Benjamin Vatter

Contact Information

bvatter@mit.edu
benjaminvatter.com
+1-224-817-2226

Employment

Assistant Professor of Economics, MIT Sloan School of Management	2023—
Postdoctoral Fellow, Stanford Institute for Economic Policy Research	2022–2023

Education

Ph.D. in Economics, Northwestern University	2016–2022
Advisors: David Dranove, Igal Hendel, Gaston Illanes, Amanda Starc	
M.A., Economics, Northwestern University	2016–2020
M.A., Economics, University of Chile	2014–2016
B.Sc.Eng. Industrial Engineering, University of Chile	2009–2015

Research Areas

Industrial Organization, Health Economics, Econometrics

Working papers

"Quality Disclosure and Regulation: Scoring Design in Medicare Advantage"
(Revision requested at Econometrica)

Abstract: Policymakers and market intermediaries often use quality scores to alleviate asymmetric information about product quality. Scores affect the demand for quality and, in equilibrium, its supply. Equilibrium effects break the rule whereby more information is always better, and the optimal design of scores must account for them. In the context of Medicare Advantage, I find that consumers' information is limited, and quality is inefficiently low. A simple design alleviates these issues and increases consumer surplus by 2.4 monthly premiums. More than half of the gains stem from scores' effect on quality rather than information. Scores can outperform full-information outcomes by regulating inefficient oligopolistic quality provision, and a binary certification of quality attains 94% of this welfare. Scores are informative even when coarse; firms' incentives are to produce quality at the scoring threshold, which consumers know. The primary design challenge of scores is to dictate thresholds and thus regulate quality.

"Vertical Integration between Hospitals and Insurers"
with Jose Ignacio Cuesta and Carlos Noton

Abstract: We study vertical integration between insurers and hospitals. The welfare effects of vertical integration are ambiguous and depend on a trade-off between a variety of economic forces, including solving double marginalization and improving the use of resources within the firm, but also increasing market power and providing incentives to affect rivalsfi costs. To study the effects of vertical integration, we develop a model of health markets and show that vertically integrated firms have incentives to increase negotiated hospital prices to rivals in order to steer demand to their integrated partners. We estimate the model using administrative data on plan choices and hospital admissions from the Chilean private health market, where vertically integrated systems account for almost half of the market. Using our structural estimates, we find that banning vertical integration increases total welfare.

"Spooky Action at a Distance: Why Do Cross-Market Mergers Affect Prices?"
with David Dranove

Abstract: The standard theory for merger price effects requires the merging parties to share some common demand. However, recent evidence has shown that hospital prices increase after acquisitions by remote systems. This work documents three things about these mergers: (i) traditional market power explanations cannot explain price increases;

(ii) employer overlap does account for a significant part of the price effect, validating a previous theory by Vistnes and Sarafidis (2013) and Dafny et al. (2019); (iii) hospitals acquired by out-of-market systems have nearly flat pre-merger prices, which disagrees with both the previous theory and the standard Nash-in-Nash model for insurer-hospital prices. We show that an extension of the workhorse model that incorporates preliminary offers can rationalize the pre-merger prices and account for a fraction of the remaining price variation. We show that the cross-market merger price effect stems from a combination of increased market power due to employer overlap and a change in the pricing protocol created by a reduction in bargaining cost and adverse selection on preliminary offers.

"Winners and Losers Under Counterfactual Health Risk Pooling"
with Victoria Marone
Abstract: We study public policy proposals that would decouple health risk pools from employment pools in the US. These policies, such as fiMedicare for All,fi would pool health risk at the state or national level, overturning the status quo of pooling risks at the firm level. Generally speaking, firms with on average healthy employees would be worse off, and firms with on average sick employees would be better off, but little is known about the extent of existing variation along this dimension. We analyze a large, national data set of individuals with employer-sponsored health insurance and present novel evidence on the variation in average health spending across firms.

Other ongoing work	**"Who takes up incentives to delay retirement? Evidence form Chile"** with Gaston Illanes and Manisha Padi
	"Competition and regulation in the non-profit sector" with Samuel Goldberg

Fellowships & Awards	Dissertation University Fellowship, Northwestern University	2021–2022
	Robert Eisner Graduate Fellowship, Northwestern University	2019
	Short research internships grant, University of Chile	2015
	Research internships grant, Millennium Center for the study of market imperfections	2015
	Masters students thesis grant, Millennium Center for the study of market imperfections	2015

Presentations	Econometric Society Winter Meetings	2023
	Carnegie Mellon University Tepper School of Business	
	NBER Health care winter meetings	
	University of Wisconsin Madison	
	New York University Stern School of Business,	2022
	University of Navarra IESE Business School	
	MIT Sloan School of Management	
	New York University	
	Duke University	
	University of Pennsylvania,	
	Washington University in St. Louis Olin Business School,	
	Stanford University Graduate School of Business,	
	University of Chicago Booth School of Business,	
	University of Minnesota	
	Harvard Kennedy School,	
	University of Chile Centro de Economia Aplicada,	
	Universidad Catolica	
	20th Annual International Industrial Organization Conference (IIOC)	
	Health Economics Initiative Annual Conference at BFI University of Chicago	
	5th Rome Junior Conference of Applied Microeconomics	
	Barcelona School of Economics Summer Forum	
	University of California Berkeley	
	Yale University	
	Annual Health Econometrics Workshop	

University of California Los Angeles
Columbia University
University of Leuven
Tilburg University
Federal Trade Commission
Israeli IO conference
European Economic Association–ESEM conference   2021
Bar–Ilan University
Hebrew University of Jerusalem, Reichman University,
Tel–Aviv University
46th Conference of the European Association for Research in Industrial Economics   2019
16th Annual International Industrial Organization Conference (IIOC)   2018
4th Empirics and Methods in Economics Conference (EMCON)

Teaching Experience

Teaching Assistant, Northwestern University   2018
    Econometrics (undergrad)
Teaching Assistant, University Chile   2013–2015
    Industrial Organization (undergrad), Microeconomic theory (masters), Econometrics (masters), Macroeconomics (undergrad), Microeconomics (undergrad)

Refereeing

The American Economic Review, Econometrica, The Review of Economic Studies, American Economic Journal – Microeconomics, RAND Journal of Economics, Review of Economics and Statistics, The Economic Jornal, Economic Inquiry, International Journal of Health Economics and Management

* – Forthcoming activities