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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 venograpgy 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>