

Phase 1 – intro to economic thinking

[Economics](#)



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Phase 1 - Intro to Economic Thinking ECON202-1302A-02: Microeconomics

Colorado Technical University Joseph Keller 4/14/13 As prices increase,

should health economists advocate giving something up (opportunity

costs/trade-offs)? I feel that health economists should promote giving

something up in as prices rise. The reason I feel this way is because as the

prices increase a lot of people would not be able to pay for the services . So

in this case I believe that they should consider lowering the prices, this in

return should encourage people to continue to receive the services.

The tradeoff probably would be lowering the salaries of some of the health

providers. As the quantity of health services provided goes up, does the

benefit of each additional unit of service become smaller (marginal

analysis)? If the number of services goes up the benefit of each service

would become smaller, because using marginal analysis every addition is

considered less value. So if you use marginal analysis it will help you figure if

generating different services will benefit your company (Cliff's Notes, 2013).

Discuss the issue of health care in the context of the following

microeconomic concepts: Marginal analysis Marginal analysis in the health

care industry for example would be if you were spending \$1000 for 5 units of

health service, sold in \$200 increments, marginal analysis would work like

this, if you were to buy another \$200 you would get 1/2 units, if you bought

another \$200 you would gain 1/4 more , another 1/8 . So as you can see you

could get to a point where buying more units would work negatively because

you would no longer be gaining anything (Cliff's Notes, 2013). Trade-offs

/Opportunity costs

Trade-off in the industry would be if a facility badly needed to add another unit, the trade off could be to lower some of the workers' salaries in order to compensate for that extra money being spent. The opportunity cost is the money lost from the employees in order to get the extra unit needed. (Hubbard, G & O'Brien, and T 2013). Normative versus positive economics Normative economics deals with what the economy ought to be like or what particular policy actions ought to be suggested to attain a necessary goal. Positive economics is the part of economics that concentrates on realities and cause-and-effect relationships. Hubbard, G & O'Brien, and T 2013). . Should this decision be made in a centrally planned economy or a market economy? I think that health care in particular should be controlled by a centrally planned economy. These I think will promote a more fairly run system and decisions basically are made for the greater good. The reason that I feel this way is because if you let the market control the economy then they most likely would do what's best for their self's instead of what is best for all. If it was a market economy we would probably have the same problem that we have with the gas industry, prices steady rising until it is unbearable .

People would still need the service but it would be on a must have basis (Hubbard, G & O'Brien, T 2013). At least now there are plans in affect to insure that everyone has affordable health insurance, along with things like Medicaid and Medicare. Is health care a macroeconomic or microeconomic issue? I think that healthcare is both because you have to look at it from both perspectives, on one hand healthcare is a microeconomic issue because it is the study of individual firms and their economics .

I think the micro part of health care comes into play when you're talking about individual offices and hospitals. Then it can be viewed as macroeconomics when you look at health care in the bigger sense, meaning health care as a whole. The macro part comes into play when you look at health care and government assistance laws etc. How would this affect production efficiency? Healthcare offers a unique subject, because if a person is having a life threatening issue, people will still obtain the services no matter the cost if they can afford it.

If the health issue is not that serious then a person may shop around for trying to find the best deal available, or if they don't have medical insurance they may choose to forego the procedure needed altogether. References
Cliff's Notes. (2013, April 14). Economic analysis. Retrieved from http://www.cliffsnotes.com/study_guide/Economic-Analysis.topicArticleId-9789,articleId-9726.html
Hubbard, G ; O'brien, T. (2013). Microeconomics. Upper Saddle River, NJ: Pearson Education, Inc