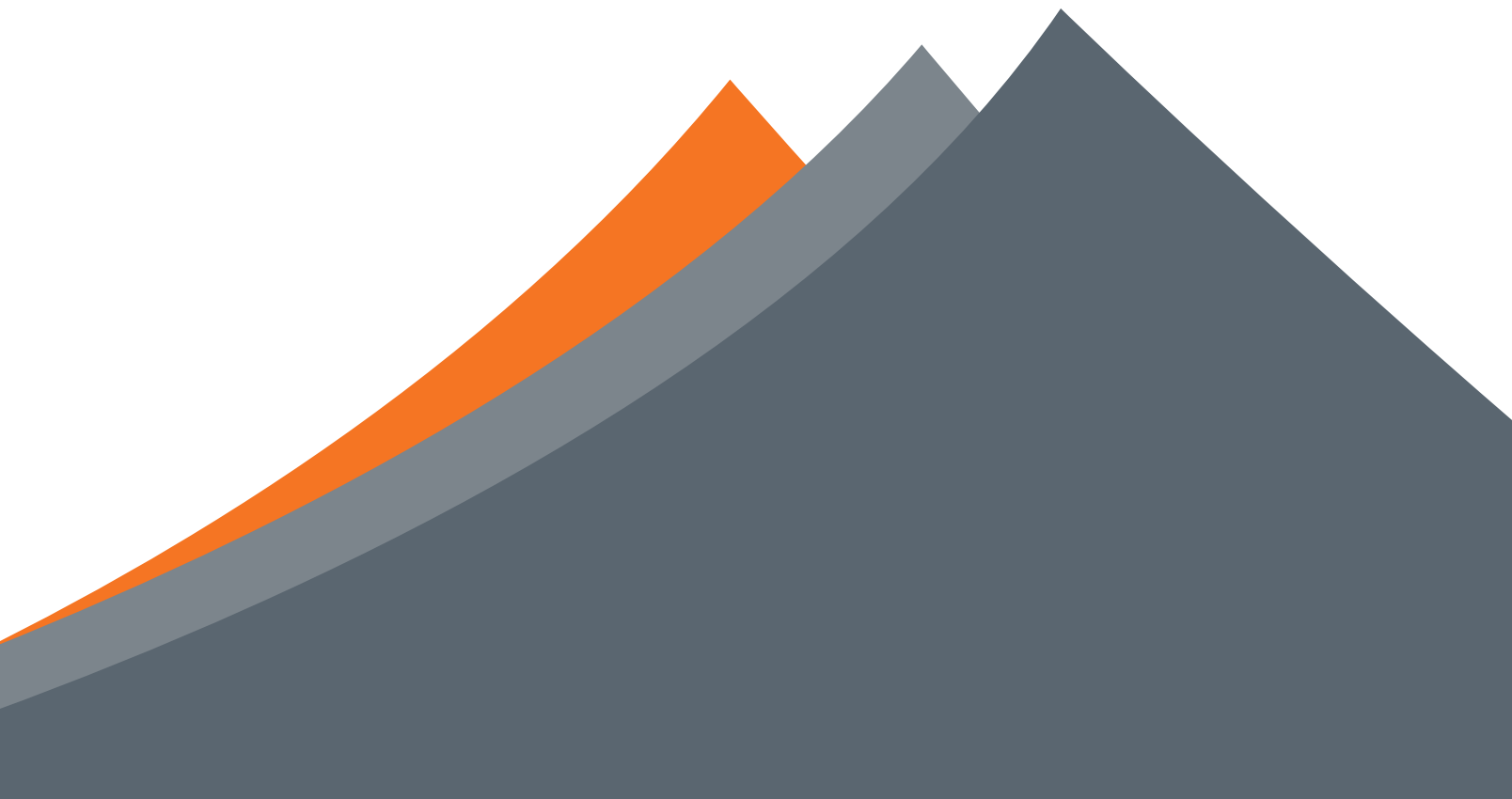




SUMMIT
MEDICAL
GROUP


SUMMIT HEALTH
MANAGEMENT

zoonie Annual Report • 2018



CHAIRMAN'S Letter

After executing our vision for national expansion of Summit Health Management and Summit Medical Group as a national brand, 2018 was another year of remarkable growth.

