



ANNUAL REPORT 2023



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

I want to convey my sincere appreciation for all your efforts in making 2023 another successful year for District Medical Group (DMG). Your everyday commitment to our patients and our organization is recognized and valued.

Notable organizational achievements in 2023:

- Completion of a five-year Master Services Agreement (MSA) with Valleywise Health effective January 2023
- New compensation plan implemented in April 2023
 - A five-year financial plan was approved by the DMG Board of Directors setting the stage for future increases.
- Strategic relationship with Mountain Park Health covering all inpatient obstetrics and gynecology (OBGYN) services effective November 2023
- Optimization of our revenue cycle process including charge capture, coding and collections in collaboration with R1, our revenue cycle partner
- Completion of physician office space on the fifth floor of Virginia G. Piper Charitable Trust Pavilion on the Valleywise Health Medical Center campus with potential move-in date in March-April 2024

- Working with Valleywise Health to move Clinical Operations into the new facilities
- Culture survey completion with an 80% response rate

We have responded well to the challenges associated with major changes and met our financial performance expectations in 2023. While DMG had gratifying achievements, we must continue to improve our culture as an academic medical group and address future recruitment challenges.

I would like to thank each member of DMG for their reliability, support, and commitment to our patients and organization. I am incredibly grateful for the talents that each team member contributes to achieve our mission focused on patient care, education, research, and community service.

Thank you for your continued efforts. I am humbled and proud to collaborate with all of you.

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 Chair,
Valleywise Health



The DMG Board of Directors has consistently encouraged our leadership team to adapt to the ever-changing healthcare industry. As you read each functional update, I hope you see DMG has successfully acclimated to the challenges of this post-pandemic era.

Implemented in January 2023, DMG's MSA with Valleywise Health allowed us to retain our valued employees and provide a stable and secure future for our organization. Our employees' commitment to DMG and our mission has enabled us to continue to grow and be a valuable contributor to healthcare and medical education in Arizona.

On behalf of the Board, I would like to thank each one of our employees for making 2023 another successful year for the organization.



DMG BOARD MEMBERS AND OFFICERS

VICE-CHAIR OF THE BOARD



Phyllis Biedess
Healthcare consultant;
former AHCCCS director



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

BOARD MEMBERS



Kote Chundu, MD, MMM
President & CEO, DMG



Dean Coonrod, MD, MPH
Corporate Secretary, DMG; OBGYN
Chair, Valleywise Health



Tom Manos
Former Maricopa County Manager



James Marovich
Attorney, Marovich Law Firm, PLC



J. Alan Rawls
Executive Director, Clinical
Partnerships, Arizona State
University



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

(NON-BOARD MEMBERS)



Chief Risk Officer



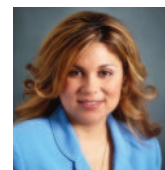
Chief Financial Officer



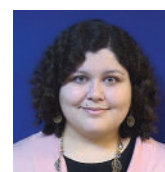
Chief Human Resources Officer



Chief Information Officer



Chief Clinical Operations Officer



Chief Compliance and
Privacy Officer

FINANCE

In 2023, many projects seemed to take longer than expected to complete. However, as the year was closing, several significant projects were brought to fruition.

The year had more than enough challenges, but we ended the year well from a financial perspective. DMG's balance sheet increased by almost 5%, while our total liabilities increased by less than 3%. For the 2023 income statement, the preliminary results indicate that we exceeded the budgeted net income by more than twice what was expected.

As in previous years, because of consistently exercising financial disciplines coupled with prudent financial controls, DMG's bank, insurance, and other contractual covenants were met or exceeded. The Finance, Operations, and Pension Committees continued to meet regularly to review finances and monitor performance, as did the Audit Committee to review and monitor compliance, controls, and cybersecurity. These four committees will continue this meeting discipline in 2024.

CENTRAL BUSINESS OFFICE (CBO)

In 2023, DMG continued efforts in charge automation with successful implementations for pathology and operative procedures. While we understand how impactful efficient billing is for Valleywise Health due to the patient and charge volumes, we placed a large focus on DMG Children's Rehabilitative Services (DMG CRS).

An evaluation/audit of front end practices, including scheduling, customer service, eligibility, referrals, and prior authorizations was completed at DMG CRS. We identified best practice opportunities for the front office that flow downstream to billing. Team members were recognized as key individuals to assist in developing processes for enhancing and maintaining improved workflows. Procedures were created to identify patients eligible for the enhanced rates for T1015 reimbursement.

