

## Midterm Exam

Name \_\_\_\_\_ **SOLUTIONS** \_\_\_\_\_

This is an in-class, closed book/notes exam. You are allowed to use a dictionary. Good luck!

1. (5 points) Which of the following statements offers a possible explanation for the current nursing shortage in the US? (circle **one**)
  - a. Many students who want to attend nursing schools are turned away because there is a shortage of nursing professors.
  - b. Many nurses leave the profession because the working conditions are poor.
  - c. The shortages are only in rural areas and many nurses do not want to move to those areas.
  - d. b and c
  - e. **a and b**
  
2. (5 points) What are the three groups involved in a hospital's structure? (circle **one**)
  - a. Patients, physicians, insurers.
  - b. Patients, physicians, administrators.
  - c. **Physicians, administrators, governing board.**
  - d. Physicians, administrators, insurers.
  - e. Administrators, nurses, governing board.
  
3. (5 points) Disadvantages of the employer-based health insurance system in the US are: (circle **one**)
  - a. Reduces job mobility and early retirement for fear of losing insurance
  - b. A potential loss in global competitiveness because of high employee compensation growth
  - c. Adverse selection
  - d. All of the above
  - e. **a and b only**
  
4. (8 points) Which of the following streams are parts of Kingdon's three stream theory about how policymaking occurs? (circle **three**)
  - a. **Problem: the problem gets the attention of policymakers**
  - b. Public: citizens are interested and engaged
  - c. **Politics: participants in the political process are interested**
  - d. **Policy: a feasible policy option exists**
  - e. Funding: the financial climate is conducive to a policy change
  
5. (8 points) The Department of Health and Human Services administers which of the following agencies? (circle **all that apply**)
  - a. **Centers for Medicare and Medicaid Services (CMS)**
  - b. **Centers for Disease Control and Prevention (CDC)**
  - c. Environmental Protection Agency (EPA)
  - d. **Food and Drug Administration (FDA)**
  - e. **National Institutes of Health (NIH)**

6. (8 points) Which of the following laws prevents states from mandating that large national employers provide insurance to all employees in their state? (circle **all that apply**)
- COBRA
  - ERISA**
  - EMTALA
  - HIPAA
  - Stark law
7. (8 points) In his speech to the joint session of Congress in September, President Obama laid out his vision for health care reform legislation. Which of the following are parts of his vision? (circle **all that apply**)
- Insurance companies will not be permitted to deny, drop or lower coverage for individuals with pre-existing health conditions.**
  - The legislation will include an individual mandate to hold insurance for children under the age of 18 only.
  - Health insurance exchanges will be set up so that people can buy insurance at pre-negotiated rates in 4 years.**
  - A government insurance plan may be one of the options available in the health insurance exchanges.**
  - The legislation will not increase the federal deficit over a 10-year period.**
8. (8 points) In a fee-for-service model with insurance (not managed care), which of the following statements are true? (circle **all that apply**)
- Physicians have an incentive to engage in supplier-induced demand.**
  - Insurance companies want to avoid covering unhealthy individuals.**
  - Patients and physicians interact with little interference from the insurance company.**
  - Physicians want to avoid taking on patients with poor health status even if they have private insurance.
  - Patients have an incentive to get a lot of care if they have private insurance.**
9. (10 points) Write the name of the concept that is described in each statement below.
- Capitation** \_\_\_\_\_ A physician is paid a fixed monthly or annual fee for every patient the physician cares for, whether the patient visits weekly or never.
  - Certificate of Need** \_\_\_\_\_ A state law that requires hospitals to get approval before building a new wing or buying expensive equipment.
  - Adverse Selection** \_\_\_\_\_ The tendency for unhealthy people to have health insurance or to have more generous health insurance plans.
  - Third Party Payer** \_\_\_\_\_ A health care system where the patient receives services from a provider and the insurer receives and pays the bill for the services.
  - Hospice or Palliative Care** \_\_\_\_\_ End-of-life care that focuses on pain management and not treatment.

10. (12 points) Give one argument supporting the inclusion of a public insurance option in the health care reform legislation and one argument against the inclusion of a public option.

**In support: a public option will be lower cost because there is no profit motive and there will be lower administrative costs, thus, the public option will make insurance companies would harder to lower their costs/prices to compete.**

**Against: a public option will “crowd-out” private insurers; everyone will choose the public option leaving few customers left for the private market.**

11. (13 points) Professors Michael Grossman and Victor Fuchs have differing opinions about one determinant of health. The determinant of health that they disagree about is: **Education**. Please briefly describe their disagreement.

**Grossman argues that education has a causal impact on health; education provides people with the knowledge and motivation to keep healthy.**

**Fuchs argues that education and health are just correlated; forward-thinking people choose to invest in education and health, but education doesn't improve health.**

12. (10 points)

- a. Using the table below as a reference, write down the income at which a household including a single mother with two children just qualifies as poor.

**Poverty Thresholds for 2008 by size of family and number of children under age 18.**

Size of family unit	Number of children under at 18					
	0	1	2	3	4	5
2	14,417	14,840				
3	16,841	17,330	17,346			
4	22,207	22,570	21,834	21,910		
5	26,781	27,170	26,338	25,694	25,301	
6	30,803	30,925	30,288	29,677	28,769	28,230

**\$17,346: 100% of FPL for a household with 3 members, 2 of which are children.**

- b. Assume that the single mother qualified for benefits at exactly 100% of the federal poverty level, but she was considering marrying the father of her children and she wanted to keep her current job. What is the maximum amount the father could earn if the household wanted to keep the benefits after marriage?

**Could have \$21,834, 100% of FPL for household with 4 members, 2 of which are children.**

**So, if she earns \$17,346, he can only earn \$4,448 (21,834-17,346=4448).**