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USC Dornsife

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Education

University of Southern California (USC)

Ph.D. Economics (expected) 2027

University of Wisconsin-Madison (UW-Madison)

M.S. Economics 2020

University of Edinburgh (UoE)

M.S. Economics 2017

Huazhong Agricultural University (HZAU)

B.A. Economics 2016

Fields

Health Economics, Public Economics, Pharmacy Benefit Management, Applied Microeconomics

Matthew E. Kahn (Chair)
Department of Economics, USC
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Dima M. Qato (Co-Chair)
Mann School of Pharmacy, USC
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References

Darius Lakdawalla
Price School of Public Policy, USC
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Jonathan Cohen
Keck School of Medicine, USC
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Job Market Paper

The Cure Can Be Worse Than the Disease: Interdependence Between Network Design and Cost Sharing in Medicare Part D

Pharmacy benefit managers (PBMs) influence where Medicare Part D beneficiaries fill prescriptions through both preferred pharmacy network design and differences in out-of-pocket costs across pharmacies. This paper studies whether these two instruments are strategically interdependent. I examine how local copay differentials change when a nonpreferred pharmacy that may constrain a PBM's network strategy closes. Using Medicare Part D Prescription Drug Event data from 2019–2022 linked to pharmacy ownership, network status, and closure information, I construct local markets around nonpreferred pharmacies and compare affected plan–pharmacy relationships with comparable relationships that have not yet experienced a closure. The empirical design exploits variation across plans within the same geographic market and pharmacy organization while controlling for pre-event pharmacy importance and plan dependence. I find that 30-day copay differentials increase by around 50% following the loss of a threatening nonpreferred pharmacy, with the response evolving over time. The results show that network structure and cost sharing are jointly determined tools of pharmacy steering, implying that policies affecting one PBM contracting margin can induce adjustment along another.

Working Papers

Sticky Fingers? Retention of Negotiated Drug Discounts by Pharmacy Benefit Managers *with Alice Chen and Darius Lakdawalla*

We study how confidential rebates affect producer surplus across the U.S. pharma-

ceutical supply chain. Using the July 11, 2019, rescission of a proposed rebate pass-through rule as an unanticipated shock, we estimate how investors value rebate confidentiality. The rescission increased market capitalization for PBMs with rebate aggregators by 6.86% and insurers without PBMs by 6.09%, while reducing market capitalization for brand-name manufacturers by 2.81%. Our estimates imply that PBMs retain only 1.9% to 7.4% of rebates, but that share represents 26% to 62% of PBM profits. Results are consistent with confidential rebates redistributing surplus from manufacturers to intermediaries without creating value and potentially leading to 3.7 fewer drug approvals annually.

Impact of Federal Global Health Spending on California's Economy *Forthcoming November 2026, California Global Health Leadership Initiative*

This report estimates the economic activity and patented innovation associated with U.S. federal global-health-related funding in California. Combining USAspending transaction records, BEA RIMS II input-output modeling, patent linkage and valuation, and two expert interviews, we identify \$19.0 billion in net federal obligations during 2016–2025. In 2024 dollars, \$21.5 billion in obligations is associated with \$30.2–\$46.3 billion in output, \$19.2–\$28.6 billion in value added, and approximately 157,000–239,000 job-years, depending on whether modeled household spending is included. Federal awards are also linked to 104 patents, or 49.37 patents after weighting by California inventor shares, with benchmark private values of \$1.78 billion using mean KPSS estimates and \$574 million using medians, both in 1982 dollars. Interviews illustrate how funding may sustain specialized research capacity and complementary financing. These estimates document the economic footprint and innovation associated with federal global-health-related funding.

The Relationship Between Mortality and Unemployment in 36 OECD Countries

This paper examines whether the relationship between unemployment and mortality varies over the business cycle and with the strength of social welfare systems, using data from 36 OECD countries from 1979–2016. I distinguish short- and long-term unemployment and estimate dynamic panel models using fixed effects, Difference GMM, System GMM, and bias-corrected LSDV. The results suggest that social welfare spending attenuates the association between unemployment fluctuations and mortality. A 1% increase in the expenditure-to-GDP ratio for incapacity and health programs reduces the mortality response associated with a 1% decline in unemployment by approximately 0.14% and 0.04%, respectively. The attenuation is particularly pronounced for long-term unemployment and becomes roughly four times larger in the long run.

Publications

Qato DM, **Chen Y**, Van Nuys K. Pharmacy Benefit Manager Market Concentration for Prescriptions Filled at Retail Pharmacies by State and Payer Type. *JAMA Health Forum*. 2026;7(2):e256546. [\[Link\]](#).

Qato DM, **Chen Y**, Van Nuys K. Pharmacy Benefit Manager Market Concentration for Prescriptions Filled at US Retail Pharmacies. *JAMA*. 2024;332(15):1298–1299. [\[Link\]](#).

Work in Progress

Private Labeling and Co-labeling by Pharmacy Benefit Managers (with Alice Chen and Darius Lakdawalla)

Beneficiary Financial Burden and Pharmacy Benefit Manager Market Concentration (with Dima Qato and Christopher Scannell)

U.S. Retail Pharmacy Landscape (with Dima Qato and Christopher Scannell)

Awards	The First-class Prize for Academic Excellence (4X)	2013–2015
	Prize for Active Study Individual	10/2014
	Merit Student	12/2013
	National Endeavor Scholarship	10/2013
Research Positions	Research Assistant to Professor Timothy Armstrong, USC	2022–2023
	Research Assistant to Professor Karen Van Nuys, USC	2023–2025
	Research Assistant to Professor Alice Chen, USC	2025–Present
	Research Lead, USC (supervised by Professor Jonathan Cohen)	2026–Present
Teaching	Teaching Assistant, <i>Practice of Econometrics</i> (ECON 513), USC	Fa2022–Sp2023
	Tutor, <i>Microeconomics II</i> , UoE	Fa2017
Presentations	2025: USC-NCPA Pharmacy Access Initiative	
Academic Service	Referee: <i>Journal of Urban Health</i>	
Software Skills	Stata/Mata, MATLAB, R, Python, L ^A T _E X	
Languages	Mandarin (native), English (fluent)	
Citizenship	People’s Republic of China	