Comments on “How Acquisitions Affect Firm Behavior and Performance”

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The views expressed are those of the speaker. They do not necessarily represent those of the Federal Trade Commission or any of its Commissioners.
Prevalence of ESRD in US expanding rapidly. Patients *now* treated predominantly in for-profit facilities.
Dialysis Market Trends

Rise of for-profits due due to acquisitions by large chains as well as faster entry

N. E. Wilson (FTC) | Comments on Eliason et al.
Paper Contribution

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- Uses extremely rich data on both facilities and patients to establish plausibly causal effects and mechanisms
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- Patient level evidence shows that acquisitions tend to lead to worse health outcomes for patients
- Facility level evidence points to reduced expenditures on high end inputs and increased doses of highly reimbursed pharmaceuticals

N. E. Wilson (FTC)  Comments on Eliason et al.
But a couple of modest things to consider:

1. External validity: Most independent acquisitions by shrinking minor chains

2. Competition: Paper finds that competition plays no role in post-acquisition changes

Perhaps explore sensitivity of those conclusions focusing on less heterogeneous sample

How coincident were individual transactions with other market structure changes?

3. Extensive margin effects: Is there any evidence that suggests acquisition increases the overall treatment population? Any welfare increasing effects?
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Big Puzzle

Why does for-profit (or chain) ownership matter so much in dialysis markets?

Compensation incentives certainly encourage heavy dosing, shirking on quality investments.

But why do these only impact for-profit chains?

In hospital markets, lots of evidence that non-profit systems leverage market power.

Non-profit hospital mergers lead to higher prices.

Notorious monopolized markets are dominated by non-profit systems.

Non-profit market power not correlated with increased spending on charity care.

What is going in with dialysis that is so different?

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