

*Beyond a Quarter
Century of Service*

Preparing for the Future

2013 ANNUAL REPORT



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Mission

To improve the quality of life of our communities by delivering high value healthcare networks and support services.

Vision

To be the leader in high quality physical medicine networks.

Values

Excellence – We enable the highest level of care and service while maximizing outcomes, quality and cost-effectiveness.

Stewardship – We are responsible stewards of the resources we manage and make use of – with full transparency and collaboration.

Integrity – We are honest and responsible in conducting all aspects of our business. We adhere to the highest ethical standards and keep our promises.

Innovation – We are committed to sustained leadership in health care through innovation, creativity, continuous improvement, and lifelong learning.

About Chiropractic Care of Minnesota, Inc.

Chiropractic Care of Minnesota Inc., a nonprofit organization, has become a brand that symbolizes *the* standard of excellence among chiropractic practices. Since its beginnings as the nation’s first chiropractic network over 25 years ago, ChiroCare has remained at the forefront of managed chiropractic care. Our select network includes over 1,650 contracted providers throughout Minnesota and bordering areas of North Dakota, South Dakota, Iowa, Nebraska and Wisconsin. The network currently makes high quality, value-based services available to approximately 1.3 million eligible members of ChiroCare’s contracted customers.

ChiroCare is administered by Chiropractic Care of Minnesota, Inc. (CCMI), whose goal is to improve the quality of life of our communities by delivering high value healthcare networks and support services. Clarity of mission and vision has led CCMI to develop ChiroCare into one of the upper Midwest’s largest independent network of chiropractors. CCMI also administers AcuNet, a credentialed network of licensed acupuncturists serving the Upper Midwest states of Minnesota, Wisconsin, North Dakota, South Dakota, Nebraska and Iowa.

A Continued Focus on Quality, Satisfaction and Affordability in 2014 and Beyond

A message
from the CEO

As I reflect on how much we've accomplished and visualize the future, I see CCMI serving as a guiding force in the multitude of quality improvement and transparency initiatives focused on chiropractic-specific stakeholders.

Our health care payers and network providers have been investing a significant amount of time and resources coordinating and implementing the new changes and requirements associated with the Affordable Care Act (ACA). CCMI has also been actively implementing the ACA, while establishing and rolling out a five-year strategic plan for continuously contributing to improving quality of health, life and health care for those we serve. Implementation of this new strategy revolves around patient needs by identifying and prioritizing cost and quality improvement efforts, sharing lessons learned, and measuring program success.

In the increasingly complex health care marketplace, CCMI has been leading and participating in research and continuing education, and exploring the benefits of establishing and/or enhancing partnerships with like-minded organizations. It's an exciting time in our evolution, as we establish and implement strategies that enable us to accelerate efforts to improve health and health care quality within the communities we serve.

The future is bright, with an eye on growth for CCMI and our stakeholders. We are well positioned to identify and act upon new opportunities, in collaboration with current and potential partners, to create tools and resources to strengthen our position as thought-leaders, bridge knowledge gaps, and build healthier communities.

For example, in 2013 ChiroCare authored a variety of publications, including an e-book titled *Low Back Treatment Trends Affecting Health Insurance Payers*,

With eight of 10 Americans experiencing back pain at some point in their lives, and total direct costs of chronic low back pain in the U.S. now estimated at over \$96 million per year, CCMI can and must play an important role in contributing to transformative health care innovations that lower costs and improve quality.

and a white paper on our outcomes study titled *Usage of Outcomes Measurements in Chiropractic Care*. These and other research and publications are discussed later in this report.

Additionally, CCMI maintains important relationships in the health care sector, focuses on demonstrating the high-value of chiropractic care in addressing and managing ongoing industry challenges, such as the ICD-10 coding, and Electronic Health Records requirements.

Whether in light of the ACA, or our five-year strategy, chiropractic will be the industry leader in addressing cost, quality, satisfaction and access issues on behalf of those who suffer from low-back pain — and those who serve them.

