Abstract

A market for kidney exchange has developed in the last few years. Patients with incompatible live kidney donors can join this market and swap donors. This market has grown to about 10% of live kidney donations, but growth has slowed in the last few years.

In this paper we use administrative records to document basic facts. The market is fragmented across many competing exchanges. Most transactions happen in very small exchanges. Small exchanges perform many clearly inefficient transactions.

We propose a supply and demand model to explain how these outcomes can arise as an equilibrium. We use the model and data to quantify the efficiency losses, and to develop more efficient mechanisms.