

# DISTRICT MEDICAL GROUP

## Mission

We are dedicated to improving the health and well-being of individuals in Arizona through an integrated medical group practice based on a balanced program of patient care, education, research, and community service.

## Vision

District Medical Group is recognized as a leader in providing high quality, innovative medical care delivered in a respectful and fiscally responsible way. We are a trusted partner in training the future healthcare providers in Arizona. Our environment attracts and supports highly talented, compassionate providers.

## Core Values

- **Quality:** Provide exceptional medical care to our patients and families in a cost effective manner.
- **Professionalism:** Adhere to the highest standards of ethical conduct, courtesy and responsibility to patients and colleagues.
- **Partnership:** Augment our clinical, academic and research missions with Maricopa Integrated Health System, University of Arizona College of Medicine and our community partners.
- **Physician-Patient Relationship:** Honor the dignity, diversity and privacy of individual patients, while maintaining patient safety and best clinical outcomes in a fiscally responsible manner.
- **Education:** Offer outstanding education and training programs for healthcare professionals.
- **Research:** Promote clinical research, improving the health and well-being of our patients and their communities.



## Strategic Areas of Focus

**Clinical Excellence and Community Health:** Increase access to health services for the community and elevate community health care standards.

**Partnership Development:** Create effective, synergistic, and sustainable affiliations with community programs, MIHS and University of Arizona.

**Education and Training:** Expand academic programs while maintaining the highest standards of academic performance and professional competence.

**Clinical Research Excellence:** Create an institutional culture of exceptional scholarship and strengthen the competitive quality and reputation of the clinical research enterprise.

**Outstanding Workplace and Operational Excellence:** Create a work environment that fosters the highest standards of operational performance and fiscal discipline.

**Philanthropy and Public Value:** Grow philanthropy and effectively promote the group's unique public value.



## BOARD AND OFFICERS

The governing board, composed of five community directors and four physician directors, meets quarterly. Board committees meet as needed.



**Phyllis Biedess**  
Health care consultant,  
former director of  
AHCCCS.



**Dean Coonrod**  
Secretary and Chairman  
of Obstetrics and  
Gynecology, DMG



**J. Alan Rawls**  
Associate Vice Provost  
of Clinical Partnerships,  
ASU

### Non-Board Member Officers



**Craig Jones**  
Chief Financial Officer



**William Putnam**  
Former Senior VP,  
USAA  
Retired Rear Admiral,  
US Navy



**Dan Hobohm**  
Chairman Board of  
Directors and  
Chairman of Pathology,  
DMG



**Ted Williams**  
President/CEO of  
Arizona Behavioral  
Health Corp.



**Kote Chundu**  
President and Chief  
Executive Officer, DMG



**James Marovich**  
Attorney, The Marovich  
Law Firm, P.L.C.



**David Wisinger**  
Chief Medical Officer  
and Chairman of  
Medicine, DMG



*Excellence in Patient Care, Education,  
Research and Community Service since 1993*

2929 E. Thomas Rd. • Phoenix, AZ 85016  
602-470-5000 • www.dmgaz.org

MILESTONES 2017 | ANNUAL REPORT

## MESSAGE FROM THE PRESIDENT & CEO, DR. KOTE CHUNDU:

December brings to a close District Medical Group's (DMG) eighth year as a 501.c.3 faculty practice plan. I value the everyday commitment of our terrific staff to our patients and to our organization. This has been a year of significant changes on several fronts. Notable organizational achievements in 2017:

- Academic affiliation: Definitive agreement was signed in September with three other founding partners (MIHS, Dignity, & Creighton University)
- Established physical health integration at three behavioral health clinics with JFCS and Partners in Recovery
- Three year Orthopedic services contract signed with Dignity Health
- DMG is actively participating in Care Reimagined Process (Prop 480). First multi-specialty clinic in Peoria to be operational in early 2019
- Significant progress in achieving Compliance and IT improvement goals
- Developed strategic plan for expansion of ambulatory care sites for DMG

We have responded well to the challenges from the major changes associated with healthcare reform and met our financial performance expectations in 2017. Some of the significant potential federal regulatory challenges on the horizon are:

- MACRA (Medicare Access and CHIP Re-Authorization Act)
- Federal legislative & executive changes
  - Repeal of ACA
  - Reversing Medicaid expansion or changing Medicaid financing



While DMG had gratifying achievements, we must continue to prepare to address the future challenges to meet the demand for integrated healthcare delivery. Success of MIHS and DMG is intertwined and we need to continue to work as a team at all levels of the organizations for future growth and stability of both organizations.

