

September 14, 2001

## CURRICULUM VITAE

MARTIN GAYNOR

### PERSONAL DATA

#### Business Address

H. John Heinz III School of Public Policy and Management  
Carnegie Mellon University  
Pittsburgh, PA 15213-3890  
Phone: (412) 268-7933  
Fax: (412) 268-7902  
E-mail: [mgaynor@andrew.cmu.edu](mailto:mgaynor@andrew.cmu.edu)  
Web page: <http://www.heinz.cmu.edu/~mgaynor>

**Date and Place of Birth** May 30, 1955 Cleveland, Ohio

**Marital Status** Married, 3 children

### EDUCATION

Ph.D., 1983, Economics, Northwestern University  
M.A., 1979, Economics, Northwestern University  
B.A., 1977, Economics, University of California, San Diego

**Fields** Health Economics, Industrial Organization

### HONORS AND AWARDS

Who's Who in America, 2001, 2002.  
Kenneth J. Arrow Award for Best Published Paper in Health Economics, 1996.  
Investigator Award in Health Policy Research, Robert Wood Johnson Foundation, 1995-1997.  
R. Allen Moran Memorial Lecture, Lehigh University, Bethlehem, PA, March, 1992.  
First Independent Research Support and Transition (FIRST) Award, National Institute of Mental Health, 1990-1993.  
Dissertation Grant, National Center for Health Services Research, 1981.  
Pre-Doctoral Fellow, Center for Health Services and Policy Research, Northwestern University, 1979-1980.  
Economics Department Fellowship, Northwestern University, 1978.  
Graduation Cum Laude, University of California, San Diego, 1977.

## PROFESSIONAL EXPERIENCE

**Carnegie Mellon University, Pittsburgh, PA:** E.J. Barone Chair in Health Systems Management, 1995-Present, Professor of Economics and Public Policy, 1998-Present, Associate Professor, 1995-1998; H. John Heinz III School of Public Policy and Management; Department of Economics; Graduate School of Industrial Administration; Faculty, 2000-Present; Master of Information Systems Management Program.

**National Bureau of Economic Research, Cambridge, MA:** Research Associate, 1990-Present; Faculty Research Fellow, 1983-1990.

**Analysis Group, Inc., Cambridge, MA:** Affiliate, 2001-Present.

**Law and Economics Consulting Group, Inc., Emeryville, CA:** Affiliate, 1996-Present.

**University of Bristol, Bristol, United Kingdom:** Visitor, Center for Market and Public Organisation, Department of Economics, July, 2000.

**Johns Hopkins University, Baltimore, MD:** Associate Professor, 1994-1995, Assistant Professor, 1988-1994, Department of Health Policy and Management, School of Hygiene and Public Health, Department of Economics, School of Arts and Sciences; Associate Director, Center on Organization and Financing of Care for the Severely Mentally Ill, School of Hygiene and Public Health, 1994-1995; Senior Research Associate, Health Services Research and Development Center and Center on Organization and Financing of Care for the Severely Mentally Ill, School of Hygiene and Public Health, 1988-1995; Director, National Institute of Mental Health Training Program in Economics of Mental Health, Department of Health Policy and Management, School of Hygiene and Public Health, 1994-1995.

**Hungarian Academy of Sciences, Budapest, Hungary:** Visitor, Institute of Economics, October-December, 1991.

**Center for Health Economics Research/Health Economics Research, Inc., Needham, MA:** Senior Economist, 1986-1988.

**State University of New York-Binghamton, Binghamton, NY:** Visiting Assistant Professor, Department of Economics, 1985-1986.

**University of Texas at Arlington, Arlington, TX:** Assistant Professor, Department of Economics, 1983-1986.

**Rutgers University-Newark, Newark, NJ:** Instructor, Department of Economics, 1982-1983.

**Virginia Polytechnic Institute and State University Blacksburg, VA:** Assistant Professor, Department of Economics, 1981-1982.

