



MACHAKOS UNIVERSITY

University Examinations for 2017/2018

SCHOOL OF BUSINESS AND ECONOMICS

DEPARTMENT OF ECONOMICS

**THIRD YEAR SECOND SEMESTER EXAMINATION FOR
ECONOMICS AND FINANCE**

BACHELOR OF ECONOMICS

EAE 309: HEALTH ECONOMICS

DATE: 4/12/2017

TIME: 2:00 – 4:00 PM

INSTRUCTIONS

Answer Question ONE and any other TWO questions

QUESTION ONE (COMPULSORY)

- a) Discuss the features that distinguish medical care market from other markets (8 marks)
- b) Briefly discuss the main individual-based measures of health status. (8 marks)
- c) A malaria free environment is conducive to economic growth. Why or why not. (4 marks)
- d) Explain five factors that influence demand for health care. (10 marks)

QUESTION TWO (20 MARKS)

- a) Briefly discuss the relationship between each of the following:
 - i. Poverty and health (5 marks)
 - ii. Education and Health (5 marks)
 - iii. Social Capital and Health (5 marks)
 - iv. Health and health care (5 marks)

QUESTION THREE (20 MARKS)

- a) Discuss the peculiarities of healthcare goods (8 marks)
- b) How do the negative and positive externalities impact on health care market inefficiency? (8 marks)
- c) Identify and discuss the alternative methods of dealing with externalities (4 marks)

QUESTION FOUR (20 MARKS)

- a) What are the rationales for regulating of the health care market by government? (7 marks)
- b) Discuss the available regulatory strategies that can be associated with the healthcare market (8 marks)
- c) Explain possible solutions to imperfect information in health care markets. (5 marks)

QUESTION FIVE (20 MARKS)

- a) Write short notes on the following methods of health economic analysis.
 - (i) Cost Effectiveness Analysis (5 marks)
 - (ii) Cost Benefit Analysis (5 marks)
 - (iii) Cost Utility Analysis (5 marks)
- b) Briefly distinguish between moral hazard and adverse selection concepts of health care markets. (5 marks)