

Table 1
Variable Descriptions and Expected Signs

Variable Name	Description	Varies by	Units	Expected Sign
rprice	Real private pay inpatient price.	Hospital	Dollars	Regressand
lnrprice	Log of real private pay inpatient price.	Hospital		Regressand
casemix	Casemix index. This index is a measure of resource intensity relative to the average for other hospitals. A value of 1.00 is average, above 1.00 is above average, below 1.00 is below average. This is based on the Healthcare Financing Administration (HCFA) caseweight assigned to each diagnosis related group (DRG).	Hospital	Index	Positive
hmo	Share of discharges for HMO insured patients.	Hospital	Percent	Negative
length-of-stay	Average length of stay for private pay patients.	Hospital	Days	Positive
medical	Share of discharges for Medi-Cal insured patients.	Hospital	Percent	Unknown
medicare	Share of discharges for Medicare insured patients.	Hospital	Percent	Unknown
wage	Wage index. This index is based on the salaries and wages of various health care workers in each hospital.	Hospital	Index	Positive
popdensity	Population density.	County	People	Positive
rincome	Real per capita income.	County	Dollars	Positive
unemploy	Unemployment rate.	County	Percent	Negative
ppi_med	Producer price index for medical and surgical instruments.	Time Period	Index	Positive
merger	Merger dummy variable that equals 0 for quarters from 1996 to 2001 and 1 for quarters from 2001 to 2006.	Time Period		Positive

Table 2
Descriptive Statistics

Variable Name	Mean (1)	Minimum (2)	Maximum (3)
casemix_sutter	0.82	0.70	0.97
casemix_cgsutter	1.00	0.63	2.04
casemix_summit	1.47	1.06	2.36
casemix_cgsummit	1.04	0.53	2.00
hmo_sutter	0.52	0.39	0.64
hmo_cgsutter	0.44	0.12	0.76
hmo_summit	0.28	0.23	0.31
hmo_cgsummit	0.40	0.02	0.89
lnrprice_sutter	9.36	8.91	9.97
lnrprice_cgsutter	9.06	6.36	10.44
lnrprice_summit	9.34	8.38	10.28
lnrprice_cgsummit	8.94	4.50	10.53
length_of_stay_sutter	4.48	2.50	5.26
length_of_stay_cgsutter	3.88	1.89	9.56
length_of_stay_summit	4.30	2.94	5.56
length_of_stay_cgsummit	4.01	1.55	10.51
medical_sutter	0.19	0.14	0.27
medical_cgsutter	0.13	0.00	0.43
medical_summit	0.26	0.17	0.34
medical_cgsummit	0.20	0.00	0.67
medicare_sutter	0.26	0.15	0.32
medicare_cgsutter	0.38	0.15	0.72
medicare_summit	0.44	0.38	0.54
medicare_cgsummit	0.34	0.04	0.75
popdensity_sutter	1938.77	1832.78	1994.63
popdensity_cgsutter	1236.76	42.62	3782.53
popdensity_summit	1938.77	1832.78	1994.63
popdensity_cgsummit	1593.02	69.17	3782.53
ppi_med_sutter	125.05	120.67	130.23
ppi_med_cgsutter	125.05	120.67	130.23
ppi_med_summit	125.05	120.67	130.23
ppi_med_cgsummit	125.05	120.67	130.23
rincome_sutter	32186.68	27394.78	35594.39
rincome_cgsutter	27536.16	16832.06	53554.75
rincome_summit	32186.68	27394.78	35594.39
rincome_cgsummit	28212.83	18027.64	53554.75
rprice_sutter	12208.28	7407.88	21452.39
rprice_cgsutter	9490.62	580.99	34084.67
rprice_summit	12704.07	4377.08	29134.66
rprice_cgsummit	8768.60	90.33	37598.96
unemploy_sutter	0.05	0.03	0.07
unemploy_cgsutter	0.06	0.02	0.20
unemploy_summit	0.05	0.03	0.07
unemploy_cgsummit	0.06	0.02	0.15
wage_sutter	1.50	1.33	1.56
wage_cgsutter	1.17	0.97	1.56
wage_summit	1.50	1.33	1.56
wage_cgsummit	1.22	0.97	1.56

Note: All values are averages over the period 1996Q1 to 2006Q4.

