

TOPIC 2.1.: PUBLIC EXPENDITURE ON HEALTH

EXERCISE 1

Do you think that the price elasticity of demand (in absolute values) for the following services will be low or high? Why?

- Mammograms.
- Days of hospital stay.
- Plastic surgery.
- Myopia correction operations.

Can you think of more examples of low or high price elasticities of demand?

EXERCISE 2

Suppose someone says: “Giving birth in a private clinic costs a lot of money, it is better to do it in a public hospital, where you will not pay anything and it is very similar. And in case of needing an incubator for the newborn, the same thing happens”. Is it true that “it is very similar”? Is it true that “nothing is paid”? Why are you willing to pay and even pay more in a private clinic? Is it rational to do it economically?

EXERCISE 3

In Spain, the health system has as its fundamental principle the almost complete universality in access to the different health services:

- According to this principle of universality, what shape would the supply curve for health services take?
- Why, if that kind of access is universal, should people expect long waiting times at times to receive some of the services offered? Use the appropriate graphs to explain this situation.

EXERCISE 4

Choose the correct answer for each of the following questions. There is only one correct answer:

- 1) The term opportunity cost in Health Economics refers to:
 - a) It refers to the marginal cost as the additional cost of something.
 - b) The cost of something corresponds to what is given up to get it.
 - c) It is specified in the same way as the average unit cost.
 - d) It is specified in the same way as a direct tangible cost.
- 2) Which of the following statements is consistent with the evidence derived from studies on health economics?:
 - a) Health supply is induced by demand.
 - b) Health demand is induced by supply.
 - c) Health demand and supply are never induced by each other.
 - d) All of the above.

- 3) The supply in the healthcare system is made up of:
- a) Consumers.
 - b) Producers.
 - c) Health professionals (doctors, nurses, etc.).
 - d) Producers and health professionals (doctors, nurses, etc.).
- 4) In relation to the characteristics of the health markets, indicate the correct answer:
- a) There is no information asymmetry.
 - b) The degree of uncertainty is low.
 - c) The degree of uncertainty is high.
 - d) Answers a) and c) are correct.
- 5) Indicate what is a justification for the public provision of health.
- a) The market has information problems.
 - b) Universal coverage.
 - c) The paternalistic attitude of the Public Sector ensures protection against diseases to “unforeseeable”.
 - d) All of the above are correct.