A YEAR OF EXCEPTIONAL PERFORMANCE

2015 ANNUAL REPORT
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.
2015: A YEAR OF EXCELLENT PERFORMANCE

To My Fellow Shareholders,

2015, our 26th year as an IPA, truly was a marathon year. When the challenge seemed insurmountable, we came together as a group and put on a performance for the ages. As an IPA competing with foundation models for the higher reimbursing contracts, the odds were stacked against us. Yet 2015 stood out as a year of exceptional organizational quality improvement. This was made possible by our commitment to transform our practices to meet the challenges of a competitive healthcare environment. Our personal sacrifices contributed to our collective success.

The team of John Jenrette, Paul Durr, Christopher McGlone, Lynne Milgram and Chuck Deckert have created a brain trust for our organization which is invaluable. This year of exceptional performance which resulted in maximizing the ROI to you, our shareholders, would not have been possible without an outstanding executive team. Consistently making strategic moves comes from years of experience and a collegial approach to decision making. I can assure you that “the whole is greater than the sum of its parts,” and as the deck chairs are rearranged with John’s departure, I have all the confidence in the world that we have the engine in place to meet the challenges of the future.

On a personal level, I am grateful to have had the opportunity to have worked side-by-side with Dr. John Jenrette for the last 23 years. He is a visionary leader who gave selflessly to SCMG because he truly believed in us. We owe him a debt of gratitude for his exceptional leadership. I believe John has well prepared us for our continued success in the future.

I look forward to another year of outstanding performance!

KENNETH ROTH, M.D.
PRESIDENT
Dear Shareholders,

I am extremely honored and humbled to be selected to serve as the Chief Executive Officer for Sharp Community Medical Group. Together with the experienced and tenured leadership team of SCMG, I look forward to working with all of you, the physician shareholders, to build upon the performance and financial successes we have achieved thus far.

Sharp Community Medical Group continues to be recognized as one of the most successful IPAs in the country, accomplishing a number of significant new achievements in 2015.

SCMG had total revenues over $300 million for the first time in our history. This significant achievement helped generate the highest ever physician incentive award of $22,900,000. Our financial success is in large part due to the Board of Directors building strategic partnerships with Sharp HealthCare and Palomar Health. SCMG was able to recognize $10 million in shared incentives working with each health system to find opportunities to create more efficient, quality care for our patients requiring hospital services.

Another first for 2015 was SCMG being chosen as the Best Medical Group by the readers of the San Diego Union-Tribune in the 2015 “Best of San Diego” Reader’s poll. Through increased collaboration with our physician partners, we have built a strong foundation as group of independent physicians while respecting the uniqueness that exists in each practice. Our focus on providing education and helping our physicians make constant improvements on quality measures and patient experience scores no doubt contributed to our practices being recognized for the outstanding care they provide.

Through a dedicated effort to improve patient outcomes and experience, SCMG also assisted four physician offices in attaining the highest level of Patient-Centered Medical Home certification by NCQA, another first for SCMG practices. These offices recognized the need to continue the journey of improved patient care delivery and experience that is needed in the future to compete with larger more established groups and were willing to work in partnership with SCMG to transform their practice to better serve their patients.

In 2015, the majority of our primary care physicians agreed to participate in our High Value Network initiative. This journey involves a commitment from each provider to work with SCMG staff to improve
quality, efficiency and patient experience metrics so that we can continue to be recognized as one of the top performing groups in San Diego. These results will help ensure continued access to SCMG providers through our contracted health plans who are seeking to align with groups who deliver high value to their patients.

SmartCareMD® Practice Management, LLC was established to assist our physicians in running their practices, continues to engage new clients and enhance its service offerings. From providing full office practice management to revenue cycle efficiencies, SmartCareMD® Practice Management, LLC is able to assist physician practices with the tools they need to become more administratively efficient.

SCMG also continues to work with Sharp HealthCare on establishing a new employed primary care medical group to be known as Sharp Care Medical Group. Employed Sharp Care physicians will work in Sharp Healthcare established clinics which will expand primary care services to our community, enhancing SCMG’s membership and community presence. The first clinic will be operational in mid-2016.

Our success is built upon partnerships and respect amongst our physicians and their staffs, hospitals, health plans and most importantly the patients entrusting SCMG physicians with their health care. The Board of Directors, in conjunction with a very experienced and dedicated SCMG administrative team, is focused on expanding access to providers. We are dedicated to helping physicians stay abreast of the rapidly changing demands of the health care environment, and helping them adapt to the new demands of payers, while never losing sight of our commitment to providing great service to our patients.