As DMG providers our involvement will be essential to the planning and build process to deliver excellent patient care in the new state-of-the-art facilities as part of Prop 480 funds! I'd like to thank each member of District Medical Group for his or her reliability, support, and the skills each one of you brings to bear.

Above all, I wish every DMG member a joyous and healthy holiday season, and my best wishes for fulfillment in the year ahead.

## FINANCES

After seeing total revenues flatten for the past three years, 2017 saw them climb by 3% over the 2014 – 2016 amount. Although we have also seen total expenses increase over the previous years, DMG will continue its trend of generating positive financial results when the books close on 2017. We continue with a strong cash position, a current ratio of over 2.0, the proven ability to operate in the black and ahead of budget, and with Total Net Assets approaching \$39 mil. Moving forward into 2018, DMG expects to take advantage of opportunities brought about through the Affordable Care Act and Health Care Reform in general.

Through the consistent exercise of financial disciplines and with prudent financial controls, DMG's bank, insurance, and other contractual covenants have been met or exceeded. The Finance, Operations, and Pension Committees continue to meet regularly to review finances and monitor performance, and the Audit Committee meets regularly to review and monitor compliance and controls.

## CENTRAL BUSINESS OFFICE

CBO receipts and charges for the first half of this year were on target but we've lost a bit of ground since June and looks like we will fall short of meeting our cash and charge projections for the year. Despite this, our outlook is positive and we continue to strengthen our teams through training and education.

We continue to evolve our departments and processes toward effective and efficient billing and collections. As 2017 comes to a close, we are rolling out a Coding and Documentation Quality Assurance plan. Our QA goals are to review both coding and documentation to improve compliance, accuracy and identify revenue opportunities.

We have partnered with MIHS and MDsave in an effort to reach new patients who may be self-pay or in high deductible plans. MDsave provides patients a way to search for healthcare services, compare prices and purchase tests and/or procedures online. CBO is currently working with our Division Administrators and MIHS partners to create package pricing for various tests and services. We hope this partnership opens the door to a wider patient population.

We have a robust and dedicated team that shares the values and goals of our DMG senior leadership and we look forward to a successful 2018.

## CLINICAL OPERATIONS

2017 has seen DMG continue to make meaningful strides in support of our vision to deliver high quality, innovative medical care. Through our positive and collaborative partnership with MIHS, DMG continues to strengthen its standing as a leader in healthcare throughout Arizona. DMG is proudly working in conjunction with MIHS to provide excellent medical care through our provider staffing at the Maricopa Medical Center, the eleven regional Federally Qualified Health Centers, and at our DMG Corporate Clinics. In conjunction with MIHS, DMG has had a busy planning year in working towards the expansion of our community services through implementation and planning of Care Reimagined (Prop 480) which will allow brand new facilities to be developed.

With an ongoing focus on strategic growth and program development, DMG has expanded services focusing on providing Integrative Care. In partnership with both Jewish Family & Children's Services and with Partners in Recovery, DMG is providing services in three additional integrated clinics. DMG prides itself on developing value based programs aimed at achieving its goal of improving the health of the populations served and reducing the overall healthcare costs.

We look towards a strong start to 2018. As we move closer to realizing our bold vision, we look forward to future integration with MIHS to expand primary care services and create an integrated health care delivery system with MIHS.

We are truly grateful for our exceptional DMG staff, providers, and to our patients for allowing us the opportunity to provide them the best quality medical care.

