KENYATTA UNIVERSITY

UNIVERSITY EXAMINATIONS 2011/2012

SECOND SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR OF SCIENCE

PPH 207: POPULATION HEALTH ECONOMICS AND FINANCING

DATE: Thursday 29th March, 2012 **TIME:** 8.00 a.m. – 10.00 a.m.

SECTION A - *Answer ALL questions.*

Q1. Explain the terms, vertical equity & horizontal equity. [4 marks]

Q2. Health demand consists of two elements. Name the two and explain. [4 marks]

Q3. For one to achieve health stock, one MUST, Invest in health, through health care inputs. State such inputs as per Grossman's contribution. [4 marks]

Q4. State and explain two (2) household production functions. [4 marks]

Q5. Explain factors influencing supply for health care. [4 marks]

SECTION B

Answer Q6 and any other 2.

Q6. (i) Explain the concept, elasticity as used in health economics. [8 marks]

(ii) Bob has just received a $10,000 increase in his salary, giving him a total of $80,000 per annum. With this higher purchasing power, he decides that he can now afford health check up twice a year instead of his previous once a year. Calculate income demand elasticity. [12 marks]

Q7. Discuss method/ways of financing health services. [15 marks]

Q8. (i) Describe information problems that arise in the healthcare sector. [5 marks]

(ii) Describe the concept of supply-induced demand as used in health economics. [10 marks]

Q9. (i) Describe cost effectiveness Analysis and its implications to health care. [8 marks]

(ii) A patient at a certain hospital, has a serious, life threatening condition. If he continues receiving the normal treatment, he will live for 6 months and his quality of life will be 0.3.

If he receives the new drug, he will live for 1 year 4 months (1.3 years), with a quality of life of 0.7. The cost of the new drug is assumed to be $10,000, Normal treatment cost $3,000.

Task: (i) What type of Analysis is this? [2 marks]

(ii) Calculate the type of analysis stated above. [3 marks]

(iii) Interpret your results. [2 marks]

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