

Review Questions

Answer the following questions in 2-3 sentences:

- 1) Explain the concept of scarcity and its importance in health economics.
- 2) Define efficiency and effectiveness in health economics. Provide an example to illustrate the difference.
- 3) How does health economics differ from the medical or epidemiological approach?
- 4) Name three areas of application for health economics.
- 5) What is the role of opportunity cost in collective health-related choices?
- 6) Give an example of an opportunity cost related to a health decision.
- 7) Why is economics often poorly perceived by health professionals?
- 8) Explain the concept of socialization of healthcare financing.
- 9) How can health economics contribute to better resource allocation?
- 10) Why is the concept of "*providing better care with fewer resources*" relevant in health economics?
- 11) Explain the difference between medical and epidemiological approaches to health problems.
- 12) What products are created by the economic/health insurance rationale in healthcare?
- 13) Give an example of a contradiction between medical and economic logic in patient care.
- 14) Give an example of a conflict between epidemiological and economic logic.
- 15) Explain what opportunity cost is and why it matters.
- 16) Explain the difference between allocative and productive efficiency in healthcare spending.

Quiz Answer Key

- 1) Scarcity is the fundamental economic principle that resources are limited compared to unlimited human needs. In health economics, this means that available healthcare resources are insufficient to meet all needs, necessitating difficult choices.
- 2) Effectiveness is the ability of a health intervention to achieve its objectives, while efficiency is the optimization of resource use to achieve a given objective. For example, a drug may be effective in treating a disease but not efficient if it's very expensive and a cheaper alternative is available.
- 3) Health economics focuses on allocating scarce resources to maximize population health, while the medical approach focuses on diagnosing and treating individual diseases, and the epidemiological approach studies trends and distribution of health and diseases within populations.
- 4) Health economics applies to comparing medical techniques, selecting prevention programs, organizing hospitals, and pharmacoeconomics.
- 5) Opportunity cost represents the value of the best alternative foregone when making a choice. In collective health choices, this means investing in one health area implies giving up investment in other areas, such as education or infrastructure.
- 6) An example of opportunity cost is the choice between funding a new cancer screening program or investing in hospital infrastructure. Funding the screening program means foregoing the potential benefits of investing in infrastructure.
- 7) Economics is often poorly perceived by health professionals because it's associated with budget restrictions and care rationing, which can be seen as a threat to the quality of care.
- 8) Socialization of healthcare financing means that the majority of funds come from collective sources, such as taxes and social contributions, rather than direct patient payments.
- 9) Health economics can contribute to better resource allocation by identifying the most efficient health interventions, i.e., those offering the best cost-effectiveness ratio.
- 10) The concept of "*providing better care with fewer resources*" is relevant because it emphasizes the importance of efficiency in a context of limited resources. It's about maximizing the impact of available resources by investing in the most effective interventions.
- 11) The medical approach is about the patient, while the epidemiological approach is about population health and risk factors.
- 12) Economics and insurance lead to economic studies, budget plans and health organisation schemes.
- 13) A doctor may want to prescribe an expensive but effective treatment, but the economy may want a cheaper one.

- 14) The tobacco industry has long denied the link between smoking and cancer for economic reasons, despite evidence.
- 15) Opportunity cost is the value of the best alternative that is given up when making a choice. It is important in deciding how resources are used because it helps to compare the costs and benefits of different options.
- 16) Allocative efficiency is about making the best use of resources between different sectors (health, education, etc.). Productive efficiency is about making the best use of resources in a given sector to get the best results.