With an uncompromising commitment to our customers, network providers, and patients, we look forward to making contributions that will guide, support and advance our mission.

Sincerely,



Tabatha Erck, MPA
Chief Executive Officer



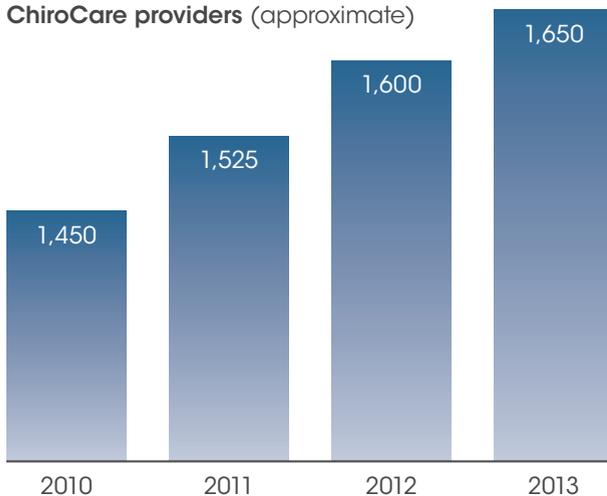
ChiroCare at
a glance



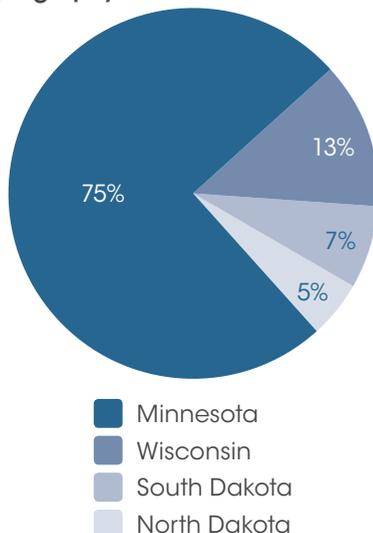
ChiroCare Practitioner Network:

The ChiroCare network has grown steadily since 2010, from 1,425 to approximately 1,650 practitioners at the end of 2013. The ChiroCare network has chiropractors treating patients in Minnesota, Wisconsin, South Dakota, Nebraska and North Dakota. On average, each practitioner provided over 350 chiropractic treatments on behalf of members of ChiroCare's health plans.

ChiroCare providers (approximate)



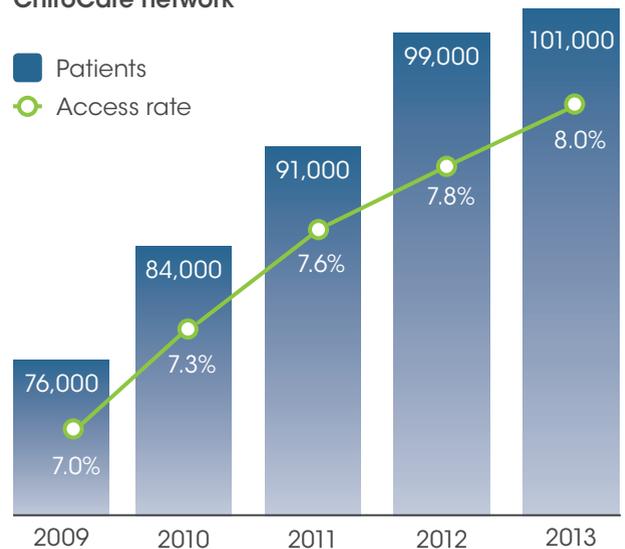
Network geography



During 2013, ChiroCare Professionals delivered service to practitioners:

- Processed 574,000 claims
- Handled over 23,000 phone inquiries
- Answered the phone within 30 seconds over 92% of the time
- Credentialed 700 new or existing providers

Patients treated by chiropractors in the ChiroCare network



ChiroCare network practitioners served over 100,000 patients who were part of plans managed by ChiroCare customers during 2013. The percentage of our health plan members who sought care from a ChiroCare doctor continues to steadily rise.

