

# Annual Review 2022



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### About SCP Health

For over 50 years, SCP Health has been making moments count for patients. As a clinical services provider for emergency medicine, hospital medicine and critical care, we partner with health systems to deliver high-quality, cost-effective patient care aligned with clients' strategic goals.

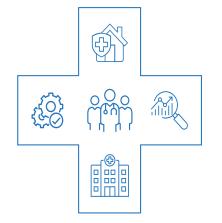
Our team aligns clinicians with operational strategies to deliver better patient care and quality performance while improving financial results. Built on clinical and operational expertise, our systems, structures, and processes are supported by nationwide capabilities designed to deliver consistent outcomes at the local level.

With deep experience, we partner with hospitals and health systems to solve financial, operational, and patient experience challenges. Our health care solutions engage, activate, and optimize clinical programs to deliver exceptional patient outcomes.

Across the nation, we utilize an integrated, people-powered, and tech-enabled approach to pioneer the future of care, evolving how medicine is delivered, and extending our clinical expertise to connect physical and virtual care to improve the quality and experience patients receive.

SCP Health. Together, we heal.





For 50+ years SCP Health has aligned clinicians with operational strategies and innovation to deliver better patient care and quality performance while improving financial results.

## Letter from the CEO

It is becoming a trend that every year, just as we think we have faced the toughest time in the history of health care, a new hurdle comes into play, challenging our health care system as a whole. This new trend requires us to act now, without waiting for the storm to pass, to change our day-to-day approach and persevere.

To come out on the other side, stronger, stable, and successful, year after year, we must show up – in the face of new headwinds, every day, with excitement and passion. As leaders, we must set an example of resilience and tenacity amidst the current complexities and set a clear vision for the future.

I can say unequivocally, as the CEO of SCP Health, that the team of clinical and operational experts in my organization make it easy to show up every day and move forward. I have my days, as we all do, but being surrounded by my SCP Health teammates, who embody our core values of agility, collaboration, courage, and respect, is continuously energizing and inspiring.

2022 was once again an unprecedented year in our industry. The aftershocks of the COVID-19 pandemic, the impacts of new legislation, and the growing demands of our patient population have stressed and stretched organizations beyond what we thought were our limitations.

> Today, it is more important than ever to ensure our "why" is articulated, to remain connected with our mission, and to have a clear focus for the future. SCP Health has the privilege of serving patients through our hospital and health system

relationships in 32 states. Our covenant to provide care and support to patients, clinicians, and our partners with expertise, innovation, and compassion has never been more evident. It is this covenant that keeps me moving ahead.

Our tag line, "Together, we heal." has never proved truer than this past year. Without a doubt, teamwork is an essential requirement to fulfill that promise. We have all learned, commiserated and had many sleepless nights, and I am proud to say that through it all, the state of our company enabled us to remain true to our brand promise.

We continue to simplify our work to deliver complex care and have worked tirelessly as a clinical organization to not only stay strong, but continuously improve. Over the past year, we have set our sights on new goals:

- Clinical and Service Quality
- Growth
- Financial Sustainability
- Talent

Achieving these goals will not be easy, but I can assure you that each member of our team is committed to leaving everything on the field.

We remain one of the strongest companies in our sector and will continue to look for opportunities for growth and development in our space. We will continue to evolve, aligning with the reality of the marketplace and providing flexibility and stability in our client partnerships. We will continue to invest in innovation to improve our clinical and service quality. We will continue delivering on our brand promise, showing up every day, ready to serve patients and our hospital clients. We will continue to pioneer the future of care. We will continue to lead.

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Rich D'Amaro Chief Executive Officer

### Our Vision & Promise

At SCP Health, we believe our clinicians and acute care clinical programs are at the heart of our clients' patient care delivery strategy. As the health care industry continues to shift, SCP Health continues to focus on our primary goal – to deliver exceptional patient care.

How do we do this? By remaining steadfast in our vision and brand promise and anchoring everything we do in our core values.

- Vision: Using our clinical and operational expertise, we will pioneer the future of health care.
- Brand Promise: Creating solutions to revitalize health care and deliver exceptional patient outcomes.

#### **SCP HEALTH CORE VALUES**



Agility

We adapt behaviors,

proactively to the

environment.

evolving health care

strategies, technologies,

and models to respond



#### Collaboration

We align clinical and operational teams empowering them to work together as one interconnected team to provide cost-effective, high-quality care.

