



ANNUAL REPORT 2020



OUR VISION

DMG physicians will be recognized as leaders in providing high quality, innovative medical care delivered in a compassionate, respectful and responsive way. We will be a trusted partner in training the future healthcare providers in Arizona. We will create an environment to attract and support highly talented, compassionate providers.



A MESSAGE FROM OUR PRESIDENT & CEO

Kote Chundu, MD, MMM

The past 12 months have been trying times for everyone in our organization and so many others around the world. Much of our specialty care has been put on hold; clinics have temporarily closed or adjusted hours of operation; and work schedules have been significantly altered.

I appreciate the long hours and commitment demonstrated by all our providers and staff to support patients and the community with the highest quality care and compassion during these unprecedented times. For those team members on the frontlines of COVID-19, THANK YOU. Please know our entire organization and community are proud of the work you are doing.

These challenging times reinforce that our employees are our most important asset; they are fundamental to the vibrancy and success of District Medical Group (DMG). Excellence in everything we do—operations, management, customer service, and clinical care—depends upon the applied abilities and character of our employees. We are committed to creating a safe workplace and protecting our employees to the best of our abilities. We have modified business operations and implemented personal and office

measures—like requiring face masks and other personal protective equipment (PPE), using automated doors, and limiting the number of people at office locations—to keep our patients and employees safe.

As a company, we have built our success on consistency in being strong stewards of our assets and controlling costs. I am delighted that we are one of the exceptional medical groups without a base compensation decrease in the past year. 2020 was a year of stronger than expected financial performance in the face of an unrelenting pandemic and some significant unknowns. As we close the books for 2020, I am expecting a clear and stable financial picture to be revealed by the end of the first quarter of 2021.

The indomitable dedication, courage, and innovative spirit of our organization as we navigate through these trying events inspire me daily. I want to extend a personal “thank you” to each member of the DMG team for the reliability, support, and skills you bring to benefit the health of our organization and patients each day. Wishing you and yours a happy, healthy, and prosperous 2021!

Working together to better the health of our community, DMG is proud to partner with the following healthcare organizations:



A MESSAGE FROM OUR CHAIRMAN OF THE BOARD

Dan Hobohm, MD, MPH
Pathology Chairman,
Valleywise Health



2021 was a year of unforeseen challenges and stress in healthcare, and the Board of Directors is grateful to every employee for your flexibility and dedication as we navigated through the pandemic. Whether your role within DMG is clinical, operational, or managerial, each one of you had to adjust to a new normal due to COVID-19 without warning or preparation. Your flexibility and innovation made it possible for DMG to adapt and maintain a successful business model during the pandemic with only small adjustments to the overall budget.

As you read through each functional update, you will see examples of how each team negotiated new challenges while maintaining focus on key 2020 business objectives. These actions and relentless commitment to the health of DMG and our patients speak to the strength of our organization and why DMG continues to grow and is a valuable contributor to advancing healthcare in Arizona. Once again, thank you for making 2020 a year of quality, perseverance, and success for the organization.

DMG BOARD MEMBERS AND OFFICERS

VICE-CHAIR OF THE BOARD



Phyllis Biedess
Healthcare consultant;
former AHCCCS director



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Scott Manning
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Kevin Rhode
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FINANCE

While having a challenging start to 2020, DMG benefited from the calendar year being 12 months so as not to be defined by performance in the first months of the year. DMG ended 2020 in much better financial health than experienced in the first half of the year.

DMG's balance sheet revealed significant increases in cash and accounts receivables (AR), leading to an increase in total net assets of more than seven million dollars. In addition, the income statement increases included more than seven percent in total net revenue and six percent in total expenses. These trends are expected to remain as such when the 2020 books close.

With a strong cash position, a current ratio of more than 2.0, the proven ability to operate in the black and ahead of budget, and with total net assets exceeding \$55 million, DMG expects to continue taking advantage of opportunities in healthcare.