AcuNet: A High-Quality Acupuncture Network

CCMI also offers AcuNet, a credentialed network of licensed acupuncturists serving Minnesota, Wisconsin, North Dakota, South Dakota, Nebraska, and Iowa. AcuNet is accepting credentialing applications, and seeks to provide a selected network of the best acupuncture professionals for the benefit of regional health plans and their members.

Statement of Assets, Liabilities and Net Assets

Current Assets	As of 12/31/2013	As of 12/31/2012
Cash	\$7,547,822	\$7,283,282
Cash Rate Receivables	1,325,000	1,435,000
Prepaid Expense	129,099	24,427
Total Current Assets	9,001,921	8,742,709
Fixed Assets	33,736	25,453
Other Assets	602,600	584,000
Total Assets	\$9,638,257	\$9,352,162

Liabilities and Net Assets	As of 12/31/2013	As of 3/31/2012
Liabilities		
Accounts Payable	\$287,275	\$43,129
Unpaid Claims	3,502,542	3,452,425
Income Taxes Payable	24,000	49,974
Total Liabilities	3,813,817	3,545,528
Net Assets	5,824,440	5,806,634
Total Liabilities and Net Assets	\$9,638,257	\$9,352,162

Statement of Operations

Revenue	Twelve months ending 12/31/2013		Nine months ending 12/31/2012	
Service Fees	\$20,806,524	100.0%	\$16,220,914	100.0%
Interest/Other Income	4,574	0.0%	6,940	0.0%
Total Revenue	\$20,811,098	100.0%	\$16,227,854	100.0%

Expenses	Twelve months ending 12/31/2013		Nine months ending 12/31/2012	
Claims Expense	\$16,230,063	78.0%	\$12,845,875	79.2%
Education, Quality & Promotion	415,158	2.0%	130,836	0.8%
Operational Services	2,241,023	10.8%	1,708,014	10.5%
Administrative & Other	1,895,404	9.1%	1,224,219	7.5%
Income Taxes	11,644	0.1%	129,044	0.8%
Total Direct Expense	\$20,793,292	99.9%	\$16,037,988	98.8%

Net Income	\$17,806	0.1%	\$189,866	1.2%
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Notes: Chiropractic Care of Minnesota changed its fiscal year to a calendar year basis effective December 31, 2013. The figures for the prior year represent nine months of activity as compared to twelve months in the current year.

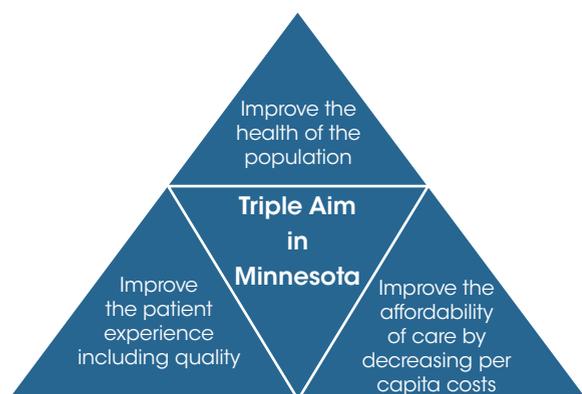


2013
highlights

Continued Focus around the Triple Aim

Low-back pain has been a challenge in the health care system for decades, now reaching epidemic levels in the United States due to our aging population and dramatic increase in weight gain and obesity. CCMI intends to be part of a solution that meets the “Triple Aim” for low-back pain: improved health of populations (quality), improved patient experience, and reduced overall health care costs.

CCMI first selected the Triple Aim because it aligns with our mission, vision and values. We continue to believe CCMI must move forward with the Triple Aim, initially focusing on the ChiroCare network because it will transition from an aspirational framework to something that our network of chiropractic practitioners can implement and learn from in the coming years. We also believe this will lead to certified chiropractic network practitioners taking a leadership role in preventing and treating low-back issues.