It was an energizing year during which we put our distinctive philosophy into action. A tremendous combination of strengths and talents fueled our ambitions and operations in three states, with the mission of replicating our model and our success in delivering efficient, high-quality patient-centered care. In New Jersey, we continued to extend SMG's signature care to more patients in our legacy state. In Oregon, we focused on offering financial and operational support to take a mature physician group to the next level. And in Arizona, we brought a new care model into a thriving health care market and set our sights on creating an infrastructure (and mindset) to support coordinated care delivery.

Our focus now is on accelerating our growth, as the pressure to reshape health care delivery is mounting. We're better positioned than many other traditional health care providers because of our multispecialty, coordinated clinical model and our successful track record of adapting to change. However, to secure SMG's future, we need to accelerate the implementation of our strategic plan. This includes growing primary care, maintaining a robust specialty referral network, investing in technology enhancements and establishing more value-based payer relationships. Exciting times are ahead! Here's to our continued success.

Sincerely,



Jeffrey Le Benger, MD
CHAIRMAN OF THE BOARD
AND CHIEF EXECUTIVE OFFICER



Our Key Accomplishments



Total Active Patients increased by 8% in New Jersey.



New state-of-the-art, 130,000 square foot ambulatory cancer center in Florham Park, New Jersey.



Superior clinical outcomes, exceptional patient care, and reduced costs.



1,069 providers under management.



National expansion into Arizona and Oregon.

SHM Report NJ • AZ • OR

2018 was an investment year as we stabilized and grew our new practices. Our success proves our ability to grow and prosper with notable velocity.

35.4

Days in Accounts Receivable

879+

MILLION IN REVENUE
UNDER MANAGEMENT

First-Pass Resolve Rate

96.6%

735,166

Active Patients
(24 month period)

3.0
MILLION

Annual Claims Processed

1,069

TOTAL
PROVIDERS

4,346,538

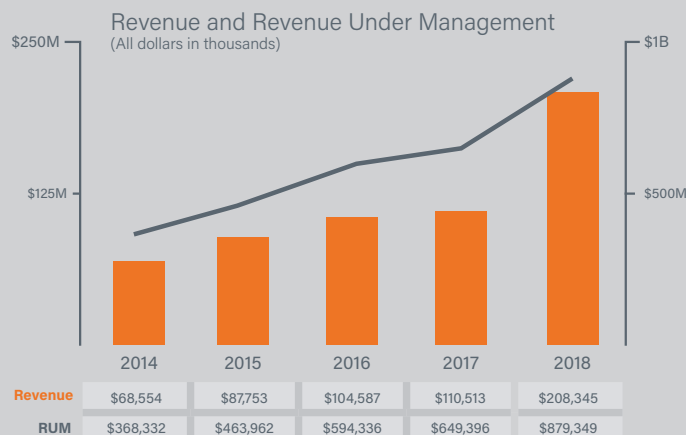
Total Number of
Patient Visits
(24 month period)

Total Revenue

\$208.3
MILLION

SHM Financial Overview (All dollars in thousands)

Operating Results	2014	2015	2016	2017	2018
REVENUE	\$68,554	\$87,753	\$104,587	\$110,513	\$208,345
EBITDA	\$8,385	\$14,735	\$20,619	\$15,709	\$8,709
EBITDA Margin	12.2%	16.8%	19.7%	14.2%	4.2%
Revenue Under Management (RUM)	\$368,332	\$463,962	\$594,336	\$649,396	\$879,349
SMG NJ	\$368,332	\$463,571	\$579,442	\$630,800	\$725,644
SASC NJ	\$0	\$391	\$14,894	\$18,596	\$21,978
SMG AZ	\$0	\$0	\$0	\$0	\$24,316
SMG OR	\$0	\$0	\$0	\$0	\$107,411



SMG NATIONAL BY THE NUMBERS (2018) (*24 month period)



900 Providers

120 New providers

3.8M Patient Visits*

80+ Locations

80+ Specialties



43 Providers

6 New providers

115,824 Patient Visits*

6 Locations

8 Specialties



126 Providers

14 New providers

430,714 Patient Visits*

5 Locations

30 Specialties

NJ Report

While we ramped up for business in two new markets, we created growth in services, providers, facilities and profitability in New Jersey, which provides the engine for our expansion. In 2018, we onboarded 120 new providers across specialties, including Family Medicine/Internal Medicine, Radiology, Anesthesiology and Hospitalists.

