# Assignment 2.2: Production Costs

Complete the following:

1. Define the terms total fixed costs, total variable costs, and total costs.
2. State the formulas for AFC, AVC, ATC, and MC.
3. Fill in the values of the following table:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Patient Visits | Total Variable Costs | Total Costs | Total Fixed Costs | Average Fixed Cost | Average Variable Cost | Average Total Cost | Marginal Cost |
| 0 | 0 | 50 |  | ---- | ------ | ------ | ----- |
| 1 | 70 | 120 |  |  |  |  |  |
| 2 | 110 | 160 |  |  |  |  |  |
| 3 | 160 | 210 |  |  |  |  |  |
| 4 | 250 | 300 |  |  |  |  |  |
| 5 | 370 | 420 |  |  |  |  |  |

1. List examples of the factors that would cause cost for the clinic to increase or decrease.
2. Use Excel to generate a graph of the cost curves for TFC, TVC, and TC. Provide an image of your graph here.
3. Use Excel to generate a separate graph of the AFC, AVC, ATC, and MC curves. Provide an image of your graph here.