Triple Aim Defined:

The term “Triple Aim” stems from a paper published by Berwick, et al. in *Health Affairs* (May 2008, Vol. 27, No. 3, 759-769) in which they propose that three things need to be achieved at the same time to improve the U.S. health care system. Led by the Institute for Clinical Systems Improvement (ICSI) in Minnesota, the Triple Aim is defined as follows:

- 1) improve the health of the population,
- 2) improve the patient experience, including quality, and
- 3) improve the affordability of care by decreasing per capita costs (www.icsi.org).

Further, the institute for Healthcare Improvement (IHI) outlines the *need* for Triple Aim: “In most health care settings today, no one is accountable for all three dimensions of the IHI Triple Aim. The U.S. health care system is the most costly in the world, accounting for 17% of the gross domestic product, with estimates that the percentage will grow to nearly 20% by 2020. [Source: National Healthcare Expenditure Projections, 2010-2020. Centers for Medicare and Medicaid Services, Office of the Actuary.] At the same time, countries with health systems that outperform the U.S. are also under pressure to derive greater value for the resources devoted to their health care systems. Aging populations and increased longevity, coupled with chronic health problems, have become a global challenge, putting new demands on medical and social services.” (www.ihl.org)

As CCMI and other organizations continue to implement the goals of the Triple Aim, we will continue to share successes and key learnings, which will continue to yield more opportunities for innovation and improvement. Over time, evidence is likely to validate the effectiveness of such models in improving population health, controlling costs, and improving the patient care experience.

While the core premise of Triple Aim is easy to understand, implementation is another matter altogether.

Research and Publications

With our mission to improve the quality of life of our communities by delivering high value health care networks and support services, CCMI has worked to identify trends in patient care and utilization, measure the success of our programs, and share the information with our network and other stakeholders. In 2013, CCMI published various items: from press releases, to white papers, to our first e-book, among other things.

- **E-Book.** In June, CCMI released its first E-book, which has been a popular download on ChiroCare.com: *Low Back Treatment Trends Affecting Health Insurance Payers Quality Outcomes, Cost Reduction, AND Patient Satisfaction*. The book focuses on how progressive health insurance payers are taking notice as chiropractic care continues to integrate into the health care system. Integrating chiropractic care into treatment protocols is becoming a priority for health care payers as they continue to focus on addressing low-back pain on behalf of their members.
- **Survey Results:** CCMI conducted a study in 2012 to help determine why chiropractic is underutilized, despite demonstrated quality results. Additionally, CCMI sought to understand why patients did not clearly understand chiropractic benefits offered by their insurers. In February of 2013, CCMI released data from the survey indicating that six in 10 (61.4%) of higher-income Minnesotans (with incomes above \$100,000) say they have gone to work while enduring severe back or neck pain out of fear they might lose their job if they took time off for treatment. Data clearly supports early intervention in low-back pain by a credentialed doctor of chiropractic. Patients who seek treatment from a chiropractor are half as likely to miss work due to their pain as those who don't seek chiropractic treatment or who see another type of doctor. Sharing this information with doctors, insurers

and patients is imperative as resources in health care system remain restricted.

- **Survey Data.** In July, CCMI released data from a survey conducted at our request by Q Market Research, Inc., indicating that 45% of respondents reported back or neck pain within the past year. Of those, 62.5% had not sought treatment from a chiropractor. Many Minnesotans were needlessly suffering from untreated back and neck pain because they did not understand chiropractic treatment options covered by their health plans. A full 70% of respondents thought that a referral was needed to see a chiropractor, although that is not the case. Those with untreated pain were twice as likely (20.7%) to make mistakes at work and miss work due to their pain than those who had sought treatment from a doctor of chiropractic (8.7%).
- **NASHO White Paper.** In May, CCMI, in conjunction with the National Association of Specialty Health Organizations (NASHO), published a white paper titled *Chiropractic Networks: Delivering Quality and Value to the Health Care Delivery System - The Importance of Chiropractic Care in a Reformed Health Care System*. The paper highlights the value of chiropractic care and the importance of chiropractic networks in delivering high quality, patient-centered care. The paper also details high patient satisfaction rates, successful outcomes with low recurrence rates without the use of invasive procedures or narcotics, and the cost effectiveness of chiropractic care. The team presented the paper and met with key personnel in the Congressional Offices of Senator Al Franken (D-MN), Senator Sherrod Brown (D-OH), and Senator Tom Harkin (D-IA).
- **Outcomes White Paper.** In November, CCMI released its own white paper titled *Usage of Outcomes Measurements in Chiropractic Care*. The study centers on doctors being able to collect and share outcomes data. These reports indicate the lessening of pain experienced during daily functions such as personal care, walking, lifting, sitting and sleeping. At 15 days after the initial chiropractic treatment, patients reported a 43% improvement in back function using to the Oswestry