## TEACHING EXPERIENCE

### Carnegie Mellon

E-Strategy (Masters), Organizational Strategy (Masters), Competitive Strategy (Masters), Health Economics (Masters), Health Economics (Undergraduate), Health Economics (Executive), Markets and Competition in Health Care (Executive), Intermediate Economic Analysis (Masters), Industrial Organization (Doctoral), Economics of Health Care (Doctoral), Public Economics (Doctoral), Grant Writing (Doctoral)

### Johns Hopkins

Industrial Organization (Doctoral), Applied Econometrics (Doctoral), Microeconomic Models in Health Economics (Doctoral)

### Courses Taught Elsewhere

Health Economics (Undergraduate), Industrial Organization (Undergraduate), Microeconomic Theory (Doctoral), Intermediate Microeconomics (Undergraduate), Urban Economics (Undergraduate), Managerial Economics (Master's), Principles of Macroeconomics (Undergraduate)

## PROFESSIONAL ACTIVITIES

Member, Board of Editors, American Economic Review, 1998-Present.

Member, Editorial Board, Health Services Research, 1996-Present.

Member, Editorial Board, Studies in Health Economics and Policy, (Book Series) University of Michigan Press, 1998-Present.

Member, Editorial Board, International Journal of Health Care Finance and Economics, 1999- Present.

Co-Editor, with Deborah Haas-Wilson, Special Issue on Competition And Antitrust Policy In Health Care Markets, Electronic Health Economics Letters, Volume 1, Number 4, November 1997.

Member, Executive Committee, Center for Research on Health Care, University of Pittsburgh, 1995-Present.

Member, Health Services Research Study Section, Agency for Health Care Policy Research, U.S.

Department of Health and Human Services, July 1994-June 1998.

Member, Organizational Advisory Board, International Health Economics Association, 1997-Present.

Chair, Allied Social Science Association Meetings Program Committee, International Health Economics Association, 1997-2000.

Member, Kenneth J. Arrow Award Selection Committee, International Health Economics Association, 1997-Present.

Member, Health Economics Executive Committee, American Public Health Association, 1993-1996.

Organizing Committee, Third Annual Symposium in Health Economics, 1992.

## Referee

American Economic Review, Journal of Political Economy, Quarterly Journal of Economics, Review of Economic Studies, Rand Journal of Economics, Journal of Industrial Economics, Journal of the American Statistical Association, Review of Economics and Statistics, Journal of Health Economics, Journal of Human Resources, Journal of Economics and Management Strategy, Journal of Business, Economic Inquiry, The Milbank Quarterly, Medical Care, Inquiry, Zeitschrift für Nationalökonomie (Journal of Economics), Zeitschrift für die Gesamte Staatswissenschaft (Journal of Institutional and Theoretical Economics), Journal of Economic Behavior and Organization, Journal of Business Economics, Bulletin of Economic Research, Annals of Public and Cooperative Economics, European Journal of Operations Research.

## Ad Hoc Grant Reviewer

National Science Foundation, National Institute of Mental Health, National Institute on Drug Abuse, Veterans Administration, National Endowment for the Humanities, Social Science Research Council of Canada.

## Consulting

Federal Trade Commission, U.S. Department of Justice, State of California Department of Corporations (HMO merger review), McBride, Baker, and Coles (expert witness), Jenner and Block (expert witness), Analysis Group Incorporated (strategic consulting), University of Southern California/New York University (arbitration), Wiggin and Dana (expert witness), Alliance of American Insurers (review literature on workers compensation), Baltimore Taxicab Association (rate review).

Antitrust Cases: *Alan D. Gordon, M.D. v. Lewistown Hospital*; *U.S. v. Federation of Physicians and Dentists, Inc.*; *Bellin Health Systems, Inc. v. Aurora Health Care, Inc. and Aurora Health Care Northeast, Inc.*

## Public Testimony

"Testimony on Antitrust Issues Related to HMO Mergers," with Deborah Haas-Wilson and Roger Feldman, submitted to Senate Committee on Insurance, California State Senate, March 5, 1997.

