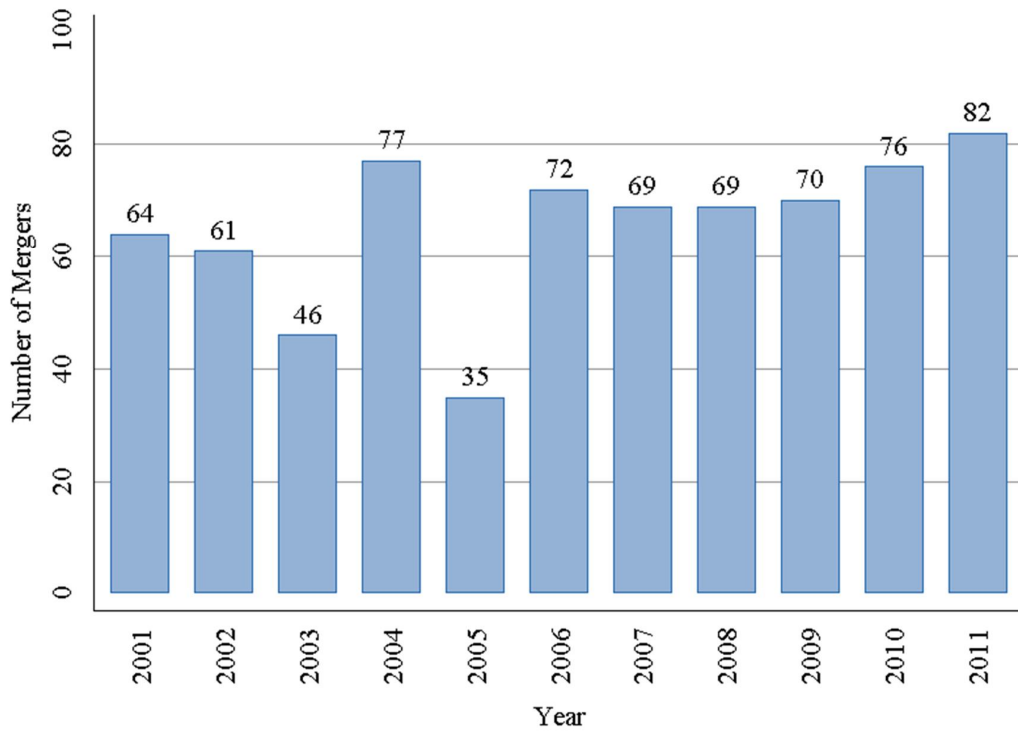
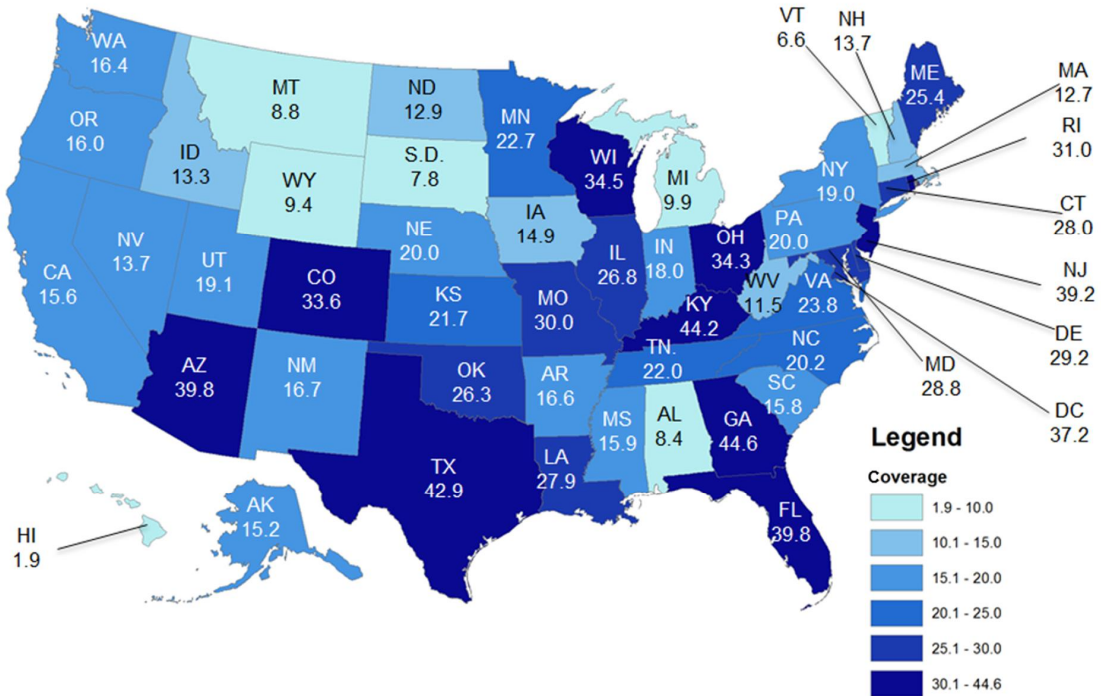


