

Practice Quiz 3, ECON 3301, Darren Grant. This practice quiz is intended to give you a flavor of the type of questions that might appear on your test. Answers are given at bottom, so I recommend folding over and answering blind first, then looking at the answers. You will find practice questions of all three types: multiple choice from the notes, multiple choice from the book, and free response.

1. Which types of health systems were discussed in your book's discussion of international health systems?
  - a) those of developed countries such as Japan and Germany
  - b) those of developed countries and industrializing countries, such as Mexico
  - c) those of high, middle, and even low-income countries, such as Kenya and Sudan
  
2. Which of the following was discussed in class as a type of health care reform?
  - a) Purchasing Alliances
  - b) DRGs
  - c) Joint Commission Accreditation
  
3. In the U.S. health care system:
  - a) provision is mostly public, financing mostly private
  - b) provision is mostly private, financing a mix of public and private
  - c) provision is mostly private, as is financing
  
4. Health systems can be assessed on the basis of equity, or efficiency. Define each, and identify one important deficiency the U.S. health system has in each area.
  
5. Discuss how the concepts of competition, information, and incentives were useful in our class discussion of smoking bans for restaurants.

Answers and Brief Explanation:

1. The answer is c—see Chapter 17.
  
2. The answer is a, as discussed in class.
  
3. The answer is b, as discussed extensively in class.
  
4. Efficiency is about value creation. We have identified many problems with value creation in our discussion of the markets for physicians, hospitals, and long term care. We have also learned our health system spends about twice as much per capita as anyone else, yet we don't have superior health outcomes. Equity is about fairness, access to care for the least fortunate. Our system, unlike those of other developed countries, does not have universal access.
  
5. In class we learned that the market would naturally sort itself into smoking and nonsmoking restaurants as long as there was sufficient competition, which there probably is. There are proper incentives as long as the restaurant owner has "full responsibility, full reward" for his decision to allow or disallow smoking. And the free market restaurant owner can also consider other alternatives that might be preferable, such as installing ventilation systems.