



**NATIONAL OPEN UNIVERSITY OF NIGERIA  
FACULTY OF SOCIAL SCIENCES  
DEPARTMENT OF ECONOMICS  
2021\_2 EXAMINATION**

**COURSE TITLE: HEALTH ECONOMICS**

**COURSE CODE: ECO 725**

**UNITS: 2 UNITS**

**TIME ALLOWED: 2HOURS**

**INSTRUCTION: ANSWER ANY THREE (3) QUESTIONS. ALL QUESTIONS CARRY EQUAL MARKS**

**QUESTION ONE**

The scarcity of health care resources often leads to trade-offs resulting from choices couched upon four basic questions of every economy. Using appropriate diagram, discuss the production, allocative and distribution efficiency in the health economy and briefly explain the implication of the four basic questions. **(23 Marks)**

**QUESTION TWO**

- (a) Identify and explain the economic and non-economic factors affecting the demand for medical care. **(12 Marks)**
- (b) Illustrate and explain the relationship between price and quantity demanded for physician services using appropriate diagram. **(11 Marks)**

**QUESTION THREE**

In the long-run, when a medical firm is planning for future resource requirement, all inputs, including capital, can be changed. Analyze the relation between output and costs when all inputs are changed to minimize cost for health care in the long run; using the short-run average cost curves and the long-run planning curve. **(23 Marks)**

**QUESTION FOUR**

- (a) Enumerate the various sources of financing health care. **(9 Marks)**
- (b) In selecting a system of financing health care, some criteria should be used. Discuss. **(14 Marks)**