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BUSINESS

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AROUND THE NORTHWEST



Campbell



Conway

World Trade Center Seattle

World Trade Center Seattle appointed Daryl Campbell of Seattle Goodwill and Michael Conway of Starbucks Global Channel Development to its board of governors. World Trade Center Seattle is a gathering place for business leaders and is affiliated with 330 World Trade Centers in 90 countries.

Blue Point Capital Partners

The private equity firm Blue Point Capital Partners announced the recapitalization of Russell Food Equipment Ltd. in Canada. Founded in 1938, Vancouver-based Russell serves more than 20,000 foodservice operators. Blue Point has offices in Charlotte, Cleveland, Seattle and Shanghai, and is managing over \$800 million in committed capital.

Report: New health care model saves money

■ *Accountable Care Organizations are serving 7.8 million Medicare patients, and getting bonuses for savings above a certain threshold.*

By **KELLI KENNEDY**
Associated Press

MIAMI — A new model of health care run by doctors and hospitals is growing and saving money in the taxpayer-funded Medicare program, according to a new report from the federal government. However, experts say most patients still don't understand how an Accountable Care Organization works.

And while early data shows financial improvements, experts say it's too early to know the long-term financial impact.

The organizations are networks of doctors, hospitals and other providers who coordinate care in an effort to keep patients out of the hospital. They have become more common as the federal government shifts from a Medicare model that rewards volume to one that creates incentives for quality outcomes, such as fewer infections and a reduction in unnecessary tests.

The programs are difficult for doctors and patients to understand, but their impact is real. For example, when a patient undergoes knee replacement surgery, they

There are now roughly 420 such organizations in the Medicare program serving 7.8 million patients, with more expected to enter the market in January. The Obama

333 so-called Medicare Shared Savings Program ACOs generated more than \$411 million in savings in 2014. Nearly 100 ACOs also saved enough money to get a piece of more than \$422 million, according to a recent report from the Centers for Medicare and Medicaid Services.

However, three out of four Affordable Care Organizations did not reduce spending enough to earn bonuses, according to the report released late last month from the Centers for Medicare and Medicaid Services. And at least five of them generated losses.

"ACOs haven't taken a big step backward, but they haven't taken a leap forward. They've been holding steady. They've grown, but their savings have been the same proportionately with roughly 1 out of 4 saving money," said Kavita Patel, a fellow in economics study at the nonprofit independent Brookings Institution.

The organizations can choose to operate at varying levels of risk, on one end, higher potential bonuses also means increased liability for losses; at the other, they can be shielded from losses but sacrifice bonuses. Only a few agreed to take on the highest risk; the challenge is getting others to take on greater risk, Patel said.

"There were a lot of ACOs that lost money but they didn't pay anything back ... but that can't go on forever," Patel said. Twenty-nine percent of the 55 million

'We all have more work to do so beneficiaries to be in an ACO. But we know patients in ACOs report they're receiving better care in ACOs, even if they don't fully understand the concept.'

Sean Cavanaugh
Medicare deputy administrator