CELEBRATING OUR PAST
EMBRACING OUR FUTURE
SHARP COMMUNITY MEDICAL GROUP, through its network of affiliated physicians, is the model of choice for patients to receive care and physicians to practice medicine. We foster high quality, efficient, financially sustainable practices that improve health and deliver better care for our population.
This year marks the 25th Anniversary of Sharp Community Medical Group. As one of the founding members of SCMG, I have had the unique opportunity to experience the evolution of this organization from its humble beginning and foster its growth into the thriving Independent Practice Association that SCMG is today.

Founded on the heels of the Sharp IPA in 1989, we started out with a mere 26 primary care physician shareholders. We struggled through the early years, sometimes barely making our debt obligations. The appointment of Elizabeth Curtis as CEO in 1994 marked a pivotal turning point in the evolution of SCMG. Elizabeth brought a “line in the sand” approach to contract negotiations which helped turn around our business. At one point, we had a tangible net equity (TNE) of negative $11 million dollars. Today our TNE is a positive $20 million dollars. Through Elizabeth’s dynamic leadership we reported our first year of profitability in 1999, setting the stage for continued growth, and expansion of the network through the addition of Graybill Medical Group.

In 2007, Dr. John Jenrette was chosen to succeed Elizabeth Curtis as CEO. With his vast knowledge of the healthcare marketplace, John has used his visionary leadership to help SCMG evolve to meet the rapidly changing demands of healthcare reform. John pressed the organization to adopt a common electronic health record and practice management system in order to create practice efficiencies and allow SCMG to better capture performance data for the Pay-For-Performance and 5-STAR programs. SCMG further expanded its presence in North County through the addition of Arch Health Partners Medical Group to the network, and through the cooperative relationship with Palomar Health.

Through John’s leadership, SCMG has also developed a more strategic relationship with our Sharp Hospital partners, and garnered higher physician reimbursements through participation in commercial ACOs and other PPO products during his tenure.

I want to take this moment to celebrate all of the successes SCMG has experienced over the last 25 years. Obviously these successes could not have been accomplished without a strong Board of Directors and the support of many of the SCMG shareholders. We are so fortunate to have John Jenrette, a nationally recognized leader in healthcare, as CEO of our group. Through your dedication and hard work, along with the leadership of SCMG’s seasoned executive team, we are well positioned to meet the changing market demands with continued success, all the while continuing to remain the model of choice for patients to receive care and physicians to practice medicine.

KENNETH ROTH, M.D.  
President

WE ARE WELL POSITIONED TO MEET THE CHANGING MARKET DEMANDS WITH CONTINUED SUCCESS.
DEAR SHAREHOLDERS

For Sharp Community Medical Group, 2014 was a resounding success in every way — the best in 25 years — and a year that positions us perfectly for 2015. Many initiatives were either launched or set in motion in 2014 will become a reality in the next few months.

From a financial perspective SCMG has never been in a better position, as demonstrated by the QISR distributions that I’m sure did not go unnoticed! This was made possible by our team’s exceptional contract negotiations, and through building stronger and more strategic relationships with our hospital partners – both Sharp HealthCare and Palomar Health. On behalf of SCMG, I thank them for their support and continued collaboration.

On other fronts, SCMG continues to attract new membership from Covered California, Senior market growth (Medicare Advantage) and the advancement of narrow networks and new product lines. We also put a greater emphasis into our quality performance efforts, which is showing steady and meaningful advancement in Pay for Performance, 5-STAR, and HCC coding and documentation, the results of which will be far more apparent in 2015.

Looking forward, SCMG is launching three new, game changing initiatives. These are in response to our need to create sustainable, profitable, high quality medical practices into the future.

HIGH VALUE NETWORK
The first strategic initiative is the more intense organizational focus on high performance in patient care through the development of a High Value Network. This effort is a concerted use of SCMG resources to work very closely with primary care practices (specialty care to follow) and to raise the bar on the quality performance and efficiency of practices. The primary care physicians included will commit to regular and frequent improvement processes in their offices, involving their staff as well as themselves, and focusing on the way that they see patients. This will occur with the help of SCMG, including our medical directors, process improvement coaches, pharmacists, case managers, patient experienced trainers, and EHR training staff. The goal is to move practices into the top decile in performance in order to remain competitive in the marketplace. The growth component will be accomplished by affording us inclusion in the multiple narrow networks of each health plan.

SMARTCARE<sup>MD</sup> PRACTICE MANAGEMENT
The second critical development is the launch of SmartCare<sup>MD</sup> Practice Management, LLC. Created through our partnership with Graybill Medical Group, SCMG now has the staff, tools and implementation expertise to help support independent practices. SmartCare<sup>MD</sup> Practice Management is already in conversations with a number of SCMG physicians to support them in practice management efficiencies, improvement of revenue cycle and billing services, as well as assuming full office operations in some of our private practices. For many SCMG practices, the business of running an office has become so
complex that additional expertise is needed for our independent practices to remain strong and financially sustainable. SmartCareMD Practice Management is now under the umbrella of SCMG and will remain closely aligned with the strategic initiatives and direction of the medical group.

