

Discussion on:

”The ones that got away? Stealth consolidation in the Finnish private healthcare market”

Joacim Tåg

IFN and Hanken

jtag.se

August 20, 2024

- **Question:** What are the effects of **exempt** MnAs in the Finnish healthcare market?

- **Question:** What are the effects of **exempt** MnAs in the Finnish healthcare market?
 - Immediate 10-20% increase in price (very convincing) and a small decrease in visits

- **Question:** What are the effects of **exempt** MnAs in the Finnish healthcare market?
 - Immediate 10-20% increase in price (very convincing) and a small decrease in visits
 - No effect on variety, but slight increase in auxiliary services offered

- **Question:** What are the effects of **exempt** MnAs in the Finnish healthcare market?
 - Immediate 10-20% increase in price (very convincing) and a small decrease in visits
 - No effect on variety, but slight increase in auxiliary services offered
 - Key mechanism: targets adopting the pricing strategy of acquirer (chains, corr=0.98)

- **Question:** What are the effects of **exempt** MnAs in the Finnish healthcare market?
 - Immediate 10-20% increase in price (very convincing) and a small decrease in visits
 - No effect on variety, but slight increase in auxiliary services offered
 - Key mechanism: targets adopting the pricing strategy of acquirer (chains, corr=0.98)
 - Not market power: No difference between in-market and out-market acquisitions

- **Question:** What are the effects of **exempt** MnAs in the Finnish healthcare market?
 - Immediate 10-20% increase in price (very convincing) and a small decrease in visits
 - No effect on variety, but slight increase in auxiliary services offered
 - Key mechanism: targets adopting the pricing strategy of acquirer (chains, corr=0.98)
 - Not market power: No difference between in-market and out-market acquisitions
 - Some survey evidence that convenience matter more than price

- **Question:** What are the effects of **exempt** MnAs in the Finnish healthcare market?
 - Immediate 10-20% increase in price (very convincing) and a small decrease in visits
 - No effect on variety, but slight increase in auxiliary services offered
 - Key mechanism: targets adopting the pricing strategy of acquirer (chains, corr=0.98)
 - Not market power: No difference between in-market and out-market acquisitions
 - Some survey evidence that convenience matter more than price
- **Contribution:**
 - Evidence of price increases
 - Evidence on price diffusion from **new** institutional setting
- **My takeaway:** MnAs in Finland led to price increases...

- **Question:** What are the effects of **exempt** MnAs in the Finnish healthcare market?
 - Immediate 10-20% increase in price (very convincing) and a small decrease in visits
 - No effect on variety, but slight increase in auxiliary services offered
 - Key mechanism: targets adopting the pricing strategy of acquirer (chains, corr=0.98)
 - Not market power: No difference between in-market and out-market acquisitions
 - Some survey evidence that convenience matter more than price
- **Contribution:**
 - Evidence of price increases
 - Evidence on price diffusion from **new** institutional setting
- **My takeaway:** MnAs in Finland led to price increases... but **not** clear they should have been blocked

- **Remark:** Paper currently has many samples and analyses
 - Many different samples
 - Many different analyses
 - Reads a bit like how you explored the data

Focus and Storyline

- **Remark:** Paper currently has many samples and analyses
 - Many different samples
 - Many different analyses
 - Reads a bit like how you explored the data
- **Suggestion:** pick out the core parts to create a coherent story
 - Stick to one key sample, and put the rest in the appendix
 - Order the mechanisms section so the key mechanism you argue for comes first

- **Remark:** Paper currently has many samples and analyses
 - Many different samples
 - Many different analyses
 - Reads a bit like how you explored the data
- **Suggestion:** pick out the core parts to create a coherent story
 - Stick to one key sample, and put the rest in the appendix
 - Order the mechanisms section so the key mechanism you argue for comes first
- **Suggestion:** contribution paragraph
 - Different institutional setting is key current contribution
 - Emphasize the importance of evidence from different institutional settings (compare point estimates and discuss)
 - Clarify not only what, but why and the implications of the result

- **Remark:** Quite strong statements towards the end:
 - "Our results show that stealth consolidation can also be **harmful** in more traditional settings"
 - Yet, no clear evidence of market power (in-market vs out-market) AND no evidence of effects on **margins** AND evidence of more auxiliary services and better quality (online booking systems, which consumer value)
 - Paper could be pitched either as "no need to notify" or "more need to notify"
 - Not clear that the correct pitch is "stealth consolidation"

- **Remark:** Quite strong statements towards the end:
 - "Our results show that stealth consolidation can also be **harmful** in more traditional settings"
 - Yet, no clear evidence of market power (in-market vs out-market) AND no evidence of effects on **margins** AND evidence of more auxiliary services and better quality (online booking systems, which consumer value)
 - Paper could be pitched either as "no need to notify" or "more need to notify"
 - Not clear that the correct pitch is "stealth consolidation"
- **Suggestion:** think carefully about what we can learn in terms of **new economic insights** from your institutional setting:
 - Pricing diffusion?
 - Spillovers on public providers?
 - Only 7% collected price information?

- May want to check out labor and finance literature:
 - Gehrke, Maug, Obernberger, and Schneider 2023: “Post-Merger Restructuring of the Labor Force”
 - Lagaras 2023: “M&As, Employee Costs, and Labor Reallocation”
 - He and le Maire. 2022 “Mergers and Managers: Manager-Specific Wage Premiums and Rent Extraction in M&As”
 - Bach, Baghai, Bos, and Silva. 2024 “How Do Acquisitions Affect the Mental Health of Employees?”
 - Prager and Schmitt 2021. “Employer Consolidation and Wages: Evidence from Hospitals”
- Do you need to log price? Diff-in-diffs in logs do not have a straight forward interpretation (additive vs multiplicative):
 - McConnell, Brendon. “Can’t See the Forest for the Logs: On the Perils of Using Difference-in-Differences With a Log-Dependent Variable,” 2024.

- Empirical analysis
 - Test coefficients from subsamples against each other (or run triple diff regressions)
 - Why not match on covariates?
 - I am quite worried about absorption by the acquirer. Include attrition analysis (trends in dropping out over time + differential attrition on observables).
- Other notes:
 - I would move the survey discussion in the appendix to the main text (gives important institutional details on consumer behavior)
 - What about spillovers on public providers?

- **Question:** What are the effects of **exempt** MnAs in the Finnish healthcare market?
 - Immediate 10-20% increase in price (very convincing) and a small decrease in visits
 - No effect on variety, but slight increase in auxiliary services offered
 - Key mechanism: targets adopting the pricing strategy of acquirer (chains, corr=0.98)
 - Not market power: No difference between in-market and out-market acquisitions
 - Some survey evidence that convenience matter more than price
- **Contribution:**
 - Evidence of price increases
 - Evidence on price diffusion from **new** institutional setting
- **Suggestion:** Minor revision to get a tighter contribution and storyline