



NATIONAL OPEN UNIVERSITY OF NIGERIA
FACULTY OF SOCIAL SCIENCES
DEPARTMENT OF ECONOMICS
2024 1 EXAMINATION

COURSE TITLE: HEALTH ECONOMICS

COURSE CODE: ECO 449

UNITS: 2

TIME ALLOWED: 2 HOURS

INSTRUCTION: ANSWER QUESTION ONE (1) AND ANY OTHER TWO (2) QUESTIONS
QUESTION ONE CARRIES 30 MARKS WHILE OTHER QUESTIONS CARRY 20 MARKS
EACH

1a. Choose weather "True" or "False" or "Fill the Gaps"

- i. When the price is below the equilibrium price, the quantity demanded exceeds the equilibrium quantity but the quantity supplied is less than the equilibrium quantity
 - ii. The widespread, unregulated exercise of monopoly power is likely to result in economic inefficiency because price exceeds marginal cost.
 - iii. The marginal benefit from a good is the maximum amount a person is willing to pay for one more unit of the good.
 - iv. Competition keeps individuals from influencing the market, hence buyers and sellers are forced to be price-takers
 - v. If good A is a normal good and income increases, the equilibrium price of A _____ and the equilibrium quantity of A _____.
 - vi. If insurance companies reimburse insured individuals for all medical bills people would tend to frequent the doctor's office more often.
 - vii. The market supply curve is derived by horizontally summing individual supply curves.
 - viii. The law of demand asserts that a negative relationship exists between a good's price and the amount of the good people will buy.
 - ix. Economic profits for most firms will usually be less than their accounting profits.
 - x. A purely competitive firm with no market power faces a perfectly elastic demand curve **(20 marks)**
- b. Describe the difference between microeconomics and macroeconomics. **(10 marks)**

- 2a. Explain the merits and demerits of user fees as a method of health care financing **(10 marks)**
- b. Describe the three relations between charging for health services and the population **(10 marks)**

- 3a. Describe the history of health insurance scheme in Nigeria **(10 marks)**
- b. Explain how the National Health Insurance Scheme works in Nigeria **(10 marks)**

- 4a. What are the main benefits of community financing of health care **(10 marks)**
- b. Explain the reasons for increasing costs of health care in developing countries **(10 marks)**

- 5a. Describe the responsibilities imposed on the health care providers for the success of National Health Insurance in Nigeria **(10 marks)**
- b. Distinguish between the following:
- (i) Cost-Benefit Analysis and Cost effectiveness Analysis
 - (ii) Cost of Illness Evaluation and Cost-Minimization Analysis **(10 marks)**