



**COLLEGE OF HEALTH, AGRICULTURE AND NATURAL SCIENCES
DEPARTMENT OF HEALTH SCIENCES**

PROGRAM:	BACHELOR OF MEDICAL LABORATORY SCIENCES HONOURS
COURSE TITLE:	SHA301 HEALTH ECONOMICS
EXAMINATION:	NOV-DEC 2018 EXAMINATION SESSION
LECTURER:	MR T. MASESE
TIME:	3 HOURS

INSTRUCTIONS

Answer questions **ANY FOUR QUESTIONS** in this Paper

Each question has 25 marks. Total possible mark is **100**.

Start **each** question on a new page in your answer Booklet.

The marks allocated to **each** question are shown at the end of the section.

Show all your workings.

Credit will be awarded for logical, systematic and neat presentations.

QUESTION 1

- a. Research shows that the people who benefit from health care are not usually the people who pay for it due to a process called cost shifting which makes financing system complex and

opaque. What is cost shifting? Explain some of the ways that 3rd party payments are made through cost shifting in health care. **(6 marks)**

- b. Briefly explain the difference between health and healthcare. What are the main factors that may influence the state of health **(5 marks)**
- c. There are three different perspectives on the importance of health and on the possible roles of the state in promoting it. Outline these three perspectives of health and the role of state if each of the views is held **(6 marks)**
- d. Briefly explain some of the sources of health care spending and healthcare expenditures **(8 marks)**

QUESTION 2

- a. With the help of appropriate examples explain the following concepts as they relate to healthcare:
 - i. Asymmetric Information **(2 marks)**
 - ii. Moral Hazard **(2 marks)**
 - iii. Adverse selection **(2 marks)**
- b. Health can be defined narrowly or widely and how one views health will affect the type of intervention and planning that is possible. Distinguish between the narrow and WHO definition of health clearly outlining the implications of each definition to policy **(5 marks)**
- c. Explain the features of a good healthcare financing system. Explain some financial disincentives used by health insurance companies to encourage proper use of health services **(9 marks)**
- d. Explain the concept of supplier-induced demand in health care **(5 marks)**

QUESTION 3

- a. Outline the advantages and disadvantages of user fees. What mechanisms can be used to exempt the poor from paying for health care? **(9 marks)**
- b. Managed health care demand and supply side measures that attempt to control a patient's demand and control overall expenditure through financial penalty in the event of claim. Explain some of the mechanisms used to control demand and supply in managed health care. **(8 marks)**

- c. Externalities are another source of market failure. What is an externality? Using demand and supply diagram illustrate and explain how the market price fails to accurately capture the benefits and costs of vaccination of children against whooping cough **(8 marks)**

QUESTION 4

- a. From the patient's viewpoint, the need for medical care is not always clear-cut. Outline the five fundamental factors that have an impact on the demand for healthcare services **(5 marks)**
- b. The associations between health and national development are complex. The interaction is a two-way phenomenon with health being both influenced by and influencing economic development. Discuss this statement. What are the main determinants of poor health in poor countries **(10 marks)**
- c. Write down the factors that influence the choice of a financing system and explain the main features of a good healthcare financing system from both the community and household's points of view **(10 marks)**

QUESTION 5

- a. The asymmetry of information makes the relationship between patients and doctors rather different from the usual relationship between buyers and sellers. Discuss the demand and supply relationship between doctors especially in the context of supplier-induced and doctors as patients' agents **(7 marks)**
- b. What the main determinants of demand for medical care i.e. what causes a shift in the demand curve for medical care **(8 marks)**
- c. Briefly explain each of the following methods of healthcare financing:
- i. Private health insurance **(3 marks)**
 - ii. Community Financing **(2 marks)**
 - iii. Health savings accounts **(2 marks)**
 - iv. Informal payments **(3 marks)**

END OF PAPER