Table 3
Sutter's Control Group Hospitals

Hospital	Discharges (1)	Staffed Beds (2)	Market Share (3)
Chapman Medical Center	625	53	21.52
Community Medical Center-Clovis	1425	100	30.55
Community Medical Center-Fresno	7235	657	30.09
Dameron Hospital	3073	188	21.76
Doctors Medical Center	4741	258	31.60
Eisenhower Memorial Hospital	4348	261	28.07
Feather River Hospital	1127	122	22.35
Irvine Medical Center	1904	97	31.42
John Muir Medical Center-Walnut Creek Campus	4771	247	18.82
Lakewood Regional Medical Center	2253	126	19.03
Lodi Memorial Hospital	1764	173	20.59
Los Alamitos Medical Center	2180	124	21.70
Mercy General Hospital	4159	386	31.36
Mills-Peninsula Medical Center	4093	323	26.87
Mission Hospital Regional Medical Center	3816	254	30.35
Placentia-Linda Hospital	865	34	27.11
Pomeroado Hospital	1761	187	24.54
Queen Of The Valley Hosp	1968	166	29.61
Redding Medical Center	2168	126	25.63
Saddleback Memorial Medical Center	3237	220	26.83
San Antonio Community Hospital	4475	299	20.11
Scripps Memorial Hospital - Chula Vista	1947	162	25.11
Scripps Memorial Hospital - Encinitas	1698	94	24.55
Scripps Memorial Hospital - La Jolla	3966	372	22.23
Sierra Vista Regional Medical Center	1577	101	31.40
Simi Valley Hosp & Hlth Care	1828	219	26.01
St. Agnes Medical Center	5563	326	22.31
St. Helena Hosp	1789	168	25.46
St. Joseph Hospital - Orange	6318	367	21.62
Sutter Davis Hospital	706	48	29.75
Sutter Delta Medical Center	1540	119	27.66
Sutter General Hospital	7540	658	23.28
Sutter Roseville Medical Center	2751	133	25.69
Sutter Tracy Community Hospital	906	50	20.16
Tulare Healthcare District	1189	79	19.98
West Hills Hospital & Medical Center	2190	236	20.27

Note: All figures are based on 2001Q1 and reflect the total discharges for each facility.

Table 4
Summits's Control Group Hospitals

Hospital	Discharges (1)	Staffed Beds (2)	Market Share (3)
Arroyo Grande Community Hospital	794	39	14.28
Brotman Medical Center	2005	244	11.08
Century City Hospital	1297	95	11.19
Contra Costa Regional Medical Ctr	2012	125	11.28
Desert Valley Hospital	1526	83	16.81
Doctors Hospital Of Manteca	727	36	16.27
El Camino Hospital	4054	272	13.28
Glendale Memorial Hospital & Health Ctr	3903	315	12.02
Henry Mayo Newhall Memorial Hospital	2380	227	16.97
Hoag Memorial Hospital Presbyterian	5394	350	12.06
John Muir Medical Center, Concord Campus	3367	259	15.66
John Muir Medical Center-Walnut Creek Campus	4771	247	18.82
Little Company Of Mary Health System	4446	393	11.43
Methodist Hospital Of Southern Cal	3619	489	13.31
Monterey Park Hospital	1249	65	15.69
Northridge Hospital Medical Center	3865	415	14.05
Parkview Community Hospital	2447	96	12.56
Pomona Valley Hospital Medical Center	5203	381	16.96
Providence Holy Cross Medical Center	3181	255	12.47
Providence Saint Joseph Medical Center	5074	380	13.43
Riverside Community Hospital	4081	329	12.98
San Joaquin Community Hospital	2657	178	17.28
San Joaquin General Hospital	2511	123	16.79
Scripps Green Hospital	2384	165	14.21
Seton Medical Center	2764	273	12.41
St. Francis Med Ctr	4743	275	13.46
St. Jude Medical Center	4292	268	17.78
Sutter Maternity & Surgery Center	519	27	11.45
Torrance Memorial Medical Center	5997	360	17.00
Ventura County Medical Center	2195	133	13.63

Note: All figures are based on 2001Q1 and reflect the total discharges for each facility.

Table 5
 Sutter-Summit Merger Difference Regressions
 (Standard Errors in Parentheses)
 Quarterly Data, 1996-2006

	log(rnet revenues / discharges) for Summit (1)	log(rnet revenues / discharges) for Sutter (2)
merge	0.2569 (0.1684)	0.0690 (0.0906)
rincome	0.0000 (0.0001)	0.0001 ** (0.0000)
popdensity	0.0010 (0.0026)	-0.0025 (0.0020)
unemploy	10.4684 (8.4860)	-3.8217 (2.7150)
length_of_stay	-0.1057 (0.0845)	0.0280 (0.0429)
hmo	-11.7216 (7.8849)	-2.9885 (2.6707)
casemix	0.0517 (0.1849)	-0.2107 (0.3708)
wage	-1.4185 (0.9701)	0.1138 (0.4221)
ppi_med	0.0194 (0.0284)	-0.0174 (0.0202)
medicare	-6.3558 (7.7846)	0.7585 (2.6764)
medical	-10.2299 (7.5377)	-0.8152 (2.8426)
intercept	-2.2779 (4.2457)	4.0767 (3.8995)

Notes: Significance levels: 10% * 5% ** 1% ***

Significance levels are based on comparing the t-statistic
to the chi-squared distribution critical value.