## PUBLICATIONS

"Misperceptions, Moral Hazard, and Incentives in Groups," Managerial and Decision Economics, December, 1986, 7:4, 279-282.

"Misperceptions, Equilibrium and Incentives in Groups and Organizations," with Paul R. Kleindorfer, in Agency Theory, Information, and Incentives, Guenter Bamberg and Klaus Spremann (eds.), pp. 389-414, Springer-Verlag: Heidelberg, 1987.

"Competition within the Firm: Theory Plus Some Evidence from Medical Group Practice," Rand Journal of Economics, Spring 1989, 20:1, 59-76.

"The Presence of Moral Hazard in Budget Breaking," Public Choice, 1989, 61, 261-267.

"Compensation and Productive Efficiency in Partnerships: Evidence from Medical Group Practice," with Mark V. Pauly, Journal of Political Economy, June 1990, 98:33, 544-573.

"Incentive Contracting in Mental Health: State and Local Relations," Administration and Policy in Mental Health, September 1990, 18:1, 33-42.

"An Economic Analysis of Performance Contracting in Mental Health: The Case of Montana," Journal of Mental Health Administration, Fall 1990, 17:2, 184-190.

"An Incentive Contracts Model Applied to Local Mental Health Authorities," with Richard G. Frank, in Public Finance with Several Levels of Government, Remy Prud'homme (ed.), The Hague: Foundation Journal Public Finance, 1991. (Refereed).

"Medicaid Financing for the Severely Mentally Ill in Maryland," with Donald M. Steinwachs, Anthony Lehman, and Maureen Fahey, Proceedings of the First National Conference on State Mental Health Agency Research, Washington, D.C.: National Association of State Mental Health Program Directors, 1991.

"Equilibrium Misperceptions," with Paul R. Kleindorfer, Economics Letters, January 1991, 35:1, 27-30.

"More on Moral Hazard in Organizations: Reply," Public Choice, September 1992, 74:2, 257-262.

"Post-Collective Land Tenure: An Analysis of Assignment Rules and Farm Productivity," with Louis Putterman, in Continuity and Change in China's Rural Development: Collective and Reform Eras in Perspective, Louis Putterman, New York: Oxford University Press, 1993.

"Productivity Consequences of Alternative Land Division Methods in China's Decollectivization: An Econometric Analysis," with Louis Putterman, Journal of Development Economics, 1993, 42, 357-386.

"State Government Choice of Organizational Form for Local Mental Health Systems: An Exploratory Analysis," with Richard G. Frank, Advances in Health Economics and Health Services Research, 1993, 14, 181-196.

"Organizational Failure and Government Transfers in the Public Sector: Evidence from an Experiment in the Financing of Mental Health Care," with Richard G. Frank, Journal of Human Resources, Winter 1994, 29:1, 108-125.

"Fiscal Decentralization of Public Mental Health Care and The Robert Wood Johnson Program on Chronic Mental Illness," with Richard G. Frank, The Milbank Quarterly, 1994, 72:1, 81-104.

"Measuring Information in the Market: An Application to Physician Services," with Solomon W. Polachek, Southern Economic Journal, April 1994, 60, 4, 815-831.

"Adam Smith as Health Economist, Redux: Professor Smith on the Market for Physician Services," Journal of Health Economics, March 1994, 13, 1, 119-122.

"Quantity, Quality, and the Welfare Effects of U.S. Airline Deregulation," with John M. Trapani III, Applied Economics, 1994, 26, 543-550.

"Issues in the Industrial Organization of the Market for Physician Services," Journal of Economics and Management Strategy, Spring 1994, 39, 1, 211-255.

"Economic Issues Regarding Total Quality Management and Health Care," in Health Care Policy and Regulation, Thomas A. Abbott, III (ed.), Dordrecht, The Netherlands: Kluwer Academic Publishers, 1995.

"Incentives, Optimality, and Publicly Provided Goods: The Case of Mental Health Services," with Richard G. Frank, Public Finance Quarterly, April 1995, 23, 2, 167-192.

