Northwestern
Economics

Victoria R. Marone

Placement Director:	Professor Alessandro Pavan	847.491.8266	alepavan@northwestern.edu
Placement Administrator:	Alison Stoute	847.491.5694	econjobmarket@northwestern.edu

Contact Information

Department of Economics
Northwestern University
2211 Campus Drive
Evanston, IL 60208

Mobile: 814.777.3611
marone@u.northwestern.edu
http://sites.northwestern.edu/vrm726
Citizenship: USA

Fields

Research: Industrial Organization**,** Economics of Healthcare

Teaching: Industrial Organization, Economics of Healthcare

Education:

Ph.D., Economics, Northwestern University, 2020 (anticipated)
Dissertation: "Essays on Health Insurance Market Design"
Committee: Igal Hendel (Chair), Leemore Dafny, Gaston Illanes, Amanda Starc

M.A., Economics, Northwestern University, 2015

Harvard Kennedy School, Pre-Doctoral Fellow in residence, 2016–2017
Mossavar-Rahmani Center for Business & Government

B.S. Mathematics; B.S. Energy, Business, and Finance; with honors in Management and Organization; Pennsylvania State University, Schreyer Honors College, 2012

Research Experience

Research Assistant, Prof. Matthew Notowidigdo, Northwestern University, 2017–2018
Research Assistant, Prof. Leemore Dafny, Harvard Kennedy School of Government, 2016–2017
Research Assistant, Prof. Leemore Dafny, Northwestern University, 2016
Research Assistant, Prof. Igal Hendel, Northwestern University, 2015

Teaching Experience

Teaching Assistant, Northwestern University
Economics of Medical Care (ECON 307), Prof. Matthew Notowidigdo, 2015, 2018
MMSS Senior Seminar (MMSS-398), Prof. Joseph Ferrie, 2018, 2019

Teaching Assistant, Harvard Kennedy School of Government
U.S. Healthcare Industry and Regulatory Policy (SUP-578M), Prof. Leemore Dafny, 2017

Teaching Assistant, Kellogg School of Management
U.S. Healthcare Strategy (STRTX-945), Prof. Leemore Dafny, 2016

Presentations

American Society of Health Economists, ASHEcon, Washington D.C., 2019
Empirical Methods in Economics, EMCON, University of Chicago, 2018

Refereeing

American Economic Journal: Economic Policy, Journal of Public Economics, Inquiry

Previous Employment

Bates White Economic Consulting, Washington D.C., 2012–2014

Honors & Awards

Northwestern Economics Distinguished Teaching Assistant Award	2018–2019
Northwestern Economics Susan Bies Award for best 3rd-year research paper	2017
Pi Beta Kappa	2012
Phi Eta Sigma	2012
Jane Wood Reno Memorial Student Leadership and Service Award	2012
Kermit Anderson Memorial Award for Academic Excellence	2011

Hess Award for Academic Excellence in Earth and Mineral Engineering	2011
H. Freeman Stecker Award in Mathematics	2011
USA Today Student Leadership Award	2010
WISER/MURE Undergraduate Research Scholarship	2009

Job Market Paper

"Should There be Vertical Choice in Health Insurance Markets?" with Adrienne Sabety

The availability of choice over coverage level—"vertical choice"—is widespread in U.S. health insurance markets, but there is limited evidence of its effect on welfare. The socially efficient level of coverage for a given consumer optimally trades off the value of risk protection and the social cost from moral hazard. Providing choice does not necessarily lead consumers to select their efficient coverage level. We show that in regulated competitive health insurance markets, vertical choice should be offered only if consumers with higher willingness to pay for insurance have a higher efficient coverage level. We test for this condition empirically using administrative data from a large employer representing 45,000 households. We estimate a model of consumer demand for health insurance and health care utilization that incorporates heterogeneity in health, risk aversion, and moral hazard. Our estimates imply substantial heterogeneity in efficient coverage level, but we do not find that households with higher efficient coverage level have higher willingness to pay. Optimal regulation is therefore to offer a single coverage level. Relative to a status quo with vertical choice, offering only the optimal single level of coverage increases welfare by $302 per household per year. This policy shift makes the 81 percent of households with the highest willingness to pay better off.

Other Papers

"Regulating Markups in U.S. Health Insurance" with Steve Cicala and Ethan M. J. Lieber. *American Economic Journal: Applied Economics*, 11 (4): 71–104 (October 2019).

