



MACHAKOS UNIVERSITY

University Examinations for 2022/2023 Academic Year

SCHOOL OF BUSINESS, ECONOMICS AND HOSPITALITY AND TOURISM
MANAGEMENT

DEPARTMENT OF ECONOMICS

FOURTH YEAR SECOND SEMESTER EXAMINATION FOR

BACHELOR OF

HPH 409: HEALTH ECONOMICS

DATE:

TIME:

INSTRUCTION: Answer Question One (Compulsory) and Any Other Two Questions

QUESTION ONE (COMPULSORY) (30 MARKS)

- a) In health economics, the economic principles of scarcity, choice and opportunity costs apply to health care. Explain (6 marks)
- b) Discuss the features that distinguish medical care market from other markets (6 marks)
- c) Briefly discuss the main individual-based measures of health status. (6 marks)
- d) Explain four factors that influence demand for health care. (8 marks)
- e) Explain the effect of medical technology change on the total productivity of medical care. (4 marks)

QUESTION TWO (20 MARKS)

- a) Hospital managers derive utility from the quality of hospital care provided. Discuss the aspects of hospital care quality. (8 marks)
- b) Discuss the managerial expense preference model in the hospital behavior. (6 marks)
- c) Discuss the distinction between economics of health and economics of healthcare. (6 marks)

QUESTION THREE (20 MARKS)

- a) Discuss the peculiarities of healthcare goods (8 marks)
- b) How do the negative and positive externalities impact on health care market inefficiency? (8 marks)
- c) Identify and discuss the alternative methods of dealing with externalities (4 marks)

QUESTION FOUR (20 MARKS)

- a) What are the rationales for regulating of the health care market by government? (7 marks)
- b) Discuss the available regulatory strategies that can be associated with the healthcare market (8 marks)
- c) Explain possible solutions to imperfect information in health care markets. (5 marks)

QUESTION FIVE (20 MARKS)

- a) 'Health care expenditure growth is not the only obsession of health economists but also other peculiarities in healthcare provision'. Explain the peculiarities in health care provision. (6 marks)
- b) Explain a physician's reaction to price controls under McGuire quantity setting model. (4 marks)
- c) Discuss the determination of the optimal demand for health in the Grossman model based on the Marginal Efficiency of Capital and cost-of-capital (10 marks)