MACHAKOS UNIVERSITY

University Examinations for 2018/2019 Academic Year

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

THIRD YEAR SECOND SEMESTER EXAMINATION FOR

BACHELOR OF ECONOMICS AND STATISTICS

BACHELOR OF ECONOMICS

EAE 309: HEALTH ECONOMICS

DATE: 17/4/2019 **TIME: 8:30 – 10:30 AM**

INSTRUCTIONS

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

QUESTION ONE (COMPULSOYRY) (30 MARKS)

a) Discuss **five** aggregate measures of health status in any country. (10 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 as a consumer good

ii) Health as a capital good

iii) Health as a durable good

iv) Health as a merit good

c) Healthcare is the most intervened sector by the governments. Discuss various ways in which the government of Kenya intervenes in the market. (8 marks)

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

QUESTION TWO (20 MARKS)

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? (8 marks)

ii) What are the channels through which higher economic growth results in better health outcomes? Discuss. (4 marks)

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

QUESTION THREE

a) Briefly discuss the relationship between each of the following: (12 marks)

i) Health and poverty

ii) Health and education

iii) Health and conflict

b) Health care is perceived to be different from other commodities. Discuss at least **four** reasons why they are different. (8 marks)

QUESTION FOUR (20 MARKS)

a) Consider the calculation of DALYs of a woman who has been deaf since she was 10 and dies when she is 60. Life expectancy at birth is 80 and Disability weight of deafness is set at 0.33. Define DALYs and calculate the DALYs of this person. (6 marks)

b) When efficient health care market requirements are not met, market failure occurs. Discuss at least **five** possible causes of health care markets failure. (10 marks)

c) State the rationale for regulating of the health care market by government. (4 marks)

QUESTION FIVE (20 MARKS)

Write short notes on the following concepts of health economics

i) Adverse selection
ii) Cost utility analysis
iii) Efficiency in healthcare
iv) Cost effectiveness analysis