Disability Index, and a 45% improvement in neck function using the Neck Disability Index. At 30 days after initial treatment, patients reported a 46% improvement in back function. Results were similar to those collected in a 2003 outcomes collection project conducted by CCMI.

- **Secondary Study.** CCMI initiated a secondary study to measure how difficult data collection was for doctors, staff and patients. The associated white paper was accepted as a poster presentation at Association of Chiropractic Colleges Research Agenda Conference in March 2014.

- **ChiroCare Chiropractic Centers of Excellence.** CCMI created "The National Task Force on Spine Care," with the objective of creating a framework for integrating chiropractic care into health care delivery systems and increasing the use of chiropractic care in the treatment of unspecified low-back pain. The framework focuses on creating a Spine Center of Excellence program that could be used to pilot methods of stronger integration within care systems and care delivery. CCMI will begin rolling out this program in 2014.

All documents and associated information are available on www.ChiroCare.com.

Patient Satisfaction Surveys

CCMI expanded its efforts to collect timely and meaningful patient satisfaction information by moving to a quarterly survey in 2013, instead of the annual survey previously conducted. Our primary goal was to collect more accurate data by asking patients about their clinical experience closer to when visits occurred.

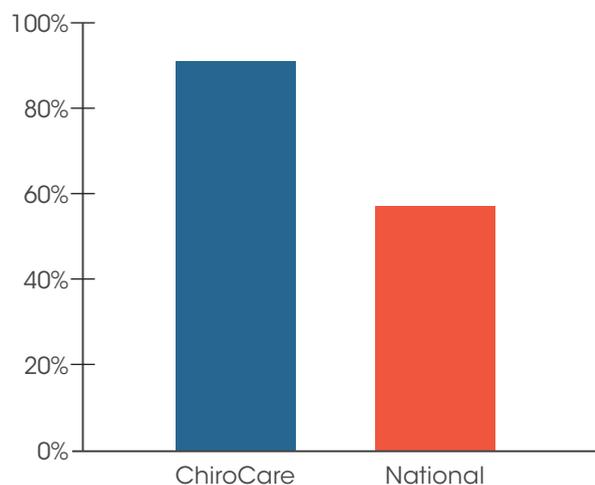
In addition, we began using the Consumer Assessment of Healthcare Providers and Systems (CAHPS) survey. The CAHPS survey is a standardized tool adopted by the Centers for Medicare & Medicaid Services (CMS) to measure patient perceptions of care by providers in office settings. Using this tool allows us to compare the ChiroCare network data against national and regional data, and provides

us with the ability to identify areas where the patient experience could be improved. Supplemental questions were added to further define underlying issues that may have a correlation to the satisfaction score. More than 21,000 surveys were sent to patients of ChiroCare network providers, and over 6,500 responses were returned.

ChiroCare continues to develop tools and resources to assist network providers and to act on our mission: *To improve the quality of life of our communities by delivering high value healthcare networks and support services.* For current policies, tools and forms, go to www.ChiroCare.com and click on "For Chiropractic Doctors & Staff."

Patient satisfaction with providers remained high, and especially so when compared to the national ranking.

