



**NATIONAL OPEN UNIVERSITY OF NIGERIA**  
**FACULTY OF SOCIAL SCIENCES**  
**DEPARTMENT OF ECONOMICS**  
**2024\_2 EXAMINATION**

**COURSE TITLE: HEALTH ECONOMICS**

**COURSE CODE: ECO 725**

**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 whether “True” or “False” or “Fill the Gaps”**

- i. Bread in Grossman’s model, was shorthand for a composite good produced using time and market goods.
- ii. World Health Organisation defined health as “a complete state of physical, mental and social well being and not merely the absence of illness or disease”:
- iii. HMOs’ who pay doctors a set fee per patient give doctors an incentive to not engage in excessive testing.
- iv. HMOs’ who pay doctors a set fee per patient will engage in the right amount of care for patients with hard to manage conditions.
- v. Mandated coverage likely would help some of issues with adverse selection. If cost is average risk price, then everyone will be covered but may involve some redistribution.
- vi. Education is strongly correlated with better health, but there is no evidence that the relationship is causal.
- vii. Coinsurance levels below 100% make demand for health care more elastic.
- viii. Health paradox refers to low mortality with high morbidity
- ix. Health is on a ..... list in the Nigerian constitution
- x. Primary Care is the work of health care professionals who act as a first point of consultation for all patients within the health care system (20 marks)

**b. Write short notes on Quality Adjusted Life Years (QALYs) (10 marks)**

**2a. Discuss production and allocative efficiency in the health economy (10 marks)**

**b. Explain different distribution policies and their efficiency and equity implications (10 marks)**

**3a. Discuss the concept of utility as it applies to health care. (10 marks)**

**b. Explain the four characteristics that distinguish medical goods from other goods. (10 marks)**

**4a. Discuss the concepts of diminishing productivity in medical care services. (10 marks)**

**b. Using Marginal product (MP) and average product (AP), illustrate the characteristics associated with the production process. (10 marks)**

**5a. Explain the reasons for the differences in the costs of patients care. (10 marks)**

**b. Discuss issues involve in the measurement of costs in a health care intervention programme. (10 marks)**