



# **UNIVERSITY OF KABIANGA**

## **UNIVERSITY EXAMINATIONS**

**2017/2018 ACADEMIC YEAR**

**FOURTH YEAR SECOND SEMESTER EXAMINATION**

**FOR THE DEGREE OF  
BACHELOR OF ARTS (ECONOMICS)**

**COURSE CODE: ECO 425**

**COURSE TITLE: HEALTH ECONOMICS**

**DATE: 2<sup>ND</sup> JULY, 2018**

**TIME: 2.00 P.M - 5.00 P.M.**

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### **INSTRUCTIONS TO CANDIDATES**

- SEE INSIDE

THIS PAPER CONSISTS OF (3) PRINTED PAGES

PLEASE TURN OVER

**MAIN CAMPUS**

140800e

UNIVERSITY OF KABIANGA  
FOURTH YEAR SECOND SEMESTER EXAMINATION FOR ACADEMIC YEAR 2017/2018 FOR  
BACHELOR OF ARTS IN ECONOMICS

MAIN EXAM

**ECO 425: HEALTH ECONOMICS**

**INSTRUCTION TO CANDIDATES**

Answer question **one** and any other **three** questions

**QUESTION ONE**

- (a) Distinguish between the following terms as used in health economics  
Vertical and horizontal equity  
Non-rival and non-excludable goods . (4mks)
- (b). explain the advantages of prepaid health plans (4mks)
- (c) Many observers complain that economics is irrelevant to study of health. Explain why you agree or disagree with this assertion. (5mks)
- (d) Discuss methods of rationing in pure public health care system (6mks)
- (e) Various imperfections in medical markets make the task of delivery of a product equitably and efficiently more difficult. when the underlying assumptions of competitive market are not met, market fail to deliver optimal output levels. Discuss circumstances under which the market may fail. (6mks)

\* **QUESTION TWO**

- (a) Explain major demographic influences on health care financing (3mks)
- (b) Discuss various types of health care financing suitable for developing countries citing a demerit of each type (12mks)

✓ \* **QUESTION THREE**

- (a) Explain ways designed by the society to deal with information asymmetry in health care market (3mks)
- (b) Discuss health care access inhibitors encountered in Kenya (12mks)

**QUESTION FOUR**

- (a) Given the utility function of the form  
 $U = u(X, m)$   
Where; X- bundle of other goods  
m- medical care on which money is spent  
Graphically derive demand curve from indifference curve showing various combinations of X and m that produces the same level of utility (11mks)
- (b) Explain the basic theories of equity in health care system (4mks)

**QUESTION FIVE**

(a) You are a health economist given a consultancy job by your country to advise on health insurance. Write short notes on the following:

- (i) Moral hazard
- (ii) Adverse selection

**(10mks)**

(b) Explain the possible consequences of health care reforms in Kenya **(5mks)**