**EMPLOYED STAFF MODEL**

The third and very exciting initiative involves the launch of a new medical group for SCMG. In collaboration with the Sharp HealthCare Foundation, this new medical group will be an employed staff model. Initially the employed staff model will focus on primary care practices in order to create a foundation for new primary care residents to join SCMG. Many current residents who are leaving training are looking for employment opportunities that allow them to focus on patient care and avoid running their own business. Some of SCMG’s current practices are also experiencing frustration as the day-to-day running of a practice becomes more complicated. These physicians may also express an interest in joining this new staff model. These new employed physicians will create a workable path for additional growth.

All of these initiatives are driving SCMG to a strong and sustainable future. They are in addition to the ongoing excellent work that is done each day as you provide patient care in each of your offices, as well as the excellent work provided by the entire staff and support teams here at SCMG. We approach 2015 with confidence, innovation and excellence, which is what will keep SCMG successful for the next 25 years.

---

FOR SHARP COMMUNITY MEDICAL GROUP, 2014 WAS A RESOUNDING SUCCESS IN EVERY WAY - THE BEST IN 25 YEARS.

JOHN E. JENRETTE, M.D.
Chief Executive Officer
SHARP COMMUNITY MEDICAL GROUP 25 YEAR HISTORY

1989:
• Formed in 1989
• Consisting of 26 primary care physician shareholders
• Metro area only
• Serving 10,000 commercial members
• Aetna and Health Net health plans

1994:
• Temecula/Murrieta joins network
• $11 M in debt
• 64,000 Members
• Elizabeth Curtis new CEO

1999:
• Palomar Pomerado Medical Association joins network
• 120,000 Members
• 525 Physicians
• Reports first year of profit - $300,000

2001:
• Graybill Medical Group joins network
• 172,000 Members
• 630 Physicians

2004:
• 172,000 Members
• 630 Physicians
2006:
- Began groundwork on a common Practice Management / Electronic Health Record

2007:
- John Jenrette, MD new CEO

2009:
- 764 Physicians
- 145,000 Members
- SCMG Staff of 198
- Contract with 9 health plans
- 10 years of constantly increasing profitability

2011:
- Launched SmartCare Practice Management, LLC. With two physicians in Point Loma

2012:
- Arch Health Partners Medical Group contracted for MSO services
- Expansion of SmartCare Practice Management
- 800+ Physicians

2014:
- Arch Health Partners Medical Group joined network
- 800+ Physicians
AMBULATORY CASE MANAGEMENT

Ambulatory Case Management (ACM) is a collaborative, integrated approach to care that plans, implements, coordinates, monitors and evaluates options and services available to SCMG patients. The goal is to promote the highest quality and most cost effective outcomes, while maintaining and enhancing each person's level of wellness.

THE CORE CASE MANAGEMENT INTERVENTIONS ARE:

- CARE COORDINATION
- DISEASE EDUCATION
- SELF-CARE MANAGEMENT COACHING
- RESOURCE MANAGEMENT
- REQUEST FOR REFERRAL AUTHORIZATION
- FACILITATION OF REFERRALS TO PROVIDERS, VENDORS AND COMMUNITY SERVICES
- HEALTH INSURANCE BENEFITS INFORMATION
- PATIENT/FAMILY SUPPORT
- PROVISION OF INFORMATION AND TOOLS
- EXPLORING AVAILABLE HEALTH CARE OPTIONS

HOW TO REFER PATIENTS

Providers can refer patients to Sharp Community Medical Group's Ambulatory Case Management programs electronically via email. To submit a referral via email, please use the ACM Referral Form and send it to dl.hs-icmtriage@sharp.com. The referral request will be reviewed by the SCMG's Case Management triage team to determine eligibility for the available programs. To request the ACM Referral Form or reach the triage team directly, please call the triage hotline at (858) 499-3040.
PATIENT EXPERIENCE

Patient survey results are now a part of the public reporting done by the Office of the Patient Advocate, the California Healthcare Foundation and Consumer Reports magazine for California physician groups.

These results come from Patient Assessment Surveys (PAS) regarding the perception of care received, i.e. how doctors communicate with patients, how care is coordinated, and if care is delivered in a timely fashion.

In 2014, SCMG saw the largest improvement ever – earning 21 out of a possible 35 improvement points – with substantial gains in every measure for a three star “GOOD” rating across the board.

These remarkable improvements in patient experience (from 65.3 percent in 2012 to 69.6 percent in 2014) make SCMG one of the highest ranked Independent Physicians Associations (IPA) in California. As an IPA, SCMG is excelling in regard to recognition, incentives, training, shadowing, and sharing best practices.

In the future, consumers will continue to share a larger burden of the cost of care, and therefore want to ensure they are getting the best value. One of the ways consumers will determine value is by reviewing a physician’s patient experience scores.