A health insurer's Medical Loss Ratio (MLR) is the share of premiums spent on medical claims, or the inverse markup over average claims cost. The Affordable Care Act introduced minimum MLR provisions for all health insurance sold in fully-insured commercial markets, thereby capping insurer profit margins, but not levels. While intended to reduce premiums, we show this rule creates incentives to increase costs. Using variation created by the rule's introduction as a natural experiment, we find medical claims rose nearly one-for-one with distance below the regulatory threshold: 7 percent in the individual market, and 2 percent in the group market. Premiums were unaffected.

"All Medicaid Expansions Are Not Created Equal: The Geography and Targeting of the Affordable Care Act" with Craig Garthwaite, John Graves, Tal Gross, Zeynal Karaca, and Matthew Notowidigdo. *Brookings Institute*, (September 2019).
NBER Working Paper No. 26289

We use comprehensive patient-level discharge data to study the effect of Medicaid on the use of hospital services. Our analysis relies on cross-state variation in the Affordable Care Act's Medicaid expansion, along with within-state variation across ZIP Codes in exposure to the expansion. We find that the Medicaid expansion increased Medicaid visits and decreased uninsured visits. The net effect is positive for all visits, suggesting that Medicaid leads the uninsured to consume more hospital services overall. The increase in emergency department visits is largely accounted for by "deferrable" medical conditions. Lastly, we find significant heterogeneity across Medicaid-expansion states in the effects of the expansion, with some states experiencing a large increase in total utilization and other states experiencing little change. We investigate the sources of this heterogeneity with an eye towards predicting the effects of future expansions or disenrollments.

"Narrow Networks on the Health Insurance Marketplaces: Prevalence, Pricing, and the Cost of Network Breadth" with Leemore S. Dafny, Igal Hendel, and Christopher Ody.
Health Affairs 36, no. 9 (September 2017).

Anecdotal reports and systematic research highlight the prevalence of narrow-network plans on the Affordable Care Act's health insurance Marketplaces. At the same time, Marketplace premiums in the period 2014–2016 were much lower than projected by the Congressional Budget Office in 2009. Using detailed data on the breadth of both hospital and physician networks, we studied the prevalence of narrow networks and quantified the association between network breadth and premiums. Controlling for many potentially confounding factors, we found that a plan with narrow physician and hospital networks was 16 percent cheaper than a plan with broad networks for both, and that narrowing the breadth of just one type of network was associated with a 6 percent to 9 percent decrease in premiums. Narrow-network plans also have a sizable impact on federal outlays, as they depress the premium of the second-lowest-price silver plan, to which subsidy amounts are linked. Holding all else constant, we estimate that federal subsidies would have been 10.8 percent higher in 2014 had Marketplaces required all plans to offer broad provider networks. Narrow networks are a promising source of potential savings for other segments of the commercial insurance market.

"Oscar Health Insurance: What Lies Ahead for a Unicorn Insurance Entrant?" with Leemore Dafny. Harvard Business School Case 319-025, August 2018. (Revised August 2019.)

In Progress

"Winners and Losers Under Counterfactual Health Risk Pooling" with Benjamin Vatter

We study public policy proposals that would decouple health risk pools from employment pools in the US. These policies, such as 'Medicare for All,' 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. We find that {55} percent of firms (representing {38} percent of individuals) have average health spending that is below the national average. We also find that {9} ({2}) percent of firms have average health spending that is two times lower (higher) than the national average, suggesting that big winners and big losers would exist. We then construct the joint distribution of firms' average health spending and average employee zip-code income and find that pooling health risk across firms would on average be regressive, distributing {4} percent of total healthcare spending from the highest to the lowest income quartile.

Languages English (native), Norwegian (conversational)

References

Professor Igal Hendel (chair)
Department of Economics
Northwestern University
Evanston, IL
847.491.8226
igal@northwestern.edu

Professor Leemore Dafny
Harvard Business School,
Kennedy School of Government
Boston, MA
617.495.2416
ldafny@hbs.edu

Professor Gaston Illanes
Department of Economics
Northwestern University
Evanston, IL
847.491.8227
gaston.illanes@northwestern.edu

Professor Amanda Starc
Kellogg School of Management
Northwestern University
Evanston, IL
847.491.3300
amanda.starc@kellogg.northwestern.edu