"Uncertain Demand, the Structure of Hospital Costs, and the Cost of Empty Hospital Beds," with Gerard F. Anderson, Journal of Health Economics, August 1995, 14, 3, 291-317.

"Moral Hazard and Risk Spreading in Medical Partnerships," with Paul J. Gertler, Rand Journal of Economics, Winter 1995, 26, 4, 591-613.

"What Level of Government? Balancing the Interests of the State and the Local Community," with Howard H. Goldman and Richard G. Frank, Administration and Policy in Mental Health, Winter 1995, 23, 2, 127-135.

also Chapter 12, pp. 208-215, in What Price Mental Health? The Ethics and Politics of Setting Priorities, Philip J. Boyle and Daniel Callahan (eds.), Washington, D.C.: Georgetown University Press, 1995.

"What Does Economics Have to Say About Health Policy, Anyway? A Comment and Correction on Evans and Rice", with William B. Vogt, Journal of Health Politics, Policy and Law, April 1997, 22, 2, 475-496. Reprinted in Healthy Markets? The New Competition in Medical Care, Mark Peterson (ed.), Durham, NC: Duke University Press, 1998.

"Competition and Exclusive Dealing Between Health Insurers and Health Care Providers," in Governments and Health Systems: Implications of Differing Involvements, David Chinitz and Joshua Cohen (eds.), Chichester, U.K.: John Wiley and Sons, 1998.

"Commentary on 'Modeling Mortality Rates for Elderly Heart Attack Patients: Profiling Hospitals in the Cooperative Cardiovascular Project,' by Normand, Glickman, and Ryan," with Brian Junker and Steven Fienberg, in Case Studies in Bayesian Statistics, III, Gatsonis, C.G., Hodges, J.S., Kass, R.E., McCulloch, R.E., Rossi, P.E., and Singpurwalla, N.D. (eds.), New York: Springer, 1997.

"Vertical Relations in Health Care Markets," with Deborah Haas-Wilson, in Michael Morrissey, ed., Managed Care and Changing Health Care Markets, Washington, D.C.: American Enterprise Institute Press, 1998.

"Physician Networks and Their Implications for Competition in Health Care Markets," with Deborah Haas-Wilson, Electronic Health Economics Letters, November 1997, 1, 4, 27-32. also in Health Economics, March 1998, 7, 2, 179-182.

"Introduction to the Special Issue on Competition and Antitrust Policy in Health Care Markets," with Deborah Haas-Wilson, Electronic Health Economics Letters, November 1997, 1, 4, 3-4. also in Health Economics, March 1998, 7, 2, 161-162.

"Increasing Consolidation In Health Care Markets: What Are The Antitrust Policy Implications?," with Deborah Haas-Wilson, Health Services Research, December 1998, 33, 5, Part 2, 1403-1419.

“Change, Consolidation, and Competition in Health Care Markets,” with Deborah Haas-Wilson, Journal of Economic Perspectives, Winter 1999, 13, 1, 141-164.

Reprinted in Hungarian translation in Egészségügyi Gazdasági Szemle (Health Management Review).

“Effects of Physician and Patient Financial Incentives on Prescription Drug Spending in a Managed Care Organization,” with Alan Hillman, José Escarce, Kimberly Ripley, Mark Pauly, Jon Clouse, and Richard Ross, Health Affairs, March/April 1999, 18, 2, 189-200.

“Antitrust and Competition in Health Care Markets,” with William B. Vogt, Chapter 27 (pp. 1405-1487), in the Handbook of Health Economics, Volume 1B, Anthony J. Culyer and Joseph P. Newhouse (eds.), Amsterdam: North-Holland, 2000.

"Enter at Your Own Risk: HMO Participation and Enrollment in the Medicare Risk Market," with Jean Abraham, Ashish Arora, and Douglas Wholey, Economic Inquiry, July 2000, 38, 3, 385-401.

“Are Invisible Hands Good Hands? Moral Hazard, Competition, and the 2<sup>nd</sup> Best in Health Care Markets,” with Deborah Haas-Wilson and William B. Vogt, Journal of Political Economy, October 2000, 108, 5, 992-1005.

