1. This study was the catalyst for the early 20th century reform of medical education in the United States. What was it?
   a) Coolidge Commission.
   b) Hill-Burton Committee.
   c) Kaiser Foundation Study.
   d) Flexner Report.
   e) Kaiser Foundation Study.

2. Which of the following statements is true concerning the trend in hospital care between in-patient and out-patient services since the mid-1980s?
   a) Both have been declining.
   b) Out-patient services have been growing while in-patient services have been declining.
   c) Out-patient services have been declining while in-patient services have been growing.
   d) Both have been growing.
   e) There has been no noticeable trend in either in-patient or out-patient services.

3. In order to be a successful price discriminator, a provider must have a degree of market power (depicted by a downward-sloping demand curve) and meet what other condition(s)?
   a) Prospective customers must be categorized according to willingness-to-pay.
   b) Opportunities for resale of the good or service must be limited.
   c) Customers cannot know that multiple prices are being charged.
   d) The provider must have excess capacity to accommodate the extra business.
   e) Both a and b.

4. The predominate organizational form for U.S. hospitals is not-for-profit. Why?
   a) For-profit hospitals do not provide charity care.
   b) Private not-for-profit hospitals engage in most of the medical research.
   c) The not-for-profit form provides the most benefits to physicians.
   d) All of the above.

5. The cost per patient day at Hospital A is much higher than the cost per patient day at Hospital B. This might be due to
   a) Hospital A has sicker patients than Hospital B.
   b) Hospital A is an academic medical center and Hospital B is not.
   c) Hospital A has several long term union labor contracts while Hospital B does not.
   d) Hospital B is more efficient than Hospital A.
   e) All of the above are possible.

6. Economies of scale
   a) might be more easily realized in an emergency room rather than a cardiac surgery unit.
   b) depend on the spreading of minimal fixed costs over a number of procedures.
   c) depend on the spreading of high variable costs over a number of procedures.
   d) depend on the spreading of high marginal costs over a number of procedures.
   e) depend on the spreading of high fixed costs over a number of procedures.

7. In 1977, a medication to fight heart disease cost $1,000 and had a mortality rate of 80% after 1 year. Surgery cost $25,000 and had a mortality rate of 60% after 1 year. In 2007, a medication to fight heart disease cost $150 and has a mortality rate of 30%. Surgery costs $10,000 and has a mortality rate of 10%. One should expect costs of treatment to escalate because
   a) More individuals will choose surgery more in 2007 than they would have in 1970.
   b) people tradeoff reduced life expectancy for lower costs.
   c) managed care insurers tradeoff reduced life expectancy for lower costs.
d) physicians tradeoff reduced life expectancy for lower costs.
e) Medicare will most likely pay for the medication only.

8. What is the most important factor leading to rising health care costs in the United States since 1980?
   a) The increased use of expensive medical technology.
   b) The aging U.S. population.
   c) The increased cost of malpractice insurance for providers.
   d) Rising incomes for physicians.
   e) The rising cost of pharmaceutical drugs.

9. Of the new drugs introduced in the United States between 1940 and 1990, what percentage was discovered by U.S. firms?
   a) 15.
   b) 30.
   c) 45.
   d) 60.
   e) 75.

10. The regulatory agency with oversight responsibility for the pharmaceutical industry is the
    a) IRS.
    b) FDA.
    c) SEC.
    d) ITC.
    e) ATT.

11. The average cost of developing a new drug has been estimated at about $80 million in 2002.
    a) True
    b) False

12. According to the National Center for Health Statistics
    a) smoking prevalence in the U.S. is declining among both males and females.
    b) over 500,000 deaths annually may be attributed to alcohol- and smoking-related illnesses.
    c) smoking prevalence among 18-24 year olds is rising.
    d) over 20 percent of females and 25 percent of males are regular smokers.
    e) all of the above are true.

13. An increase in the excise tax on alcohol
    a) will have no effect on alcohol consumption.
    b) will generate minimal tax revenues for the federal government.
    c) coupled with a uniform drinking age nationwide would save lives.
    d) will generate substantial revenues is demand is elastic.
    e) all of the above.

14. The economic argument for legalizing drugs
    a) is morally bankrupt.
    b) is based on the assumption that demand is relatively price inelastic.
    c) shows that economists are all libertarians at heart.
    d) takes into consideration all the externalities associated with drug use.
    e) is really politically motivated.

15. Which of the following is true about sexually transmitted diseases (STDs) in the United States?
    STDs are a relatively minor problem in the United States because of the widespread use of condoms.
    a) Over 56 million Americans have an incurable STD.
    b) The rate of infection from STDs among teenagers is falling due to condom use.
    c) Except for the common cold and the flu, STDs are the most common disease in North America.
    d) Both b and d are true.
16. In 1995, _____ percent of the U.S. population was over the age of 65. By the year 2020, projections place that percentage at _____.
   a) 8, 16
   b) 10, 20
   c) 12, 16
   d) 15, 25
   e) 18, 30

17. The primary reason for an aging population is
   a) advances in medical technology.
   b) pharmaceutical research and development.
   c) improvements in life expectancies for men.
   d) the slowing in the overall growth in the population caused by women having fewer children.
   e) all of the above.

18. Which group would argue against the contention that the U.S. liability system drives up health care costs by promoting unnecessary litigation and the practice of defensive medicine?
   a) The American Medical Association
   b) The Health Insurance Association of America
   c) American Trial Lawyers’ Association
   d) The American Hospital Association
   e) None of the above. They all likely feel the statement is true.

19. Malpractice premiums amount to approximately _____ percent of total health care spending nationwide.
   a) one.
   b) two.
   c) five.
   d) eight.
   e) ten.

20. The frequency of malpractice claims against physicians
   a) is higher for general practitioners than any other specialty.
   b) has increased dramatically since the mid-1980s for all specialties.
   c) differs little among specialties.
   d) is greater for those specialties that practice high-risk invasive procedures.
   e) will continue to soar unless tort laws are reformed.

Other topics:

Cost-shifting
Price discrimination
Nature of competition in the hospital industry
Impact of price controls on pharma
R&D process in pharma
Impact of lifestyle on health care costs
Impact of technology and litigation on health care costs