

THE OPEN UNIVERSITY OF SRI LANKA  
 DEPARTMENT OF SOCIAL STUDIES  
 BA DEGREE PROGRAMME IN SOCIAL SCIENCES - LEVEL IV  
 FINAL EXAMINATION 2023/2024 (SEMESTER II)  
 DSU4332 – HEALTH ECONOMICS



**DURATION: THREE HOURS (3 HOURS)**

**Date: 25.08.2024**

**Time: 01.30 p.m. – 04.30 p.m.**

**Instructions:**

- There are nine (09) questions in this paper.
- Answer any five (05) questions.
- Each question carries 20 marks.
- Write in clear handwriting.

1. Explain how an understanding of health economics can provide insights into addressing the challenges faced by a country's healthcare sector. (20 marks)
  
2. (a) Explain the main players within a healthcare system, using the general model of the healthcare system. (10 marks)  
 (b) Discuss the role of third-party players in the healthcare market of Sri Lanka. (10 marks)
  
3. (a) Compare and contrast the methods of financing the healthcare system in Canada, Germany, Switzerland, and the United Kingdom. (10 marks)  
 (b) Examine the differences between for-profit and not-for-profit healthcare providers with examples. (10 marks)
  
4. Evaluate the trends in Sri Lanka's healthcare sector and analyze their implications for both the healthcare industry and the overall healthcare system. (20 marks)
  
5. (a) Explain the concept of derived demand in the context of healthcare services. (10 marks)  
 (b) Graphically explain physician induced demand. (10 marks)

6. Explain the importance of accounting for externalities in evaluating healthcare programs, highlighting the relevance of considering social costs and benefits. (20 marks)
7. (a) Explain the key objectives of Cost-Effectiveness Analysis (CEA) and how it aids in decision-making processes within the healthcare sector. (10 marks)
- (b) Explain the significance of the Cost Effectiveness Ratio (CER) in comparing various healthcare interventions. (10 marks)
8. Discuss the role of the private sector in financing and delivering healthcare services, particularly in developing countries, and analyze its implications for equity in healthcare access. (20 marks)
9. Write brief notes on **any four (04)** of the following.
- a) Factors of production
  - b) Models of physicians - patients' relationships
  - c) The supplier - induced demand
  - d) Marginal Social Cost and Marginal Social Benefit
  - e) Health Utility Index (HUI)
  - f) Public good
- (5 × 4 = 20 marks)

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