



CHIROCARE[®]
CHIROPRACTIC CARE OF MINNESOTA, INC.

ANNUAL REPORT 2009

A letter to our Providers from the President

The past year saw unprecedented controversy and uncertainty over the future of health care in this country. Despite this uncertain environment, ChiroCare relied on its new Mission, Vision and Values as a compass to advance the value of chiropractic and the future of our premier organization.

Without question, our providers continue to cope with a challenging business market. As an organization, however, ChiroCare grew stronger and continues to develop relationships with our provider network and to implement new or improved programs and innovations that add value to our profession and practices.

Some of these programs, such as our new electronic eligibility, claims and remittances, are already up and running. Others, including our customized public relations, marketing and electronic communications tools for our providers, are under development. A list of ChiroCare's primary achievements during 2009 is shown in this report.

A quick review of last year shows that, as individuals and as an organization, we made progress last year and, in doing so, have established a stronger organization for the future. Nothing demonstrates that more concretely than results of our just-completed provider and patient satisfaction surveys for 2009, showing improvement in many categories. Many heartening testimonials were contributed by our patient respondents, reinforcing the pride I have for our profession.

The results of two validated outcome research studies conducted for us last year by an independent research organization to measure standard outcomes for chiropractic treatment, while positive, did not produce the definitive results hoped for. However, the results of two

Another indication of progress is that 81 percent of our providers were ranked in Category A as of January 1, 2010.

other landmark studies, one by the WellPoint Institute of Health Care Knowledge and another published in the *Journal of the American Medical Association*, produced dramatic findings about the enormous financial waste that results from ill-advised imaging tests and "inappropriate" back surgery.

We are also nearing completion of a White Paper that demonstrates the growing alliances between medical doctors and doctors of chiropractic as the trend toward integrated care accelerates. Copies of the White Paper will be available for our providers and shared with third-party payers and medical clinics.

I want to thank all of the outgoing members of our Board of Directors for their exemplary service and to share our enthusiasm for the four outstanding new members of our ChiroCare board: Stephen Jobe, DC; David Ness; Jean Schauer; and Paul Wernick, M.D., all of whom bring specialized expertise.

Dr. Bill Barrett, President

Statement of Assets, Liabilities and Net Assets (unaudited)

These financial statements are presented on an accrual basis for the calendar year beginning January 1 and ending December 31.

Current Assets	2009	2008
Cash	\$3,009,552	\$737,505
Restricted Cash	1,574,415	1,898,580
Accounts Receivable	975,199	523,545
Prepaid Expense	27,247	27,618
Total Current Assets	5,586,413	3,187,248

Other Assets	1,048,572	1,140,380
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Total Assets	\$6,634,985	\$4,327,628
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Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$55,645	\$69,695
Unpaid Claims	1,144,932	1,128,410
Other Accrued Expenses	277,753	262,127
Total Current Liabilities	1,478,330	1,460,232

Net Assets	5,156,655	2,867,396
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Total Liabilities and Net Assets	\$6,634,985	\$4,327,628
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Statement of Operations (unaudited)

Revenue	2009		2008	
Capitation	\$11,131,204	71.54%	\$8,827,520	81.35%
Fee for Service	4,429,195	28.46%	2,023,967	18.65%
Total Revenue	15,560,399	100.00%	10,851,487	100.00%

Direct Expenses				
Claims Expense	9,874,045	63.46%	8,825,849	81.33%
Administrative Fee	2,244,720	14.43%	2,018,630	18.60%
Total Direct Expenses	12,118,765	77.88%	10,844,479	99.94%

Gross Profit	\$3,441,634	22.12%	\$7,008	0.06%
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Chiropractic Care of Minnesota, Inc. (CCMI) was financially healthy at the end of the calendar year 2009. CCMI's gross profit for calendar 2009 showed a \$3.4 million increase over the gross profit for calendar 2008. Total revenue increased \$4.7 million (30%) while direct expenses were up \$1.3 million (11%). Total net assets (or equity) increased over \$2.2 million (44%). These increases were due to increased utilization of chiropractic services, slight increases within the health insurance contracts, substantial reductions in administrative costs, and reduced claims turn around times due to electronic billing.

It is anticipated there will be excess cash funds at the end of the fiscal year, March 31, 2010. The Board of Directors will determine, at the close of the fiscal year, the amount and how these funds should be used, based on our Mission, Vision and Values.

