MBA in Health and Hospital Management
(2014-2016)

Essentials of Economics and Financing

Final Examination

Time: 2 hours **Full Marks: 70**

Answer all questions. Apply economic tools and concepts as far as possible. The length of each of your answer should not exceed half a page (less is better!), excluding graphs/tables, etc.

1) "Prices of branded drugs are much higher than their generic counterpart. The reason is simple – branded companies spend a huge amount on R & D and they need to recover that cost" – Do you agree? Why or why not? 10

2) Suppose you were comparing two treatments for which it is easy to arrive at valuations of both their costs and consequences ('benefits') in monetary terms. Which method of economic evaluation would be best for comparing them? (just identify the correct answer, no need to justify)

   (a) Cost-minimisation analysis
   (b) Cost-effectiveness analysis
   (c) Cost-utility analysis
   (d) Cost-benefit analysis 5

3) We should impose an additional tax on cigarette and alcohol to fund maternal and child health care. This way we can solve two crucial problems by a single stroke. Do you support this view? Why or why not? 10

4) Pose an interesting question based on something you have observed or experienced in your daily life or in newspaper, and then employ basic economic principles in an attempt to answer it. This must be something that seems interesting or puzzling (please don't repeat the examples discussed in the class). 10

5) Allocate the Overhead department cost to the patient care department using the step-down method and starting with the admin. cost centre (show calculations). 15

	Cost	Allocation statistic for Admin (square feet)	Allocation statistic for laundry (number of linen)
Overhead Dept.			
Admin.	8000	40	
Laundry	2000	10	5
Patient care Dept.			
Maternal	1800	200	25
General	1600	100	10

6) Consider a Malaria control program. Suppose we consider the following 3 options:

- Option 1: Status quo (i.e., no new intervention)
- Option 2: Distributing bed net + spraying insecticide
- Option 3: Distributing bed net

The following table presents the cost and effects for each option:

Intervention	DALY Gained	Net Cost
Status quo	20	\$500
Bednet+ spraying	30	\$2000
Bednet	25	\$1000

Which intervention is more cost effective? (Hint: Note that there are two interventions and 'bed net' is common to both). 10

7) Do you agree with the following statements? Why or why not (explain in economics language)? 10

a) Cost of providing health care is what we pay for the inputs

b) Usually, the 2nd year students in our MBA programme spend less time in social interaction compared to the 1st year students.