

MERU UNIVERSITY
SCHOOL OF NURSING
2022/2023 SEMESTER II
NNH 3254: FOUNDATIONS OF HEALTH ECONOMICS

Main exam

Instructions:

1. Section A is compulsory
2. Answer any other two questions in section B

SECTION A Compulsory (30 marks)

- a. Explain following terms: [6 marks]
 - i. Macroeconomics versus microeconomics
 - ii. Normative versus positive economics
 - iii. Need and Demand
- b. Explain three forms of demand elasticity and give their formulas [6 marks]
- c. With examples, distinguish indirect costs from direct cost from a health economics perspective [6 marks]
- d. Describe three Perspectives of Health and their influence on health economics [6 marks]
- e. Describe the below listed methods of reimbursing the health care provider and explain how they affect provider behavior [6 marks]
 - i. fee for service
 - ii. capitation

SECTION B. ATTEMPT QUESTION TWO AND ANY OTHER ONE QUESTION

Question Two

Bingo Hospital has seen an increased demand for plastic surgery. In 2010, they performed 10 plastic surgeries, while in 2020 they performed 22 plastic surgeries. In their 10 years review report, the demand curve was found to be downward sloping supply curve. Explain

- a. The shape of the demand curve [4 marks]
- b. Changes on the curve with increase in cost of surgery [4 marks]

- c. Changes on the curve, with increase in cost of post surgery medication [4 marks]
- d. Changes on the curve with higher income amongst potential clients[4 marks]
- e. Changes in the curve with increase in taxation on all cosmetic procedures [4 marks]

Question three

Explain five factors that drive supply of doctors in the Kenyan healthcare market [20 marks]

Question four

- a. Explain three Methods of Economic Evaluation in healthcare [15 marks]
- b. State 5 characteristics that make the market for health care different from other markets?
[5 marks]