



**MASENO UNIVERSITY**

**UNIVERSITY EXAMINATIONS 2015/2016**

**FIRST YEAR FIRST SEMESTER EXAMINATION FOR THE DEGREE OF  
MASTER OF ARTS IN ECONOMICS**

**CITY CAMPUS - WEEKEND**

**AEC 811: HEALTH ECONOMICS**

Date: 12<sup>th</sup> December, 2015

Time: 9.00 - 12.00pm

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**INSTRUCTIONS:**

- Answer Question ONE and any other THREE Questions



Q1. a) Differentiate between pure consumption and pure investment model of Grossman (1972). [8 Marks]

b) Explain to the Government of Lokichar three economic health valuation methods they can use to decide on numbers of health interventions to be implemented in the county. What are some of their limitations?

[9 Marks]

c) Consider a condition affecting 200 patients at Bungoma County that can be treated by three mutually exclusive health interventions A, B and C. Given the following table.

Intervention	Cost in Ksh. 1000	Gain in Life Years
A	3,000	30
B	5,000	40
C	6,000	50

i) Compute the cost-effectiveness ratios of A, B and C. [6 Marks]

ii) Which of the health intervention shows extended dominance? [1 Marks]

iii) Now calculate the cost-effective ratios without the dominant interventions. [6 Marks]

Q2 a) Discuss the link between poverty and health in developing countries in Kenya. How global community responded to this problem?

[10 Marks]

b) Health in Kenya has taken a lot of transformation since the inauguration the current constitution in 2010. Explain to the County Health Boards the 6 pillars of health systems and how the government can facilitate their strengthening. [10 Marks]

Q3. a) Consumers of health are better off with health insurance than without. Discuss [12 Marks]

b) Describe the 4 health Sustainable Development Goals to be achieved in 2015. [8 Marks]

Q4. Pharmaceutical industry has peculiar characteristics that differentiate it from other health sectors. Provide an argument explaining in detail these characteristics and pricing issues. [20 Marks]

Q5. a) Health care industry is different from other industries. Explain.

[10 marks]

b) Monopsony power leads to a welfare loss for sellers of the product. Using a simple model of Blair and Harrison (1993). Discuss [10 Marks]

Q6. a) Discuss three factors that may lead to low prevention of illness.

[10 Marks]

b) Explain four policy prescription that improve prevention measures.

[10 Marks]