



SPRING TERM 2001 CLASS

15.141, "Economics of the Health Care Industries"

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Directions:

Answer one of the following three questions drawing on your own knowledge and training as appropriate, as well as on material presented in our class sessions. Your answer should be between three and five double-spaced pages. E-mail your answer (in Microsoft Word format) to the class instructors.

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...by **5:00pm on Friday, March 9, 2001**. Feel free to e-mail either or both instructors if you have any questions.

Questions:

1. Historically, have large pharmaceutical firms been more or less productive in their R&D than small pharmaceutical firms? How do you interpret these findings? Do you expect scale and scope economies to have similar characteristics as research becomes more genomic-based?
2. In what important ways are the health care industries significantly different from most other industries? What other industries exhibit recent experiences that provide insights into what factors are likely to affect future developments in the healthcare industries?
3. In class, we alluded to the idea that medical care is only one of many determinants of health. There is a vast research literature that describes huge variation in medical and surgical practices from one geographical area to the next, with little or no apparent differences in the health status of the respective populations. How can that be?

