

# KYNA FONG

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## EDUCATION

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*Stanford Graduate School of Business* – Stanford, CA  
Ph.D., Economic Policy and Analysis Expected: June 2008  
*Harvard University Graduate School of Arts and Sciences* – Cambridge, MA  
S.M., Computer Science June 2003  
*Harvard College* – Cambridge, MA  
A.B., Applied Mathematics in Economics, *summa cum laude*, Phi Beta Kappa June 2003  
Senior Honors Thesis: “Multi-Stage Information Acquisition in Auctions”  
Advisor: David Parkes

## FIELDS OF INTEREST

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Microeconomic Theory, Game Theory, Repeated Games, Contract Design, Evaluation Mechanisms,  
Economics of Healthcare Financing and Services, Pharmaceutical Drug Pricing and Policy

## JOB MARKET PAPER

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### “Evaluating Skilled Experts: Optimal Scoring Rules for Surgeons”

We consider settings in which skilled experts have private, heterogeneous types. Contracts that evaluate experts based on outcomes are used to differentiate between types. However, experts can take unobservable actions to manipulate their outcomes, which may harm consumers. For example, surgeons may privately engage in harmful selection behavior to avoid risky patients and hence improve observed performance. In this paper we solve for optimal evaluation contracts that maximize consumer welfare. We find that an optimal contract takes the form of a scoring rule, typically characterized by four regions: (1) high score sensitivity to outcomes, (2) low score sensitivity to outcomes, (3) tenure, and (4) firing or license revocation. When improvement is possible, an optimal contract for the low quality expert is a fixed-length mentorship program. In terms of methods, we draw upon continuous-time techniques, as introduced in Sannikov (2007). Since our problem involves both adverse selection and moral hazard, this paper features novel applications of continuous-time methods in contract design.

## WORKING PAPERS

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### “Efficiency in a Repeated Prisoner’s Dilemma with Imperfect Private Monitoring”

*joint with Olivier Gossner, Johannes Hörner and Yuliy Sannikov*

We study the repeated two-player Prisoner’s Dilemma with imperfect private monitoring. We assume no communication and no public randomization device. We prove that there exists an equilibrium with payoffs arbitrarily close to efficient. Unlike previous works on private monitoring, which have confined attention to signals that are either almost perfect or conditionally independent, we allow for both imperfect and correlated signals.

### “Towards an Efficient Mechanism for Prescription Drug Procurement”

*joint with Michael Schwarz*

We consider the market for prescription drugs. A government official designing drug coverage faces a conundrum. On the one hand, monopoly pricing creates large deadweight losses and restricts access. On the other hand, government interference distorts incentives for innovation. In this project, we present a government-funded market-driven drug procurement mechanism in which all enrollees have

access to all but at most one drug, but incentives for innovation are maintained. The design leverages the very low marginal cost structure of drugs as well as their unique consumer demand structure. The key is to “homogenize” demand: when the demand curve is flat, monopoly pricing no longer implies deadweight loss. Among other possibilities, our results have policy implications for improved design of Medicare Part D.

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#### WORK IN PROGRESS

“Reputation and Moral Hazard in Markets for Expert Services”  
 “Oligopolistic Bundling and Passthrough,” *joint with Robin S. Lee*  
 “Per-Person Pricing and Alternative Risk Adjustment Schemes in Prescription Drug Procurement,” *joint with Michael Schwarz*

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#### TEACHING EXPERIENCE

Fall 2004, 2005	Teaching Assistant for Core MBA Microeconomics course, assisting Professors Yossi Feinberg, Michael Ostrovsky and Andrzej Skrzypacz
Fall 2005	Teaching Assistant for Undergraduate Health Economics course, assisting Professor Jay Bhattacharya.
Spring 2005	Grading Assistant for Ph.D. Auctions and Bargaining course, assisting Professor Andrzej Skrzypacz.
Spring 2003	Teaching Assistant for undergraduate course in Graph Theory & Combinatorics, assisting Professor Leslie Valiant.

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#### RESEARCH EXPERIENCE

Fall 2006	Research Assistant for Professor Andrzej Skrzypacz (Applied Theory)
Summer 2006	Research Intern for Professor Michael Schwarz (Applied Theory) Yahoo! Research Labs – Berkeley, CA
Summer 2005	Research Assistant for Professor John Roberts (Industrial Organizations)
2004 – 2005	Research Assistant for Professor Stefanos Zenios (Healthcare Markets)
Summer 2004	Research Assistant for Professor Yossi Feinberg (Foundational Game Theory)

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#### HONORS, AWARDS AND FELLOWSHIPS

2007 Kapnick Fellowship Recipient, Stanford Institute of Economic Policy and Research  
 2007 European Science Days, The Economics of Health and Healthcare, Invited Student  
 2003 – 2007, Doctoral Fellowship Recipient, Stanford Graduate School of Business  
 2005 The Geneva Association (for the Study of Insurance Economics) Research Grant Recipient  
 2005 Institute on Computational Economics, Invited Fellow  
 2003 Robert Jaedicke Scholar, Stanford Graduate School of Business  
 2003 Thomas T. Hoopes Prize recipient for “outstanding senior thesis”, Harvard College  
 2003 Excellence in Teaching Award, Harvard College  
 1999-2003 John Harvard Scholar for highest academic distinction, Harvard College  
 1999 Buck Scholar, Frank H. Buck Foundation

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#### PROFESSIONAL ACTIVITIES

##### *Referee:*

American Economic Review, Games and Economic Behavior, Journal of Economic Theory, Theoretical Economics

##### *Invited Presentations:*

July 2007: NBER Health Economics Summer Institute – Cambridge, MA  
 May 2006: Northwestern University, Kellogg MEDS – Evanston, IL

NON-TECHNICAL AND POPULAR MEDIA

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“Medicare Drug Negotiations: Can the Government Get a Better Deal?” Invited Speaker, National Association for Business Economics, Health Economics Roundtable Teleconference. February 28, 2007.

“Medicare: Negotiated Drug Prices May Not Lower Costs” with Alain Enthoven. Policy Brief Analysis No. 575, *National Center for Policy Analysis*. December 18, 2006.

“Pelosi on Drugs” with Alain Enthoven. Editorial, *Wall Street Journal*, November 13, 2006.

“The Effects of Quality Reporting in U.S. Healthcare Markets” Invited Article, Health and Ageing Newsletter No. 14, *The Geneva Association*. April 2006.

OTHER PROFESSIONAL EXPERIENCE

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2007 – Present	TrialPay, Inc., Consultant (Auction Design)
Winter 2006	PacifiCare Health Systems, Internal Consultant (Product Development Strategy)
Summer 2002	JP Morgan, Analyst (Proprietary Positioning Business, Fixed Income Division)
Summer 2001	UBS Warburg, Analyst (M&A Group, Corporate Finance Division)
Summer 2000	GourmetMarket.com, Intern (Web Design)

REFERENCES

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Robert Wilson (Co-advisor), Stanford GSB	650.723.8620, <a href="mailto:rwilson@stanford.edu">rwilson@stanford.edu</a>
Andrzej Skrzypacz (Co-advisor), Stanford GSB	650.736.0987, <a href="mailto:andy@gsb.stanford.edu">andy@gsb.stanford.edu</a>
Alan Garber, Stanford School of Medicine	650.723.0920, <a href="mailto:garber@stanford.edu">garber@stanford.edu</a>
Yuliy Sannikov, UC Berkeley	650.303.7419, <a href="mailto:sannikov@gmail.com">sannikov@gmail.com</a>