



# ANNUAL REPORT 2021



## 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

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. More than a year after vaccine availability, COVID-19 continues to impact us all, from how people work to how we conduct our daily lives. As a physician group, DMG's focus continues to be to manage the unrelenting demand put on our providers and support staff to deliver high quality medical care every day in a safe environment.

Each of us has been touched by the pandemic in deeply personal ways. It has been an incredibly hard time and, while I am confident better days are coming, it's important to acknowledge that people are hurting, frustrated, and tired of this whole thing.

Such tough times test a company's culture and values. I am immensely proud of the resilience, teamwork, flexibility, and professionalism of our employees. You have stayed focused on our mission to improve the health and wellbeing of Arizona. Times like these reinforce the fact that our employees are our most important asset; you are fundamental to the vibrancy and success of DMG. We remain confident in the power of our people and collective ability to come out stronger.

We have modified business operations and enhanced personal and office measures to keep our patients and employees safe. As a company, we are very successful at being good stewards of our assets by controlling operational costs. I am expecting a clear financial picture for the 2021 calendar year to emerge by end of the first quarter of 2022. If at that time there are remaining funds, we will assess a potential employee "Thank You" bonus.

The resolute dedication, courage, and innovative spirit of our organization as we steer through this pandemic inspires me daily. I appreciate what each of you do for DMG and our patients every day. Above all, I wish every DMG team member health, happiness, and fulfillment in the year ahead.

Sincerely,

Kote Chundu, MD, MMM  
President and CEO  
District Medical Group

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

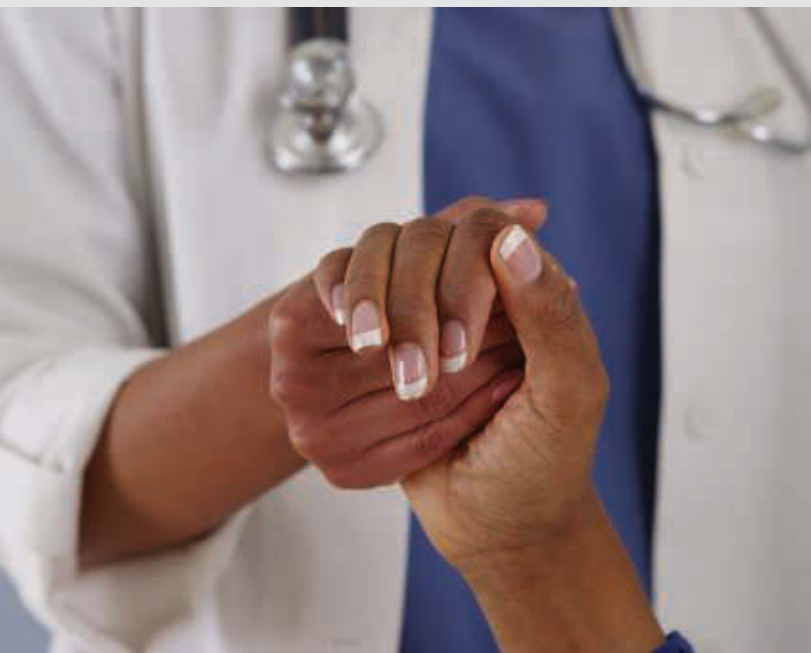
Dan Hobohm, MD, MPH  
Pathology Chairman,  
Valleywise Health



2021 was once again a year of challenges in healthcare with COVID-19 continuing to impact our community. The DMG Board of Directors is grateful for the continuing dedication, flexibility, and perseverance of our employees and providers throughout the pandemic.

As we transition from pandemic to endemic, we will encounter new and different challenges. Whether your role with DMG is clinical, operational, or managerial, you have made it possible for DMG to adjust and implement the changes necessary to maintain our successful business model despite external factors outside our control.

As you read through each functional update, you will see how each team adapted and improved throughout this year. Your commitment to DMG and our mission enables us to grow and be a valuable contributor to the advancement of healthcare and medical education in Arizona. Thank you for making 2021 another successful year for the organization.