Appendix Figure I: Hospital Mergers and Acquisitions by Year



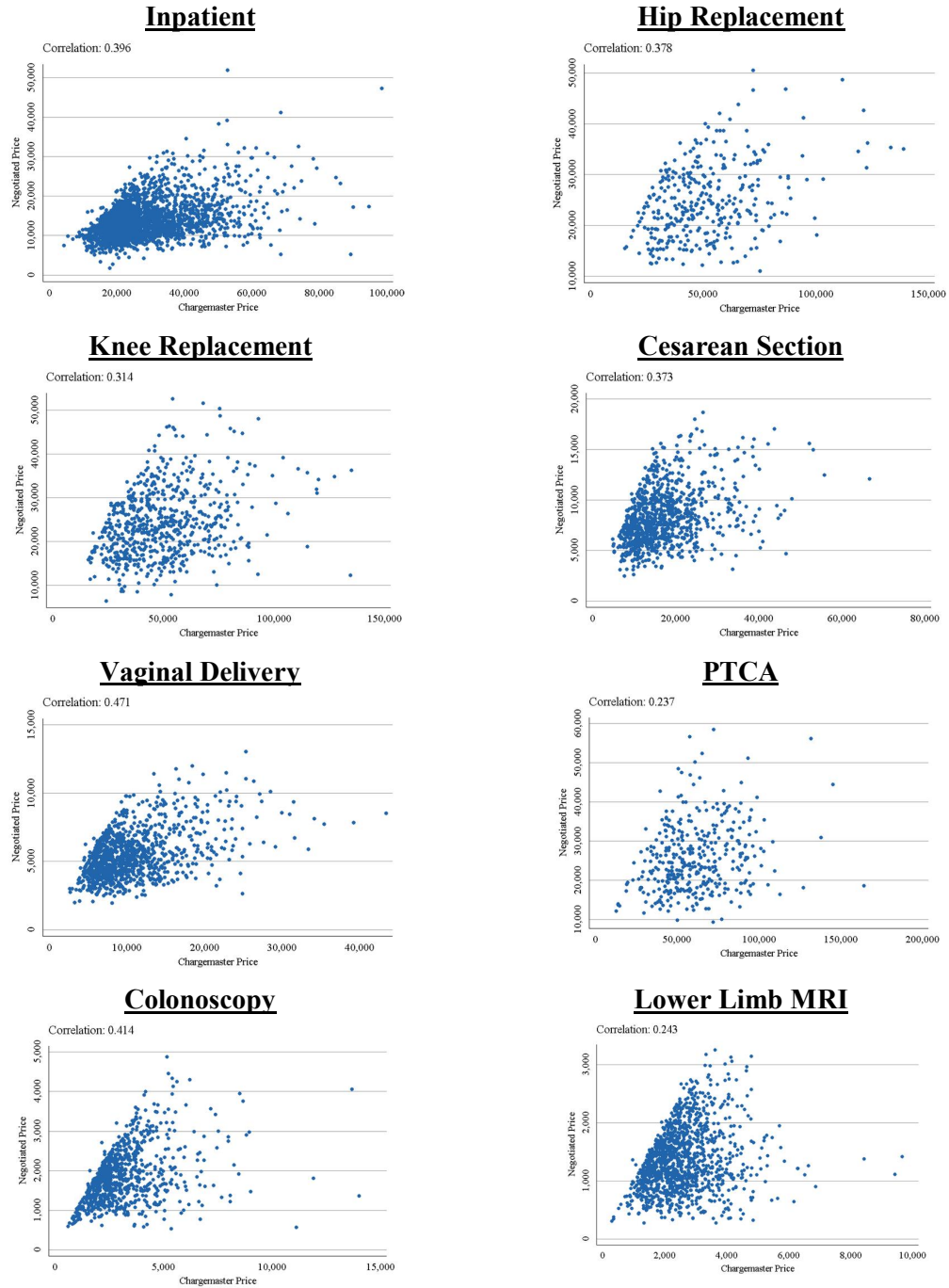
Notes: This figure shows the number of unique hospital merger and acquisition transactions by year. Authors' calculations based on data from the AHA, Irving-Levin Associates, Factset, and SDC Platinum databases. See Appendices A and D for details.

Appendix Figure II: HCCI Data Coverage Rates by State



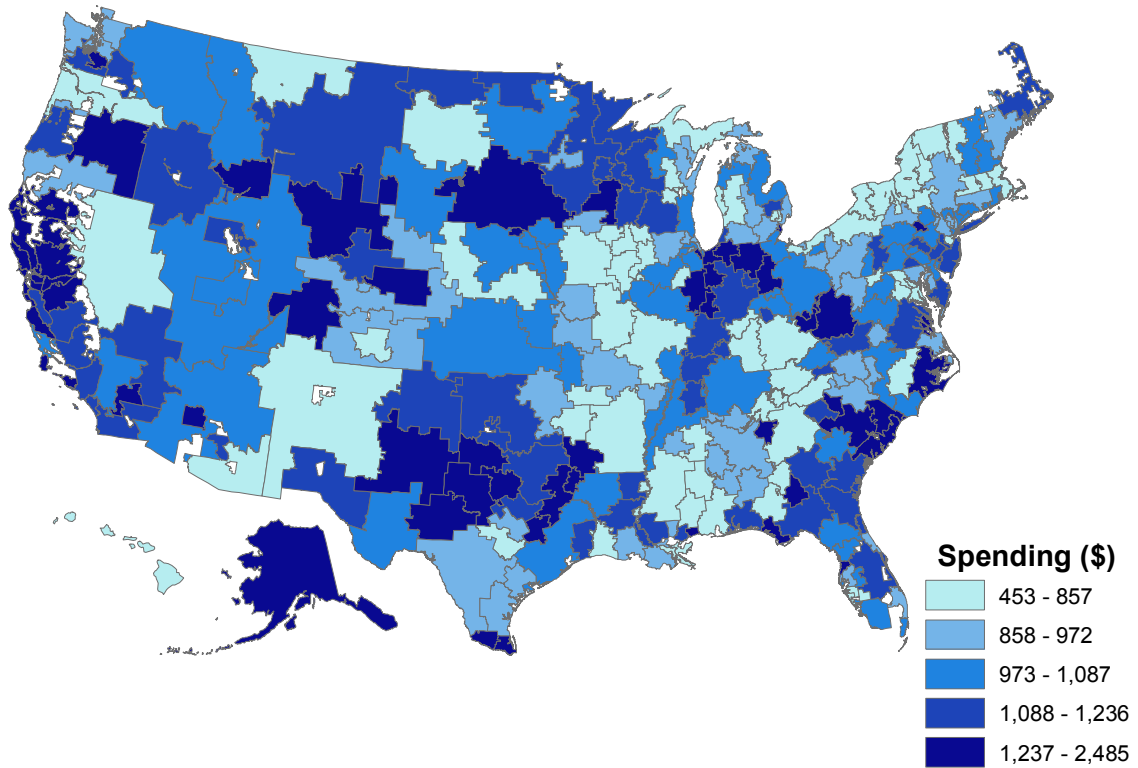
Notes: Coverage rates = number of HCCI lives enrolled divided by total number of beneficiaries. Coverage rates were calculated using 2011 HCCI enrollment data. Statewide insurance coverage totals were derived from the American Community Survey for 2011. All numbers in percentages.

Appendix Figure III: Correlations between Negotiated Prices and Charges for All Procedures, 2011



Notes: These are scatter plots of hospital charges for our main procedures and regression-adjusted transaction prices (negotiated prices). We include providers who deliver 10 or more of the specific procedure per year (50 for inpatient). We include prices from 2011. The figures contain the correlation between charges and transaction prices.

