

# Annual Report 2018



# A Message from Our President & CEO



“We have responded well to the challenges from the major changes associated with healthcare delivery and met our financial performance expectations in 2018.”

**Kote Chundu, MD, MMM**  
President & CEO

I'd like to express my sincerest appreciation for all your efforts in making 2018 another successful year for District Medical Group (DMG). We appreciate your everyday commitment to our patients and our organization. This has been a year of noteworthy changes on several fronts. Important organizational achievements in 2018:

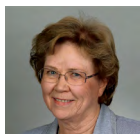
- Academic affiliation: The Creighton University Arizona Health Education Alliance became functional with the 2018 - 2019 academic year
- Continued and even expanded the physical health integration to four behavioral health clinics with Jewish Family & Children's Services (JFCS) and Partners in Recovery
- Added to the orthopedic services contract signed with Dignity Health by beginning to provide GI services as well
- DMG is actively participating in the Care Reimagined Process (Prop 480). The former Maryvale Hospital

site will re-open as an emergency department and a psychiatric hospital in April 2019

- Significant progress in achieving compliance and IT improvement goals
- Further developed a strategic plan for expansion of ambulatory care sites for DMG
- Through much communication and collaboration, we have been working with the Medicaid plans to implement the AHCCCS Complete Care (ACC)

We have responded well to the challenges from the major changes associated with healthcare delivery and met our financial performance expectations in 2018. While DMG had gratifying achievements, we must continue to prepare to be ready to advance on the spectrum of value-based care and diversify our revenue streams. I personally appreciate what you do for this company each and every day. I'd like to thank each member of DMG for his or her reliability, support, and the skills each one of you brings to bear.

## Board Members and Officers



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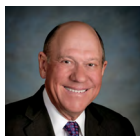
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### 1. Phyllis Biedess

Vice-Chair of the Board of Directors, Healthcare consultant, former director of AHCCCS

### 2. Kote Chundu

Board President and Chief Executive Officer, DMG

### 3. Dean Coonrod

Board Secretary and Chairman of Obstetrics and Gynecology, DMG

### 4. Dan Hobohm

Chairman Board of Directors and Chairman of Pathology, DMG

### 5. James Marovich

Board Member, Attorney, The Marovich Law Firm, P.L.C.

### 6. William Putnam

Board Member, Former Senior VP, USAA, Retired Rear Admiral, US Navy

### 7. J. Alan Rawls

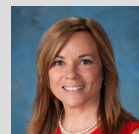
Board Member, Associate Vice Provost of Clinical Partnerships, ASU

### 8. Ted Williams

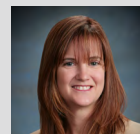
Board Member, President/CEO of Arizona Behavioral Health Corp.

### 9. David Wisinger

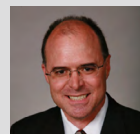
Board Member, Chief Medical Officer and Chairman of Medicine, DMG



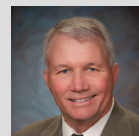
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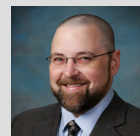
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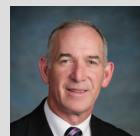
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### Non-Board Member Officers

#### 1. Denise Atwood

Chief Risk Officer

#### 2. Wendy Burkholder

Chief Clinical Operations Officer

#### 3. Craig Jones

Chief Financial Officer

#### 4. Scott Manning

Chief Human Resources Officer

#### 5. Jason Martin

Chief Compliance Officer

#### 6. Jeff Weil

Chief Information & Brand Officer



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

# A Message from Our Chairman of the Board

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“Our continued expansion with multiple and diverse partners ensures a successful future for DMG.”

**Dan Hobohm, MD**  
Chairman of the Board of Directors and  
Chairman of Pathology



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

The Board would like to thank all DMG employees whose dedication and service made all these achievements possible.

## Clinical Operations

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Reflecting back on 2018, DMG has had a year of significant growth and change in clinical operations. In conjunction with MIHS, DMG continues to be focused on the implementation and planning of Care Reimagined (Prop 480), which will allow for brand new facilities and site expansion.

DMG is experiencing significant changes through the implementation of the AHCCCS Complete Care program which launched in October 2018. This statewide new integrated system joins physical and behavioral services together to treat all aspects of our members' healthcare needs.

DMG Children's Rehabilitative Services (DMG CRS) was honored to have been selected as a participating provider in the Targeted Investment Program. This AHCCCS strategy provides financial incentives to eligible AHCCCS providers to develop systems of integrated care aimed at:

- Reducing fragmentation between acute and behavioral healthcare
- Increase efficiencies in the service delivery for members with behavioral health needs by improving integration
- Improving health outcomes for members with physical and behavioral health needs

DMG continues our partnership with both JFCS and Partners in Recovery to provide primary care services in four integrated clinics. DMG prides itself on developing value-based programs aimed at achieving its goal of improving the health of populations served and reducing overall healthcare costs.

We look towards a strong start to 2019. As we move closer to realizing our bold vision, we look forward to our continued integration with MIHS to expand primary care services and create an integrated healthcare delivery system with them.

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

## Finances

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From a balance sheet perspective, 2018 was sort of like the hamster on the wheel in his cage; we worked really hard all year, but are pretty much ending up where we started. On the income statement side of things, we did experience a 4% increase in total net revenue, and a 4% increase in total expenses. We do expect that DMG will continue its trend of generating positive financial results when the books close on 2018. 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 exceeding \$39 million. As the calendar turns into 2019, DMG expects to take advantage of opportunities brought about through the Affordable Care Act, healthcare reform, and the local healthcare market in general.

