

Comments on "How Acquisitions Affect Firm Behavior and Performance"

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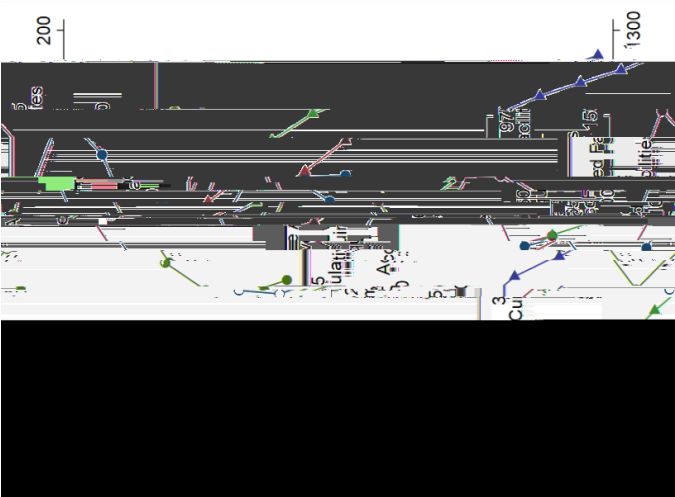
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Dialysis Market Trends



Prevalence of ESRD in US expanding rapidly. Patients *now* treated predominantly in for-pro t facilities.

Dialysis Market Trends



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

Paper Contribution

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- | Uses extremely rich data on both facilities and patients to establish plausibly causal effects *and* mechanisms
- | Econometric techniques are straightforward examples of treatment effects estimation
- | 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

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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?

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- | 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 non-profit (or) Tier 1 /di er EMC /P <</MCID 4 >>BDC 0.2 ET /Figure