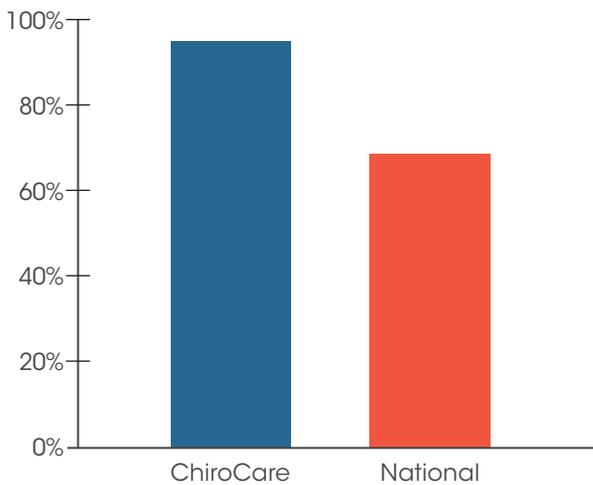
Providers Rated 9 or 10 of 10



2013 highlights

The vast majority of patients reported that they would recommend their doctor to friends and family, and ChiroCare providers again rated higher than the national ranking.

Would Recommend Provider to Others

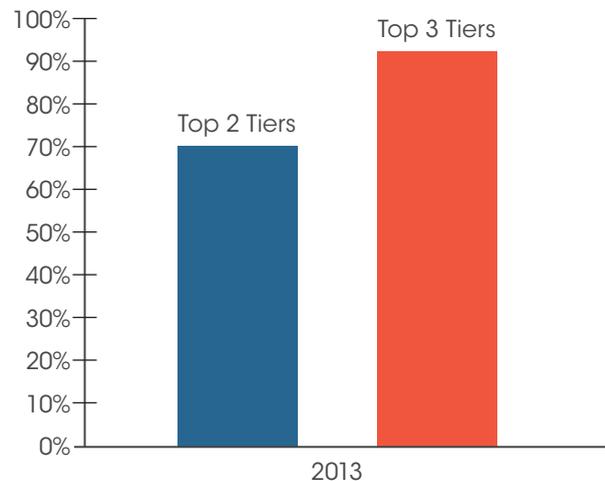


Provider Satisfaction Surveys

CCMI gathers and reviews provider satisfaction results each year, and implements changes based on those responses. Provider input enables CCMI to measure provider satisfaction with our performance, and to make necessary adjustments. To ensure compliance and confidentiality, CCMI hired an outside vendor (SBS) to conduct the survey and report results. We added questions about EHRs and outcomes, and removed redundant claim and utilization management questions. We also removed the question about remit formatting. The survey participation rate remains low at 16% in 2013, vs. 15% in 2012, and 19% in 2011. Starting in 2014, CCMI is designing a new program to increase participation.

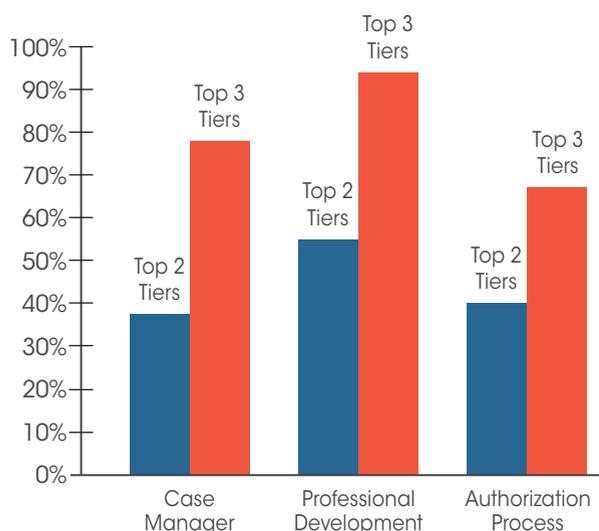
- In comparison to other plans, the network has a favorable impression of ChiroCare. This impression continued in a positive direction in 2013, with more than 91% of the providers rating ChiroCare in the top three tiers.
- Providers rated the availability of useful clinical information online via ChiroCare.com or ChiroCare Connect as the same or better than other plans with over 95% of responses the top three tiers.
- In these categories, respondents rated ChiroCare as the same or better than other plans in 2013:
 - The Authorization Process (68%);
 - Professional Development (94%); 56% rated ChiroCare as better than other plans
 - Case Managers (78%); 38% rated ChiroCare as better than other plans