PATIENT EXPERIENCE IMPROVEMENTS MAKE SCMG ONE OF THE HIGHEST RATED IPAS

Stella Broussard, Office Manager, Crown Island Family Practice
Dr. Considine reviews patient chart with Medical Assistant, Maribel

Not long after Kevin Considine, D.O. opened Crown Island Family Practice, he was awarded the Top Primary Care Patient Experience Award in his region for achieving the highest mean score in Coronado. How is it possible to provide amazing patient experiences while establishing a new practice? According to Dr. Considine, “the secret is to hire people with a shared vision. And my vision is to deliver patient centered care not only for the patient, but also for the entire family.”

One look at Dr. Considine’s Press Ganey comments reveals that he and his staff are achieving their vision. Here’s what some of his patients have to say:

➢ “Dr. Considine is very nice and extremely caring about my health. He is fiercely honest in his assessments and tells me concerns and/or problems even if I don’t want to hear them. I rate them a 10+!”

As the above patient comment reveals, Dr. Considine is able to deliver positive patient experiences, while still having the tough conversations.

In addition to the positive patient comments and his exemplary staff, Crown Island Family Practice is decorated in warm neutrals colors with nature photographs to create a soothing environment for his patients.

Congratulations to Crown Island Family Practice for an impressive first year!

Our physicians’ extraordinary efforts to achieve these improvements have built the foundation for continued progress on this important metric.
PHYSICIAN LEADERSHIP

Lloyd Kuritsky, DO, Medical Director, Advancing Performance Excellence
Neil W. Treister, MD, FACC, Medical Informatics Officer
Total # PHYSICIANS ON EHR*: 102 physicians, 48 mid-levels

Total # PRACTICES ON EHR*: 49 Active practices (30-PCP, 19-SCP)

# of physicians & practices IN THE PIPELINE for 2015 = 18 physicians/10 practices

SCMG CONNECT By the NUMBERS

# of PATIENTS ON FOLLOWMYHEALTH: 16,296

# of PRactices that ATTESTED FOR MEANINGFUL USE: 46 practices

# of PROVIDERS who ATTESTED FOR MEANINGFUL USE:

STAGE 1: 45 in Total (includes Medicaid & Medicare attestations)

STAGE 2: 48 in Total (includes Medicaid & Medicare attestations)

*Note: EHR = Electronic Health Record
2014 not only marks Sharp Community Medical Group’s 25th anniversary, but will be remembered as one of the most financially successful years in its history. Through its continued development of partnerships that enhance physician practices, SCMG was able to earn $22,400,000 in income before physician quality incentives and taxes. This allowed an extraordinary record $18,800,000 being paid to physicians in its Quality Incentive Service Recognition program.

As in the beginning when SCMG was formed with the encouragement of its hospital partner, Sharp HealthCare, SCMG has continued to build upon its hospital relationships to become a stronger and more stable organization. The affiliation of Arch Health Partners on January 1st in North County brought an additional 17,000 members to SCMG and enhanced its relationship with Palomar Health. SCMG entered into new hospital risk sharing agreements with Sharp HealthCare and Palomar Health which aligns financial rewards with improvements on quality and efficiency.

The new risk share agreement with Sharp also allowed us to better align financial responsibility for services each could manage more efficiently. The alignment of financial risk coupled with continued enhancements in the care management of patients resulted in total medical costs being reduced by 8 percent on a per member basis from the prior year.

The implementation of the Affordable Care Act (ACA) effective January 2014 brought new members to SCMG with Sharp Health Plan’s participation in the state sponsored Covered California. The ACA is partially funded from a fee assessed on each health plan’s premium revenue which resulted in a reduction to SCMG’s health plan rates of approximately 1 percent. In addition, senior plan revenue is still being reduced by 2 percent due to the federal spending cuts related to budget sequestration.

Since its inception in 1989, SCMG has been about creating a financially strong organization to serve the members selecting our physicians for their care. Through innovation in care management and payment models, as well as strong hospital partnerships, the Board of SCMG has created a strong foundation to allow SCMG to continue servicing its physicians and patients into the future.

SINCE ITS INCEPTION IN 1989, SCMG HAS BEEN ABOUT CREATING A FINANCIALLY STRONG ORGANIZATION.
SHARP COMMUNITY MEDICAL GROUP

BOARD OF DIRECTORS

FRONT ROW, LEFT TO RIGHT:
David Bodkin, M.D. (Secretary)
Alan Schoengold, M.D. (ex-officio)
Carlos Castro, M.D. (Treasurer)
Ada Marin, M.D.
Corey Marco, M.D.

BACK ROW, LEFT TO RIGHT:
Eric Orr, M.D.
Larry Pollack, M.D.
Gregory Czer, M.D.
Barry Scher, M.D.
Franklin Martin, M.D.
Kenneth Warm, M.D.
Brian Meyerhoff, M.D.
Alan Conrad, M.D.

Sergio Flores, M.D.
(Vice President)
Alejandro Paz, M.D. (ex-officio)
Scott Flinn, M.D. (ex-officio)

NOT PICTURED:
Kenneth Altschuler (ex-officio)
Kenneth Roth, M.D. (President)
Sharp Community Medical Group’s 25th Anniversary Celebration at the San Diego Air & Space Museum