We found areas of improvement at DMG CRS for:

- Augmentative and Alternative Communication claim billing format
- Audiology place of service
- Neurology partnership with Neurovative Diagnostics with emphasis on reimbursement for services

CBO will partner with appropriate teams to ensure charge automation continues to flow without disruptions, and new departments are incorporated effectively for Valleywise Health. Additionally, CBO will play a role in a new initiative with the Operating Room Logistics Committee to optimize opportunities to improve patient throughput.

Some initiatives and opportunities from 2023 flow into 2024, making it a busy but exciting year. These priority initiatives include:

- Banner Health OBGYN: A new line of business secured in late 2023
- Completion of the new Valleywise Health Medical Center
- AHCCCS partnership with ID.me for secure sign-in to their online portal
 - With these changes, R1 added another onshore resource to assist the global team with eligibility verification and claim status. CBO is working with IT to reinstate the eligibility verification done through Athena and discussing options for standing up automation for the weekly and monthly NHI reports to minimize manual updates within Athena.

In addition, CBO is forging ahead with a manual process of billing and coding which will require keeping a keen eye on charge capture and timely billing.

CLINICAL OPERATIONS

Re-engagement at every level is what best describes DMG's operational efforts in 2023. In the first half of the year, much effort was focused on standardization, process improvement, and recruitment.

Expanding volumes within Valleywise Health Medical Center were met with successful recruiting of clinical staff. By mid-year and into Q3, key positions within the organization were filled, enabling Clinical Operations to re-engage at a swifter pace on strategic projects in several clinical divisions.

DMG CRS was also focused on re-engagement efforts. DMG CRS was designated a Center of Excellence from Arizona Complete Health Plan for the categories of Birth to Five Years and Transitional Aged Youth. DMG CRS was also one of the early adopters of the AHCCCS Whole Person Care Initiative (WPCI). WPCI is a closed loop referral program focused on improving essential Health-Related Social Needs, also known as Social Determinants of Health, of enrolled members.



Through effective management by its clinical leadership team, DMG CRS re-engaged with community partners and clinicians to expand services. In addition, DMG CRS participated in multiple community outreach programs and events.

In Spring of 2024, DMG will move its Valleywise Health Medical Center campus-based administrative offices to the fifth floor of the Virginia G. Piper Charitable Trust Pavilion. This move will be the first time that DMG will offer consolidated administrative office space for DMG faculty and clinicians, promoting cross collaboration and providing a common space for all DMG staff. We are excited to provide this modern environment that supports the outstanding teaching and research for which our DMG faculty and staff are known.



Through our dedicated, resilient Clinical Operations team members and partners, DMG will continue to collaborate with our clinical and academic partners to serve and lead in providing quality, compassionate, and respectful care.

COMPLIANCE

2023 was the year where our organization's processes and functions finally returned to "normal" or as close as we have been to pre-pandemic life. However, despite the pandemic being declared officially over in 2023, DMG's Office of Corporate Compliance continued to work closely with other departments to not completely revert processes back to pre-pandemic standards without working together to evaluate their appropriateness and patient and employee safety.

Accordingly, Compliance continues to maintain a strong presence and collaborate with each department across the organization.

Specifically, Information Technology and Compliance worked together to evaluate and strengthen DMG's privacy program and health information management processes. This partnership has allowed us to better protect patient information while also reducing the risk of noncompliance with applicable privacy regulations and patient information access rights.

In 2023, Compliance also continued to collaborate with Risk Management to deliver meaningful and relevant education to all employees. Our live education has driven increased awareness of relevant risk mitigation strategies to providers, while also serving as a reminder that our departments are available as resources.

Through our internal audit program, Compliance continued to assist departments with identifying and addressing potential chances for noncompliance with regulatory standards. Our audits included reviews of compliance with coding and documentation, vendor compliance with contractual obligations, and internal functions performed in other departments. Lastly, Compliance incorporated routine self-monitoring of its functions into the Internal Audit Workplan, so we can ensure that our Compliance processes are routinely assessed and verified. The variety of these reviews in the Compliance department's Internal Audit Workplan will continue to allow DMG to proactively identify and correct areas of noncompliance.

Compliance continued to emphasize efficiency when developing the curriculum of courses assigned in HealthStream in coordination with DMG leadership. Likewise, Compliance actively communicated and worked with Valleywise Health to promote DMG provider compliance with training requirements and nonduplication in course content. Ongoing communication between Compliance, Credentialing, Human Resources (HR), Clinical Operations, Division Administration, and department administrative assistants has and will continue to be a key factor in the overall success of DMG's education program.