#### Courage

We act to make a difference, to revitalize health care by empowering clinicians and health care organizations to do and say what needs to be done to deliver exceptional patient outcomes.



#### Respect

We treat everyone with courtesy and professionalism throughout the continuum of care, from patients to clinicians and the operational experts that support them.

# Financials

Operating in a volatile environment requires a strong foundation to enable agility and investment in innovation. Without that foundation, health care organizations are not as able to try new ideas, recruit and develop talent and make investments in innovation. Without that foundation, it is difficult to survive, and almost impossible to thrive.

One thing that sets SCP Health apart financially in the market is our strong balance sheet. Our philosophy around growth has significantly contributed to that strength. With a growth strategy focused on smart, accretive growth opportunities, we continue to be able to facilitate scale and support our mission.

Schumacher Clinical Partners, Hospital Physician Partners, and ECI Healthcare Partners came together in 2015 and 2016 to become SCP Health. The successful integration of these three entrepreneurial companies affords us the ability to scale and support our ongoing organic growth. Having been very strategic in the merger and acquisition opportunities we pursued, we have been able to keep our leverage low while still investing in the tools and technology needed to provide best-in-class support to our clinicians and world-class service to our clients and our patients.

While we, and the entire industry, were met with significant headwinds in 2022 related to labor pressures and the impacts of the No Surprises Act, we still managed to hit our financial banking targets and maintain our B2, stable debt credit rating with Moody's.

Our outlook remains positive, and we are positioned to be the strongest partner for our clients as we navigate through the external pressures impacting our industry. 2022 was an incredibly complex environment with dramatic reimbursement changes, workforce challenges, volume volatility, and ever-increasing patient expectations.

At SCP Health, we continue to find better ways to deliver quality care more efficiently through innovation, clinical and operational excellence, and strong leadership. We are focused on delivering results in the present while building for the future.  $\Im$ 



Rob Reilly Chief Operating Officer





# Corporate Social Responsibility

Giving and supporting one another is engrained in our culture and is what sets us apart. Over the years, we have made lasting impacts in our own communities. One such way is through our internal giving program, the SCP Relief Fund, that provides immediate financial assistance to employees or clinicians who experience hardships resulting from unanticipated and unavoidable situations and emergencies.

SCP Health strongly believes that care is local and best delivered by members of each community. In a similar way, we believe in supporting our neighbors through volunteer and fundraising efforts. We participate in various events and advocate for different causes throughout the year, both at the local and national levels. A few highlights over the last year include our annual United Way Corporate Giving campaign, which has grown to over \$600,000 to help families across the U.S. with essentials, and our participation in the Build-A-Hand program where corporate and medical leaders teamed up at our Medical Leadership Conference to build prosthetic hands.

In 2022, SCP employees contributed more than 1,000 hours in voluntary charitable services in our communities. One of our biggest contributions to communities comes in the form of community health. We put our specialized talents and skills to use where it matters most – caring for patients. A clear demonstration of our personal and corporate commitment to the communities we serve and our social responsibility of delivering acute unscheduled care to all patients is the \$100M of uncompensated care we delivered over the last five years and will continue to provide going forward.



#### \$100 MILLION

UNCOMPENSATED ACUTE UNSCHEDULED CARE OVER THE LAST 5 YEARS



**\$600,000** UNITED WAY CAMPAIGN



**1,000+ HOURS** VOLUNTARY CHARITABLE



**200+** PROSTHETIC HANDS BUILT

Clinical and operational leaders worked in teams to build prosthetic hands at the 2022 Medical Leadership Conference.



# Letter from the Enterprise Chief Medical Officer

In health care today, our days are filled with concerns – throughput delays, staffing shortages, patient care complexities, and a myriad of other issues. As clinicians, we are deeply concerned about our ability to deliver high-quality care in this chaotic environment. The issues of the day (or night) occupy most of our time, energy, and efforts.

It takes a lot to face today's realities. It takes even more to keep your chin up, stay positive, and remain hopeful – let alone inspire much-needed change. With all of today's challenges, is it possible to also focus on a better tomorrow?

Candidly, my own professional journey, including the days of COVID, presented many opportunities to disconnect from the stark realities of health care. Although my passion for patient care didn't falter, the changes and challenges at many levels of our health care system simply seemed overwhelming. So much change is needed – in our departments, in our hospitals, in our health systems, and in health policy itself.

