



MACHAKOS UNIVERSITY

University Examinations for 2019/2020 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

..... YEAR SECOND SEMESTER EXAMINATION FOR

BACHELOR OF ECONOMICS AND STATISTICS

BACHELOR OF ECONOMICS AND FINANCE

BACHELOR OF ECONOMICS

BACHELOR OF ARTS

EAE 309: HEALTH ECONOMICS

DATE:

TIME:

INSTRUCTIONS:

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

QUESTION ONE (30 MARKS)

- a) People's demand for medical care is only dependent upon illness events." Critically examine the validity of this statement. (4 marks)
- b) Discuss any four challenges that characterize your country's healthcare delivery system. (8 marks)
- c) To improve the health of the poor, a pro-poor health approach that gives priority to promoting, protecting and improving the health of the poor is proposed. Discuss key elements of pro- poor approach. (8 marks)
- d) Distinguish between the following concepts (10 marks)
 - i. Healthcare and medical care
 - ii. Health as a durable good and health as a merit good
 - iii. Equity and efficiency in healthcare sector
 - iv. Demand for health and demand for healthcare
 - v. Allocative efficiency and technical efficiency

QUESTION TWO (20 MARKS)

- a) Consider the calculation of DALYs of a woman who has been deaf since she was 10 and dies when she is 70. Life expectancy at birth is 95 and Disability weight of deafness is set at 0.45. Calculate the DALYs of this person. (6 marks)
- b) “Medical care is different from other goods analyzed in economics.” Using examples, critically examine the validity of this statement. (8 marks)
- c) Discuss at least **three** key assumptions of Grossman model of demand for health care. (6 marks)

QUESTION THREE (20 MARKS)

- a) Healthcare is the most intervened sector by the governments. Discuss various ways in which the government of Kenya intervenes in the market. (8 marks)
- b) Presence of externalities in healthcare markets causes inefficiency. Using relevant examples and diagrams, discuss. (8 marks)
- c) Why should health policy makers emphasize efficiency in healthcare systems? (4 marks)

QUESTION FOUR (20 MARKS)

- a) By means of an illustration, clearly identify and discuss potentially causal relationships between health, healthcare, and economic growth. (8 marks)
- b) Discuss the following aggregate measures of population health (12 marks)
 - i. Morbidity based measure
 - ii. QALY
 - iii. Mortality based measure
 - iv. Life expectancy

QUESTION FIVE (20 MARKS)

- a) The global health concern has focused attention on women and children as the most vulnerable group who tends to suffer the most in terms of their socio-economic status. With the aid of an appropriate diagram and brief explanation, describe the channels linking early pregnancy and childbearing to poverty. (8 marks)
- b) Distinguish between health cost utility analysis (CUA) and Cost minimization Analysis (CMA) (6 marks)
- c) Discuss any six determinants of healthcare demand in your country. (6 marks)