One highlight of expansion in NJ is the opening of our state-of-the-art outpatient cancer center in Florham Park, which features 130,000 square feet of clinical space, a fully integrated, multidisciplinary cancer care program and access to the most advanced cancer treatments and support services, including:

- ◇ World-class interventional radiology for both cancer-related and non-cancer procedures
- ◇ Radiation oncology suite with cutting-edge linear accelerators in two primary locations
- ◇ Chemotherapy infusion suites in multiple locations
- ◇ Comprehensive breast care center with state-of-the-art imaging in two locations
- ◇ 60 providers and 240 support staff
- ◇ 43 co-located multispecialty physicians
- ◇ 26 open oncology trials

We launched a high-profile advertising campaign for SMG's cancer center, and as well as targeted local campaigns to further awareness of SMG's expansion into Bergen County and to highlight SMG's considerable Primary Care offerings. We continue to grow Primary Care as we seek to grow our attributed lives population.

SMG NJ introduced a new Women's Multispecialty Health Center (West Orange); and a new mini hub at 95 Madison Avenue in Morristown to offer patients turnkey access to Family Medicine, Endocrinology, Nephrology, Orthopedics, Podiatry, Weight Management, Phlebotomy, X-Ray and Nutrition, which will be expanded in 2019 with Imaging and Support Services. We also began the campus expansion of our Berkeley Heights flagship to 890 Mountain Avenue in New Providence.

Committed to providing Convenience Care to patients when and where they need it, we introduced Walk-In Mammography, as well as Primary Care Walk-In Saturdays. During the first six months of the Walk-In Mammography service, 89 women had a screening mammogram, which detected cancer in three patients.

Increasingly tech-savvy health care consumers expect their providers to use technology to deliver quality care with a high level of convenience. In response, SMG is refining and updating its care model to implement innovations. Among our latest initiatives are SMG's telepsychiatry pilot, as well as a promising "video visit" pilot with Chiron Health.

SMG also appointed a chief of Neurosciences and began the development of the Summit Medical Group Neurosciences Center, including a comprehensive program for adult neurological disorders provided by neuroscience practitioners including neurologists, neurosurgeons, orthopedic and spine surgeons, rehabilitation medicine and pain management specialists, chiropractic physicians and physical therapists.

Our significant accomplishments in 2018 have put us in an advantageous position for strategic partnerships and initiatives in both the near and long term.