Appendix Figure IV: Map of Inpatient Spending per Privately Insured Beneficiary, 2011

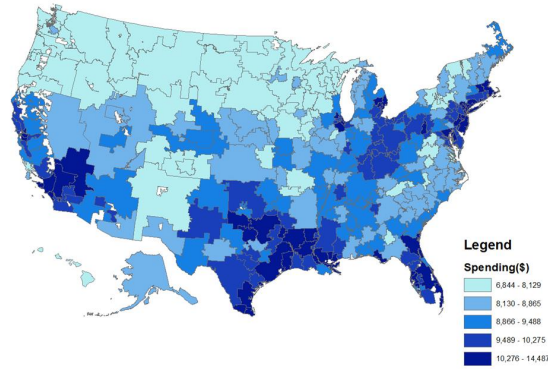


Mean	SD	Min	Max
\$1,059	\$258	\$453	\$2,485

Notes: This figure captures risk-adjusted inpatient spending per beneficiary by HRR using data from 2011. Each bin captures a quintile of spending per beneficiary.

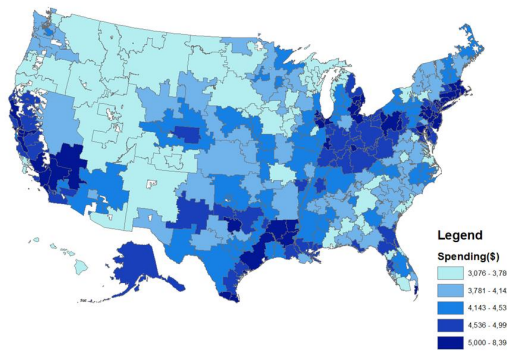
Appendix Figure V: Map of Total and Inpatient Spending per Medicare Beneficiary, 2011

Panel A: Total Medicare Spending per Beneficiary, 2011



Mean	SD	Min	Max
\$9,316	\$1,315	\$6,843	\$14,487

Panel B: Medicare Inpatient Spending Per Beneficiary, 2011

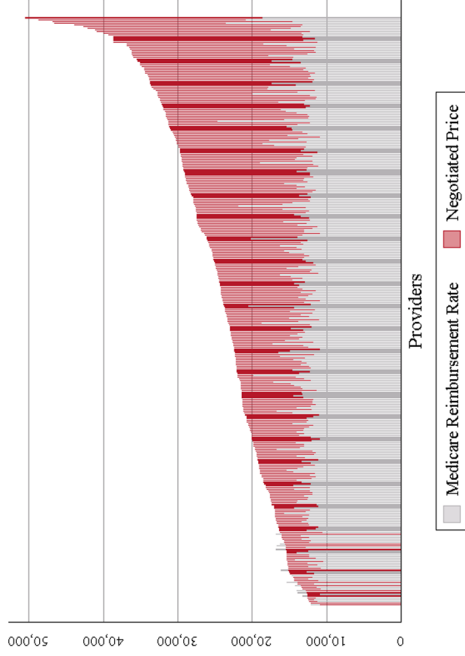


Mean	SD	Min	Max
\$4,430	\$759	\$3,076	\$8,394

Notes: Medicare data are drawn from the Dartmouth Atlas (dartmouthatlas.org). Private data are risk-adjusted for age and sex using indirect standardization. Spending data do not include prescription drug spending.

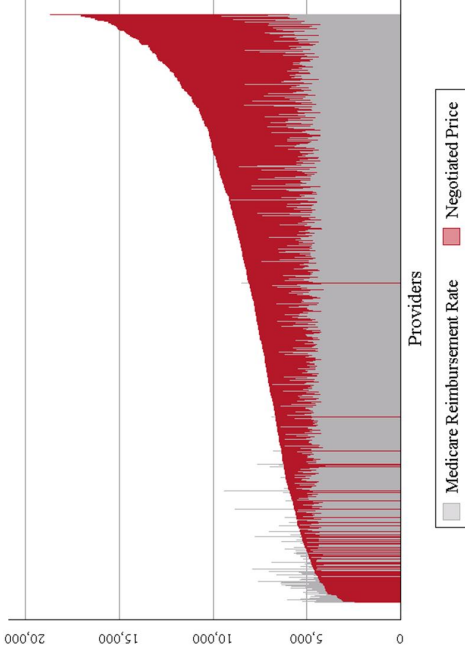
Appendix Figure VI: National Variation in Hospital Prices for All Procedures, 2011

Panel A: Hip Replacement Prices



Mean
 \$24,565
Min - Max
 \$10,894 □ \$50,476
p10 - p90
 \$15,501 □ \$33,933
IQR
 \$19,231 □ \$29,319
p90/10 ratio
 2.19
Coefficient of Variation
 0.29
Gini Coefficient
 0.16
Number of Hospitals
 341

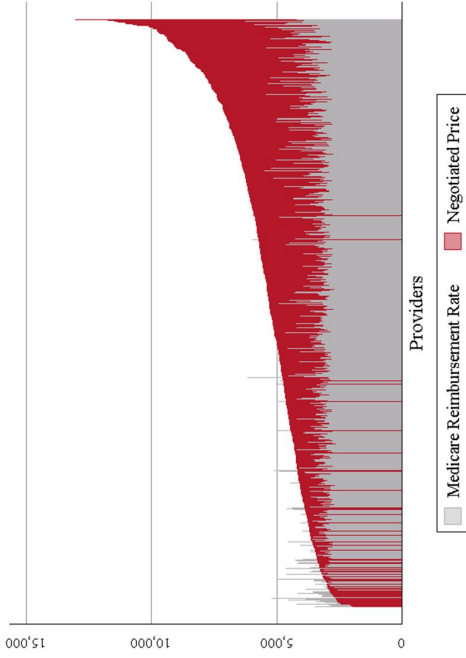
Panel B: Cesarean Section Prices



Mean
 \$8,258
Min - Max
 \$2,424 □ \$18,679
p10 - p90
 \$5,154 □ \$12,109
IQR
 \$6,317 □ \$9,815
p90/10 ratio
 2.35
Coefficient of Variation
 0.33
Gini Coefficient
 0.18
Number of Hospitals
 926

