



MERU UNIVERSITY OF SCIENCE AND TECHNOLOGY

P.O. Box 972-60200 – Meru-Kenya.
Tel: +254 (0)799529958, +254 (0)799529959, +254 (0)712524293
Website: www.must.ac.ke Email: info@must.ac.ke

UNIVERSITY EXAMINATIONS 2023/2024

SECOND YEAR SECOND SEMESTER EXAMINATION FOR THE DEGREE OF
BACHELOR OF SCIENCE IN HEALTH SYSTEM MANAGEMENT

NNH 3254: FOUNDATIONS OF HEALTH ECONOMICS

DATE: APRIL 2024

TIME: 2 HOURS

INSTRUCTIONS: ANSWER SECTION A AND ANY OTHER TWO IN SECTION B

SECTION A

QUESTION ONE (30 MARKS)

- a) Explain the following concepts used in health economics (10 Marks)
- Health
 - Economic Efficiency
 - Macroeconomics
 - Positive Economics
 - Opportunity

QUESTION TWO(20MARKS)

- a) using examples differentiate between the term health need and health demand (5 Marks)
- b) Using a diagram explain why-the health demand curve is downward sloping (5Marks)

QUESTION THREE(20MARKS)

- a) Explain the meaning of the term "elasticity" as used in health economics (2 Marks)
- b) With the use of equations, explain the three types of elasticity of demand (6 marks)

- c) If the price of a urine test fell by 20% and the quantity demanded of the urine test rose by 30%. Calculate the price elasticity of demand for the urine test. Is the demand for the urine test elastic or inelastic? (2marks)

SECTION B (40 MARKS)

QUESTION FOUR(20MARKS)

- a) The Health care market is very different from other markets. Explain (10 marks)
- b) Explain the cost implications of ill health (10marks)

QUESTION FIVE(20MARKS)

- a) Explain physician-induced demand and its likely consequences (10 marks)
- b) With examples describe five factors affecting supply of health services (10 marks)

QUESTION SIX(20MARKS)

- a) Evaluate five ways the government intervenes in health care market economy (10marks)
- b) In methods for economic evaluation of health care programs and measuring burden of disease, health economists often distinguish between the methods of Cost Benefit. Analysis (CBA) Cost Effectiveness Analysis (CEA) and Cost Utility Analysis (CUA). Explain with examples what health economist means by each of the three above mention methods. (10marks)