## DMG BOARD MEMBERS AND OFFICERS

### VICE-CHAIR OF THE BOARD



**Phyllis Biedess**  
Healthcare consultant;  
former AHCCCS director



**Bill Putnam**  
Former Senior VP, USAA;  
retired Rear Admiral, US Navy

### BOARD MEMBERS



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



**David Wisinger, MD**  
Chief Medical Officer, DMG;  
Internal Medicine Chairman,  
Valleywise Health



**Dean Coonrod, MD, MPH**  
Corporate Secretary, DMG;  
Obstetrics and Gynecology  
Chairman, Valleywise Health



**Denise Atwood**  
Chief Risk Officer



**Tom Manos**  
Former Maricopa County  
Manager



**Craig Jones**  
Chief Financial Officer



**James Marovich**  
Attorney, Marovich  
Law Firm, PLC



**Scott Manning**  
Chief Human  
Resources Officer



**J. Alan Rawls**  
Associate Vice Provost  
of Clinical Partnerships,  
Arizona State University



**Kevin Rhode**  
Chief Information  
Officer

## FINANCE

Despite the COVID-19 pandemic, 2020 was an outstanding year financially for DMG; while we did not meet that same level of financial success in 2021 due to numerous challenges, DMG finished 2021 on solid ground financially.

DMG's balance sheet resulted in increases in cash and a cleaning up of accounts receivables (AR). On the 2021 income statement, gross charges were less than originally expected due to two full years of a pandemic. Despite gross charges being less than forecasted, net fee-for-service revenue was better than budgeted, which, when combined with managing expenses judiciously, helped DMG finish the year on target. When the books close on 2021, we clearly expect DMG to continue its trend of generating positive financial results.

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)

In 2021, DMG transitioned to Cerner electronic medical record (EMR) system across all DMG corporate clinics, which include five primary care locations and DMG Children's Rehabilitative Services (DMG CRS). This new EMR has helped improve operational efficiencies associated with charge capture and reconciliation.

In addition, Gateway (an R1 reporting resource) has been actively utilized to review benchmarks. R1 also completed several quality audits to identify areas of improvement and educational opportunities.

Additional work on capturing and measuring denials, and denial trending did not come to fruition as planned for 2021 due to pre-billing edit clean up. However, R1 will focus on this area in 2022, including bi-weekly denial meetings. In 2022, DMG CBO and R1 will also dissect the divisions for Valleywise Health services to optimize EPIC workflows to increase efficiencies in charge automation for more timely billing and follow-up.

## CLINICAL OPERATIONS

While COVID-19 continued to impact operations in 2021, our providers and clinic employees persevered demonstrating the strength of DMG and our commitment to our mission of improving the health and wellbeing of our community. The year saw the launch of new services and locations extending our impact in the Valley, as well as endings that challenged our team. In addition, we also launched the Employee Health Program to promote health and wellbeing among our employees, which is especially important during health crises like we have experienced in the past two years.

**COVID-19:** With the pandemic continuing for its second year, Clinical Operations was focused on the health of our employees and patients. DMG recognized the need to

maintain compliance with CDC guidelines to keep staff healthy. As a result, COVID-19 and flu vaccination rates were high among DMG clinic team members and providers. Additionally, as healthcare leaders in our community, several DMG physicians regularly engaged in community education efforts through the media and local neighborhood initiatives.

Unfortunately, like many medical groups and health systems, DMG Clinical Operations also experienced high attrition rates. In fact, attrition rates in 2021 were twice that of previous years. Simultaneously, some of our clinics, including DMG CRS, experienced changes in leadership and new management.

**DMG Clinics:** In 2021, the decision was made to close DMG Desert Horizon Integrative Medicine, our behavioral health clinic in Mesa. Fortunately, many of the staff and providers from the clinic found opportunities within DMG, and now serve patients at DMG CRS or Valleywise Behavioral Health Centers.

A highlight of the year was the opening of DMG Papago Family Practice in June 2021. Led by seasoned family nurse practitioner, Misty Cox, FNP-C, WHNP, this clinic offers scheduled appointments as well as walk-in care. The location was formerly a primary care clinic run by UnitedHealthcare (UHC), which closed in October 2019. Recognizing the need for primary care available to this diverse area, which includes established residential neighborhoods, newly constructed apartment complexes, employers, hotels, Skysong Innovations, and Arizona State University, DMG stepped in to fill the gap and support the community. Celebrated with a ribbon cutting, the opening of DMG's fifth primary care clinic was attended by DMG Board members, senior leadership, and employees as well as leadership from UHC.