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

As experienced across the organization and healthcare industry, the pandemic posed unique challenges to the Central Business Office (CBO) team. Despite the unforeseen circumstances, CBO successfully transitioned operations to R1RCM (R1) in 2020 as planned. R1 brought DMG live in the reporting gateway in quarter four of 2020. The R1 transition faced uncontrollable obstacles, but the team was able to overcome these challenges and end 2020 successfully.

In 2021, CBO will continue to focus on improving operational efficiency and identifying areas to minimize redundancy associated with charge capture and charge reconciliation. 2021 objectives include:

- Addition of benchmarks to the R1 module to better measure DMG's performance
- Continued work on capturing and measuring denials, denial trending, and overturn success rates (the extent to which DMG can get payers to overturn claims denials)

CLINICAL OPERATIONS

Like all healthcare settings, 2020 has been an unprecedented year for DMG due to the COVID-19 pandemic. During this time, DMG has remained committed to expanding and providing best-in-class health services to more patients across the Valley with a focus on patient satisfaction and optimal medical outcomes. To accomplish these objectives during a community-wide pandemic, DMG had to evolve how care was provided to our patients and their families with providers and staff working creatively and tirelessly to support the health of DMG and its patients.

Transforming Patient Care: To slow the spread of COVID-19 and support the health and safety of patients and their families as well as DMG providers and staff, care delivery was enhanced to not only include traditional in-person visits but also telehealth appointments and drive-up immunizations. In addition, social distancing, required PPE, enhanced sanitizing, and other measures were implemented to protect everyone receiving care or working at a DMG clinic. All DMG clinics followed CDC guidelines to support the fight against the coronavirus in our community.

Expanding to Serve More Patients: Adding and rebranding three primary care clinics, DMG expanded in 2020 to serve more patients. These new DMG locations include:

- DMG Anthem Family Practice (formerly Choice Medical Walk-in)
- DMG Lake Pleasant Family Practice (formerly Choice Medical Walk-in)
- DMG East Mesa Internal Medicine (formerly Arizona Center for Internal Medicine)

These clinics and their experienced providers and staff joined existing DMG locations which include: DMG Arrowhead Family Practice, DMG Children's Rehabilitative Services (DMG CRS) and DMG Desert Horizon Integrative Medicine.

In 2021, DMG will continue to actively expand our footprint with a complementary geographic presence and add experienced, patient-centered providers and staff to support the health of more patients across the Phoenix metropolitan area.

Partnering to Serve Patients: Collaborative alliances have resulted in DMG being a well-respected healthcare leader in the community. DMG remains committed to building strong partnerships and relationships with key stakeholders, such as health plans and community organizations, to optimize patient care.

In addition to supporting Valleywise Health System initiatives, DMG continues to be actively engaged in physical health and integration of behavioral health services with Jewish Family & Children Services (JFCS) and Copa Health (formerly Partners in Recovery). We continue to grow and will be adding expanded services with JFCS at their West Valley Healthcare Center location in early 2021.

COMPLIANCE

Despite 2020 being a challenging year, the DMG Office of Corporate Compliance continued to operate efficiently and effectively under its 2019-modified structure. In the beginning of 2020, Compliance's main goal was to promote interdepartmental collaboration, but this goal expanded towards the end of the first quarter to also include supporting compliant operations during the pandemic.

Compliance partnered with Clinical Operations, Human Resources (HR), Information Technology (IT), and Risk Management to develop workflows and internal processes promoting COVID-19 related regulatory compliance. Additionally, Compliance began working with the CBO and R1 to coordinate educational opportunities related to

provider coding and documentation audits. Finally, Compliance expanded its internal audit program to include clinical reviews of DMG's newly acquired corporate clinics. Our vision for 2021 is for DMG's internal audit program to be a resource all departments use to detect and mitigate potential risks to the organization and prepare for third-party audits.

Compliance continues to evaluate DMG's eLearning to ensure that the content is relevant, effective, and not repetitive. A major initiative for 2020 was to implement a modified eLearning schedule, which entailed assigning training at the beginning of the second quarter and allowing employees to complete training at their own pace before the end of the year; this change proved to be successful as overall timely completion rates increased. Also, in conjunction with Valleywise Health's Compliance department, DMG Compliance has been able to promote consistency with eLearning content and timely completion of required training.