### **OPINION PIECES**

“Special Treatment for Physicians is Bad Medicine,” with Deborah Haas-Wilson, Chicago Tribune, February 20, 1997.

"Don't Let UPMC Grab Children's Hospital," Pittsburgh Post-Gazette, July 1, 2001.

### **SUBMITTED TO REFEREED JOURNALS**

"Incentives in HMOs," with James B. Rebitzer and Lowell J. Taylor, submitted to American Economic Review.

"The Sociology of Groups and the Economics of Incentives: A Study of Pay Systems in Partnerships," with William Encinosa and James B. Rebitzer, submitted to Journal of Labor Economics.

### **WORKING PAPERS**

“Competition in the California Hospital Industry,” with William B. Vogt, unpublished manuscript, Carnegie Mellon University, 1999.

“Entry and Competition in Local Hospital Markets,” with Jean Abraham and William B. Vogt, unpublished manuscript, Carnegie Mellon University, 1998.

“Managed Care Contracting and Physician Behavior,” with Laurence Baker, Christopher Ferrall, and Tami L. Mark, unpublished manuscript, Carnegie Mellon University, 1996.

"Insurance, Vertical Restraints, and Competition," with Ching-to Albert Ma, unpublished manuscript, Carnegie Mellon University, 1996.

"Voters, Bureaucrats and Madness: Agenda Control and Mental Health Budgets," with Richard G. Frank and David S. Salkever, unpublished manuscript, Johns Hopkins University, 1993.

"Overlapping Generations, Moral Hazard, and Earnings Profiles in Work Organizations," with David J. Salant, unpublished manuscript, Johns Hopkins University, 1993.

"Patterns of Utilization and Expenditures by Severely Mentally Ill Medicaid Beneficiaries," with Donald M. Steinwachs and Maureen Fahey, unpublished manuscript, Johns Hopkins University, 1993.

### **WORK IN PROGRESS**

"Managed Care, Industry Evolution, and Innovation in Health Care," with Ashish Arora and Steven Klepper.

Payment Method, Risk Shifting, and the Cost of Capital in Hospitals," with Paul J. Gertler.

"Is There Physician Persistence in Treatment Choice? C-Section vs. Normal Deliveries" with Judith Hellerstein and Stephen L. Parente.

### **RESEARCH GRANT PARTICIPATION**

"The Exercise of Market Power by Nonprofit Hospitals," Principal Investigator, National Bureau of Economic Research, \$25,000 Direct Costs, June 1997-December 2000.

"Antitrust Policy and Health Care," Co-Principal Investigator, Investigator Award in Health Policy Research, Robert Wood Johnson Foundation, \$250,000 Direct Costs, September 1995-August 1997.

"Operations Research and Economics in Mental Health," Principal Investigator, National Institute of Mental Health, \$498,464 Direct Costs, August 1994 - June 1996.

"Contracting Between Health Plans and Physicians," Principal Investigator, Veteran's Administration, \$14,283 Direct Costs, July 1994 - August 1994.

"Physician Incentives in Response to Variations in Contracts," Principal Investigator, U.S. Congress Office of Technology Assessment, \$41,645 Direct Costs, April 1994 - October 1994.

"Schizophrenia Patient Outcomes Research Team," Co-Investigator (Anthony Lehman, University of Maryland, Principal Investigator), Agency for Health Care Policy and Research, \$5,000,000 Direct Costs, October 1992 - November 1996.

"Center on Organization and Financing of Care for the Severely Mentally Ill", Co-Investigator, (Donald M. Steinwachs, Principal Investigator) National Institute of Mental Health, \$555,126, September 1992 - April 1997.

"State Mental Health Policy Studies", Co-Principal Investigator, National Institute of Mental Health, \$108,833, July 1992 - July 1995.

"Financing Structures and Public Mental Health Systems," Co-Principal Investigator, Robert Wood Johnson Foundation, \$393,252 Direct Costs, September 1991 - February 1994.