DMG CRS also continued to grow, adding new services to meet the evolving needs of our pediatric patients and their families. Augmentative and Alternative Communication (AAC) services were added, and DMG CRS collaborated with Genoa Healthcare® to add a pharmacy on-site.

All DMG clinics and their patients benefited from the implementation of Cerner EMR. While the change in EMR platforms is challenging during implementation, the long-term benefits to our patients and clinics will continue to be recognized and optimized.

To support growth and identify opportunities for our DMG clinics, Clinical Operations and Marketing met with practice management and providers quarterly to review clinic performance relative to attracting and retaining patients.

In 2021, Marketing, in collaboration with Optum, executed a digital advertising pilot supporting DMG Papago Family Practice and DMG East Mesa Internal Medicine.

**Community Partners:** DMG's academic leadership sets us apart, and we continued to strengthen our relationship with Creighton University School of Medicine in Phoenix in

2021. As a founding member of the Creighton University Arizona Health Education Alliance, DMG and its providers are committed to supporting and attracting the future medical providers of our community.

DMG has established strong relationships with community partners and will continue to identify new partners as well as improve existing relationships with community allies in 2022. Unfortunately, 2022 will also mark the end of one such relationship; Jewish Family and Children's Services is terminating their relationship with DMG effective February 2022.

While we expect change to continue across the healthcare industry, in 2022, Clinical Operations will focus on strengthening key relationships, collaborating with Valleywise Health to promote clinical excellence across their facilities, and optimizing our DMG clinics. Vital to our success will be cultivating resiliency and engagement within our operations, and closely partnering with DMG departments, such as:

- Information Technology (IT) to expand patient portal services and utilize other technology, like telehealth, to make getting care easier for our patients
- Human Resources (HR)/Recruiting to attract and retain the best providers and employees to support an optimal patient experience
- Marketing to drive brand awareness and promote our competitive differentiators among targeted patient populations

The healthcare system can be challenging for patients to navigate, and the pandemic exacerbated that challenge. Our goal is to be the go-to resource for our patients and provide support and services to make accessing healthcare easier, faster, and more comfortable.

## COMPLIANCE

As with past years, DMG's Office of Corporate Compliance's main goal in 2021 was to promote interdepartmental collaboration, while assisting departments in looking for opportunities to address potential noncompliance with regulatory standards. Compliance partnered with various departments to promote and strengthen the compliance program across the organization.

2021 was an extension of 2020 with respect to the pandemic-driven challenges DMG and our community faced. With continuously changing COVID-19 requirements, Compliance collaborated with leadership to develop processes that would uphold adherence with these constant modifications.

In 2021, Compliance:

- Worked closely with Risk Management, Credentialing, and HR to define and promote compliance with Employee Health Standards
- Assisted Clinical Operations in obtaining DMG Papago Family Practice's Outpatient Treatment Center licensure, which included gathering the

application documentation, supporting review of the application, and performing mock audits, the latter of which was completed by our internal audit team

- Continued to reinforce stability for DMG's Policy Committee by leading policy development and maintaining DMG's policy library

eLearning continues to be an area routinely evaluated for effectiveness and compliance with established training standards. In early 2021, Compliance welcomed a new learning management system (LMS) administrator who swiftly grasped the position and focused on improving the eLearning process. In particular, the LMS administrator took the lead in working through and improving processes relevant to DMG's education program and aligned with Credentialing to better coordinate compliance with education requirements between DMG and Valleywise Health.

DMG's compliance program would not be as effective or successful without the support of both leadership and employees. Over the last several years, the DMG Office of Corporate Compliance has undergone several changes to its structure, operations, and functions, but these changes have been positive and necessary to the progress of DMG's compliance program. In 2022, the Compliance department's vision is to continue to be deemed an asset and an integral part of DMG's current and future success.

## INFORMATION TECHNOLOGY

In 2021, the IT team continued to focus on rebuilding and restructuring. Each IT sub team- infrastructure, applications, and business intelligence- made significant progress to support departments across DMG.

**Infrastructure:** The infrastructure team was largely dedicated to ensuring network components and key operating systems were brought to current versions. For example, all DMG corporate clinics were migrated from individual phone platforms into the DMG phone system.

