Study Guide, Final Exam
ECON 40565, Health Economics

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Everything on the 1st study guide.

What factors shift the demand for medical care and what factors alter the elasticity of demand. What types of medical services do we expect to have high/low elasticities of demand?

Identify spillovers from one medical market to the next (e.g., the rise of psychotropic drugs and the market for psychiatric office visits) or the spillovers from a non-medical market to a medical one.

Definitions of coinsurance, copayments, deductibles, stop loss.

Understand how coinsurance and copayments alter the demand curve for medical care.

Identify the marginal consumer benefits generated by < 100% coinsurance rate (moral hazard), the marginal social cost and the dead weight loss.

Understand and explain the problems inherent in estimating the demand for medical care from observational data.

Know some general facts about the RAND Health Insurance Experiment (RHI). Why a 95% coinsurance rate instead of 100%. What were the income payments associated with the experiment and how might it adversely impact the experiment? What were the basic results of the experiment? Calculate an arc-elasticity of demand given results from two coinsurance rates.

Outline why or why not the results from the RHI would apply to the world today.

Understand the basic history employer-provided health insurance. Calculate the tax benefits associated with the tax preferred status of EPHI.

Understand the definition of vertical inequality and explain the factors that allow the tax-preferred status of EPHI to generated vertical inequality.

In a utility maximizing model, be able to show how the tax-preferred status of EPHI alters the budget constraint. Be able to explain and graphically isolate the income and substitution effects associated with the movement of EPHI to tax preferred status.

Identify how per unit taxes alter the demand for labor and the dead weight loss associated with these taxes.

Be able to identify the impact of employer mandates on both the demand and supply for labor.

Identify when it is more efficient to tax and provide benefits through a government or through employer mandates. Be able to explain how when workers value the benefits mandated by governments that workers will pay for the benefits in lower wages.

Explain how Gruber tests whether younger female workers paid for mandated maternity benefits in the form of lower wages.

Medicaid: What groups of people are (roughly) eligible for Medicaid and how has this evolved over time? What is SCHIP and how is it related to Medicaid? Who is it designed to cover? What is 'crowd out' and why does it occur? How do authors test for crowd-out?

Medicare: Know what Medicare part A, B and D cover. Does the structure of Medicare part A make economic sense? Same question for Medicare Part D? What is the PPS program and why was it implemented? What was the likely impact of PPS and was this prediction realized? Since Medicare greatly increased insurance coverage of the elderly, what evidence is there that health of the elderly has improved?

What are some possibly hypothesis as to why medical expenditures have increased so dramatically in the past 50 years? What evidence is there for and against these hypotheses?