Through the consistent exercise of financial disciplines and with prudent financial controls, DMG's bank, insurance, and other contractual covenants were 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

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2018 CBO receipts were on target, due primarily to the APSI funds received. We continue to evolve our departments and processes toward effective and efficient billing and collections. Completed and ongoing implementations include:

- Global Search: successfully implemented a paperless process utilizing Global Search for several specialties
- Computer-Assisted Coding: successfully selected a coding assistance software
- Charge Automation: CBO and MIHS teams worked to establish a foundation for charge automation
- Quality Assurance: integrated quality assurance into the new provider review process
- Electronic Task Manager: improved reporting system for DMG's task management system
- Charge Capture Processes: streamlined charge capture process for certain areas

# Compliance

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The DMG Office of Corporate Compliance has continued its mission to develop and implement the comprehensive compliance and audit program envisioned by our organization.

Throughout the last few years, Compliance has been tasked with coordinating and providing substantive education to the entire organization. Successful partnership with MIHS Compliance and support from DMG leadership assisted the Compliance Department with meeting our organization's educational goals. Accordingly, DMG's timely completion rate of required training continued to steadily increase in 2018. Although we saw an increase in health plans requesting Model of Care and Cultural Competency training, our continued collaboration with both internal and external stakeholders allowed us to develop efficient training for our providers.

Although the Compliance Department launched DMG's new expanded internal audit program in 2017, our department did restructure and add additional subject matter experts to our audit team. As with 2017, the Compliance Department has received support and positive feedback from internal stakeholders, which assisted in the completion of effective audits. Our goal in

2019 is to build upon our reports and lessons learned from previous audits to expand on the provider element of our internal audit program, which will contribute to another successful audit program in 2019.

The Compliance Department continuously utilizes ComplyTrack to document and manage all inquiries, hotline reports, potential HIPAA breaches, audits, and provide live education. Documentation gathered through ComplyTrack assists Compliance with identifying trends and assessing our organization's culture of compliance. In 2018, we saw a steady increase in communication with Compliance through the amount of inquiries documented, which is one of the indicators the Compliance Department relies on when measuring organization-wide communication and confidence with our department.

Consistent support from DMG leadership has provided the foundation for the Compliance Department to develop and maintain a Compliance Program that is both sustainable and effective. While one of our department's recurring annual objectives is to administer an effective Compliance Program, our main goal for 2019 is to continue being an indispensable resource for DMG to operate and thrive as a compliant organization.

# Information Technology

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2018 represented a turning point for DMG Information Technology (IT). The team was able to turn its focus to optimization and value-added projects and efforts now that the infrastructure is on a more stable platform.

Major accomplishments included: the completion of phase 2 of our business intelligence data warehouse initiative so that we are now able to provide data from both our Centricity EMR and Centricity Business systems as well as introduced a new dashboarding tool for advanced data visualization; selection of an integrated human capital management system for implementation beginning in January 2019 to include HR, payroll, benefits and recruitment modules; redesign of our network to allow for appropriate segmentation to improve security; upgrading our wireless network to ensure appropriate coverage and enhanced security in DMG facilities; remediation and stabilization of our database cluster; remote hosting of our Centricity Business practice management application suite; and the addition of eSignature pads in our DMG CRS clinic. The Information Security team continued to protect our systems from outside threats while maintaining a focus on our end user education program to protect us from cyber attacks. We continue to proactively collaborate with Compliance on privacy and security issues. We also continued investment in strategic partnerships to best meet the growing technology needs of the organization; support for DMG involvement in regulatory and government programs, such as Arizona's

Targeted Investment Program, MACRA and MIPS; supported operational and technology integration with our business partners; and implementation of widely-accepted healthcare IT best practices. In order to provide our organization with knowledge of best practices, DMG IT has partnered with HIMSS (Healthcare Information Management Systems Society) as an organizational affiliate.

Additionally, the CIO role was expanded to encompass Chief Brand Officer duties overseeing the organizations increasing marketing and communication efforts. In addition to the growth of our web and social media presence, the team has developed a quarterly newsletter, "The District", multiple Marketing policies and guidelines, a joint press release and promotional video with Make-A-Wish Arizona, as well as a successful marketing campaign in collaboration with Clinical Operations leadership at DMG CRS.

Planned or proposed initiatives for 2019 include: addition of automated payment reminders and patient satisfaction surveys; the ability to pay online; implementation of a computer-assisted coding solution; and implementation of a higher performance solution to meet our continued server virtualization needs. There will also be an increased focus on optimization of business and clinical operations through automation and removal of paper processes. We look forward to continuing to serve the growing needs of DMG.



## 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 future healthcare providers in Arizona. Our environment attracts and supports highly talented, compassionate providers.

## Core Values

**Quality:** Provide the best medical care available to our patients.

**Professionalism:** Meticulous adherence to undeviating courtesy, honesty and responsibility towards patients and colleagues.

**Partnership:** Pursue our clinical, academic and research missions with Maricopa Integrated Health System, Creighton University, Dignity Health, University of Arizona College of Medicine and community partners.

**Respect:** Respect the individuality and diversity of our patients and colleagues.

**Integrity:** Assure patient safety and best clinical outcomes with optimization of resources.

**Education:** Dedicated to outstanding education and training programs for healthcare providers.

**Research:** Continued commitment to clinical research, improving the health and well-being of our patients and their communities.

### DMG Corporate Office

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Phoenix, AZ 85016  
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[www.dmgaz.org](http://www.dmgaz.org)

## 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.

## Strategic Areas of Focus

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

Search for us here