Another first for 2015 was SCMG being chosen as the Best Medical Group by the readers of the San Diego Union-Tribune in the 2015 “Best of San Diego” Reader’s poll.
The Integrated Healthcare Association (IHA) is a nonprofit statewide leadership group that promotes quality improvement, accountability, and affordability of healthcare in California. The IHA Value Based Pay for Performance (P4P) program is one of the largest non-government physician incentive programs in the U.S. and includes ten health plans and over 200 physician organizations representing approximately 35,000 physicians providing care for 9 million members.

SCMG NAMED EXCELLENCE IN HEALTHCARE AWARD WINNER

In 2015, SCMG was recognized by IHA with the Excellence in Healthcare award based on our organization’s performance in Value Based P4P measurement.

The Excellence in Healthcare award is the highest level of achievement. It recognizes physician organizations that have succeeded at achieving strong quality results while effectively managing costs.

To earn this recognition, physician organizations must have performance that ranks in the top 50% for clinical quality, patient experience, and cost. Cost performance is based on the Total Cost of Care, which includes adjustments to account for members’ risk and geography. Only 22 out of 205 eligible physician organizations received this award.

P4P TEAM

Our P4P team: (below left to right) Lloyd Kuritsky, D.O., Thomas Bauer, Nancy Blumenfeld, Robert Jamison, Irene Black, Andre Beauchamp, and Sara Zuniga (not pictured), worked diligently to provide creative tools to help our practices improve population health management, overall quality and patient experience while lowering costs and maintaining practice autonomy.

The P4P team is honored to have SCMG be an Excellence in Healthcare award recipient and thanks our talented and dedicated physicians for everything you do to make this coveted recognition possible.

For more information regarding IHA, visit www.iha.org.
BEST MEDICAL GROUP AWARD
SAN DIEGO UNION-TRIBUNE READERS NAME SCMG “BEST MEDICAL GROUP”

Each year, San Diegans share their best picks in the annual Readers Poll conducted by the San Diego Union-Tribune.

For the first time ever, SCMG was chosen as Best Medical Group in the “2015 Best of San Diego” Readers Poll surpassing Sharp Rees-Stealy, Kaiser Permanente and Scripps Medical Groups for the #1 position.

Thanks and sincere appreciation goes to all the SCMG-affiliated physicians and their practice staff for the excellent care they provide each and every day.

For more information about the San Diego Union Tribune’s Readers Poll, visit www.sandiegouniontribune.com/bestof

CONSUMER REPORTS HEALTH RECOGNITION

ConsumerReportsHealth rated a number of Sharp Community Medical Group regions as the top rated physician networks in components of care such as Communicating with Patients, Timely Care and Service, Coordination of Care, and Helpfulness of Office Staff in its 2015 How Does Your Doctor Compare issue.

The scores were based on survey responses from more than 52,000 patients across California, published by the California Healthcare Performance Information System.

For more information on California doctor ratings, visit www.consumerreports.org

RATINGS

The ratings are based on a 1 to 4 scoring scale, with 1 being the worst and 4 being the best.

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<th>COMMUNICATING WITH PATIENTS</th>
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<td>Sharp Community Medical Group – Chula Vista:</td>
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<th>HELPFULNESS OF OFFICE STAFF</th>
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<td>Sharp Community Medical Group – Grossmont:</td>
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CONGRATULATIONS to these 36 SCMG physicians for performing in the top 1% of the Press Ganey national database for Patient Experience in 2015.

Acheatel, Roger M.D.  Cardiology
Adderson, Deryl M.D.  Family Medicine
Bajo, Philip M.D.  Cardiology
Bodkin, David M.D.  Oncology
Chan, Edmond M.D.  General and Vascular Surgery
Chen, Bryan M.D.  Dermatology
Coleman, Lori M.D.  Radiation Oncology
Conrad, Alan M.D.  Internal Medicine
Considine, Kevin D.O.  Family Medicine
Cottel, Jill M.D.  Internal Medicine
Dewitt, Kelly M.D.  Radiation Oncology
Diggs, Thomas M.D.  Cardiology
Ehlers, Rolf M.D.  Internal Medicine
Fisher, Jennifer M.D.  Oncology
Gollapudi, Raghava M.D.  Cardiology
Gordon, John M.D.  Cardiology
Results based on surveys received from January 1, 2015 to December 31, 2015.
CAPG STANDARD OF EXCELLENCE™ AWARD

The California Association of Physician Groups (CAPG) is the leading association in the country representing physician organizations practicing capitated, coordinated care. Comprised of 200 multispecialty medical groups and independent practice associations (IPAs), CAPG members provide comprehensive healthcare through coordinated and accountable physician group practices.

