Tomas Sanguinetti

Curriculum Vitae

Contact Information

Arizona State University
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Education

Ph.D. in Economics, fourth year student, Arizona State University, 2015-present
M.A in Economics, Universidad Torcuato di Tella, 2013
B.A in Economics, Universidad de Buenos Aires, Argentina, 2011

Research Interest

Public Economics, Health Economics and Economics of Uncertainty

Teaching and Research Experience

Summer 2018	Macroeconomic Principles, ASU, Instructor
2013-2015	UTDT Business School, Research Assitant for Juan José Cruces

Research in Progress

Assessing Decision-Making in Insurance Markets via Stochastic Dominance
(with J. Ketcham and N. Kuminoff)

Retirement Communities and Medical Expenditure: Herding Behavior in Medicare Part D

Other Work Experience

2009-2011	Assistant, Department of Industry, Fed. Gov. of Argentina
2007-2008	Junior assistant, Ministry of Production, Buenos Aires Province

Honors and Awards

2018, Arizona State University, Economics Dept.: Best oral presentation
(Comprehensive examination)

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Re: Tomas Sanguinetti's application for the NBER Health Economics Research Boot Camp

September 23, 2018

Dear Professors Handel, Ho and Kolstad:

I write to give my strongest, most enthusiastic support for Tomas Sanguinetti to attend the NBER Health Economics Research Boot Camp. Tomas is a fourth year doctoral candidate in the economics department. I am serving as his advisor, coauthor, and dissertation committee member. Tomas is precisely the type of scholar for whom the marginal value of attending the boot camp is highest.

In our ongoing coauthored work, Tomas has led the way in linking economic theory to data to evaluate the importance of stochastic dominance in people's insurance plan choices. For convenience, prior work has typically assumed mean-variance utility. Tomas astutely observed that this departs from theory and initiated work with Medicare data to see how using theory-based measures altered our conclusions about how, and how well, consumers choose insurance plans. Tomas' insights and efforts led to an important advancement on what has been a dissatisfying aspect of the existing plan choice literature.

This represents one specific example of Tomas' broader strengths as a scholar. Tomas is already quite independent and creative. As he has transitioned out of coursework, I have sent him articles that he then reads carefully and grasps their important contributions and their key limitations. His creativity and independence have allowed him to see how he can connect theory with novel data to implement new empirical tests in ways that surpass what I or other committee members are familiar with. The economics faculty have recognized these strengths and awarded him with the best oral presentation for third year papers. This award was due to his ability to think deeply and engage thoughtfully with audience questions, demonstrating deft comprehension of the deepest issues underlying his project.

As Tomas details in his essay, he has a very strong foundation in econometrics, microeconomics, public economics, and contract theory. Coursework with Dan Silverman, Hector Chade and Eddie Schlee has given him an excellent working knowledge of the central ideas and models in health economics. Our seminar series and mini conferences have allowed him to observe some aspects of the ongoing work at the vanguard of health economics research, such as Ben and Jon's paper on deductibles. However, ASU as a whole is fairly thin in health economics. As a result, his ability to attend this conference will serve as a great investment in this burgeoning scholar's interest and ability to conduct empirical research in health economics.

I will be delighted if you choose Tomas to attend, and I know that your choosing him will be richly rewarding as you observe his subsequent success. I would gladly provide any additional insights in support of his application.

Sincerely,

Jonathan Ketcham, Ph.D.
Earl G. and Gladys C. Davis Distinguished Research Professor in Business
Ketcham@asu.edu

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Health Economics Research Boot Camp for Graduate Students

Dear application committee,

I am in the fourth year of my Economics Ph.D. program at W.P Carey School of Business at Arizona State University. I am interested in participating in the Health Economics Research Boot Camp that is going to be held on December 4-6, 2018, in Cambridge, MA.

The theme of the boot camp is directly related to my research. I believe that I am well prepared to benefit from attending the boot camp lectures. I look forward to learning from experts in the field.

Please find attached my CV which includes a list of completed Ph.D. courses. I have also attached a two-page essay describing my qualifications, and my current and future research. My recommendation letter will be provided by Professor Jonathan Ketcham.

