Benjamin Vatter

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Department of Economics
Northwestern University
2211 Campus Dr, Global Hub 3392
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Education

2016	Northwestern University **Ph.D. Economics**
2014–2016	University of Chile **M.A. Economics**
2009–2014	University of Chile **B.Sc.Eng. Industrial Engineering**

Fields of interest

Industrial Organization
Health Economics
Econometrics

Grants

2015	Grant for short investigative internships, University of Chile. Grant for investigation internships, Millennium Center for the study of market imperfection and public policy. Masters student thesis grant, Millennium Center for the study of market imperfection and public policy.

Work in progress

"Vertical Integration in Health Markets: Evidence from Chile" (with Carlos Noton and José Ignacio Cuesta)
"Trial Design and Pharmaceutical Incumbency" (with Manuel Hermosilla and Matteo Camboni)
"The Determinants of Hospital Prices" (with David Besanko, David Dranove and Elena Prager)
"Bargaining With Limited Capacity in Health Care Markets"

Presentations

2018	16th annual International Industrial Organization Conference (IIOC)

Referee Activity

International Journal of Health Economics and Management

Completed Ph.D. courses

Year 2	Health Economics I and II (MECS 551-1,2)
	Advanced Topics in European Economic History (ECON 420-2)
	Economics of Information (ECON 414-1)
	Industrial Organization and Prices I, II and III (ECON 450-1,2,3)
	Advanced Topics in Economics (dynamic games and single-agent problems in empirical industrial organization.) (ECON 498-1)
	Econometrics I, II and III (ECON 481-1,2,3)
Year 1	Econometrics I, II and III (ECON 480-1,2,3)
	Microeconomics I, II, and III (ECON 410-1,2,3)
	Macroeconomics I, II and III (ECON 411-1,2,3)

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NORTHWESTERN
UNIVERSITY

September 22nd 2018

To whom it may concern:

This letter is in support of **Benjamin Vatter** who is applying for the Health Economics Research Boot Camp for Graduate Students at the NBER.

He has my strongest support. Northwestern has a long tradition of training excellent IO students. Benjamin is the best student we had in years. He is tremendously driven, hard working, and passionate about IO and Health Economics.

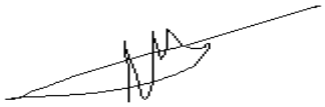
After a year in the department he already had a terrific reputation among the faculty. Faculty were fighting to hire him as an RA. I am funding him this year to work on his own stuff (to shield him from working on others' projects).

Benjamin is 100% dedicated to IO/health. Some of our best IO students get Health training from the Health Economics group at Kellogg, he is one of them. Computationally he is off the charts (too sophisticated for me to judge). Ben is already connected in Chile with access to great data. In particular, starting his third year he already has a very impressive (co-authored) paper on hospital mergers publishable in a top journal.

Although he is already working the area, and committed to the area, he will benefit tremendously from the boot camp by getting a more in depth exposure to research topics in the US, and broader views than those he is exposed at Northwestern. He will be a tremendous asset to the workshop, and the field in the long run.

In sum, Benjamin is very productive, knowledgeable and passionate about Health Economics and IO. He is as well trained and impressive as the best students we had in the department. He is as good as they get. I urge you to take him to the camp, he will be a terrific addition. He has my strongest support. Please do not hesitate to contact me if I can be of any further assistance (847 491 8226, igal@northwestern.edu).

Sincerely,



Igal Hendel
Ida C. Cook Professor of Economics
Northwestern University

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National Bureau of Economic Research
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Cambridge, MA 02138

Application Review Committee,

Below you will find my curriculum vita and the essay detailing my research and interests, together with why I believe I would greatly benefit from attending this unique Boot Camp. In addition, my advisor, Igal Hendel has sent a letter of recommendation endorsing my application.

