



**NAMIBIA UNIVERSITY  
OF SCIENCE AND TECHNOLOGY**

**FACULTY OF MANAGEMENT SCIENCES**

**DEPARTMENT OF ACCOUNTING, ECONOMICS AND FINANCE**

<b>QUALIFICATION: BACHELOR OF ECONOMICS HONOURS</b>	
<b>QUALIFICATION CODE: 08HECO</b>	<b>LEVEL: 8</b>
<b>COURSE CODE: HEC820S</b>	<b>COURSE NAME: HEALTH ECONOMICS</b>
<b>SESSION: JANUARY 2020</b>	<b>PAPER: THEORY</b>
<b>DURATION: 3 HOURS</b>	<b>MARKS: 100</b>

<b>SECOND OPPORTUNITY EXAMINATION QUESTION PAPER</b>	
<b>EXAMINER(S)</b>	Ms. Lavinia Hofni
<b>MODERATOR:</b>	Mr. Immanuel Nashivela

<b>INSTRUCTIONS</b>
1. This question paper consists of two Sections (A and B) 2. Answer ALL Questions in Section A and Answer only TWO questions in Section B 3. Write each question on a separate page in your answer booklet 4. Write neatly and legibly

**THIS QUESTION PAPER CONSISTS OF 3 PAGES** (Including this front page)

**SECTION A**

**60 Marks**

**QUESTION 1 [20 marks]**

- 1.1** Explain five desirable characteristics of insurance arrangements [10 marks]
- 1.2** Define the following terms used in the health insurance market
- a) Deductibles [2 marks]
  - b) Limitations [2 marks]
  - c) Pure premium [2 marks]
  - d) Loading fee [2 marks]
  - e) Exclusions [2 marks]

**QUESTION 2 [20 marks]**

- 2.1** What is meant by market failure? [10 marks]
- 2.2** Discuss the potential role of government in each instance of market failure found in the health care sector? [10 marks]

**QUESTION 3 [20 marks]**

- 3.1** Economists tend to treat government as a benevolent despot who knows what is good for the economy and regulates accordingly. Do you agree or disagree with this statement, support your answer. [10 marks]
- 3.2** With practical examples discuss the different forms of Government intervention [10 marks]

**SECTION B**

**40 Marks**

**Instructions:**

Answer ONLY two (2) questions in section B

**QUESTION 1 [20 marks]**

- 2.1 Given what you know about health and the pharmaceutical industry explain why pharmaceutical profits are reported to be among the highest of all industries.

[20 marks]

**QUESTION 2 [20 marks]**

- 3.1 Economists argue that health is a type of “human capital.” Discuss? [10 Marks]
- 3.2 “Economics of scale and Economics of scope are relevant to health care” evaluate this statement. [10 Marks]

**QUESTION 3 [20 MARKS]**

- 3.1 Discuss and demonstrate the effect of technology in the production of health?

[20 marks]

***GOOD LUCK!***