Yours Sincerely

Tomas Sanguinetti

Academic Background

ASU does not offer PhD courses in health economics. Nevertheless, four graduate courses prepared me to do dissertation research in health economics by covering relevant theory, empirical methods and institutional details: Environmental Economics with Professor Nick Kuminoff, Public Economics with Professor Dan Silverman, Decision-Making under uncertainty (covered in Micro I) with Professor Ed Schlee and Contract Theory with Professor Hector Chade. Contract theory and decision-making under uncertainty provide the basis for understanding the economics of health insurance markets. Public economics helped me to understand how individual behavior scales up to affect the economy in programs such as Medicare and Medicaid. Environmental economics helped me learn revealed preference methods used to recover the risk attitudes and preferences that explain decision making in insurance markets. In these courses,

I worked through several papers that helped to prepare me for NBER boot camp. For example, when covering nudges and energy consumption in my environmental class, we worked through related papers on health insurance, such as Handel (AER 2013), Handel and Kolstad (AER 2015) and Ketcham, Kuminoff and Powers (NBER 2016). When covering decision-making under uncertainty and Contract Theory we went through classic papers like Arrow (AER 1963), Rothschild and Stiglitz (QJE 1976), and Grossman and Hart (ECTA 1983), as well as recent applications to insurance markets like de Meza and Webb (RAND 2001), Schlee and Chade (TE 2012), and Hendren (ECTA 2013). Finally, in my Public economics course we went through other recent papers that are directly linked to boot camp themes, including Autor and Duggan (QJE 2003), Chetty and Finkelstein (2013), and Fang, Keane and Silverman (JPE 2008).

Given the literature that I have already absorbed, I believe that I am well prepared to benefit from attending the boot camp lectures. More importantly, I think that NBER boot camp will help me advance my current and future dissertation research.

Current Research

One project, joint with Professor Jonathan Ketcham and Professor Nicolai Kuminoff, explores stochastic dominance rankings as a tool to assess consumers decision-making in health insurance markets. This is important for two reasons: first, to understand consumer decision-making and why it sometimes departs from traditional decision-making models. Developing tools to gauge the welfare implication of such departures is essential, as explained by Bernheim and Taubinsky (NBER 2018). Second, we apply our methodology to analyze Medicare Part D enrollees choices between 2006 and 2010. The goal is to investigate how applying stochastic dominance tools changes what we learn about consumer decision making.

With only two assumptions, monotonicity and risk aversion (defined as aversion to mean preserving spreads) we can construct efficient plan sets for each agent. Observing an agent not choosing from an efficient set is a departure from standard economic models. Their choice cannot be rationalized by a large set of valuation theories, including Expected Utility, Rank Dependent Utility and Cumulative Prospect Theory. More importantly, we build a new measure that can gauge the intensity of such departures. This measure distinguishes our work from other papers that use stochastic dominance to define dominated options, such as Liu and Sydnor (NBER 2018). It is essential for a complete welfare assessment since stochastic dominance rankings alone are silent about the intensity of domination. It allows us to assess the size of mistakes for different consumers.

Our preliminary results suggest that people who are older, retired, diagnosed with common diseases and have default plans do worse on the extensive margin (select a dominated plan with higher probability). On the intensive margin, we find that demographics do little to explain the size of mistakes. Conditional on selecting a dominated plan, no demographic characteristic is associated with average overspending above 50 dollars (annually). Year and region are more important because of menu variation. For example, New York, Michigan, Texas, and California are among the worst regions for risk averse consumers to choose dominated plans. These regions contain the most variation in total out of pocket expenditures across plans. This variation increases the welfare costs of mistakes for consumers who value higher order moments of the distribution like variance and skewness.

Future Search

The decisions of our peers can influence our own decisions even in markets with substantial financial implications. For example, participation in the stock market or in retirement savings plans increases for people whose peers decided to do so (Hong, Kubik and Stein JF 2004, Duflo and Saez JPubE 2002). My current dissertation research aims to investigate how social interactions affect decision making in insurance markets in a way that would connect the peer effects literature to the literature on heterogeneity in decision making quality (e.g. Madrian and Shea QJE 2001, Abaluck and Gruber AER 2011, and Agarawal and Mazumder AEJ: AE 2013).

More precisely, I intend to ask two related questions: Is there herd behavior in Medicare Part D? If so, what are the welfare implications? I think that these questions are well worth asking because even after controlling for search costs, switch costs, and observed heterogeneity, there is substantial unexplained variation in how consumers choose plans (e.g. Ho, Hogan and Scott Morton RAND 2017 and Polyakova AEJ: AE 2016). Second, in most of the social interaction literature, little is known about the welfare implications of following our peers. In other words, is it a good strategy to follow your neighbor, or not?

A priori, the welfare implications of herding are ambiguous. For example, seniors new to the market could be selecting the most popular plan among their neighbors because is a sufficient statistic in the sense that market shares provide a signal of plan quality. Of course, it could also be the case that plan popularity contains no information about the quality of the plan-person match, in which case herd behavior could lead people to choose bad plans for themselves.

Although I am at an early stage with this project, I have all the ingredients to answer these questions. The research design described in the previous section gives me the right framework to define a good or bad choice, namely, stochastic dominance. Second, I have unique access to enrollees residential locations so I can observe who their actual neighbors are, along with changes in their neighbors and in their neighbors enrollment decisions. I believe that understanding to what extent social interactions can lead to better or worst choices in health insurance markets is important for public policy.