Sincerely,

Benjamin Vatter

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Application Review Committee,

I would like to express my strong interest in attending the Health Economics Research Boot Camp organized by the NBER for the month of December. During the past two years as an Economics PhD student at Northwestern University, I have focused my coursework and research on the intersection of health economics and industrial organization. Now, as I begin my third year of doctoral work, the Health Economics Research Boot Camp has the potential to guide my doctoral research towards a more fruitful and relevant avenue.

My research so far has focused on competition in health care and pharmaceutical markets. In Cuesta, Noton and Vatter (2018) we explore the price and welfare effects of vertical integrations between insurers and large medical providers. We extend the framework of Ho and Lee (2017) and the literature on empirical bargaining to the analysis of vertical integrations in markets of imperfect competition. We show that the effects of vertical integrations are theoretically ambiguous as integrated systems provide services free of double-marginalization, but exploit additional bargaining leverage to obtain higher prices from rival firms. Using rich data on all claims of all private insurers in Chile from 2013 to 2016, we estimate the magnitudes of these effects and find that the efficiency benefits of vertical integrations outweigh the cost of additional market power.

In a new project, together with David Besanko, David Dranove and Elena Prager we are looking to explain the observed price increase that follows cross-market mergers by hospitals in the US, building on the work of Dafny, Ho and Lee (2018). Previous research has found that hospital prices increase after cross-market mergers, even if there is little reason to believe that the provision of medical care or market concentration has changed. Our attempt to explain this phenomenon is based on replacing the Nash-in-Nash bargaining by a sequential bargaining protocol. Theoretically, the cross-market merger changes the position of the merging hospitals in the insurers bargaining sequence, which rationalizes price increases of merging providers even if no efficiencies are present across the network. We are currently working on extending this theory to an empirically tractable model to take to the data.

Together with Hermosilla and Camboni, we study the way pharmaceutical clinical trials differ between incumbent firms and other competitors. By combining data sources on clinical trials design, milestones and events, we are able to show significant differences in the characteristics of clinical trials between incumbents and non-incumbents. Mainly, we find that incumbents accelerate their third stage trials by using more subjects and locations than their rivals, all else equal. Our results imply that patent laws and exclusivities might have unexpected, yet beneficial, consequences on trial design, as they distort the incentives of incumbents. We are currently working on providing a theoretical background to our assessment and polishing the empirical analysis.

Currently, I am working on a model of bargaining in health care market that can accommodate limited capacity in the market. The idea is to study the impact of hospitals capacity in their ability to negotiate higher prices. Intuitively, an insurer entering a disagreement with an hospital faces a better outcome if it is able to accommodate his enrollees in the remaining network, then if it is not. Therefore, insurers might

be willing to pay hospitals for their additional unused capacity as an insurance against such an event. This could potentially explain the low occupancy rates of hospitals in the US and the way Certificate of Need Laws have impacted the American market.

Though my current work has mostly focused on issues of bargaining, I am eager to learn of new topics and tools in health economics. During my second year of Ph.D. I had the opportunity of taking the health economics sequence taught by David Dranove. These two courses introduced me to the inner workings of the American health care system, and the large literature on health economics, starting from the seminal work of Arrow (1963) and following to the latest works in the field. In particular, the readings assigned by professor Dranove introduced me to the literature on information frictions in health care (e.g Handel and Kolstad (2015), Kolstad (2013)) of which I grew particularly interested. However, I have found it challenging to assess the direction in which this topic is evolving and therefore come up with questions of relevance to research. Given the organizers of this Boot Camp, I believe attending this event will help me clarify these questions and hopefully guide me into this field.

Overall, my ongoing research and academic interests are well in line with the research of the presenters in the Health Economics Research Boot Camp. Clearly, there are many topics in Health Economics with which I am not familiar and hope to learn from the select roster of presenters. Additionally, I find it challenging to determine which, from the plethora of issues present in health care markets, are more in need of research and could more valuable for current policy. I believe that participating in this event will allow me to learn and gauge these issues, and guide me towards a more successful research. As so, I hope you consider my application to participate in the Health Economic Research Boot Camp and allow me to benefit from this unique opportunity.

Sincerely,

Benjamin Vatter