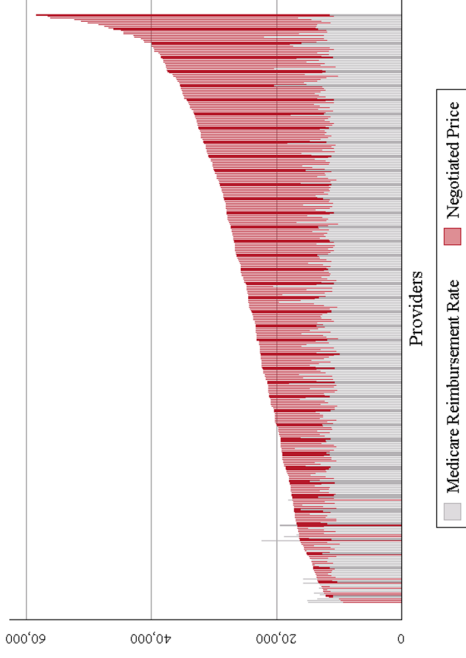
Appendix Figure VI: National Variation in Hospital Prices for All Procedures, continued

Panel C: Vaginal Delivery Prices



Mean \$5,465
Min - Max \$1,944 □ \$13,039
p10 - p90 \$3,486 □ \$7,814
IQR \$4,218 □ \$6,387
p90/10 ratio 2.24
Coefficient of Variation 0.32
Gini Coefficient 0.17
Number of Hospitals 1,022

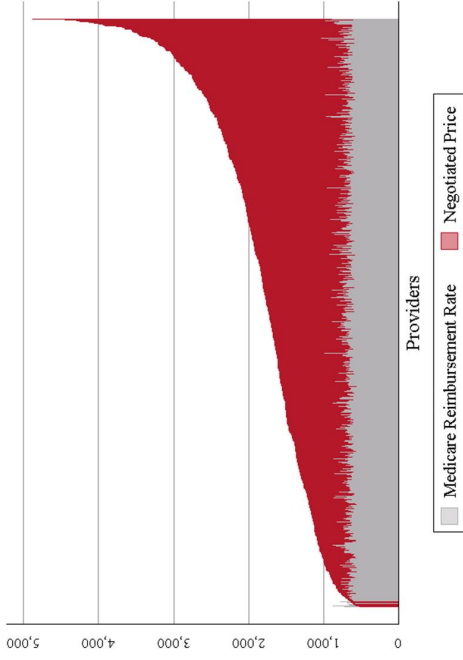
Panel D: PTCA Prices



Mean \$25,395
Min - Max \$9,293 □ \$58,433
p10 - p90 \$15,965 □ \$37,097
IQR \$19,034 □ \$30,528
p90/10 ratio 2.32
Coefficient of Variation 0.34
Gini Coefficient 0.19
Number of Hospitals 375

Appendix Figure VI: National Variation in Hospital Prices for All Procedures, continued

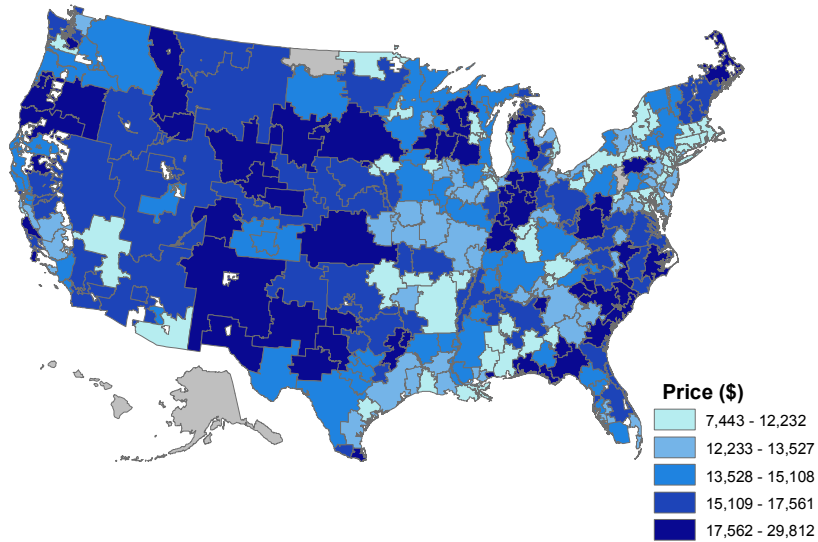
Panel E: Colonoscopy Prices



Mean	\$1,834
Min - Max	\$520 □ \$4,878
p10 - p90	\$1,056 □ \$2,747
IQR	\$1,357 □ \$2,197
p90/10 ratio	2.6
Coefficient of Variation	0.37
Gini Coefficient	0.2
Number of Hospitals	844

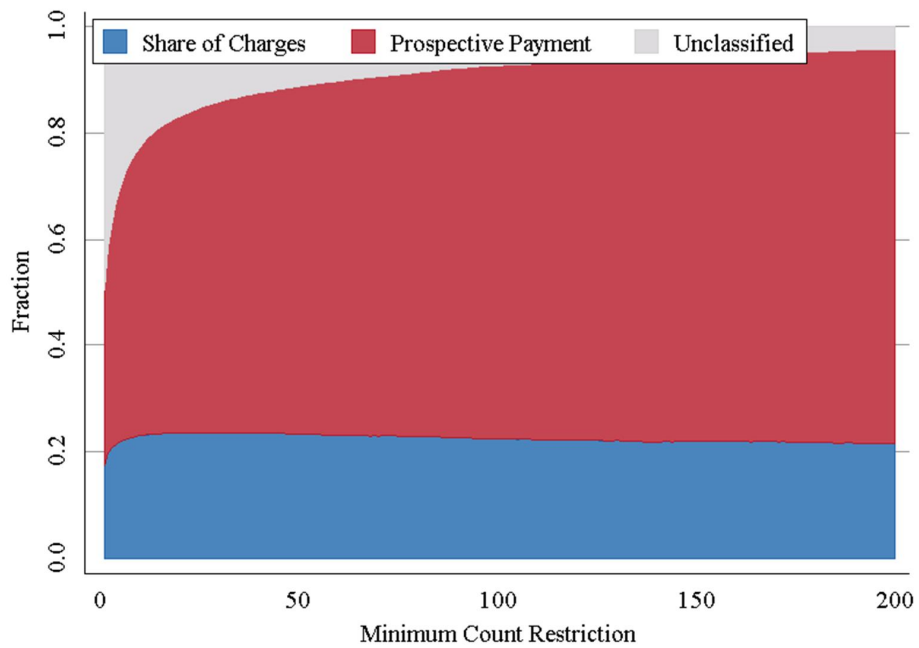
Notes: Each bar represents a single hospital's regression-adjusted transaction price based on hospital cases from 2011. The Medicare payment is based on the PPS fee schedule described in Appendix B4 and excludes outlier adjustments. The bars are ordered by private price.

