



MASENO UNIVERSITY

UNIVERSITY EXAMINATIONS 2014/2015

FOURTH YEAR SECOND SEMESTER EXAMINATIONS FOR THE DEGREE OF BACHELOR OF ARTS IN ECONOMICS WITH INFORMATION TECHNOLOGY

CITY CAMPUS SUPPLEMENTARY

AEC 414: HEALTH ECONOMICS

Date: 15th November, 2015

Time: 2.30 - 4.30 pm

INSTRUCTIONS:

- Answer question ONE and any other TWO questions.
- Question ONE carries 30 marks.
- The rest of the questions carry 20 marks each



Q4. a) Explain the six pillars of health system strengthening. [6 Marks]

b) Discuss the main strategic objectives of Kenya Health Sector Strategic Plan. [8Marks]

c) Highlight the key areas for Ouagadougou Primary Health Framework. [6 Marks]

Q5. a) Explain the reasons for government intervention in health care markets. [4 Marks]

b) Discuss government interventions in health care market in the following instances.

i) Public goods [4 Marks]

ii) Externalities [4 Marks]

iii) Regulations [4 Marks]

iv) Antitrust Laws [4 Marks]

Q1. a) Discuss the basic questions of health economics using production possibility curves [4Marks]

b) The following condition must hold:

$$\frac{MU_q}{P_q} = \frac{MU_z}{P_z}$$

Explain. [4 Marks]

c) Using well-labelled graphs where necessary, explain the following concepts in relation to demand for health care.

i) Coinsurance and copayments [4 Marks]

ii) Deductibles [2 Marks]

d) Describe three non-economic determinants of demand for medical care.

[6 Marks]

e) Characterize the average and marginal products for nurse hours in production of medical care. [4 Marks]

f) Show the relationship between the average and marginal product and the short run costs in producing medical care. [6 Marks]

Q2. a) Describe the barrier to entry and production of physician services.

[6 Marks]

b) Discuss the theoretical concepts of supplier induced demand hypothesis. Use a well labelled graph. [8 Marks]

c) Explain the factors influencing production of health. [6 Marks]

Q3. Discuss the following price behavioural models for not-for-profit hospitals.

i) Quantity maximization [5 Marks]

ii) Quality maximization [5 Marks]

iii) Quality and Quantity maximization [5 Marks]