Estimating the Impact of Private Equity Investment on Health Care Providers’ Behavior

Closed to further applications
Faculty Member: Zack Cooper
This project is eligible for remote work.

Proposal Description:

Private equity investment in the health care sector has increased dramatically over the last decade. It is estimated that private equity deals in the health care sector summed up to more than $100 billion in investments in 2018. There is some evidence, produced by Cooper et al. (forthcoming), that private equity-backed emergency physician groups have sought to raise profits via shifting care out-of-network and engaging in upcoding (see https://www.nytimes.com/2017/07/24/upshot/the-company-behind-many-surprise-emergency-room-bills.html for more details). There is also anecdotal evidence that quality has fallen at facilities after private equity acquisition. However, there is little systematic evidence on the scale of private equity investment in the health care space and little research on the impact of private equity acquisitions on coding practices, provider pricing behavior, network participation, and clinical quality. In this work, we will bring together a range of data to identify the scale of private equity investment in the health care space and document ambulance acquisitions, physician practice acquisitions, nursing home acquisitions, and hospital acquisitions from 2000 to present. We will then link the acquisition data to Medicare and insurance claims and administrative data (e.g. Medicare Hospital Compare data) to assess how private equity acquisitions have impacted provider behavior.

Requisite Skills and Qualifications:

RAs will help link PE acquisitions to provider databases. RAs will then use econometric techniques to assess the causal impact of PE acquisitions on health care providers’ behavior. Candidates should be dexterous with Stata. The ability to do web scraping is also a plus.

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