Highlights of 2009

While the past year's list of achievements is lengthy, following are the top five, chosen because they best embody ChiroCare's commitment to its Mission, Vision and Values:

- Launched the rollout of our new Mission, Vision and Values. These constitute the mutually agreed on principles and direction that will guide ChiroCare and its provider members now and in the future.
- Established a Provider Advisory Council that now provides ChiroCare ongoing network provider input and suggestions. ChiroCare is also developing other advisory councils in 2010 and beyond. These types of groups will help ChiroCare evaluate options and develop new products and services.
- Expanded Corrective Action Program to assist provider improvements in patient care. This "helping hand" program will lead to consistency in patient care standards and improved outcomes.
- Launched the NCQA DC Accreditation Pilot. The objective of the pilot is to develop the necessary tools to enable our entire network to pursue this accreditation in the near future.
- Recruited four new highly qualified directors for the ChiroCare board. This success, achieved by an extensive and rigorous process, strengthens our governance and brings important new expertise and perspective to our board. The new directors include Steve Jobe, DC, a Minnesota rural Doctor of Chiropractic; David Ness from Medtronic; Jean Schauer, a recognized leader in the health care marketing and communication profession; and Paul Wernick, M.D., a practicing pediatrician and known health care leader.

A Report from ChiroCare's Executive Director/Chief Operating Officer

Many years ago, there was a hit pop song that musically spelled out the word "RESPECT," letter by letter: "R E S P E C T." That's the song, and the word, I would use to sum up my first year working with ChiroCare and its exceptional provider members. As practitioners and as colleagues, your interest in what ChiroCare is doing, with your help, to advance the profession has certainly earned my respect. It's also shown me that you really do embrace the Mission, Vision and Values adopted this past year.

Just a handful of the achievements we have made together and on your behalf and in the best interests of your patients are highlighted in this Annual Report. Other achievements involve new and improved communications, made possible by our improved website; online connections with you; the implementation of electronic eligibility, claims and remittances; our monthly newsletter; and face-to-face communication opportunities via our open houses and lunches with the president.

The communications weren't limited to our own circle, however. We participated in meetings and dialogues with health plan medical directors and primary care physicians that improved those important relationships. There was mutual respect in these meetings and a willingness to listen and work together. Without question, there is a growing receptivity for chiropractic within the medical community and among third-party payers and employers.

All of which brings us to the question: where do we go from here? What is ChiroCare working on going forward? The three-part answer to that question is:

1. Quality outcomes and health care measurements and reporting;
2. Continued focus on improving provider, patient and payer satisfaction and;
3. Reduced administrative costs.

By far the greatest emphasis by ChiroCare this year, and in the years to come, will be on these three areas.

There is one more important area that will receive top-line attention. We will soon be developing a marketing communications strategy and road map to dramatically increase the visibility and credibility of chiropractic care. Prevention, treating the "whole person," and delivering integrated care has always been at the heart of chiropractic care. Now it is the hub of health care reform, too.

The central issue of delivering quality, affordable health care solutions looms larger than ever. We have a remarkable and impressive story to share and much to contribute toward healing a very broken health care system. Working with you, ChiroCare will broadcast that story as we continue to support you in growing your practices.

Thank you all for your support and respect during my first year as ChiroCare's chief operating officer.

Sincerely,

Tabatha Erck

Compass for Our Future — Vision, Mission, Values

Vision Statement: *“To be the best and most trusted partnership of physical medicine practitioners.”*

This vision will be achieved by working to rebuild provider trust through more direct contact and open discussions with network participants and by supporting ChiroCare’s delivery of the widest possible spectrum of services and tools to benefit participating chiropractors.

Mission Statement: *“To provide leadership support and guidance to our providers to help them improve the health of the communities they serve.”*

This statement acknowledges that ChiroCare cannot achieve its goals without a strong network of quality providers. It means the organization is committed to act in a more supportive role to help providers deliver their best possible level of care.

Values: *“Excellence. Support. Collaboration. Environmental. Empower.”* These terms define what ChiroCare is committed to and are the measures against which decisions will be made and actions will be taken.

To be truly lived and practiced, our Vision, Mission and Values compass needs an accompanying set of realistic and achievable goals. Following are the specific goals set for 2010.

2010 Goals:

1. Increase Provider Satisfaction in the following areas:
 - a. Professional Development
 - b. Credentialing and Recredentialing
 - c. Customer Service
 - d. Communications
 - e. Claims
 - f. Utilization Management/Case Management
 - g. Explanation of Benefits
2. Continue to Improve ChiroCare Financial Strength
3. Process Improvement in:
 - a. Electronic Communications
 - b. New Committees (Data, Compensation, and Employer)
4. Improve Board and Executive Director Performance. We will provide progress updates in our newsletters.