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Blue Shield of California Invests \$20 Million To Help Providers Develop Accountable Care Organizations

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Grants will help doctors and hospitals collaborate to optimize care

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SAN FRANCISCO, CA --- A total of 18 California hospitals, health systems, clinics and physician groups - including many serving underserved populations - will receive grants totaling nearly \$20 million from Blue Shield of California to help them participate more effectively in accountable care organizations (ACOs).

The ACO grants are being made as part of Blue Shield's 2 percent pledge, a commitment the company made last June to limit annual net income to 2 percent of revenue and to return the difference collected above that amount to customers and the community. Today's grants represent an average of \$10 million for each of the two fiscal years (2010 and 2011) that the pledge has been applied.

ACOs are arrangements among providers and payors in which financial and clinical integration is created to foster greater efficiency and quality in the delivery of care to persons who access the ACO providers. Blue Shield currently participates in three ACOs in Sacramento and San Francisco covering 70,000 HMO members, and has plans for additional collaborations in Orange and Stanislaus counties aimed at delivering integrated, cost-efficient care to 38,000 members. ACOs are a key part of delivery system reforms included in the Affordable Care Act.

"We received nearly 60 grant applications from providers around the state. This demonstrates overwhelming interest among providers in collaborating to reduce costs and enhance the quality of care," said Paul Markovich, executive vice president and chief operating officer, Blue Shield of California. "Our grantees include a community clinic serving safety net populations, the largest independent Federally Qualified Health Center in the nation, several applicants seeking to better manage patients with chronic diseases like diabetes, and two children's hospitals. We're proud to support all of our grantees as they work to materially improve care and succeed under federal health reform."

AltaMed Health Services Corporation, which serves Latino, multi-ethnic and uninsured populations in Los Angeles and Orange Counties, will apply its \$1 million grant to improve clinical integration with its Accountable Care Network hospital partners. "We thank Blue Shield of California for supporting our vision of improving access to care for the safety net population. This grant will greatly accelerate our ability to enhance continuity of care, manage post-discharge care of patients, and enhance coordination of care among the communities we serve," said Castulo de La Rocha, president and CEO, AltaMed Health Services Corporation.

The grantees, listed in order of grant amount, are as follows: [view grantees](#)

* The remaining funds are set aside as a reserve for unexpected needs of the grantees and to monitor and evaluate implementation of the grants.

Selection Process

Blue Shield retained Putnam Community Investment Consulting, Inc. (Putnam) to administer the grant program. Putnam is a national consulting and evaluation firm that works with philanthropic foundations and nonprofit organizations to research, develop, manage and evaluate grantmaking strategies, programs and initiatives. For Blue Shield's ACO grant program, Putnam managed the request for proposals by conducting broad outreach to potential applicants, organizing teleconferences for potential applicants to learn more about the funding opportunity, responding to applicant questions, developing proposal review criteria, and reviewing proposals. All funding decisions were made by a selection committee comprised of Putnam and senior Blue Shield executives directly involved in Blue Shield's ACO initiatives.

Background on Blue Shield of California

Blue Shield of California, an independent member of the Blue Cross Blue Shield Association, is a not-for-profit health plan with 3.5 million members, 4,800 employees, and one of the largest provider networks in California. Founded in 1939 and headquartered in San Francisco, Blue Shield of California offers a wide range of commercial and government products throughout the state. The company has contributed more than \$125 million over the past four years to the Blue Shield of California Foundation - which this year was named one of [BusinessWeek's top 20 most generous corporate foundations](#). Contact your local agent or broker for more information about Blue Shield products and services, or visit the Blue Shield web site at www.blueshieldca.com.

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