**Appendix Figure VII: Regression Adjusted HRR-Level Inpatient Hospital Prices Normalized
Using the Medicare Wage Index**



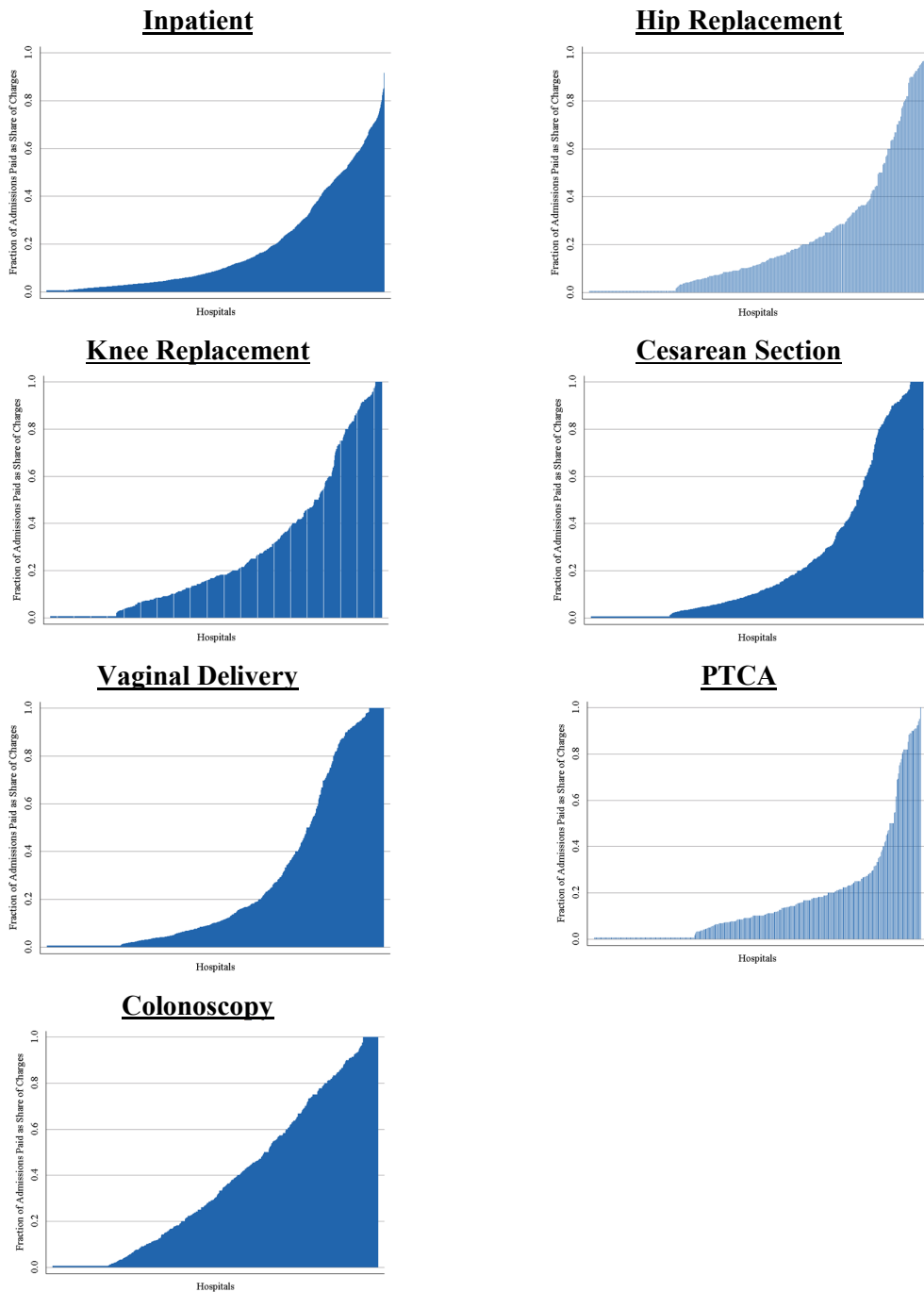
Notes: This figure presents coverage hospital regression adjusted inpatient prices per HRR, weighted by hospital activity, using data from 2011 and normalized prices using the Medicare 2011 wage index. This therefore captures price after adjusting for the cost of care in each HRR. Prices are risk-adjusted for DRG, age, and sex.

Appendix Figure VIII: Contract Classification Rates by Minimum Case Count



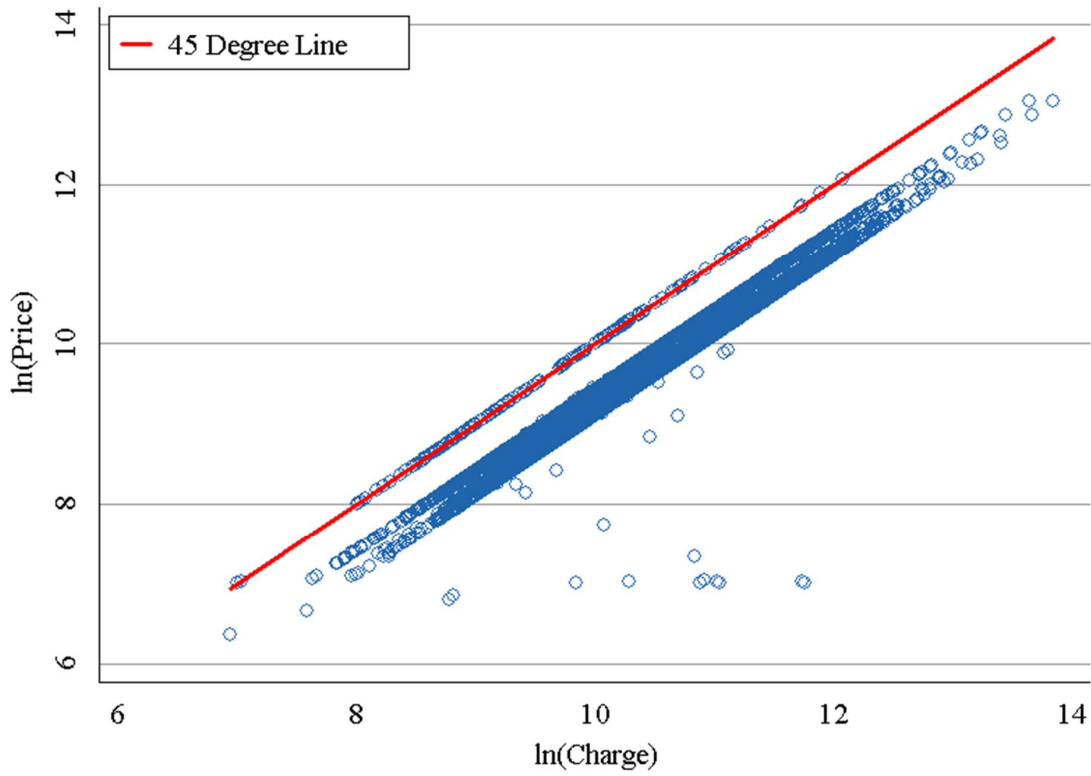
Notes: This figure presents fraction of cases classified as either prospective payment or paid as a percent markup over Medicare. Data is at the case level in the Inpatient sample in 2010 and 2011. The data include all hospital-DRG combinations for which there are at least x-observations (the value on the x-axis).