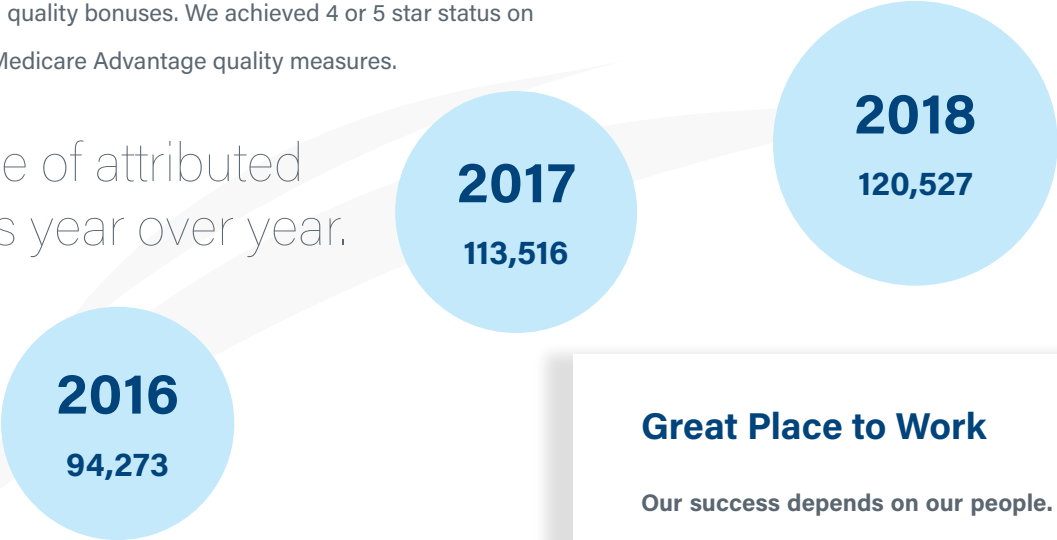
Accountable Care

SMG is accountable to our patients, our providers and the communities we serve. In 2018, we extended a successful track record in value-based care while progressing in our ability to assume greater risk.

In New Jersey, our Population Health team supported the delivery of care for over 120,000 patients attributed in ACO contracts, and preliminary data shows we will be successful in all seven value-based contracts. We also began to apply our proven Population Health model and strategies to Arizona and Oregon to achieve greater prosperity in those markets.

QUALITY Achieved outstanding quality measure results across all seven value-based contracts, allowing SMG to be eligible for gainshare and quality bonuses. We achieved 4 or 5 star status on a majority of Medicare Advantage quality measures.

Increase of attributed patients year over year.



Physician Wellness/Resilience

At SMG, we believe in a culture of wellness not only for our patients but for those who provide them with care. The well-being of our physicians is a vital patient care quality indicator. At SMG we are dedicated to building a culture that will help reverse the growing trend of physician burnout and help physicians stay passionate about what they do. We're devoted to building and maintaining a culture of wellness that includes appreciation, support and compassion through programs that center on on-going communication, community enhancement, and assistance in personal resilience.

UTILIZATION Continued to keep patients healthy as evidenced by a low number of ER visits, hospitalizations and skilled nursing facility (SNF) admissions by our patients. SMG reduced SNF days/1000 by 14% in 2018.

TOTAL COST OF CARE In our third year in the Trinity Health Next Generation ACO, we achieved per member per month (PMPM) cost that was below the CMS benchmark, creating gainshare for the ACO. SMG has also kept total cost of care lower than benchmarks for Medicare Advantage, commercial plans and Medicare.

ADDITIONAL SMG REVENUE SMG will receive the Advanced Alternative Payment Model (AAPM) 5% bonus (estimated to be \$4.5M) on 2018 Medicare revenue based on outstanding 2017 quality performance in the first year of CMS's MACRA Program.

Great Place to Work



Our success depends on our people. Summit Medical Group participated in the Great Place to Work® Survey which provided valuable feedback about the culture of our organization. Our findings portray an overall favorable view of the SMG work environment—70% of respondents feel that SMG is fair, inclusive, and open to the contributions of all. And, employees want to work for SMG for a long time. Accordingly, we are succeeding with our retention goals, and achieving decreased physician and staff turnover from previous years with results significantly below national averages.

	2016	2017	2018	Industry
SMGNJ Clinical Staff	18.7%	14.4%	12.9%	20%
SMGNJ Physicians <small>* % Excluding retirement</small>	4.1% 2.9%*	4.9% 3.8%*	4% 2.6%*	7%
SMGNJ Employees <small>* % Excluding central scheduling</small>	17.8% 10.6%*	16.7% 10.9%*	15.4% 12.4%*	16-20% 30% Call Centers*

2018 Highlights

BUSINESS OF THE YEAR
NIBIZ 2018



- ◇ 23,750 Ambulatory Surgery Center cases
- ◇ 204,448 Imaging scans
- ◇ 29% increase in Mammography Screening
- ◇ SMG Lab processed over 5 Million Results
- ◇ 360,000+ venipunctures at SMG sites
- ◇ 127,562+ Pathology slides processed
- ◇ 92,798 visits to SMG's 4 High Acuity Urgent Care Centers
- ◇ 195 Interventional Radiology procedures
- ◇ 640 Radiation Therapy procedures
- ◇ 47% increase of online scheduled appointments
- ◇ 53 providers in NRC Health ratings and reviews pilot

2019 Look-Ahead

Our strategic growth initiatives include:

- ◇ Physician Growth – 500+ additional providers in New Jersey.
- ◇ Replicate full multi-specialty model in secondary and new markets.
- ◇ Strategically partner with multi-specialty groups in greater New York/New Jersey region
- ◇ Improve patient access through walk-in, low acuity urgent care centers, online scheduling and telehealth.
- ◇ Growth in attributed lives to clinically manage populations.
- ◇ Benefit in financial gain sharing opportunities.
- ◇ Expand into full risk / global capitation arrangements.
- ◇ Further clinical integration (i.e. oncology service line growth).

