



**NAMIBIA UNIVERSITY  
OF SCIENCE AND TECHNOLOGY**

**FACULTY OF MANAGEMENT SCIENCES**

**DEPARTMENT OF ECONOMICS, ACCOUNTING AND FINANCE**

<b>QUALIFICATION: BACHELOR OF ECONOMICS HONORS</b>	
<b>QUALIFICATION CODE: 08HECO</b>	<b>LEVEL: 8</b>
<b>COURSE CODE: HEC802S</b>	<b>COURSE NAME: HEALTH ECONOMICS</b>
<b>SESSION: JUNE 2025</b>	<b>PAPER: THEORY</b>
<b>DURATION: 3 HOURS</b>	<b>MARKS: 100</b>

<b>FIRST OPPORTUNITY EXAMINATION QUESTION PAPER</b>	
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<b>INSTRUCTIONS</b>
<ol style="list-style-type: none"><li>1. This paper consists of 5 questions</li><li>2. Answer <b>ALL</b> questions</li><li>3. Number your answers in accordance with the question paper.</li><li>4. Start each question answer on a new page</li><li>5. Write clearly and legibly</li></ol>

**PERMISSIBLE MATERIALS**

1. Pen
2. Ruler
3. Calculator

**THIS QUESTION PAPER CONSISTS OF 7 PAGES (Including this front page)**

**QUESTION 1: MULTIPLE CHOICE**

**[20 MARKS]**

1. When conducting a cost-benefit analysis (CBA), the results are best expressed as which one of the following?
  - A. Cost-benefit ratio.
  - B. Average cost per utility.
  - C. cost-savings.
  - D. Incremental cost ratio.
  
2. When quantifying the value of a clinical pharmacy service, which one of the following economic evaluation methods is the best to use?
  - A. Cost-benefit analysis.
  - B. Cost-effectiveness analysis.
  - C. Cost-minimization analysis.
  - D. Cost-utility analysis.
  
3. Which one of the following statements does not describe a cost-effective treatment alternative?
  - A. Less expensive and less effective, where the lost benefit was worth the extra cost.
  - B. Less expensive and at least as effective.
  - C. More expensive with an additional benefit worth the additional cost.
  - D. Less expensive and less effective, where the extra benefit is not worth the extra cost.
  
4. Which of the following would not be considered a commonly measured dimension of health-related quality of life?
  - A. Physical health and functioning
  - B. Psychological health and functioning
  - C. Social and role functioning
  - D. Sexual functioning
  - E. Perceptions of general well-being

5. The following statements are true about quality-adjusted life years (QALYs) except
- A. QALYs can result from increasing length of life.
  - B. QALYs can result from enhancing quality of life.
  - C. QALYs gained is the most common outcome measure in cost-utility analysis.
  - D. QALYs can only result from increases in both length and quality of life.
6. When comparing treatment alternatives, which one of the following is the most correct application of cost-utility analysis?
- A. Alternatives that are life-extending with serious side effects.
  - B. Alternatives that differ in cost.
  - C. Alternatives that differ in efficacy and safety.
  - D. Alternatives that are similar in clinical and humanistic outcomes.
7. An example of direct medical cost is:
- A. Transportation cost
  - B. Hospital stay cost
  - C. Missed days at work
  - D. Pain
8. Indirect costs include
- A. Cost of lost hours or loss of productivity
  - B. Cost of prescribed drugs
  - C. Travelling cost
  - D. Hospital parking
9. Lab tests costs are\*
- A. Direct medical
  - B. Direct non-medical
  - C. Indirect
  - D. None of the above

10. Rent of a room for establishing a clinic is:

- A. Variable cost
- B. Fixed cost
- C. Intangible cost
- D. Indirect medical costs

11. Which one of the following statements regarding the perspective of economic evaluations is true?

- A. Economic evaluations are valid only if conducted from a single perspective
- B. Economic evaluations can be conducted from multiple perspectives.
- C. Economic evaluations should only be conducted from the perspective of the patient.
- D. Society is the only valid perspective for economic evaluations

12. 48-Cost of using a special diet as the patient gets the intervention is considered:

- A. Direct medical
- B. Direct non-medical
- C. Indirect
- D. Intangible

13. The cost related to returning early to work or being able to work for longer time is:

- A. Direct medical
- B. Direct non-medical
- C. Indirect
- D. Intangible

14. Two hypertension treatments are being compared on a national level in terms of total cost and lives saved by using them.

Drug A: cost = 40 thousand Dinars, lives saved = 5.

Drug B: cost = 140 thousand Dinars, lives saved = 10.

Calculate the cost-effectiveness ratio of drug A.

- A. 20

- B. 100
- C. 8
- D. 14

15. The costs and consequences of health care can be different depending on the perspective of the evaluations. Costs from a patient's perspective are best described as which one of the following?

- A. What patients are charged for a product or service.
- B. Essentially, the true cost of providing a products or service, regardless of the charge.
- C. Essentially, the charges allowed for a health care product or service.
- D. The cost of giving and receiving medical care, including patient morbidity and mortality.

16. The economic evaluation method, cost-effectiveness analysis, would be best applied in which of the following cases?

- A. When comparing two or more treatment alternatives that differ in humanistic outcome
- B. When comparing two or more treatment alternatives that are equal in clinical outcome
- C. When comparing two or more treatment alternatives that differ in clinical outcome
- D. When comparing two or more treatment alternatives that differ in cost

17. Which of the following are distinguishing characteristics of a "full" economic evaluation?

- A. Comparison of two or more treatment options
- B. Determination of the least expensive treatment alternative
- C. Both costs and consequences of the treatment alternatives are examined
- D. A and C
- E. A and B

18. According to \_\_\_\_\_ theory, governments make choices that result in an \_\_\_\_\_ provision of public goods.

This outcome occurs in \_\_\_\_\_.

- A) public choice; efficient; political markets in which voters are rationally ignorant
- B) public choice; inefficient; a perfect political system in which voters are full informed about the effects of policies
- C) social interest; inefficient; political markets in which voters are rationally ignorant
- D) social interest; efficient; political markets in which voters are rationally ignorant
- E) social interest; efficient; a perfect political system in which voters are fully informed about the effects of policies

19. Public goods are provided by government because

- A) private firms do not take into account the impact of external costs.
- B) governments are more efficient than private firms at producing public goods.
- C) people value national defense very highly.
- D) private firms will make an economic profit.
- E) free-rider problems result in underproduction by private markets

20. Which one of the following statements is not true about cost-minimization analysis?

- A. Cost-minimization analysis is a tool used to compare the costs of two or more treatment alternatives.
- B. Cost-minimization analysis shows only a cost- savings of one treatment alternative over another.
- C. Cost-minimization analysis measures the costs of treatment alternatives in dollars and assumes comparable efficacy.
- D. Cost-minimization analysis is a method to be used when no evidence exists to support the therapeutic equivalence of two or more treatment alternatives.

**Question 2 [20 Marks]**

- a) Distinguish between Cost Utility Analysis and Cost Benefit Analysis and provides advantages and disadvantages for each. (15 Marks)
- b) Differentiate between positive and normative economics. (5 Marks)

**Question 3 [20 Marks]**

Discuss the role of Role of Government in the health care market (20 Marks)

**Question 4 [20 Marks]**

With the use of a graph, assess the role of technology in the cost of health care. (20 Marks)

**Question 5 [20 Marks]**

Use the Lemons principles by Nobel Laureate George Akerlof to illustrate the Asymmetry of information in health care market. (20 Marks)

**Good Luck!**