## COMPLIANCE

The District Medical Group (DMG) Office of Corporate Compliance has continued to make great strides in progressing and developing a comprehensive compliance program envisioned by the organization.

DMG conducts effective training and education regarding the compliance program, Code of Ethics and Conduct, contractual and regulatory requirements, and DMG's legal and ethical responsibilities. As of December 2017, we have seen a substantial increase in overall compliance with company-required training. Compliance training and education is conducted at all levels of the organization, from senior leadership to frontline staff to independent contractors. The subject matter is designed not only as a response to identified high-risk areas, but as a proactive measure to promote a culture of compliance.

The Compliance Department developed and launched DMG's new internal audit program in 2017, which expanded reviews to additional areas within our organization's internal practices, and procedures followed in our clinics. Throughout 2017, the Compliance Department has received support and positive feedback from internal stakeholders, which assisted in the completion of effective audits. With continued support from each member of DMG, our achievements and lessons learned from 2017 will contribute to another successful audit program in 2018.

Earlier this year, DMG purchased ComplyTrack to assist the Compliance Department with oversight in the policy and procedure review process, and streamlining its reporting process in a manner that is both consistent and informative. Together with the effort and support from the Policy & Procedure Review Committee, the Compliance Department has been able to transition policy management to ComplyTrack. In 2018, employees will be able to access DMG policies through ComplyTrack's portal on our intranet site.

The Compliance Department, with the support of DMG Leadership, will be able to provide a plan with long-term sustainability to ensure we are prepared and are able to meet the challenges we may face well into the future. Our goal for DMG is to continue to thrive, grow and to be an effective and compliant organization.

## INFORMATION TECHNOLOGY

In 2017 District Medical Group's Information Technology team focused on further optimization of infrastructure and systems as well as the addition of new systems to better align our technology capabilities with the business. Our Information Security team continued to protect our systems from outside threats while implementing a Privileged Access Management system as well as a Phishing Education program to protect us from insider threats. We upgraded our Network infrastructure at the Data Center and our Corporate Clinics to allow for redundancy and increased performance. We continued investment in strategic partnerships when appropriate to best meet the growing technology needs of the organization; continued support for DMG involvement in regulatory and government programs such as MACRA and MIPS; supported the corporate clinic based research initiative; supported operational and technology integration with our business partners; and continued implementation of widely accepted Healthcare Information Technology Best Practices.

There were significant introductions of new systems and services for Integrated Voice Recognition into our EMR, System Integration, Contract Management, Corporate Intranet and Spirometry. We added an Integration Analyst to the team to enable us to be nimble and responsive in our ability to integrate with business partners and maintain interfaces with current partners.

Phase 2 of our Data Warehouse/Business Intelligence solution went live in October using our Centricity Business Practice Management system as its data source and is now offering over 100 reports and robust ad hoc reporting to help us manage our business.

We began an increased focus on DMG's Web and Social media presence and have begun to realize increases in number of hits, likes, etc., over the past 12 months. This initiative helps to further position DMG and its providers as leaders in providing care, research and education locally and nationally.

Planned or proposed initiatives for 2018 include continuation of the implementation of the new Data Warehousing/Business Intelligence platform by adding a Clinic Operations dashboard and a significant partner as a data source, implementation of multi-factor authentication on our remote access portal to better protect DMG technology assets, implementation of Password Filtering to advise users on the strength of their passwords, improvements to the network infrastructure at the CBO and CBO East locations, implementation of Microsoft Office 365 and movement of these services to the Microsoft cloud, upgrading our Centricity Business system to the Linux operating system and several optimization projects focused on our Core Infrastructure and both Administrative and Patient Care systems. We look forward to continuing to serve the growing needs of DMG.

## MESSAGE FROM CHAIRMAN OF THE BOARD, DR. DAN HOBOHM:

Within this year-end newsletter are reports from key officers within District Medical Group. Once again, DMG has accomplished a great deal within the last year. Our continued expansion with multiple and diverse partners ensures a successful future for District Medical Group.

The Board would like to thank all of DMG's employees whose dedication and service made all these achievements possible. Best wishes for the holiday season.