SCMG ACHIEVES “ELITE” STATUS

For the fifth year in a row, Sharp Community Medical Group, achieved “Elite” status — the highest level of recognition — and was acknowledged with the 2015 Standards of Excellence Award™ at the CAPG Annual Healthcare Conference.

Members are surveyed in each of the following categories to determine their eligibility:

For more information regarding the CAPG Standards of Excellence Award, visit www.capg.org/soe.

**DOMAIN 1 — CARE MANAGEMENT PRACTICES:**
Clinical system supports for quality and efficiency on a population scale.

**DOMAIN 2 — INFORMATION TECHNOLOGY:**
Funnel for accurate, actionable information to support clinical decisions and coordinate team care.

**DOMAIN 3 — ACCOUNTABILITY AND TRANSPARENCY:**
Response to the public demand for objective information regarding performance, patient service, and regulatory compliance.

**DOMAIN 4 — PATIENT-CENTERED CARE:**
Critical components of access, convenience, cultural responsiveness, and customized individual care.

**DOMAIN 5 — GROUP SUPPORT OF ADVANCED PRIMARY CARE:**
Patient-centered Medical Home model and how it’s used to revitalize the discipline of primary care.

**DOMAIN 6 — ADMINISTRATIVE AND FINANCIAL CAPABILITY:**
Management of complex relationships, diverse revenue streams, innovative payment alignment, and risk-based payments.
SCMG CONNECT By the Numbers

183
TOTAL # PHYSICIANS ON EHR:
121 PHYSICIANS, 62 MID-LEVELS

61
TOTAL # PRACTICES ON EHR*:
49 ACTIVE PRACTICES
(35-PCP, 26-SCP)

18 10
# OF PHYSICIANS & PRACTICES IN THE PIPELINE

28,876
# OF PATIENTS ON FollowMyHealth

56
# OF PRACTICES THAT ATTESTED FOR MEANINGFUL USE

# OF PROVIDERS WHO ATTESTED FOR MEANINGFUL USE:

35
STAGE 1:
35 in Total
(includes Medicaid & Medicare attestations)

70
STAGE 2:
70 in Total
(includes Medicaid & Medicare attestations)

*Note: EHR = Electronic Health Record
Today’s successful physician network is all about performance and our ability to retain and obtain new health plan contracts, remain in the narrow — more select — networks, and provide a strong and sustainable revenue stream for our physicians.

In 2015, SCMG set out on a journey to excel in performance excellence as a medical group and create a High Value Network — a network critical to our future. The High Value Network is a network of physicians who deliver the best care possible through a commitment to performance and patient-centered, team-based care, driven by measurable results and effective strategies of improvement.

With the majority of our primary care doctors now on board, we are positioned to remain competitive with other physician groups, while meeting payer and consumer needs, and placing SCMG — and its physicians — preferentially in the market place.
SCMG LEADERSHIP
PROVIDING CONSISTENT, LONGSTANDING LEADERSHIP

EXECUTIVE TEAM

LEFT TO RIGHT WITH SCMG YEARS OF SERVICE:

Christopher McGlone, Chief Operating Officer, 22 years
Vilma Maravilla, R.N., Vice President, Clinical Operations and Health Services, 14 years
Paul Durr, Chief Executive Officer, 24 years
Lynne H. Milgram, M.D., Chief Medical Officer, 19 years
Chuck Deckert, Vice President, Health Information Technology Solutions, 5 years
2015 SHARP COMMUNITY MEDICAL GROUP
BOARD OF DIRECTORS

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

BACK ROW, LEFT TO RIGHT:
Alejandro Paz, M.D. (ex-officio)
Stuart Graham, M.D. (ex-officio)
Franklin Martin, M.D.
Kenneth Warm, M.D.
Barry Scher, M.D.
Eric Orr, M.D.
Gregory Czer, M.D.

NOT PICTURED:
Alan Conrad, M.D.
Brian Meyerhoff, M.D.
Larry Pollack, M.D.