Compliance could not have been as effective or successful as it has been without the support of both leadership and employees. Our vision is that our department will continue to be deemed an asset and an integral part of DMG's future success. For 2024, the Compliance department's main goals include:

- Continuing reinforcement of partnerships with each department
- Building a complete library of Compliance procedures for program continuity
- Supporting more efficient eLearning processes
- Completing meaningful audits for the organization

INFORMATION TECHNOLOGY (IT)

In 2023, the IT team made improvements across DMG including:

- Upgrading systems and applications
- Designing facilities to improve efficiencies
- Replacing hardware and software to improve the network and cybersecurity

These combined enhancements reduced support requests for applications, hardware, security and telecommunications with quantifiable results.

- 5% reduction in support efforts
- 4.5% increase in project work
- 11% decrease in service requests

Systems: With upgrades and updates to applications/systems, the server and software provided improved efficiencies and user experiences for the CBO team and DMG CRS clinical staff and their patients.

Applications/systems implementations

- Badge printing to enable tracking of print utilization
- Badge access to DMG CRS exam room computers streamlining provider experience
- Digital messaging at DMG CRS in collaboration with Marketing to improve patient education and experience

Server updates

- Upgraded version Tableau® servers, which provide dashboard reports
- Unsupported servers decommissioned; storage and virtual resources reclaimed

Software upgrades

- Data archive software, Komprise
- Agency room scheduling via Outlook
- Virtual server environment, VMware® from version 6.7 to 8.0
- Microsoft Teams at CBO and DMG CRS enabling chat ability between team members

File sharing and transfer: Secure File Transfer Protocol (SFTP) enabled for Intelligent System Services (ISS) and Business team, division administrators and Valleywise Health.

Active directory and email audit

- >2200 inactive accounts removed
- >100 unused distribution groups deleted

Facilities: Redesign, consolidation, closures and replacement activities improved productivity and efficiencies supporting billing, IT, facilities, and clinical operations. The CBO east location was sold following IT-managed repairs, and space was consolidated at CBO to improve efficiency and use of space.

Billing/R1 area renovation

- Collaboration room renovation including technology to support billing and new furnishings
- New flooring

IT area design and move

- New IT area on second floor supporting infrastructure, applications and service desk teams
- Buildout including rewiring, new cubicles and furniture
- New conference room requiring wiring and furnishings
- Previous IT area renovation for use as IT hardware staging area
- Installation of wiring and additional access control nodes for IT and credentialing areas

Facilities area design and move

- Reorganization and streamlining of inventory in move to new first floor area
- Storage areas across CBO reorganization to increase efficiency and accommodate loss of storage space at CBO east

Security and surveillance

- Replacement of surveillance systems at CBO and DMG CRS due to issues with previous solution
- Front desk telecommunications software upgraded enabling mobile features
- Completion of contract review, renewal and resynchronization of security company contracts

Clinical operations: Continued removal, disposal or redistribution of assets from primary care clinics closed in 2022

Applications: Maintenance and upgrades of applications improved the user experience for clinical operations providing automation functions that support billing payers efficiently and an improved patient experience.

Maintenance and upgrades

- athenaDX™: New user interface and screens/fields for appointment reminder preferences

- athenaDX IRIS database: Upgraded and migration of hardware to new data center
- Cerner: Improved faxing capabilities including outbound faxing
- R1 RCM: Implementation of print to file for paper claims
- SAP servers: Migrated to upgraded operating systems
- Opt-in process: Implementation of Cerner/athenaDX interface including new patient forms
- Virtual visits: Workflow and training upgraded
- Automated charges: Implementation in radiology and pathology via HL7 charge interface between Epic, R1 and athenaDX
- User management responsibilities assumed, and processes created for:
 - Epic systems for CBO and R1
 - Insurance payer websites
- Qgenda: Implementation effort completed; providing ongoing support
- Team development: Completion of team coaching with Diane Chang

Infrastructure and service desk: As a result of replacing and upgrading software and hardware, support requests for applications, security, hardware and telecommunications significantly decreased.

