizing the aged because the unions favored it and the AMA opposed the unions' political agenda, which was to establish a single-payer system for the United States.
d. The AMA believed it could use subsidized healthcare for all the aged as a bargaining ploy to have the government also subsidize physicians' malpractice insurance.

5. ch32-005
What approaches have associations used to enable members to establish high prices (mark-up over cost)?

a. Seek legislation and/or regulation to eliminate competition
b. Try to limit entry into the profession
c. Engage in price discrimination by charging those who can afford to pay more than those who are less able to pay
*d. All of the above

6. ch32-006
Who would most likely oppose allowing nurse practitioners to become independent practitioners?

a. Health Insurers
b. Hospitals

*c. Physicians
d. Urgent care centers

7. ch32-007
How are the terms *economic complements* and *economic substitutes* used in healthcare?

a. When two health professionals work together, they are considered to be economic complements.
b. When one health professional can do the same tasks as another health professional but works at a separate location, they are considered to be economic substitutes.
*c. When one health professional receives the payment for work performed by another health professional, that other health professional is an economic complement.
d. When a physician and a nurse practitioner work in the same organization performing the same tasks, they are considered to be economic substitutes

8. ch32-008
Which health associations would be more likely to oppose having Medicare reimburse nurse anesthetists?

a. An association representing rural hospitals
b. An association representing health insurers
*c. An association representing physicians
d. An association representing nurse midwives

9. ch32-009
The American Medical Association's approach toward improving quality among its members has been

a. to favor entry limits to becoming a physician.
b. to favor those quality approaches that do not adversely affect the income of its members.
c. to favor increased educational requirements for new members of the profession.
*d. All of the above

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10. ch32-010
Which of the following types of legislation is favored by health associations?

*a. Making economic substitutes illegal
b. Making economic complements illegal
c. Improving the quality of care delivered, regardless of the effect on members' income or revenues
d. A single-payer system

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