DMG leadership has provided a solid foundation for Compliance to continue to grow and become an integral part of the organization's culture. After a year filled with unexpected situations and a new year presenting several pending regulatory changes, the Compliance team's goal for 2021 is to proactively identify potential compliance risks and support compliant operations across the organization.

INFORMATION TECHNOLOGY

The Information Technology (IT) team demonstrated innovation and flexibility in 2020. The pandemic forced IT to adjust 2020 plans to a "new normal" within the healthcare environment. DMG IT answered this challenge while continuing to focus on optimization efforts to improve infrastructure, security, business operations, revenue cycle management, and clinical processes and systems.

Infrastructure: The infrastructure team advanced efforts to improve critical network and infrastructure systems. The phone system was improved by migrating hosting to a state-of-the-art data center and upgrading system software to the latest versions. A software defined wide area network (SDWAN) solution was implemented which allowed integration of new clinics within the DMG network and introduction of triple redundancy at key sites. The DMG data center was upgraded with hardware improving network throughput using high-speed fiber. Legacy network configurations were also audited removing or modifying them where appropriate to enhance speeds and security.

Security: To improve cyber security, upgrades to systems and software relating to email, web, and endpoints, including data loss prevention services, were completed. The security audit remediation, addressing all "Critical," "High" and "Medium" vulnerabilities was also concluded. Unfortunately, DMG experienced a phishing breach this year; the team was able to efficiently remediate the related network accounts. Based on this experience, phishing and cyber training efforts have been amplified to mitigate the risk of a similar breach in the future.

Business Operations: The infrastructure team responded

quickly to enable remote working for employees and providers across the organization. Remote worker capabilities were implemented, including a remote VPN allowing technical staff to have secure, remote access to critical systems throughout the pandemic. The team also onboarded and implemented external service desk support to improve first-call resolution and service request triage.

The infrastructure team was also able to make improvements to DMG's desktop/laptop image process enabling swift deployment to more than 300 personal computers (PC). These systems were originally intended to address aging equipment; that focus was adjusted due to the pandemic. In 2021, aging systems will continue to be replaced with on-premises upgraded systems with monitors, storage, and memory. In addition, all DMG staff were successfully transitioned to the Office365 platform, including email and mobile device management.

Revenue Cycle Management: The applications team continued charge automation initiatives with Valleywise Health to eliminate paper from being transferred to DMG for coding and billing. Initiated in 2019, the integration of R1 continued throughout 2020 with focused optimization efforts resulting in the addition of billing for telehealth services and upgrade and maintenance of current systems. In addition, the IT team enhanced billing, AR, claims and remittance systems.

The business intelligence team upgraded DMG's dashboard and report delivery capabilities. AnalyticIQ, a dashboard system that allows DMG to monitor billing in relation to other Athena clients, was implemented. In addition, the team delivered several new dashboards and responded to ~200 requests for reports in addition to addressing R1 needs for data extracts.

Clinical Processes and Systems: By migrating available processes and services to remote and telehealth platforms, DMG providers and staff were able to continue providing essential services to the community during the pandemic. The infrastructure team responded quickly and implemented expanded telehealth and remote worker capabilities by providing secure Zoom accounts for more than 200 providers in one week during which requirements and needs were still being defined. Televox appointment reminder systems were enhanced to include additional messaging for telehealth appointments as well as improved survey questions.

Qgenda Advanced Scheduling was implemented for the pediatric emergency department, emergency medicine, and psychiatry. Qgenda Time Tracking and Compensation Management, which will allow data to be fed directly from Qgenda to the payroll system, is currently being piloted within psychiatry.

Other clinical systems upgraded included the interface engine, patient portal,

audiology applications, electronic health records (EHR) speech recognition software, e-prescribing applications, and Health Current HIE platform. DMG IT also deployed a new ASEBA system for psychiatry, spirometer at DMG East Mesa Internal Medicine, nasometer at DMG CRS, and new forms within the Athena EHR. In addition, the resident workflow within the new PACS system was finalized.

