

Teams in the operating room

There is evidence that the places where doctors work and their relationships with other peers can influence their practice styles determining variation in quality, volume, and costs of healthcare provision. In this paper, we explore how the familiarity between surgeons and anaesthetists influences pricing in a setting where each doctor sets their own fees and negotiates payment arrangements with the insurance provider.

We use claims data from one of the largest private health insurance companies in Australia. The data spans from 2012 to 2019 and it links records from about 0.6 million patients to the doctors who provided their care. The detailed information on 1.2 million episodes of care allows to risk-adjust for patient complexity and identify repeated interactions of doctor dyads across time. In episodes where a surgeon and an anaesthetist are involved, their combined prices make, on average, over 70 percent of the episode claim.

Considering that doctors can choose who they work with, we use an instrumental variable strategy based on plausible disruption of their availability. We find that surgeons and anaesthetists who have one standard deviation higher shared work experience have six percent lower prices (on average AUD130), but no significant effects on the likelihood of entering agreements with the insurance company.