

CHUKA



UNIVERSITY

**UNIVERSITY EXAMINATIONS**

**EXAMINATION FOR THE AWARD OF DEGREE OF BACHELOR OF ECONOMICS**

**ECON 449: HEALTH ECONOMICS**

**STREAMS: ECON**

**TIME: 2 HOURS**

**DAY/DATE: THURSDAY 23/09/2021**

**11.30 A.M – 1.30 P.M.**

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**INSTRUCTIONS:**

- **Answer question ONE and any other TWO questions.**

**QUESTION ONE**

- (a) Explain clearly the distinction between the following concepts of health economics
- (i) Infant Mortality rate and child mortality rate (2 marks)
  - (ii) Health and health care (2 marks)
- (b) Illustrate and explain the impact of age and education on investment in health capital. (8 marks)
- (c) With promulgation of new constitution in Kenya in 2010, health care sector was devolved. Explain the limitations of this. (10 marks)
- (d) Health insurance is a public or private system of protection against the losses owing to medical expenses. The aim of insurance is to reduce the variability in one's income by pooling risks with a large number of people. Explain its desirable features. (8 marks)

**QUESTION TWO**

Cost benefit analysis is grounded in welfare economics. Explain in detail how cost benefit analysis is used in economic evaluation of health care programmes, indicating how it has a broader scope than cost effectiveness analysis and cost utility analysis. (20 marks)

**QUESTION THREE**

- (a) According to Grossman (1972) people demand health because it is an investment and a consumption commodity. Explain. (4 marks)
- (b) There are two theories of fairness most frequently encountered in the health care financing. Explain them. (6 marks)
- (c) In a market economy, allocation of resources is expected to be efficient. However, due to failure of the market, allocation of resources may not be efficient necessitating intervention of government. Giving relevant examples, explain how government intervene in health care markets and why government intervention may not lead to optimal resource allocation in health care sector. (10 marks)

**QUESTION FOUR**

- (a) There is interlocking relationship between economics and health. Explain. (10 marks)
  - (b) Comparative analysis of costs of alternative health care programmes is common to all forms of Economic Evaluations. Explain the factors that are considered for economists to know which costs is to be used in analysis. (10 marks)
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