The team also completed upgrading the organization to centralized faxing, allowing faxes to flow into our systems seamlessly and staff to access faxed documents directly from their desktop without printing. Through centralized faxing, DMG gained cost savings, decreasing the number of fax lines from 300 to 100 and the amount of faxes printed. In Q1 2022, we will finalize the process to connect several of the fax queues directly to DMG's EMR platform, which will improve operational efficiencies, enabling staff to move records seamlessly from file systems into patient charts.

The infrastructure team also revamped DMG's backup process in 2021, implementing a new solution to archive old files (files not accessed for three or more years) from our production system to an offsite secure storage. The files remain accessible and secure and can be recalled instantly; however, archived files are no longer part of our production system, saving more than 7TB of storage and countless hours of system time. In addition to the archive, a new backup technology was implemented enabling segregation and snapshots of data based on criticality.

In 2022, the infrastructure team will continue to work on inventory efforts for applications as well as hardware. The team's goals are to:

- Ensure all software products are being properly maintained.
- Maintain a proper refresh cycle keeping hardware systems up-to-date and secure.

**Applications:** Our applications team upgraded several systems, including migrating four EMR systems into a single Cerner platform. This project encompassed the second half of 2021 and included:

- Implementation of all background initiatives involved in migrating systems
- Migration of the systems
- Training all providers and appropriate clinic staff on new workflows
- Implementation of the patient portal and virtual visit platforms
- Migration of electronic prescribing and interfaces for immunizations, electronic health information exchange (HIE), picture archiving and communications system (PACS), labs, and feeds to R1
- Collaborative development of the Employee Health Program within Cerner

The team also upgraded DMG's practice management platform (Athena IDX), including a version and user interface upgrade. A new contract management system (ComplyTrack) was also executed with a small pilot group, which is being monitored.

Cyber security remained a key priority for 2021 for the applications team. Remediation was approached much more methodically, and all critical, high, and medium issues were remediated, with the remaining items being minor and nearing completion. The team was also focused on completing the implementation of a new privileged access management (PAM) platform to enable better control of administrative access to critical infrastructure.

In 2022, an additional cyber security evaluation will be conducted. We will also begin evaluation of our security stance against the Healthcare Industry Cybersecurity Practices' (HICP) best practices model developed by Health and Human Services. We are evaluating vendors that can provide us continuous cyber monitoring, enabling us to be nimbler in how and to what we respond.

**Business Intelligence:** Supporting the EMR migration, the business intelligence team focused on developing new reports for the Cerner platform while also meeting the needs of ongoing business operations. The team developed new extracts for R1, Optum (a marketing vendor), and Cerner. Our report delivery and coding platforms (Infoburst and Tableau) were also upgraded in 2021.

The team also worked on finalizing the Qgenda scheduling

and time tracking compensation system; the system should be fully live across all divisions by the end of April 2022. All divisions are live with scheduling. Testing the automation of the payroll process from Qgenda into the payroll platform is in process.

Programming preventive measures for billing and charges, business intelligence improved electronic data interchange (EDI) by ten percent and increased appointment reminders. In addition, appropriate use criteria (AUC) form logic is ready for production.

Our IT team will be focused on the provider and patient experiences in 2022. By improving operational efficiencies and executing technology, we will save our providers and clinic teams time and empower them to focus on the patient. Our 2022 goals include:

- Optimizing the use of the Cerner system as well as leverage data reporting from within the platform.
- Installing badge access for providers allowing them to use a proximity badge to sign into the network and EMR instead of typing in a username and password at each patient encounter. Proximity badge access will save the providers time, make it easier for them to access documentation needed prior to each encounter, and provide them more time to focus on the patient.
- Increasing the use of telehealth, as appropriate, based on the medical specialty and division.
- Developing a new team that will provide centralized scheduling and phone support for each clinic and specialty. By moving phone interactions out of the clinics, clinic staff can focus exclusively on the patients in the clinic. This new centralized team will be able to schedule appointments, process records requests, and more.

## MARKETING AND COMMUNICATIONS

As in 2020, COVID-19 continued to pose challenges to our business and marketing efforts in 2021, especially our corporate clinics. The pandemic resulted in operational challenges such as staffing shortages and, at times, changes in the availability of services, like walk-in care, that are competitive differentiators. However, Marketing continued to identify opportunities to drive brand awareness of DMG and increase the visibility of our providers and corporate clinics throughout the year.

