MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

THIRD YEAR SUPPLEMENTARY EXAMINATION FOR

BACHELOR OF ECONOMICS & FINANCE

BACHELOR OF ECONOMICS & STATISTICS

EAE 309: H EALTH ECONOMICS

DATE: **TIME:**

INSTRUCTIONS

1. Answer Question **ONE** and any other **TWO** questions
2. **Do not** write on the question paper.

QUESTION ONE

a) Discuss **five** factors influencing the demand of health care. (10 marks)

b) Discuss at least four key assumptions of Grossman model of demand for health care. (8 marks)

c) Discuss the aggregate measures of health status. (8 marks)

d) Discuss how high infertility leads to poverty. (4 marks)

QUESTION TWO

a) What are the general objectives that drive the health care system of any nation? Discuss at least **three**. (6 marks)

b) c) One of the causes of health care market inefficiency is presence of externalities. Write shorts on positive and negative externalities explaining how they can be corrected. (8 marks)

c) Distinguish between QALY and DALY. (6 marks)

QUESTION THREE

a) When efficient health care market requirements are not met, market failure occurs. Discuss at least **four** possible causes of health care markets failure. (8 marks)

b) Health care markets are perceived to be different from other markets. Discuss at least four reasons why they are different. (8 mrks)

c) Distinguish between health and health care. (4 marks)

QUESTION FOUR

a) Distinguish between moral hazard and adverse selection as used in health care markets. (6 marks)

b) Health is said to be multi dimensional and therefore there are several ways of describing health. Explain the meaning of the following aspects of health**.** (8 marks)

   i) health is a durable good
   ii) health is an investment good
   iii) health is a consumer good
   iv) health is a merit good

c) Discuss the rationale for healthcare system regulation in your country. (6 marks)

QUESTION FIVE

a) It is commonly said that "Health is Wealth." This statement underscores the significant influence of health status of a country on the economic growth of the nation.

   i. Explain the channels through which health influence the economy? (6 marks)
   ii. What are the channels through which higher economic growth results in better health outcomes? Discuss. (8 marks)

b) From your personal perception, what are challenges facing health systems in African countries and how can they be solved. (6 marks)