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University Examinations 2023/2024

FOURTH YEAR FIRST SEMESTER EXAMINATION FOR THE DEGREE OF BACHELOR
OF CLINICAL MEDICINE AND COMMUNITY HEALTH

CCM 3421: HEALTH ECONOMICS AND FINANCE

DATE: APRIL 2024

TIME: 3 HOURS

INSTRUCTIONS:

Answer *All* questions

Ensure that all your answers are properly numbered

Part I multiple Choice Questions (MCQ): Write the correct answer on the space provided in the answer booklet. Each MCQ is one mark

Part II: Short Answer Questions – Answer questions following each other on the answer booklet

Part III: Long Answer Questions – Answer each question on the answer booklet

SECTION ONE (SHORT ANSWER QUESTIONS) (40 Marks)

1. Explain the following terms used in health economics (2 marks each)

- i. Economics
- ii. Resources
- iii. Demand
- iv. Equilibrium price
- v. Market failure

2. Explain the purpose of demand analysis in health care (4 marks)

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3. State and explain the economic theory of demand for health care services (4 marks)
4. Differentiate between willingness to pay and the ability to pay (6 marks)
5. State three purposes of health care financing (6 marks)
6. Outline three characteristics on universal and unified health care service financing (6 marks)
7. State two challenges of health care financing (2 marks)

SECTION TWO (LONG ANSWER QUESTIONS) (40 marks)

1. Explain four reasons why health care service does not reach social optimality. (10 marks)
2. In Hospital Y, the cost estimates of activities are given in the table below

Activity level	Fixed cost	Variable cost	Total cost	Average cost	Marginal cost
10	60	80	?	?	?
20	100	120	?	?	?
30	130	150	?	?	?
40	160	180	?	?	?

Calculate the following and fill the answers in the table given in the spaces with question mark

- i. Total costs
 - ii. Average costs
 - iii. Marginal costs
3. Discuss the demerits of cost-sharing as a method of revenue collection for health care services (10 marks)

SECTION C: MULTIPLE CHOICE QUESTIONS (give the correct answer only)

1. Benefit forgone by not using resources in some alternative (normally) the best alternative way is known as
A) A benefit

- B) Opportunity cost
 - C) Production cost
 - D) Microeconomics
2. In economics the producer of goods or service is known as
- A) Economist
 - B) Supplier
 - C) Demander
 - D) Developer
3. Which of the following is not considered a direct medical cost?
- A) Consultations
 - B) Laboratory tests
 - C) Drugs consumed
 - D) Psychological problems
4. Which of the following is not an indirect cost productivity
- A) Health professional's time
 - B) Leisure time
 - C) Change in social function
 - D) Transportation to obtain care
5. The following is not a challenge that face the sovereignty of health care consumer.
- A) Lack of Knowledge
 - B) Uncertainty of future health needs
 - C) Duplication of health
 - D) Underestimation of value of health care
6. The study of how markets for specific good or groups of good behave is called
- A) Market equilibrium
 - B) Demand curve
 - C) Elasticity

D) Micro-economics

(7) One of the following is not a reason for market not settling down at the equilibrium and stay there for all time.

A) People's income,

B) Government taxes

C) Price of other goods

D) Production technique

8. A change in demand associated with doctor's discretionary influence on health care provision is called.

A) Supply Induced demand

B) Agency relationship

C) Externality

D) Marginal utility

9. One of the following is an example of Capital cost in a health unit

A) Drugs

B) Reagents

C) Vaccines

D) Equipment

10. Information on costs of health care is important for the following except

A) Budgeting

B) Ability to pay

C) Planning

D) Management

11. The characteristics of free community health services at the point of access include the following except:

A) Community partnership

B) HC services are provided without any charges

- C) Funds should be collected independent of actual use of care
 - D) Services are provided based on need regardless of financing mechanism used
12. Cost-effective community health financing has the following characteristics except
- A) Financial resources must be used for the benefit of whole society
 - B) It invests in disadvantaged communities
 - C) It eliminates wasteful or uncontrolled spending by carrying out needs assessments to determine priority areas of support.
 - D) NGOs must participate
13. Which of the following is not expected from activities of economic appraisal in health
- A) Reduction in functional ability
 - B) Reduction in mortality rates or
 - C) Increase of life expectation
 - D) Increasing in productivity
14. Which one of the following is not a function of health financing;
- A) Make funding available.
 - B) Set the right financial incentives for providers.
 - C) Profitability
 - D) Ensure that all individuals have access to effective public health and personal health care.
15. One of the following is not a disadvantages of user fee
- A) Poor working of administrative mechanisms
 - B) Waivers are routinely accepted
 - C) Tends to dissuade the poor more than the rich from using health care services
 - D) Tends to delay care and shift people to self-medication and informal forms of care
16. Which one of the following is not a characteristics of free market
- A) Consumer Sovereignty
 - B) Consumers being well informed
 - C) Consumers choices affecting themselves.

- D) Externalities
17. Which of the following is not included in Cost —effective health care financing?
- A) External donors funding
 - B) Investing in disadvantaged communities
 - C) Eliminate wasteful or uncontrolled spending
 - D) Financial resources must be used for the benefit of whole society
18. Which one of the following is not included in the procedure of implementing waiver system?
- A) Assign people responsibility for granting waivers and make them available whenever needed
 - B) The medical superintendent makes the final decision
 - C) Ensure availability of waiver forms
 - D) Inform all facility staff how waiver system operates
19. One of the following is measure of Quality Adjusted Life
- A) Health gained
 - B) Efficacy
 - C) Utility function
 - D) Health cost
20. The extent to which a specific intervention, procedure, regimes or service produces a beneficial result under ideal conditions is termed as-
- a) QALY
 - b) DALY
 - c) Benefit
 - d) Effectiveness