"Changes in the Financing and Delivery of Health Care in Hungary," Principal Investigator, Faculty Development Fund, Johns Hopkins University, \$6,496 Direct Costs, April 1991-March 1992.

"Public Mental Health Care: Incentives and Privatization," Principal Investigator, First Independent Research Support and Transition Award, National Institute of Mental Health, \$198,771 Direct Costs, April 1990 -March 1993.

"The Role of Nonprofit Alcoholism Treatment Providers: Policy Impacts," Investigator, (David Salkever, Principal Investigator) National Institute on Alcoholism and Alcohol Abuse, \$405,656 Direct Costs, July 1990 - June 1993.

"Current Beneficiary Survey," Investigator (Judith Kasper, Principal Investigator), Subcontract from Westat, \$226,791, December 1989 - December 1992.

"Physician Participation and Cost in Alternative Health Plans," Principal Investigator, Biomedical Research Support Grant, Johns Hopkins University, \$10,000 Direct Costs, April 1989 - March 1990.

"Medicaid Financing for the Severely Mentally Ill", Co-Investigator, (Donald M. Steinwachs, Principal Investigator), National Institute of Mental Health, \$226,430, April 1989 - April 1992.

"Property Rights and Incentives in Pre-and Post-Reform Chinese Agriculture," Investigator,(Louis Putterman, Principal Investigator) National Science Foundation, Subcontract from Brown University, \$7593 Direct Costs, March 1988 -February 1990.

"The Effect of Income Distribution Method on Equilibrium Price in Medical Group Practice," Principal Investigator, Dissertation Grant, National Center for Health Services Research, \$20,000 Direct Costs, July 1980 - June 1981.

## **PRESENTATIONS**

### **Research Seminars**

University of Chicago, Yale University, Harvard University, MIT, Princeton University, Brown University, University of Pennsylvania, UCLA, Cornell University, University of North Carolina, Northwestern University, University of Virginia, UC Santa Barbara, University of Illinois, University of Maryland, University of Minnesota, Washington University, Georgetown University, Rutgers University, University of Iowa, University of Toronto, Queen's University, McGill University, Hungarian Academy of Sciences, Budapest, Hungary, Medical University of Debrecen, Debrecen, Hungary, Charles University, Prague, Czech Republic, University of Bristol, Bristol, UK, Rand Corporation, National Bureau of Economic Research, Department of Justice, Federal Trade Commission, American Enterprise Institute.

### **Conferences**

Industry Economics Conference, University of Melbourne, Melbourne, Australia, 2001, Royal Economic Society Millenium Conference, St. Andrews, Scotland, 2000, Taipei International Conference on Health Economics, Institute of Economics, Academia Sinica, Taipei, Taiwan, 1999, Fain Conference on Agency, Risk-Bearing and Incentives in Firms, Brown University, 1998; Health Care Antitrust Forum, Northwestern University, 1998; Handbook of Health Economics Conference, University of Chicago, 1998; Third Biennial Congress on the Industrial Organization of Health Care, Salem, MA, 1997; National Bureau of Economic

Research Universities Research Conference “What Do Employers Do?” Boston, MA, 1996; Third World Congress on Health Economics, Vancouver, Canada, 1996; Second World Congress on Health Economics, Zurich, Switzerland, 1990; Econometric Society World Congress, Barcelona, Spain, 1990; First Biennial Congress on the Industrial Organization of Health Care, Boston, MA, 1993; American Economic Association Meetings, various years; International Institute of Public Finance 46<sup>th</sup> Congress, Brussels, Belgium, 1990; Fourth Annual Symposium on Health Economics, Northwestern University, 1993; Third Annual Symposium on Health Economics, Johns Hopkins University, 1992; Second Annual Symposium on Health Economics, University of Rochester, 1991; First Annual Symposium on Health Economics, Rand Corporation, 1990; Conference on Health Economics, University of Chicago, 1994; Association for Health Services Research Annual Meetings, 1992, 1994.