



AFRICAN ECONOMIC RESEARCH CONSORTIUM

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

JOINT FACILITY FOR ELECTIVES (JFE)

JUNE – SEPTEMBER 2007

HEALTH ECONOMICS II

Second Semester: Final Examination

Duration: 3 Hours

Date: Friday, September 28, 2007

INSTRUCTIONS:

Answer ANY FOUR (4) questions. Each question carries 25 marks.

Question 1

Briefly discuss the main types of health care financing mechanisms in developing countries. What are the advantages and disadvantages of each mechanism? (25 marks)

Question 2

- (a) Describe in detail the motivations for introducing health sector reforms in developing countries. (15 marks)
- (b) To what extent have user fees policies in Africa met their objectives? Use examples to support your argument. (10 marks)

Question 3

Health care financing is back on top of the global 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 (SHI) scheme.

- (a) Using your understanding of the economics of insurance, do you think that SHI is the best way to go in terms of health care financing in Africa? (10 marks)



- (b) What challenges are African health systems likely to face in attempting to implement SHI and what mechanisms can be put in place to address these challenges?
(15 marks)

Question 4

Identify four mechanisms of paying health care providers. Discuss the advantages and disadvantages of each mechanism. How might the disadvantages be addressed?
(25 marks)

Question 5

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 argues that the public sector in this country is highly inefficient and sees privatization 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.

- (a) Does increased privatization necessarily lead to improved performance even in countries with inefficient public sectors? Discuss the evidence for and against privatization as a mechanism for promoting efficiency.
(20 marks)
- (b) What are the commonest causes of health care inefficiencies in developing countries?
(5 marks)

Question 6

- (a) Sensitivity analysis is required in economic evaluations to allow for uncertainty about appropriate methods and estimated incremental cost-effectiveness ratios (ICERs). What are the main causes of uncertainty in estimates?
(10 marks)
- (b) How useful is it to value outcomes in monetary terms rather than leaving them in natural units or composite measures like quality-adjusted life-years? Critically discuss two approaches of valuing outcomes in monetary terms.
(15 marks)

Question 7

- (a) Discuss the main forms of health system decentralization.
(15 marks)
- (b) Is it possible to identify matters that are (i) best centralized and (ii) others that are best decentralized?
(10 marks)