Summit Regression: N=44, R²=.75, F-Value=8.64

Sutter Regression: N=44, R²=.89, F-Value=22.59

Figure 1
Quarterly Real Inpatient Private Pay Prices for Alta Bates Hospital
1996-2006

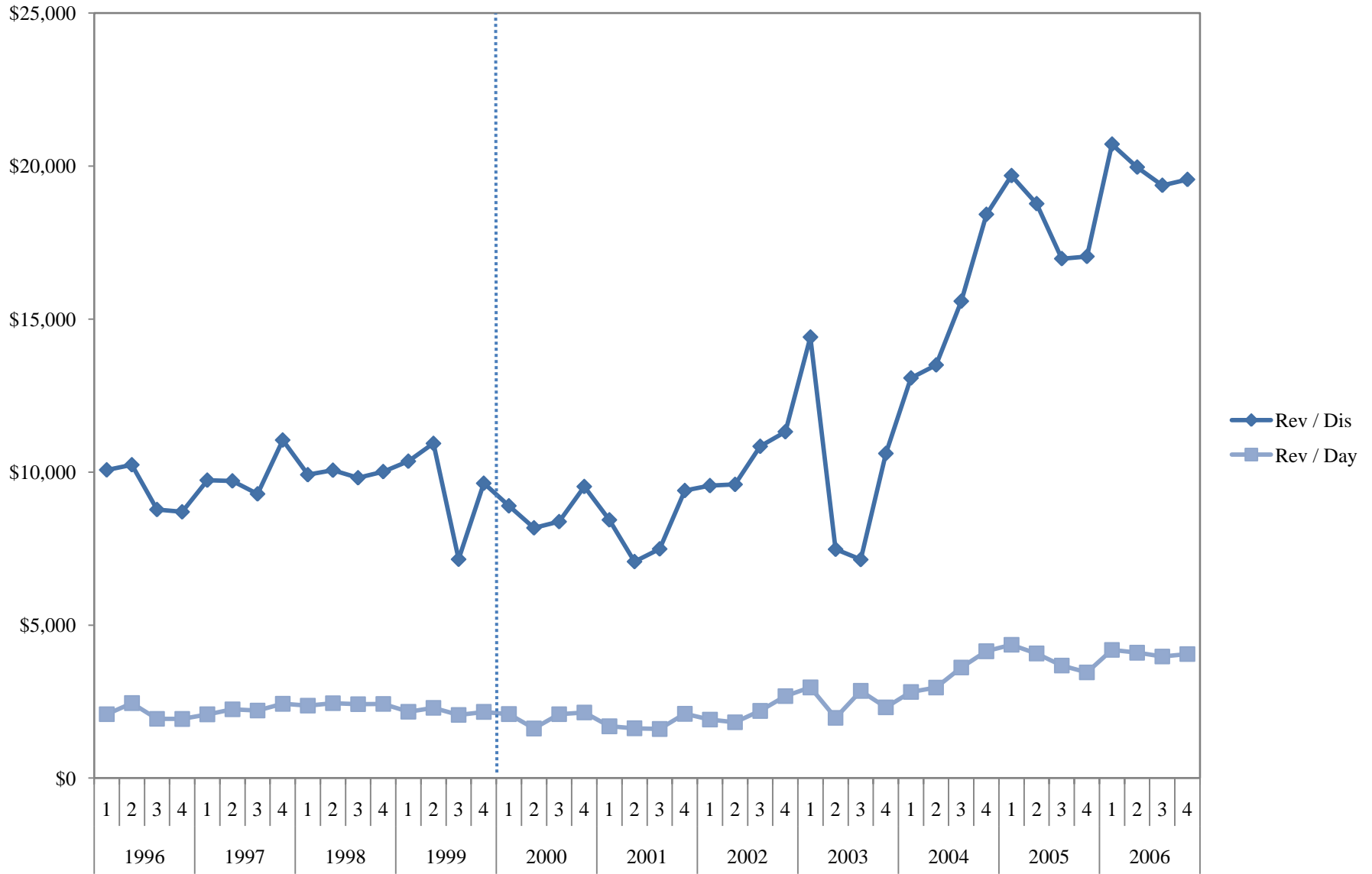


Figure 2
Quarterly Real Inpatient Private Pay Prices for Summit Medical Center
1996-2006

