

Performance scores and Strategic Choices of Kidney Transplant Centers*

Han Ng[†]

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Abstract

Does performance score affect a transplant center's strategic choices? To answer this question, we analyze the behavior of U.S. kidney transplant centers, where Medicare introduced Conditions of Participation (CoP), a performance score system, in 2007. Transplant centers are punished if their risk-adjusted death rate exceeds the threshold. Using a difference-in-difference framework, we do a before and after analysis based on the transplant center's distance from the performance threshold. We find that transplant centers reject transplants as they approach the threshold. The effect is most significant (22% less likely to do a transplant) at the threshold. We find that transplant centers are more likely to avoid medium/high-risk transplants than low-risk transplants as we approach the threshold. Secondly, we do not see any evidence to suggest performance scores improved transplanted patients' survival rates. Thirdly, low-volume centers are more likely to reject transplants than high-volume centers even before they approach the threshold. Contrary to previous literature, our results indicate that strategic behavior among transplant centers is more widespread than previously thought.

JEL codes: I11, I18, L38

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[†]Department of Economics, Pennsylvania State University, Kern Building, University Park, PA 16802, hln14@psu.edu.