International Institute of Health Management Research, Delhi

Post Graduate Diploma in Management (Hospital & Health Management)

PGDM 2021-23 Batch

Term End Examination

Essentials of Health Economics

Time: 3 Hrs **MM: 70**

Part -A

All questions are compulsory (10 questions *1 marks = 10 marks).

Q1. Show the relationship between price of any healthcare product and its demand with the help of a figure when other factors affecting demand are constant.

Q2. Write two reasons of market failure in healthcare.

Q3. Write any two sources of healthcare financing in India.

Q4. What is opportunity cost concept?

Q5. What is explicit cost?

Q6. If health insurance is widespread the demand for healthcare services will be

a) Less b) More
b) No effect c) None of above

Q7. Which is not a direct reason of high out of pocket expenditure in India?

a) High cost of medicines b) Less Government expenditure on health
a) More population lives in rural area d) less prevalence of health insurance.

Q8. The price elasticity of demand for cosmetic surgery is:

a) Inelastic b) less elastic (<1)
b) More elastic (>1) d) none of above

Q9. In short period all factors of production are variable (True/False)

Q10. In case of health emergencies, price elasticity of demand is >1 (True/False)

Part B

Attempt any four questions (4 questions *5 marks = 20 marks).

Q1. What is production possibility curve? Explain different efficiency levels of production with help of production possibility curve.

Q2. Explain Cost-Benefit analysis.

Q3 Comment on health financing in India.

Q4. What are the reasons of high out of pocket expenditure in India? Comment

Q5. What are the different types of cost involved to set up a hospital? Classify them in fixed and variable cost.

Part- C

Attempt any four questions (4 questions *10 marks = 40 marks).

Q1. In the table below the various screening strategies of cancer have been given with their expected cost and expected QALYs. Please find out their incremental cost effectiveness ratio (ICER) and suggest which strategy is more cost effective.

Screening Strategy	**Expected Cost (Rs.)**	**Expected QALYs Saved**
No screening	5018	26.8666
Pap* every three years to age 75	6833	27.0200
Pap every two years to age 75	7280	27.0350
Pap every two years to death	7308	27.0355
Pap and HPV** every 2 years to age 75	7934	27.0444
Pap and HPV every 2 years to death	7980	27.0450

*Papanicolaou (Pap)

**Humanpapillomavirus

Q2. Explain factors affecting demand for healthcare with the help of suitable diagrams.

Q3. Explain relationship among various short period cost curves with the help of diagram.

Q4. Explain law of variable proportions. How it is important in the production of healthcare products?

Q5. Suppose a person has cardiac arrest and his family members need to take him to the hospital. The nearest hospital is very expensive and the family cannot afford the services. The hospital which is away, the family can afford. What is your suggestion to the family? Which economic concept you will consider to take decision? Explain that economic concept in different health conditions.

Q6. Explain the concept of equilibrium in the healthcare market.