Network

- Primary circuit at Cyxtera data center upgrade from dual vendors to blended circuit resulting in reduced expenses and increased reliability
- New IP scheme for WLAN
- New WLAN SSIDs for improved performance and troubleshooting
- New network element management system enforcing network policy on network computers
- SSL VPN for access upgrade to multiple vendors with scalability and added new staff remote VPN portal and connectivity
- Network configurations for new virtual desktop interface
- New PRTG monitoring system for firewalls and network switches
- Nureva® telecommunications hardware for multiple conference rooms
- Equipment recoup and reintegration into primary LAN and enterprise domain for six decommissioned sites
- Call flow redesign for CBO and DMG CRS
- New reporting structure for all DMG phone queues
- IT upgrade to Windows 11 in preparation for 2025 enterprise rollout
- Network configuration for new security camera system
- Provider paging service upgrade to new environment
- CBO upgrade to new model of Mitel® phone
- New onboarding checklist for providers during new hire process

Cybersecurity

- Fortinet EMS and EDR.MDR implementation improving enterprise account protection
- Privileged access management (PAM) implementation to reduce risk of administrator account compromise
- Password management consolidation and improved control
- 2023 vulnerability remediation completion
- Microsoft mail filter (quarantine system, mail rules, TLS connections, mail flow) configuration
- Monthly phishing campaigns and training
- Medical records tracking system and process implementation
- Professional development: CompTIA CySA+, National Institute of Standards and Technology (NIST) cybersecurity and risk management frameworks, business continuity and disaster recovery
- Policy and procedure updates: Cellular phone stipend, pre-text calling, new hire/termination, PAM

MARKETING AND COMMUNICATIONS

In 2023, Marketing continued to focus on driving brand awareness and highlighting DMG providers by focusing on:

- New patient acquisition for DMG CRS
- Marketing our physicians and advanced practice providers

The primary tools used to support these objectives included:

- Advertising
- Branded collateral
- DMG and DMG CRS websites
- Online reputation management
- Social media

DMG CRS

Collaborating with DMG CRS operations, marketing campaigns drove new patients into DMG CRS. Marketing tactics used to drive awareness and attract new patients included:

- **Advertising: Digital, social media, email and radio**
 - Specializing in Latino marketing, Entravision designed Spanish language social and digital advertising including videos with providers, targeted emails, and radio advertisements. The campaign performed above industry averages resulting in 78K users and 91K sessions on the DMG CRS website.
 - Healthcare advertisers, Optum and BPD, created programmatic Google, Facebook and Instagram advertising.

To quantify and optimize these campaigns, Marketing partnered with Clinical Operations and IT to:

- Increase tracked referral sources by 20%
 - Improve the amount of answered calls and captured leads
 - Enhance the user experience with the phone-tree voicemail system
 - Create an Email address and custom landing pages to capture and respond to leads
- **Marketing collateral:** Fact sheets that can be printed or shared digitally were created and updated to promote DMG CRS' multispecialty clinics and unique services like the Comprehensive Assessment Clinic. Fact sheets were created in English and Spanish, as needed, and were also added to the DMG CRS website.

• Navori digital signage:

Informational content

was coordinated by Marketing and displayed on TV screens installed by IT in DMG CRS waiting rooms to improve the patient and visitor experience. To engage young patients and their families, the screens have four windows with one showing cartoons for children and the other three providing healthcare education videos, information about DMG CRS, and a news ticker for adults.

DMG Children's Rehabilitative Services

Comprehensive Assessment Clinic (CAC)

Evaluating your child's needs to customize their care and treatment plan

Your first visit with District Medical Group Children's Rehabilitative Services (DMG CRS) starts with the Comprehensive Assessment Clinic (CAC). The CAC is staffed with physicians and nurse practitioners who will provide a head-to-toe examination to assess your child's healthcare needs.

Benefits of the CAC

- Personalized care tailored to your child
- Medical laboratory
- Team communication
- Care coordination throughout the CRS system
- Specialty referral coordination
- Family centered care
- Care action plan

Your DMG CRS care team will:

- Help you coordinate transportation to and from appointments
- Process and coordinate specialty referrals
- Follow up to ensure needed appointments were completed
- Engage a social worker to help you and your child with any additional needs
- Process referrals for medical equipment

DMG CRS includes more than 25 pediatric medical specialties and subspecialties and:

- Pediatric dentistry
- Behavioral health
- Physical therapy
- Speech therapy
- Occupational therapy
- Diet and nutrition
- Pharmacy
- Laboratory
- X-rays

To schedule an appointment, call (602) 914-1520.
For more information, visit DMGCRS.org or contact [DMG AZ](https://www.facebook.com/dmgcrs) or [DMG CRS](https://www.instagram.com/dmgcrs)

WEBSITES

Our websites are valuable tools in attracting new and retaining existing patients as well as providing insights into the culture of DMG and DMG CRS for prospective providers and employees.