AZ Report

In Summit Medical Group Arizona's (SMGAZ) first year of operations, our focus was on early integration and ensuring a virtually seamless transition for patients.

Furthering our commitment to deliver high-quality, coordinated medical care to residents of the Valley, we added a breast surgeon to the existing surgical specialists. Additionally, we integrated the two physicians of Sunny Internal Medicine and Pediatrics.

Accountable Care

- ◇ SMGAZ joined Innovation Care Partners effective October 1, 2018. This allowed SMGAZ to join the ICP Medicare Shared Savings Program for 2019.
- ◇ Successfully submitted MIPS performance data to CMS for 2018 with a projected score of 100% in categories reported for the vast majority of eligible providers.
- ◇ Developed a Population Health team to support the success of our clinicians in the value-based world.
- ◇ Established relationships with payers in AZ market to share data and improve outcomes for attributed patients.

OR Report

Summit Medical Group Oregon (SMGOR) remains the largest physician-owned multi-specialty group in Central Oregon and is growing at the fastest pace in the company's history. In January of this year, SMGOR continued its rapid growth by adding Bend Urology Associates to its Total Care™ model offering patients the highest quality specialty urological care in Central and Eastern Oregon.

Sharpening our focus on operational excellence and patient-centered care, we appointed an Executive Director and Regional Chief Operating Officer (COO), a new executive leadership position.

2018 Highlights

- ◇ Hired 78 new employees and 15 providers to SMGOR.
- ◇ Successful transition of BMC to SHM and SMGOR.
- ◇ Scheduled over 90,000 appointments out of the call center.
- ◇ Began transformation of Eastside Building.
- ◇ Completely redesigned Urgent Care.
- ◇ Completed a space refresh in Primary Care, Cardiology, and Pulmonary.
- ◇ Our business office is ranked #7 out of 247 Epic clients for our financial metrics performance.
- ◇ Highest recovery of underpayments by our payers (Experian).

Accountable Care

- ◇ **QUALITY** SMGOR demonstrated consistent and significant improvement in quality measure performance across all value-based contracts in 2018, achieving a 4 star rating or higher on a majority of Medicare Advantage quality measures.
- ◇ **UTILIZATION** SMGOR is keeping patients healthy as reflected by our low need for ER visits and hospitalizations (performance lower than benchmarks).
- ◇ **TOTAL COST OF CARE** SMGOR is on track to earn significant gainshare in our largest Medicare Advantage contract where costs are well below benchmarks.
- ◇ **MIPS** SMGOR achieved a Medicare MIPS score of 100% in 2017 which resulted in a maximum positive fee schedule adjustment in 2019. SMGOR is predicted to achieve a 100% score for 2018 as well, which should also positively impact Medicare fee schedule in 2020.

2019 Look-Ahead

The organization's mission is to achieve exceptional outcomes in the following four domains:

- ◇ **BETTER OUTCOMES** In partnership with our payers, providers and care teams, we are developing standardized workflows and systems to deliver exceptional quality care and an optimal care experience for all our patients.
- ◇ **CAREGIVER EXPERIENCE** We are providing the support and resources necessary for our providers to excel individually and collectively so that Summit Medical Group Oregon can be the best place to provide care.
- ◇ **ENHANCED VALUE** We are focusing on fiscal responsibility and growth enhancing our disciplined approach to budget management and lean operations.
- ◇ **PATIENT EXPERIENCE** We are dedicating ourselves to providing patients and the community with the best access to care, telephone service, and issue resolution in the health care industry.

ZOONIE

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