Appendix Figure IX: Percent of Hospital Cases Paid as Share of Charges, 2011



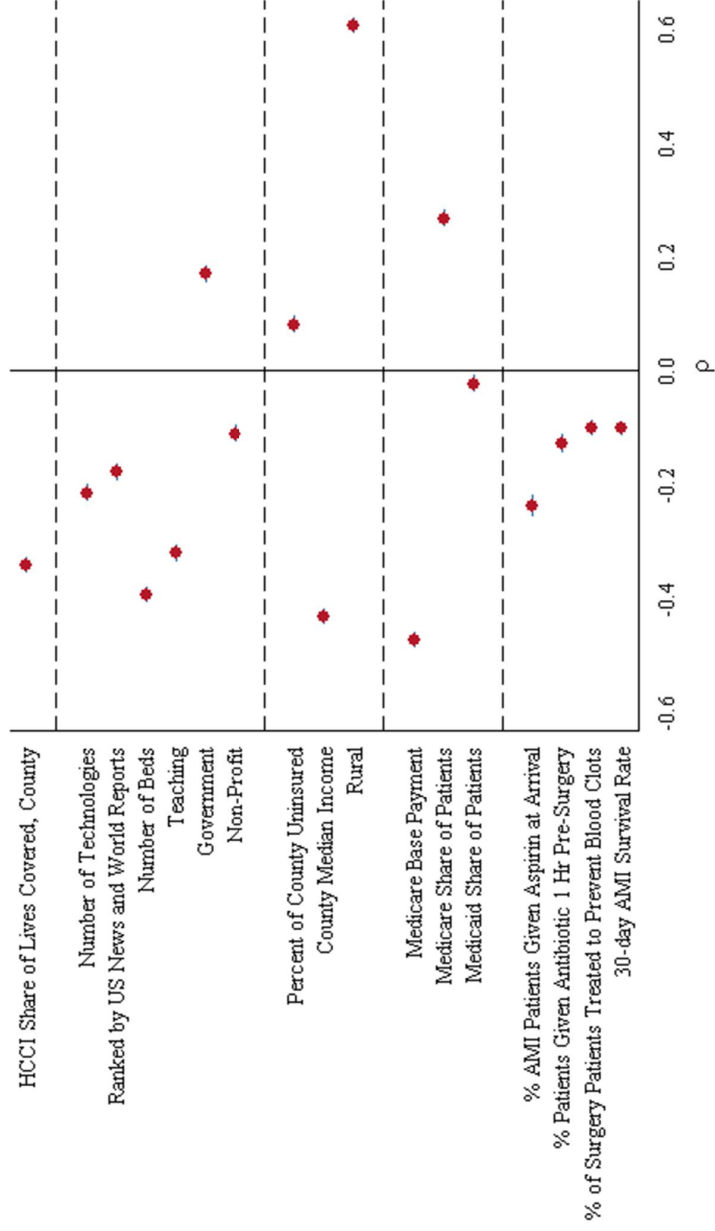
Notes: These are bar graphs of the percent of a hospital’s cases paid as a share of charges for our main procedures. We include providers who deliver ten or more of the specific procedure per year (50 for inpatient). We include prices from 2011. The figures contain bars for each unique hospital, where the height indicates the percent of that hospital’s cases that were paid as share of charges. For more detail on how we identify method of payment, see Appendix B3.

Appendix Figure X: Correlation between Prices Paid as Share of Charges and Charges across DRGs at a High Volume Hospital, 2011



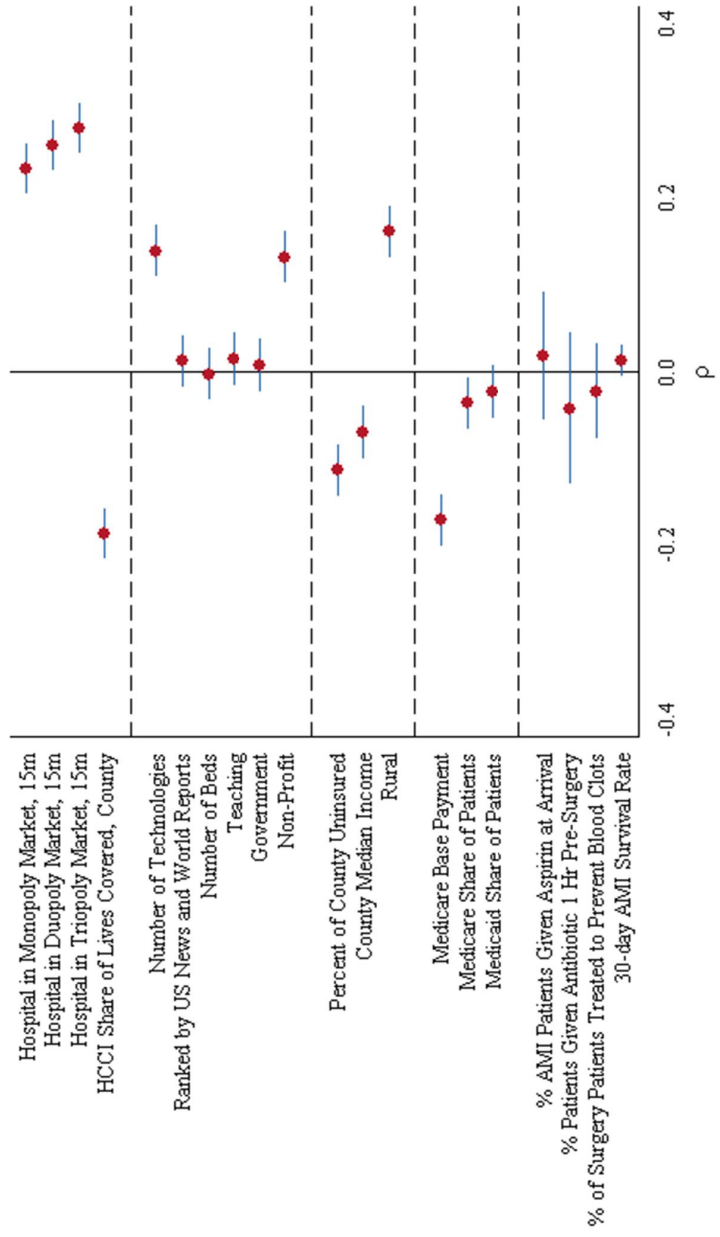
Notes: The y-axis presents logged, DRG-level prices and the x-axis presents logged, DRG-level charges within a high volume hospital for inpatient cases which occurred in 2011.