Since SCP Health was founded, we have been a passionate and effective agent of health care advocacy, having made a clear difference on key issues over the years. We have advocated consistently and collaboratively across the health care industry, acting at local, regional, state, and federal levels.

In 2022, we were integrally involved in some notable successes. Some successes were incremental gains. Others prevented further problems. For example, the Dr. Lorna Breen Health Care Provider Protection Act was enacted, and a national 988 Suicide and Crisis Lifeline for clinicians was created. Telehealth flexibilities were extended beyond COVID, through 2024. Two court cases regarding the No Surprises Act resulted in favorable rulings for providers, preventing a further decrease in payment for our clinical services. CMS established new network adequacy standards for patients in commercial health plans, and released FAQs and much-needed payor requirements for the No Surprises Act. We delivered excellent care at the bedside while also caring for the health care system itself.

But there is more to do. As health care challenges continue and deepen, our professional imperative to invest in a better future also increases. We need to redouble our advocacy efforts at a time that may seem impossible or even futile.

Effective advocacy – the kind that produces meaningful and lasting solutions – often arises from our direct experiences. In 2023, we need continued feedback on what works and what doesn't, keeping our patients and clinicians in central focus. Our perspectives are the ones policymakers often lack. We have the knowledge and ability to impact our environment, identify opportunities, and suggest meaningful and scalable solutions. Everyone has a role to play – Physicians, NPs, PAs, nurses, medical directors, revenue cycle specialists, operational leaders, and hospital executives.

A mentor once told me: If you don't work for change, don't expect any. I will add: if we don't use our voices and share our solutions, we'll be subject to everyone else's. Our environment will not change overnight. Sometimes we will go backwards before we go forward. But we must never lose sight of our most fundamental commitments: patient care excellence, high-performing teams, empowering innovation, and above all, *healing*. These commitments will allow us

to make a meaningful impact today while enacting important changes for tomorrow. We owe that to our patients, our colleagues, and to the health care system itself.

Marth

Randy Pilgrim, MD, FACEP, FAAFP Enterprise Chief Medical Officer



# Advocacy

This past year, it has become abundantly clear that being effective means we must increasingly join our voices with others. Without our collective voices, our observations and solutions will simply fade away, and we will continue to feel downtrodden, wondering if things will ever improve. So, share your ideas and use your voice. We're here to help, amplify, empower solutions, and bring your ideas forward.

#### **ADVOCACY PHILOSOPHY**

Advocacy affects the environment in which we deliver our care – reducing struggles, simplifying care delivery, and creating the future.

We advocate for our patients, our clinicians, and our clients, using our knowledge and expertise to take strategic action and make targeted investments that enact meaningful change.

#### **ADVOCACY APPROACH**

We advocate collaboratively, within our organization and our industry, to support transformation, at federal and state levels, and with payors.

#### **ADVOCACY GOALS**

**Support** the delivery of high-quality, patient-centered care

**Create and maintain** a constructive clinical practice environment **Ensure** economically sustainable practices



CV It is extremely tough to practice medicine, particularly emergency medicine, in today's environment. Many outside our field believe that the challenges were related to COVID illness, and because the pandemic is 'over' things should have improved but those of us on the inside know better. The workforce-related impacts of the previous two years will be far-reaching and long-lasting.

I do believe that crisis yields innovation. We are seeing people try to innovate in ways that are exciting, including within emergency medicine. At SCP Health, we are embracing this innovation, meeting challenge with inspiration and resilience, and working to influence change in a way that meaningfully impacts clinicians.

Ken Heinrich, MD, Executive Vice President, Chief Medical Officer – Emergency Medicine

# Quality

As an organization, SCP Health knows it is not enough to just deliver patient care, we must deliver exceptional care. We continually look for new ways to ensure we are delivering that exceptional care, approaching quality performance from a comprehensive perspective and with the goal of equitable care to all.

As we enter our fourth year of COVID, we know the pandemic continues to have a significant impact on our performance – from nursing and clinician workforce shortages to seeing an ever-increasing number of complex patient conditions.

However, by leveraging our experience in working across networks to manage volatility without sacrificing quality or outcomes, we have continued to adapt to evolving needs quickly, no matter the facility size or setting.

We are finding new ways to align provider costs with revenue realities, without cutting quality, and with an emphasis on collaboration. By creating staffing models where physicians work collaboratively with nurse practitioners and physician assistants, we allow more patients to receive the care they need without overworking clinicians. Increasing clinical integration, particularly in our partnerships where we work with both emergency and hospital medicine service lines, we create better interdepartmental workflows and more streamlined care.