**Digital Media:** DMG engaged Optum to create digital advertising campaigns for DMG Papago Family Practice and DMG East Mesa Internal Medicine. In both cases, the goal was to attract new patients by competitively differentiating each location. Messages focused on convenience and experienced, caring providers supporting preventive care and chronic condition management. When the campaign concludes in early 2022, we will have data showing how many patients were acquired at each location to determine the return on investment (ROI) and steps relative to continuing and/or expanding the campaign to support additional DMG locations.

**Social Media:** DMG is active on all major social media platforms and continues to execute a methodical strategy, which includes original content, to drive engagement with our brand. In 2021, DMG Marketing worked with DMG providers and staff to produce 15 videos and 13 blogs, all promoted on DMG social media platforms. Marketing also supported DMG recruiting efforts with social media advertising for key positions.

**Reputation Management:** DMG Marketing continued to manage Google and Yelp profiles for all DMG corporate clinics in 2021 and tested Yelp advertising and upgraded profiles for all primary care clinics. Through careful management and timely responsiveness to online reviews, our goal is to ensure that patients feel heard, understood, and appreciated, regardless of whether the review is positive or negative. In some cases, this approach resulted in patients either removing or updating their reviews based on positive follow-up from DMG.


In 2022, Marketing will re-evaluate online reputation management tools to:

- Increase the number of reviews for corporate clinics, which will improve visibility in organic search results.
- Gain deeper insights into the patient experience to support Clinical Operations in driving a consistent, patient-centric focus across corporate clinics.

In 2021, Marketing also began monitoring employee review sites Indeed and Glassdoor and responded to all reviews dating back to 2019.

**Corporate Websites:** To optimize search engine optimization (SEO) among targeted audiences, the DMG website was reviewed in its entirety in 2021. Targeted audiences were prioritized, with consumers being the top target, and website navigation and content were adjusted to support a user-friendly experience. All provider profiles were reviewed and updated, and copy edited, as needed, to be understandable by the intended audience. In 2022, the DMG CRS website will undergo the same process with the goal of completing all enhancements by mid-Q2.

**Printed Marketing:** In 2021, direct mail (DM) continued to be used to promote all DMG primary care clinics. As in 2020, DMG utilized Valpak® for DM and refreshed messaging to reflect each location's competitive advantages. We will continue to utilize Valpak in 2022 and work with Clinical Operations and IT to improve new patient tracking, so ROI for this DM and other marketing tools can be assessed more effectively.




Marketing also supported corporate clinics with the creation and maintenance of marketing collateral.

Examples include:

- DMG CRS AAC fact sheet
- DMG CRS pharmacy rack card
- DMG Papago Family Practice fact sheet

**Patient Communications:** DMG Marketing and Communications supported Clinical Operations with development of patient messaging, which included letters and in-clinic notices. Marketing provided copywriting and coordinated mailings with vendor, Prisma Graphic, as needed. Patient communications developed included:

- Notification of DMG Desert Horizons Integrative Medicine closure
- DMG CRS letter to patients not seen for >12 months during the pandemic
- Notifications of temporary closures or limited services due to staffing shortages (15+ created)

**Employee Communications:** Through Q3 2021, Marketing continued to spearhead the development and distribution of *The District*, DMG's employee newsletter. Due to staffing shortages, the newsletter was put on-hold temporarily and will resume in Q2 2022. The content, design, and delivery method will be evaluated to improve employee engagement with the newsletter and make it easy-to-access for all employees. In addition, Marketing will evaluate the employee Intranet, The Source, with similar objectives in mind.

In 2022, our goals are to support the growth of DMG corporate clinics, assist HR with recruiting efforts, and continue to build brand recognition and manage DMG's reputation. To do so, Marketing will:

- Continue to meet at least quarterly with corporate clinic management and providers.
- Meet regularly with HR to support employee engagement and recruiting.
- Develop and maintain marketing tools.
- Implement an online reputation management and patient experience tool.
- Increase the amount of original content developed in collaboration with DMG providers.
- Explore additional earned and paid media opportunities.
- Analyze and evolve employee communication vehicles.



## 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

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