1) (Question-7, Chapter-13) Senator Dare suggests lowering Social Security benefits by reducing the rate at which Average Indexed Monthly Earnings are converted to the Primary Insurance Amount for future retirees. Senator Snow instead proposes reducing the rate at which benefits are indexed to inflation so that when the Consumer Price Index rises by one percentage point, Social Security benefits rise by less than one percent. Which proposal will be worse for current retirees? For future retirees?

2) (Question-6, Chapter-15) An individual’s demand for physician office visits per year is \( Q = 10 - \frac{1}{20}P \), where \( P \) is the price of an office visit. The marginal cost of producing an office visit is $120.
   a. If individuals pay full price for obtaining medical services, how many office visits will they make per year?
   b. If individuals must pay only a $20 copayment for each office visit, how many office visits will they make per year?
   c. What is the deadweight loss to society associated with not charging individuals for the full cost of their health care?

3) (Question-7, Chapter-16) Suppose the government decided to subsidize health insurance for the currently uninsured, requiring participants to pay half of their health insurance costs up to 10% of total family income.
   a. How might this policy affect the use of medical care by the uninsured and their health?
   b. How might this policy affect the employer provision of health insurance?
   c. How might this policy affect hours of labor supplied by workers?

4) (Question-4, Chapter-17) Suppose that currently the government provides everyone with a guaranteed income of $12,000 per year, but this benefit level is reduced by $1 for each $1 of work income. The government is considering changing this policy so that the benefit level is reduced by $1 for every $2 of work income. What effect would this policy have on work effort? Explain your answer.

5) (Question-6, Chapter-17) An individual can earn $12 per hour if he or she works. Draw the budget constraints that show the monthly consumption–leisure trade-off under the following three welfare programs.
   a. The government guarantees $600 per month in income and reduces the benefit by $1 for each $1 of labor income.
   b. The government guarantees $300 per month in income and reduces that benefit by $1 for every $3 of labor income.
   c. The government guarantees $900 per month in income and reduces that benefit by $1 for every $2 in labor income, until the benefit reaches $300 per month. After that point, the government does not reduce the benefit at all.