Patients desire a more connected care experience, leading to the creation of the Patient Experience Institute where our clinical leaders develop training modules and put together information and resources for both our clinicians and our hospital partners.

As patient expectations and needs change, so must we. As the market demands change, so must we. As laws and regulations around reimbursement change, so must we. What must never change is our commitment to our patients and the quality of care we deliver.

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The key to quality is consistency. We prioritize delivering exceptional care across all types of clinical care teams, all care delivery models, and in all hospitals – no matter the size or the setting. We will continue to positively impact quality, adapting and innovating to meet the changing needs of our patients and our partners.

Beverly Gladney, MD, Executive Vice President, Chief of Clinical Quality and Education



**SEPSIS** 



**95%** COMPLIANCE IN PHYSICIAN DIRECTED SEP-1 METRICS



**2.2%** VS 4% NATIONAL AVERAGE

LWOTS (EM)

ALL CAUSE READMISSION (HM) **7%** 

VS 15% NATIONAL AVERAGE



## Clinical Compensation

At our core, SCP Health is a clinical company. The healing power of our clinical leaders, supported by our operational experts, is the lifeblood of our organization. We are committed to recruiting, supporting, and retaining the top clinicians in the industry to best serve our clients and our patients.

Our industry continues to undergo seismic shifts requiring us to continually refine our operating model. Central to that model is our clinical compensation philosophy. Our philosophy is to maximize compensation for our clinicians in balance with paying for performance and productivity, while optimizing the financial health of our clients.

Our approach is centered on the pillars of competitiveness, compliance, transparency, and productivity – all underscored by alignment across goals and outcomes. Given the current health care challenges, especially among our clients, this alignment has never been more critical.

Part of fairly compensating our physicians, nurse practitioners, and physician assistants, is utilizing operational strategies to create a balanced environment. Staffing consistently with optimal coverage has a direct impact on clinical compensation. To that end, we work to leverage virtual and in-person providers, create flexible shift plans, and use artificial intelligence to more accurately predict needed coverage.

Optimized staffing allows for more productivity, while fostering quality and avoiding burnout. Thus, our clinical compensation model aims to incentivize and reward the efficient delivery of high-quality care. Many physicians have an element of variable pay linked to a balance of clinical quality and productivity, meaning those who deliver the highest-quality and most-efficient care are rewarded.

Similarly, SCP Health medical directors have compensation elements directly linking them to our clients' success. Specifically, director stipends are tied to meeting and exceeding quality and productivity goals. Just like for the physicians, the better a medical director and their team perform, the better their reward.

Alignment in clinical compensation creates an environment where our patients receive the highest quality of care, our clinicians heal more patients and are rewarded for efficiency, and our clients meet financial and operational goals. When patients, clients, and clinicians win, so does SCP Health. **That is the power of alignment.** 

### CLINICAL COMPENSATION PILLARS Competitiveness / Compliance / Transparency / Productivity



C There are increasing pressures to maximize value across healthcare, and particularly in acute care services. Hospital Medicine as a specialty has already added significant value to the healthcare system, but we must continue to reassess and reinvent our approach and care models to meet the evolving needs of our patients and our hospitals. At SCP Health, we know the hospitalist focus must simultaneously target optimizing economic efficiencies as well as improving patients' access to quality care.

Rodolphe Taby, MD, Executive Vice President, Chief Medical Officer – Hospital Medicine

### Innovation

Even in a complex and volatile environment, SCP Health is investing to evolve care delivery and patient experience while reducing the cost of care. We are focused on identifying modern solutions to provide care in a labor-constrained world. Leveraging our clinical experience, we create new ways to better manage patients across the continuum of care.

Our innovations are designed to solve real problems in health care. Our three focus areas are:

- **1. Reducing** the cost of care in emergency, hospital, and critical care medicine.
- 2. Connecting care to better manage patients before, during, and after an acute care episode.
- **3. Improving** quality, outcomes, and experience while reducing the total cost of care.

Driven by these focus areas, we are concentrating our efforts in virtual care and strategic partnerships.

#### Virtual Care & the Virtual Medical Group

Increasing and more complex patient care demands rely on our ability to extend, supplement, and flex clinicianmanaged care delivery. We continue to find new ways to address labor challenges, applying virtual care models for enhanced patient care and quality performance within health system practices. Our virtual hospitalists ensure better access to care, particularly in rural areas and allow flexibility in supporting surges.