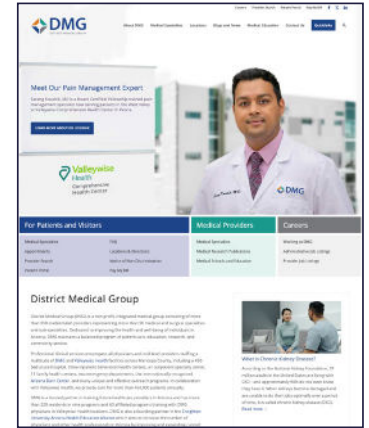
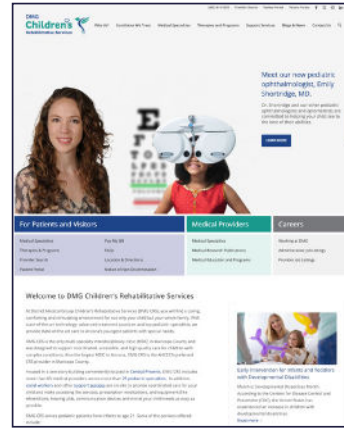
In 2023, Marketing focused on enhancing both the DMG and DMG CRS website experiences for all visitors through:

- Updating content to make it more robust and incorporating trending search terms
 - On the DMG CRS website, nine new pages were created providing more details on conditions treated.
- Reviewing and updating all provider profiles
- Adding new blogs- written and video (vlog)- to both websites including Spanish language vlogs
 - Eight added to DMG
 - Five added to DMG CRS

These efforts were quantifiably successful. New content and updating existing content for search engine optimization (SEO) fueled growth and engagement for both websites. Visitors spent a combined 1,543 hours on our websites. A blog on diabetes written in partnership with primary care provider, Misty Cox, FNP-C, had more users than the DMG home page (25.5K for the blog vs. 24K home page) and garnered 29K views.

Summary of 2023 performance of our websites:

Website	Users	Sessions	Page Views	Events (views, engagement, scrolls, and clicks)	Organic Search
DMGAZ.org	98K	122K	203K	617K	38K users /50K sessions
DMGCRS.org	141K	176K	271K	691K	67.5K users /83K sessions



SOCIAL MEDIA/ONLINE REPUTATION MANAGEMENT

- **Social media:** DMG has Facebook, YouTube, Twitter and LinkedIn pages, and DMG CRS has Facebook and Instagram pages. Tracking trends by social media platform and analytics from past posts, Marketing identified the most appropriate content by social media platform to engage the target audience. Original content was created, including photos and videos featuring DMG providers who work at DMG CRS and Valleywise Health facilities.



- **Online reputation management:** Strengthening perceptions of DMG CRS as a pediatric medical services provider and DMG as an employer of choice
 - **Prospective patients:** Marketing monitored and responded promptly to patient reviews on Google and Yelp to manage our reputation and attract new patients. Reviews and replies were shared with appropriate DMG leaders to provide opportunities for improvement.
 - **Potential employees:** Indeed and Glassdoor are the two largest platforms for employee reviews. HR partnered with Marketing to advertise and enhance our profile pages. Videos, organizational news and photos were added to attract more applicants. Marketing also monitored these two sites and responded to reviews swiftly to demonstrate DMG's prioritization of our employees and responsiveness to feedback.

In 2024, Marketing will continue to focus on helping DMG CRS attract and retain patients and supporting DMG providers across the organization. We will be:

- Leading an initiative to ensure all DMG providers have professional headshots to complement their online profiles
 - This initiative began in 2023 with enthusiastic participation by providers as headshots were scheduled at the facilities in which they work making it more convenient
- Collaborating with DMG and DMG CRS providers to add blogs and vlogs to our websites and share on social media
- Updating waiting room TV content for patients and their families visiting DMG CRS

Our goal is to be an innovative partner in supporting employee engagement and attracting and retaining patients.

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 wellbeing of individuals in Arizona through an integrated medical group practice based on a balanced program of:

EDUCATION

RESEARCH

COMMUNITY SERVICE

FOR MORE INFORMATION:
DMGAZ.org

 [DISTRICTMEDICALGROUP](https://www.facebook.com/DISTRICTMEDICALGROUP)

 [DMG_AZ](https://twitter.com/DMG_AZ)

 [DMGAZ](https://www.linkedin.com/company/DMGAZ)



DMG

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