Initiatives planned for 2021 will ensure our IT solutions are nimble and can continue to be adapted to meet unexpected challenges, as experienced in 2020 with the pandemic. In addition, IT will continue to assess and implement solutions and processes to optimize business and clinical operations to support the health of DMG and its patients. 2021 initiatives include:

- Expanded use of Qgenda scheduling, time tracking and compensation products across all DMG divisions to improve tracking of key performance indicators against contractual agreements
- Completion of efforts in hardware and application management to enable tracking and understanding of how applications and hardware are used across the DMG ecosystem
- Current operating system to be running on all desktops/laptops
- Consolidation of EHR systems at all DMG-owned clinic locations into Cerner
- Conclusion of the ComplyTrack contract management system implementation
- Completion of upgrades to service desk software

MARKETING AND COMMUNICATIONS

2020 was a challenging year for the Marketing and Communications team. The pandemic had a profound effect on the public's perception of healthcare throughout the first six months of the year with patients being concerned and/or hesitant to pursue medical treatment. This fear waned in the latter six months of the year following the implementation and acceptance of telehealth visits.

Much of the focus was spent on our newly acquired primary care clinics with campaigns consistently being run throughout the year in both digital and traditional platforms to bring awareness that we were open, accepting new patients, and following CDC protocols. We also began to utilize alternative vehicles to attract new patients through digital platforms, such as Yelp and Nextdoor, and print media through Valpak.

In addition, we continued to evolve the DMG brand both internally and externally. As one of the largest independent medical groups in Arizona and a leader in medical education, our goal was to bring these strengths to life through employee communications, marketing tools, digital assets, and our logo.

Employee Communications: DMG's quarterly employee newsletter, *The District*, continued to be published with

valuable content to educate and engage employees across the organization.

Marketing Tools: Collateral, like fact sheets, was created to support business development through direct patient acquisition as well as provider referrals. We also contributed to print advertising in targeted publications for DMG Anthem Family Practice and DMG CRS. Ongoing ValPak mailers were used for the four primary care locations.



ValPak ad for DMG Anthem Family Practice

Digital Assets: Location information, services, pictures, and healthcare education by our providers were shared via social media, reputation management sites (Google, Yelp), and DMG websites. A big boost to our digital presence was the press garnered by our DMG providers as pandemic subject matter experts (SME). These appearances in television, radio and print media were further publicized through our social media platforms and website.

- **Social media:** With the goal of increasing engagement, a greater number and variety of posts were shared by DMG and its clinics on social media, including Facebook, Twitter, Instagram, and LinkedIn. Additionally, advertising on Nextdoor was implemented to support all DMG primary care locations.
- **Reputation management:** Reputation management for all locations and the company was actively managed on Google and Yelp, which are used by potential patients trying to find a provider. In addition, a pilot advertising campaign was implemented on Yelp, supporting the DMG Arrowhead Family Practice location. We also worked with HR and recruiting to manage DMG profiles and reviews on Indeed and Glassdoor to attract talented providers and employees to our growing medical group.
- **Corporate websites:** Content and visual updates were made to corporate websites to improve search engine optimization (SEO) and engagement with DMG among current and potential patients as well as medical students and providers.

Logo: 2020 saw the rebranding of our newly acquired primary care clinics. All four primary care clinics have been renamed to "DMG."

DMG is a strong brand built on the passion and commitment of dedicated employees and providers. In 2021, our goal is to continue to utilize both internal and external communications and marketing tools to spread that infectious energy across our organization, to our partners and throughout the community to support the health of DMG and our patients. We additionally plan to begin utilizing digital patient acquisition strategies to build our primary care business and introduce automated reputation management to solidify our digital presence.

OUR 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 Valleywise Health, 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 the best clinical outcomes through 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.

OUR MISSION

To improve 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

COMMUNITY SERVICE

FOR MORE INFORMATION:
DMGAZ.org

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DMG

DISTRICT MEDICAL GROUP

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