

THE OPEN UNIVERSITY OF SRI LANKA  
 DEPARTMENT OF SOCIAL STUDIES  
 BA DEGREE IN SOCIAL SCIENCES - LEVEL 04  
 FINAL EXAMINATION – 2021/2022 (2<sup>nd</sup> Semester)  
 DSU4332 – HEALTH ECONOMICS  
 DURATION: THREE HOURS (03 HOURS) ONLY



Date: 12<sup>th</sup> of February 2023

Time: 01.30 p.m. – 04.30 p.m.

**Instructions:**

- Answer any five (05) questions. Each question carries 20 marks.
- Write in clear handwriting.

1. Discuss the significance of studying health economics as a subject with reference to the current crisis where the health sector is adversely affected. (20 marks)
2. (a) Define the concept of derived demand. (6 marks)  
 (b) Discuss the influence of the following on the demand for healthcare.
  - i. Physicians' factors (7 marks)
  - ii. Patients' factors (7 marks)
3. (a) Describe the general model of health care system. (10 marks)  
 (b) Discuss the roles of actors indicated in the above model. (10 marks)
4. Differentiate between for-profit and not-for-profit health care service providers using appropriate examples. (20 marks)
5. (a) Explain the model of physicians-patients relationship. (10 marks)  
 (b) Graphically explain physicians induced demand. (10 marks)
6. How does the health care sector encounter externalities? Explain using examples.
7. (a) Explain Cost Effectiveness Analysis (CEA) with an example (10 marks)  
 (b) Explain Cost Benefit Analysis (CBA) with an example (10 marks)
8. Identify the roles of the government in the health care sector and discuss them in terms of the theories you have learnt. (20 marks)

9. Write brief notes on **any four** of the following with appropriate examples. (5 marks each)

- (a) Opportunity cost
- (b) The supplier induced demand
- (c) Perfectly competitive market
- (d) Merit goods
- (e) Asymmetric information
- (f) Economic impact of health care sector

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