We are also innovating in emergency medicine, using virtual clinicians to support surges and triage. By connecting physical and virtual care, we reduce strain on on-site staff while facilitating more timely patient engagement. Following discharge, we are closing gaps in care by deploying virtual clinical and non-clinical resources to patients and expanding our ability to manage transitions of care. Our connected care solutions are enabled by modern technology with a goal of supporting patients throughout their health care journey, improving patient satisfaction, engagement, and adherence to care plans.





#### Strategic Partnerships

We continue to develop relationships with like-minded health care organizations where the combination of our clinical quality and capabilities can meaningfully impact challenges. When we align with our partners regarding the mission of providing the highest-quality, most cost-effective care possible, we can co-create and solve common problems.

During 2022 we set the foundation for several exciting new relationships to be announced in 2023, each designed to improve efficiency, efficacy, and bring innovative care delivery models to market.

As we look ahead to the rest of 2023 and beyond, we will continue to innovate, tackle complex problems, simplify solutions, and overcome current limitations. We will continue to pioneer the future of health care.





C The addition of Premedex brings a comprehensive, multi-modal communication engine enabling broad-based, cost-effective patient outreach programs. We can now fully leverage our combined capabilities to deliver new comprehensive value-based care solutions for health care organizations.

By connecting SCP's clinical expertise and scale to Premedex's flexible communications enablement, we are creating hybrid care solutions to simplify connecting with patients. Whether before, during, or after an acute care episode, reaching patients more easily, helping them manage their care, and ensuring they are following through on preventive and follow up care instructions results in better outcomes and a better overall experience of care.  $\Im$ 

Lisa Fry, President Value-Based Care

# Talent

People are at the core of SCP Health. Whether clinicians or corporate team members, together we are working to make a difference in the lives of patients. As an organization, we serve our people by striving to create a balanced and inclusive work environment and build a culture based on our core values of agility, collaboration, courage, and respect.

We believe talent management investment is key to our success; it's about what our people need – and how we can help them find balance, growth, and accomplishment.

We work to provide support and alignment at every stage of clinicians' careers, ensuring they are engaged and informed. We have invested in creating multiple communication channels such as our clinician portal, mySCP Connect app, and quarterly medical leadership meetings to ensure we are effectively communicating important information with our clinicians at all times.

We heavily invest in **clinician growth and development**, including regional medical conferences, flexible hybrid approach to CMEs, and the newly formed Medical Leadership Intensive. Investing in our talent also includes **active listening and feedback**. We conduct an annual survey to hear what our clinicians have to say. We also **formed feedback groups**, like our Clinician Engagement Committee and SCP Clinician Advisory Group, to deliver clinician perspective. These key initiatives influence our goals and drive us toward action and change.

SCP Health continues to make investments in our people, staying true to the belief that our clinicians and corporate employees, and by extension our patients, are always our highest priority.

#### 2022 Workforce Highlights

**34%** RACIALLY DIVERSE

**57% >5 YEARS** TENURE: 32% >10 YEARS

72% OF NEW HIRES WERE FEMALE

58,500+ HOURS CONTINUING MEDICAL EDUCATION AWARDED

**15,500+ HOURS** CORPORATE TRAINING DELIVERED

6,075+ HOURS



If 2022 were an ice cream flavor, it would be Rocky Road. In spite of the bumps along the way, we have continued to invest in our clinicians, in their growth, education, and development. We have listened more and used what we learned to drive actions. As I look ahead, I am confident that we have the right team, both on the front lines and behind, to not just continue on, but improve every day. SS

David Schillinger, MD, FACEP, Chief Medical Officer



#### **Diversity, Equity & Inclusion**

At SCP Health, a critical focus remains on creating and driving a culture of inclusion. Inclusion is the idea that all identities matter and are embraced as a valued asset to our company. Inclusion is not simply about representation but about how we behave – being inviting and welcoming to all identities as respected colleagues.

Championing diversity, equity, and inclusion is inherent to our core values, and we want to continue striving for improvement for our employees and those we serve. This past year we hired new leadership resources focused on building a formal DEI strategy, and relaunched our Diversity, Equity and Inclusion Advisory Council. The core goals for the year include increasing our partnerships with diverse organizations, enhancing our efforts in diverse recruiting and delivering continuous DEI training and education to both the corporate and clinician populations. We have a rich diversity of talent across our organization, reflecting the diversity of patients we serve nationwide and enabling us to engage different perspectives and ideas as we seek to innovate and improve the way we deliver care.



