



**MACHAKOS UNIVERSITY**  
**University Examinations for 2022/2023**  
**SCHOOL OF BUSINESS AND ECONOMICS**  
**DEPARTMENT OF ECONOMICS**  
**THIRD YEAR SECOND SEMESTER EXAMINATION FOR**  
**BACHELOR OF ARTS,**  
**BACHELOR OF ECONOMICS**  
**BACHELOR OF ECONOMICS AND STATISTICS**  
**EAE 309: HEALTH ECONOMICS**

**DATE:**

**TIME:**

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**INSTRUCTIONS**

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

**QUESTION ONE COMPULSORY) (30 MARKS)**

- a) Using a relevant diagram explain what happens to medical care when an individual gets sick. (4 marks)
- b) 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 high fertility to poverty. (6 marks)
- c) The World Health Report (2000) defines a health system to include all the activities whose primary purpose is to promote, restore or maintain health. Explain four key requirements of an effective healthcare system. (8 marks)
- d) “Medical care is different from other goods analyzed in economics.” Using examples, critically examine the validity of this statement. (8 marks)

- e) State and explain whether the following statements are True or False. (4 marks)
- i. Early and unplanned pregnancy leads to poverty.
  - ii. There is trade-off between equity and efficiency in health care.
  - iii. Health stock is a function of medical care only.
  - iv. In QALYS, 0 denotes whole life and 1 denotes death.

### **QUESTION TWO (20 MARKS)**

- a) A pro-poor health approach that prioritizes promoting, protecting, and improving the health of the poor is advocated to help the poor's health. Discuss key elements of pro-poor approach. (8 marks)
- b) Explain four mechanisms of health care insurance. (8 marks)
- c) 'Covid 19 free environment is conducive for economic'. Validate this statement. (6 marks)

### **QUESTION THREE (20 MARKS)**

- a) 'Medical care does not stand alone in affecting health' critically examine the validity of this statement. (4 marks)
- b) Regulation is vital in health care industry and health care insurance coverage. Explain the rationale for public regulation of health care. (8 marks)
- c) Empirical evidence indicates that education seems to be positively related to health. Explain possible links between education and health. (8 marks)

### **QUESTION FOUR (20 MARKS)**

- a) Consider the calculation of DALYs of a man who has been blind since he was 20 and dies when he is 60. Life expectancy at birth is 85 and Disability weight of blindness is set at 0.45. Calculate the DALYs of this person. (6 marks)
- b) Distinguish between cost benefit analysis (CBA) and cost utility analysis (CUA). When should CUA be used? (8 marks)
- c) Explain any four aggregate measures of population health status. (8 marks)

**QUESTION FIVE (20 MARKS)**

- a) Demand for healthcare is a derived demand. Explain any six factors that influence healthcare demand in your country. (6 marks)
- b) Conflict is an expressed struggle between at least two interdependent parties who perceive incompatible goals, scarce resources, and interference from others in achieving their goals. Explain the impact of conflict on health care system (six points). (6 marks)
- c) Justify the importance of efficiency in the health care industry for policymakers in any nation. (8 marks)