Appendix Figure XI: Bivariate Correlations of Hospital HHI with Observable Factors, 2008-2011



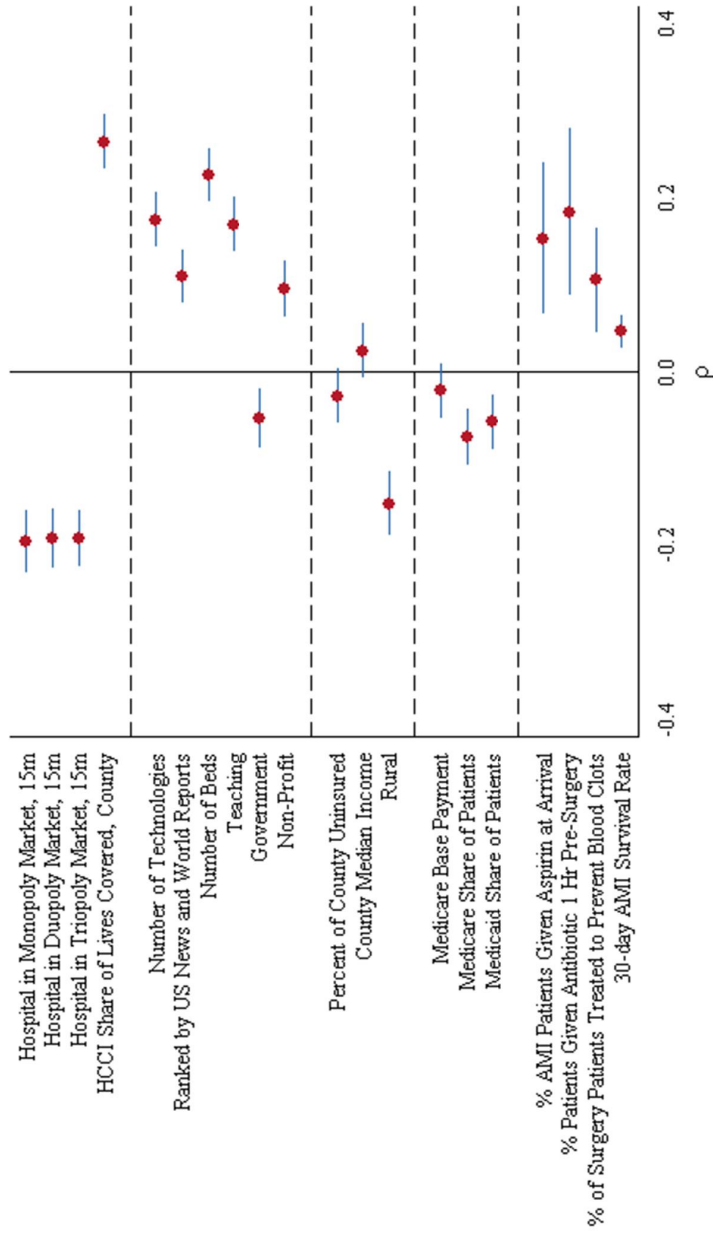
Notes: The x-axis captures the bivariate correlations between key variables featured in our regressions and our HHI. The bars capture the 95 percent confidence intervals surrounding the correlations. For government and non-profit, the omitted category is private for-profit hospital.

Appendix Figure XII: Bivariate Correlations of Hospital Percent Paid as Share of Charges with Observable Factors, 2010-2011