As hospital medicine patients and their needs continue to evolve and grow, so must our hospitalists. Slowly, we are starting to see change when it comes to having more diverse representation in hospital medicine clinicians. Increasingly diverse backgrounds better enable us to bring unique strengths and perspectives to our patients and our field while deepening diversity of thought allows clinicians, patients, and teams to connect more meaningfully and offers more chances to solve the new challenges facing us all. The hospital medicine of today and tomorrow looks different than it has in the past, which is exactly where it needs to be.

Noah Hoskins, MD, Group Medical Officer



# Compliance

SCP Health is dedicated to maintaining a culture of compliance. Our reputation, built on ethical behavior, honesty, and integrity, is one of our greatest assets. Our commitment to safeguard this asset is supported by the environment and culture we cultivate within our teams and our continuously improving and effective compliance program.

All employees, clinicians, board members and agents of the Company comply with the principles and guidelines set forth in our code of conduct and all policies and procedures implemented through our compliance program.

SCP Health is continuously working to transform our health care system. We have a vision of more equitable access to timely care and a systemwide emphasis on overall health and wellness. It is our responsibility to prioritize sustainability with good stewardship of our assets, robust DEI initiatives, and a focus on sustainable processes. Working together, we believe we have built a strong foundation with long-term viability which continues to grow and improve.

Whether it be protecting the privacy of our patients or safeguarding the proprietary and financial information of the Company, or any one of a number of processes or data that we all touch every day, we remain committed to doing the right thing.





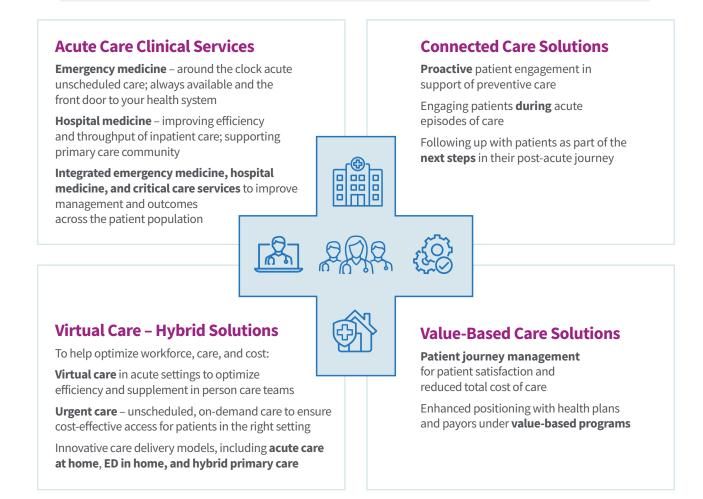


### Partner of Choice

### SCP Health aims to be the health care clinician provider partner of choice in shaping the future of patient care.

#### CAPABILITIES

Quality Performance Management · Analytics & Reporting · Clinical Operations · Credentialing Recruiting · Onboarding · Documentation · Coding · Revenue Cycle · Training & Development



#### RESULTS

Improve Patient Experience • Improve Clinical Outcomes • Amplify & Accelerate Your Strategic Goals Increase Patient Satisfaction • Reduce Cost Per Patient Served • Reduce Total Cost of Care

# Together, We Heal

The market changes have pushed SCP Health to continue improving every aspect of our organization, to continue being the strong leader our partners can depend on. We do this by staying true to who we are as an organization focusing on our primary goal – **to deliver exceptional patient care**.

SCP Health evolved in 2022, modernizing solutions focused on cutting out the noise – worrying about changes impacting emergency and hospital medicine so you don't have to – removing friction in the transition of care, and creating a connected health care experience across the continuum of care aligned with our clients' strategies and financial goals.

Our values anchor our organization – in our actions, our investments, and our attitudes, enabling us to enjoy our work every day, despite the difficult environment. We are proud of our diverse team and the agility, collaboration, courage, and respect they demonstrate in solving problems challenging today's health care system.

As we move into 2023, we will continue to work together with our clinicians, client partners, and industry organizations. We will continue to solve. We will continue to advocate. We will continue to innovate. We will continue to lead.

Together, We Heal







scp-health.com

