

" Painful Bargaining: Evidence from Anesthesia Rollups"

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Abstract:

A rollup is a series of acquisitions through which a financial sponsor consolidates ownership. Increasingly, this strategy is shaping economically important market structures, but historically, it has escaped antitrust enforcement. We study this phenomenon in the anesthesia industry, home to the first rollup-based antitrust case in US history. Using procedure-level claims data, we study the litigated transactions, identify twenty other observationally similar rollups, and document their effect on market structure. We find that prices rise sharply as competing practices are acquired. Finally, we estimate a structural bargaining model and simulate counterfactual equilibrium outcomes under remedies that judges are likely to consider.