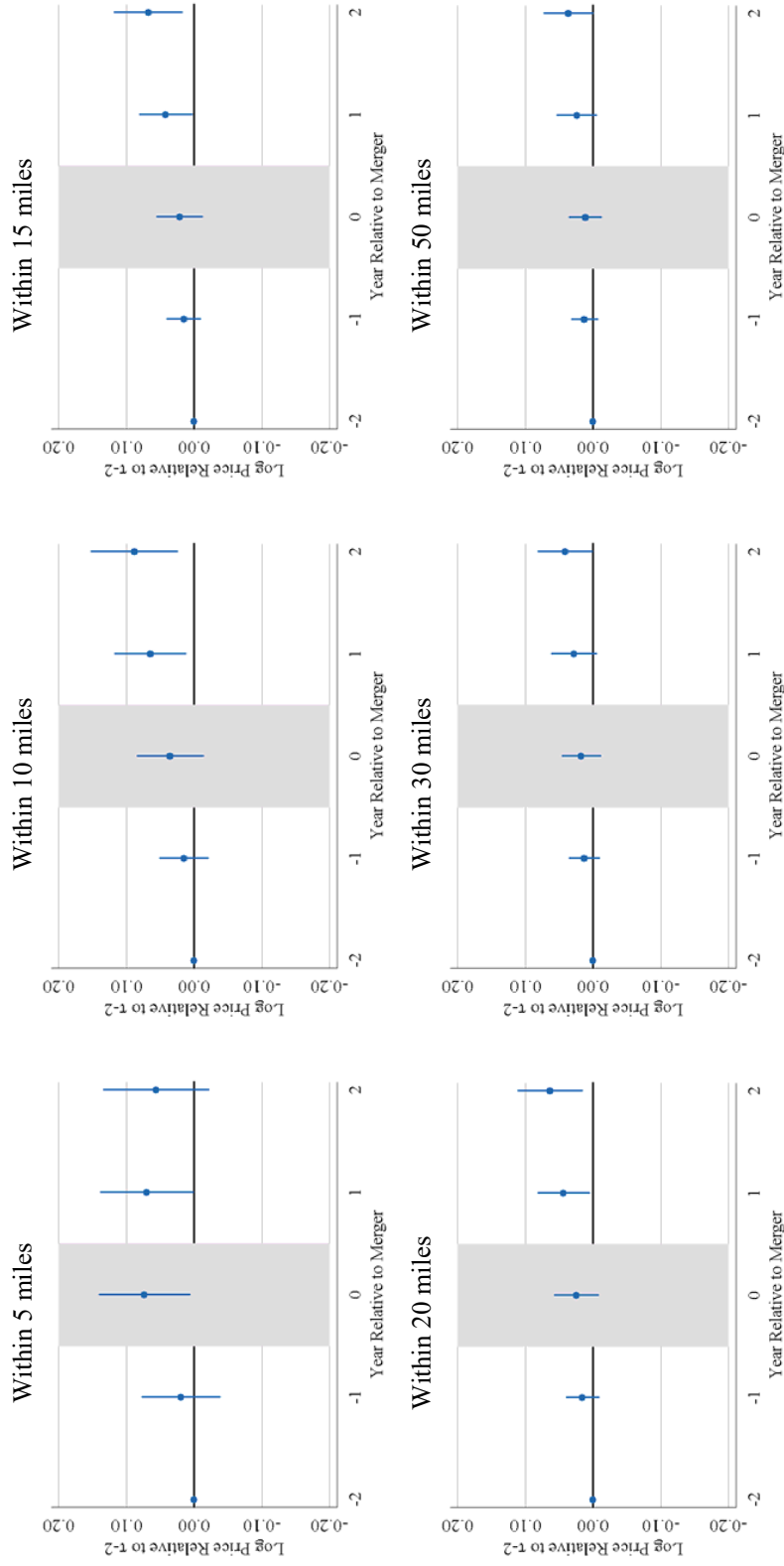
Notes: The x-axis captures the bivariate correlations between key variables featured in our regressions and our hospitals' share of cases at a hospital paid as a fraction of a hospital's charges. The bars capture the 95 percent confidence intervals surrounding the correlations. Since these are bivariate correlations, Duopoly is duopoly or monopoly and the implicit omitted category is triopoly or greater. Triopoly is triopoly, duopoly or monopoly. For government and non-profit, the omitted category is private for-profit hospital.

Appendix Figure XIII: Bivariate Correlations of Percent of Prospective Payment Paid as a Share of Medicare with Observable Factors, 2010-2011



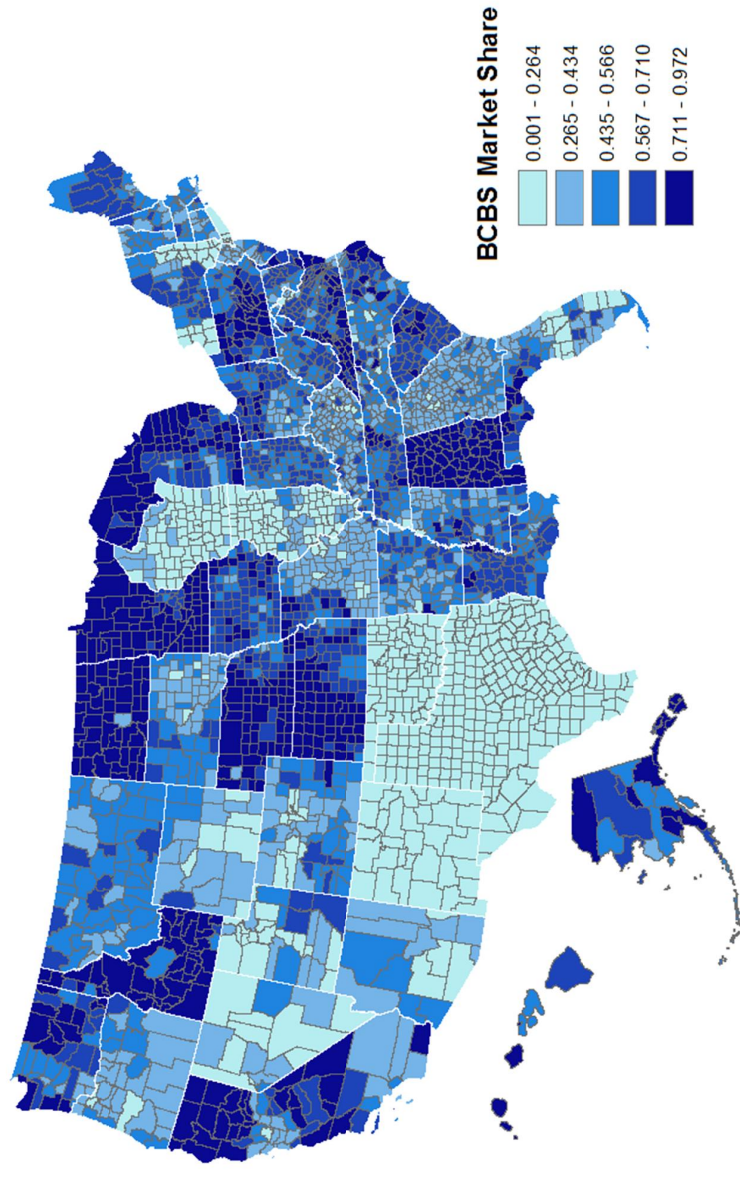
Notes: The x-axis captures the bivariate correlations between key variables featured in our regressions and our hospitals' share of fixed-price cases linked to the Medicare payment rate. The bars capture the 95 percent confidence intervals surrounding the correlations. Since these are bivariate correlations, a positive correlation indicates that as the duopoly or monopoly and the implicit omitted category is triopoly or greater. A negative correlation indicates that as the triopoly or monopoly, duopoly or monopoly. For government and non-profit, the omitted category is private for-profit hospital.

Appendix Figure XIV: Merger Event Studies, 2008-2011



Notes: These are the regression coefficients of price differences across merging and non-merging hospitals estimated separately by year. The dependent variable is log of our regression adjusted inpatient price that is risk-adjusted for DRG, age, and sex. All regressions include hospital and year fixed effects. 95 percent confidence intervals shown. The merger year (“0”) is shaded. The omitted category is 2 or more years before the merger.

Appendix Figure XV: BCBS Market Share



Notes: These are estimates of the share of covered lives by county covered by BCBS using HealthLeaders Interstudy coupled with Census data.