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**International Institute of Health Management Research (IIHMR), New Delhi.  
POSTGRADUATE DIPLOMA HOSPITAL AND HEALTH MANAGEMENT  
(Batch 2018-2020)  
Essentials of Health Economics  
CC 610  
Supplementary Examination**

**Time allowed: 3 hrs**

**Max. Marks: 70**

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Please attempt any 7 questions out of 10. Each question carries 10 marks.

**Q. 1 Define and explain the following concepts through graphs:**

- (a) Change in demand vs. Change in quantity demanded
- (b) Supplier-induced demand
- (c) Engel curve
- (d) Consumer surplus and Producer surplus

**Q. 2 Write short notes on the following:**

- (a) Insurance effect of demand
- (b) Cost Allocation Techniques

**Q. 3 Fill-in the blanks for the following:**

(a) Which financing scheme contribute the maximum to the total current health expenditure in India, and by how much in 2013-14?

Name of the financing scheme -----

% Contribution -----

(b) Which source of financing (revenues of financing scheme) contribute the maximum to the total current health expenditure in India, and by how much in 2013-14?

Name of the source of financing -----

% Contribution -----

**(c) Which provider of health care contribute the maximum to the total current health expenditure in India, and by how much in 2013-14?**

Name of the health care provider -----

% Contribution -----

**(d) Which health care function contribute the maximum to the total current health expenditure in India, and by how much in 2013-14?**

Name of the health care function -----

% Contribution -----

**Q. 4 Display the following concepts through graphs:**

**(a) Health Economics ‘Map’**

**(b) ‘Dominance’ in economic evaluation**

**Q. 5 Provide a comparison of the following concepts:**

**(a) Cost-Outcome Description vs. Efficacy/Effectiveness Evaluation**

**(b) Cost-effectiveness Analysis (CEA) vs. Cost-benefit Analysis (CBA)**

**Q. 6 Why health care markets “fail”? Illustrate with suitable examples.**

**Q. 7 Discuss briefly the following in the context of ‘Health, Economics and Social Choice’:**

**(a) What is the basic economic problem? Describe the contrasting point of view.**

**(b) Discuss the three fundamental observations of the world from economic point of view.**

**(c) Discuss the major healthcare problems.**

**Q. 8 The following table provides data on Costs and Outcomes for alternative diagnostic strategies for 516 patients with clinically suspected deep-vein thrombosis.**

Programme	Costs (\$ US)	Outcomes (No. of correct diagnoses)
1. IPG alone	221466	112

<b>2, IPG plus out-patient venography if IPG negative</b>	<b>403534</b>	<b>194</b>
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**(a) Calculate the ICER of Programme 2 over Programme 1**

**(b) Depict graphically the Average and Incremental Cost-effectiveness ratios.**

**Q. 9 Conduct a break-even analysis and illustrate your results graphically, on the basis of the following data on Wine Bottler**

<b>Sales price per bottle: US \$ 12.50</b>
<b>Variable costs per bottle:</b>
<b>Wine bought at US \$ 600 per barrel; each barrel yields 150 bottles (4 \$ per bottle)</b>
<b>Bottle and label: US \$ 1.20</b>
<b>Cork: US \$ 0.30</b>
<b>Fixed cost per month:</b>
<b>Labour: US \$ 2500</b>
<b>Rent equipment and facilities: US \$ 1000</b>

**Q. 10 Calculate the average fixed costs, average variable costs, average total costs and marginal costs on the basis of the following data:**

<b>IUD insertion</b>
<b>Assume doctor is paid 350 dollar per day</b>
<b>Assume IUD costs 15 dollar</b>
<b>Assume related materials and supplies cost 10 dollar</b>
<b>Assume overhead of 130 dollar per day</b>
<b>Data on IUD insertion per day for 5 days:</b>
<b>9, 10, 11, 12, 13</b>