



AFRICAN ECONOMIC RESEARCH CONSORTIUM

**Collaborative MA Programme in Economics for Anglophone Africa
(Except Nigeria)**

JOINT FACILITY FOR ELECTIVES (JFE) 2010

JUNE – OCTOBER

HEALTH ECONOMICS II

Second Semester: Final Examination

Duration: 3 Hours

Date: Friday, September 24, 2010

INSTRUCTIONS:

1. Answer **ANY FOUR** (4) questions.
 2. Each question carries twenty five (25) marks.
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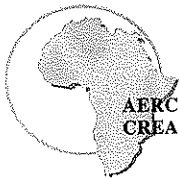
Question 1

- (a) Briefly discuss four (4) individual-level measures of health status. **(8 marks)**
- (b) With the use of an economic model, examine the relationship between health and economic growth. Briefly elaborate on some of the methodological issues, data requirements and other inherent difficulties for undertaking an empirical study on this relationship in Africa. **(17 marks)**

Question 2

Imagine you are a senior Ministry of Health official in an African country and your minister has recently negotiated a major health sector loan from the World Bank. Various conditionalities have been attached to this loan. The most important is that rapid progress be made in promoting private sector involvement in the health sector. The World Bank sees private-public partnership as an important step towards allowing competition in the health sector and in so doing improve the efficiency of health care services in this country.

Discuss the circumstances under which health services are best provided through the private sector. Your answer should include a discussion of the various regulation approaches that governments can adopt to encourage the private sectors to deliver key public health interventions. **(25 marks)**



Question 3

Health care financing has been a topical issue on the global health policy agenda. The World Health Assembly's resolution in 2005 on "Sustainable health financing, universal coverage and social health insurance" emphasized health insurance as a key health care financing mechanism for developing countries. A growing number of African countries are now exploring the possibility of introducing, or are in the early stages of implementing, some form of social health insurance scheme.

- (a) Discuss four (4) advantages and four (4) disadvantages associated with social health insurance. **(8 marks)**
- (b) What, in your view, are the key prerequisites for an effective implementation of a social health insurance program? **(8 marks)**
- (c) Using your understanding of the main types of health care financing mechanisms, what do you think should be the best way forward in terms of health care financing in Africa? **(9 marks)**

Question 4

Since the 1960s, which were for many low income countries the early years of independence from colonial powers, international thinking on global health policy agenda has evolved in several ways that has contributed to health sector reforms, especially in the organization and financing of health services. There is currently heavy emphasis on how to maximise the impact of global health initiatives, how to improve aid effectiveness in the sector and how to strengthen health systems as a whole.

Provide an overview of major developments in health policy in developing countries over the last four decades, highlighting some of the key reports and milestones that have influenced international thinking on how to address health challenges. **(25 marks)**

Question 5

- (a) Dr. Do-Good, the public health officer in Gamlan, has a limited annual budget with which to attack what he sees as the major public health problems in the district. He already has some estimates of the cost of different programs. Relying on what he believes to be economic principles, he goes about drawing up his priorities by selecting programs which are the cheapest. Is that the right approach? Why or why not? Please explain your answer critically. **(16 marks)**
- (b) Suppose that a person with terminal cancer has the following options:
 - **Do nothing:** spend nothing and live two more years with each year worth 0.4 of a year in perfect health;
 - **Passive treatment:** spend \$40,000, live four more years with each year worth 0.5 of a year in perfect health;
 - **Aggressive treatment:** spend \$200,000, live ten more years with each year worth 0.6 of a year in perfect health.

With adjustment for quality of life, which treatment – passive or aggressive – is preferred on cost-benefit grounds? For simplicity there is no need to discount. **(9 marks)**