AMREF INTERNATIONAL UNIVERSITY

SCHOOL OF PUBLIC HEALTH

DEPARTMENT OF HEALTH SYSTEMS MANAGEMENT AND DEVELOPMENT

BACHELOR OF SCIENCE IN HEALTH SYSTEMS MANAGEMENT AND DEVELOPMENT

END OF SEMESTER MAIN EXAMINATION

MAY-AUG 2026

HMD 413 HEALTHCARE FINANCING

TIME: Two Hours

Date :10th AUGUST 2026

TIME : Two (2) Hours Start:……5:30 PM End:7:30 PM………………

INSTRUCTIONS TO CANDIDATES

1) This exam is out of 70 marks
2) Section-A is compulsory with a Total of 30 Marks
3) Answer any TWO (2) questions in Section B

Read carefully the additional instructions preceding each section.

SECTION A (COMPULSORY - 30 MARKS)
QUESTION ONE

1. Explain the meaning of the following terms;
   i) Healthcare financing. (2 marks)
   ii) Accrual basis accounting. (2 marks)
   iii) Flexible budgeting. (2 marks)

2. Punda hospital wishes to invest in buying a laboratory equipment costing Sh.1,600, 000 and will generate the following cash inflows:

Year	1	2	3	4	5
Cash flows	200,000	600,000	300,000	400,000	600,000

Calculate; The payback period for the project. (5 marks)

3. State FIVE roles of financial management in health services organizations. (5 marks)
4. Enumerate FIVE challenges facing the implementation of current health financing model (Social Health Insurance Fund) in Kenya. (5 marks)
5. Highlight FIVE sources of financing health care services. (5 marks)
6. Distinguish between revenue collection and risk pooling principles as used in health financing policy. (4 marks)

SECTION B

Answer any TWO (2) questions in Section B

7. a) Costing tools are essential for evaluating and managing the expenses associated with providing healthcare services. Explain FIVE common costing tools used in the healthcare sector. (10 marks)

   b) Performance measurements provide data for legislative policy discussions about healthcare programs and investments. Describe FIVE types of healthcare performance metrics. (10 marks)
8. a) In healthcare sector accurately valuing financial assets and liabilities is crucial for effective decision making. Examine FIVE methods of valuing financial assets and liabilities in Healthcare. (10 marks)

   b) Effective financial management in healthcare financing ensures sustainability and optimal resource allocation. Analyze FIVE principles of financial management as used in healthcare financing. (10 marks)
9. a) Healthcare budgeting is a process that faces numerous challenges. Examine FIVE challenges of healthcare budgeting in a country. (10 marks)

b) Audits are systematic examinations of healthcare organization's processes and procedures. Explain FIVE objectives of internal health care audits. (10 marks)

10. a) National Health Accounts (NHA) involve tracking of financial resources flowing through a country's health system. Analyze FIVE components of National Health Accounts. (10 marks)

b) Pande Hospital intends to purchase an X-ray machine worth Shs. 350,000 which will have a residue value Shs. 400,000 after 5 years' useful life. The saving in cost resulting from the use of this machine are:

Year	1	2	3	4	5
Cash flow (KES)	1,600,000	700,000	Nil	760,000	1,550,000

Using Net Present Value (NPV) method, advice the company whether this X-ray machine should be purchased if the cut off rate is 10% (Discount rate) and acceptable saving in cost is 18% of the cost of the investment. (10 marks)