AMREF INTERNATIONAL UNIVERSITY

SCHOOL OF PUBLIC HEALTH

DEPARTMENT OF HEALTH SYSTEMS MANAGEMENT AND DEVELOPMENT

MASTER OF SCIENCE IN HEALTH SYSTEMS MANAGEMENT

END OF SEMESTER EXAMINATION MAY-AUGUST 2026

UNIT CODE: HSM 710 UNIT NAME: HEALTH ECONOMICS

DATE: **10th** AUGUST, 2026

TIME: Three Hours **Start:** 5.:30 PM **Finish** 8: 30 PM

INSTRUCTIONS

1. This exam is marked out of 100 marks
2. This Examination comprises TWO Sections
   Section A: Compulsory Question (25 marks)
   Section B: Long Answer Questions (75 marks)

SECTION A: COMPULSORY (25 Marks)

Short Answer Questions

1. Explain the importance of health economics in healthcare decision-making. (5 Marks)
2. Distinguish between efficiency and equity in healthcare resource allocation. (5 Marks)
3. Explain the concept of opportunity cost and provide a healthcare example. (5 Marks)
4. Differentiate between public goods and private goods in healthcare. (5 Marks)
5. Explain the concept of moral hazard in health insurance. (5 Marks)

SECTION B

ANSWER ANY THREE (3) QUESTIONS (75 Marks)

Long Answer Questions

6. Discuss the concept of market failure in healthcare. Illustrate your answer using two examples each of
    I. Externalities,
    II. Information asymmetry,
    III. Public goods. (25 Marks)
7. Discuss two principles and three applications of cost-effectiveness analysis in healthcare planning and priority setting. (25 Marks)
8. Assess five roles of government intervention in healthcare markets. (25 Marks)
9. A middle-income country is implementing a Universal Health Coverage (UHC) program. Despite increased government spending, 35% of health expenditure still comes from out-of-pocket payments. Many rural households report financial hardship when seeking healthcare.

Questions

a) Identify Five health financing challenges presented in the case. (5 Marks)

b) Explain five economic implications of high out-of-pocket expenditure. (5 Marks)

c) Recommend five financing strategies that could improve financial risk protection and equity. (10 Marks)

d) Discuss indicators that could be used to monitor progress toward UHC. (5 Marks)

Total: 25 Marks

10. A Ministry of Health faces a 15% reduction in its annual budget. Policymakers must decide whether to reduce funding for tertiary hospitals, preventive programs, or community health services.

Questions

a) Explain the concept of opportunity cost in this scenario. (5 Marks)

b) Discuss five criteria that should guide priority-setting decisions. (5 Marks)

c) Apply four principles of health economics to recommend an allocation approach. (10 Marks)

d) Explain four ways stakeholder engagement can improve the legitimacy of the decision-making process. (5 Marks)

Total: 25 Marks