

## Review Topics for Midterm 1

production function and diminishing marginal product  
flat of the curve diagram  
non-medical inputs to health  
Grossman vs. Fuchs – theories about how education affects health  
elasticity  
Rand Health Insurance Experiment main finding  
Fuchs Nevada/Utah study  
Grossman's model of health determinants  
labor-leisure diagram  
budget constraint  
indifference curve  
Grossman model equilibrium equation  
investment yield-health capital diagram  
Grossman model predictions  
average total cost  
short-run vs. long-run  
economies of scale, constant returns to scale, and diseconomies of scale  
economies of scope  
competitive market – characteristics and price determination  
certificate of need laws  
medical arms race  
prisoners' dilemma, Nash equilibrium, and dominant strategy  
monopoly – characteristics and profit maximization  
demand curve  
marginal revenue and marginal cost  
profit equation  
cost shifting  
excess demand or shortage  
nondistribution in terms of non-profits  
externalities, public goods and free riders  
3 theories about why non-profits exist  
3 theories about whether non-profits provider higher quality care  
measures of factor productivity  
labor supply and demand  
monopsony power  
price discrimination  
supplier induced demand  
small area variation  
variance and coefficient of variation  
consumer surplus  
medical malpractice and defensive medicine  
community vs. experience rated insurance