Overall Impression of ChiroCare



Overall Impression of ChiroCare Compared to Other Plans

NOTE: Top 2 tiers include in most cases Excellent and Very Good. Top 3 tiers include in most cases Excellent, Very Good, and Good/About the Same.



Utilization Management

In September, CCMI announced a new ChiroCare utilization management approach in response to provider feedback and a review of the program's effectiveness. This new approach is less complex and places a greater focus on managing individual patient cases. The authorization requirements have been simplified by removing some requirements related to minors and radiology review. Early feedback from providers has been positive about the simplification and the movement away from expecting providers to manage to specific average number of visits per patient. They appreciate that the new approach is focused towards the treatment needs for each unique patient case. CCMI is excited about the new program and looks forward to sharing the results of this important evolution of the program.

Chiropractic Leadership Institute

The first cohort of the University of St. Thomas' Chiropractic Leadership Institute has just graduated. Following is the list of graduates, according to a brochure provided by the University of St. Thomas Opus College of Business Executive Development and Professional Development. Please join us in congratulating the class of 2014!

Cara Borggren, DC
 Rick Branson, DC
 Leo Bronston, DC
 Dean Bruns, DC
 Steven Dandrea, DC
 Brad Finer, DC
 Vivi-Ann Fischer, DC
 Amanda Gebhardt-Fitzgerald, DC
 Todd Ginkel, DC
 Jolyn Halvorson, DC
 Keith Johnson, DC
 Melissa Kolb, DC
 Rochelle Rougier-Maas, DC
 Art Volker, DC.

Guiding and supporting our network is a core value of ChiroCare. By providing scholarships for network doctors we are developing educated, active and informed leaders within the chiropractic profession to assist in advancing strategic and complex health care initiatives. The CCMI Board approved and issued eight scholarships for ChiroCare network practitioners for the 2013-2014 cohort and up to 12 scholarships for the 2014-2015 session have been approved. We received outstanding feedback from participants in the program. For example, here are comments from one of the participants:

"The future of chiropractic will be greatly enhanced by the development and nurturing of chiropractic leaders. The Chiropractic

Leadership Institute provides tools for chiropractors to grow and be more effective as leaders. The cohort model allows a circle of trust to be developed so that you can learn from and be challenged by your peers.”

The next program starts in May 2014.

Electronic Health Records (EHR)

In June of 2012, Stratis Health and the Minnesota Department of Health conducted a survey, which indicated that approximately 67% of chiropractic clinics had not implemented EHR. ChiroCare, Stratis Health, the State of Minnesota – Minnesota Department of Health, Best Practices Academy, and others recognize the urgent need to assist providers with EHR implementation. As such, they formed the Minnesota Chiropractic Health Information Technology Taskforce (MNCHIT) to launch an EHR educational program. MNCHIT is providing this educational service to help implement secure and standardized EHR for Minnesota chiropractors, thus enabling improvement in patient safety, health care efficiency, and quality of individual and public health. This program addresses cost and time barriers, hardware upgrades, benefits,

return on investment, and legal ramifications of not implementing EHR. Effective January 1, 2015, Minnesota Statute 62J.495 requires that all hospitals and health care providers working in Minnesota have an interoperable EHR system in clinical practice settings. EHRs present an opportunity for chiropractors to operate within a wider health care system. The right EHR tool:

- Enables providers to efficiently share records and reports with other practitioners
- Supports improvement in patient care and safety
- Improves communication between all practitioners and the patient
- Reduces excessive costs associated with duplicate testing or providing the wrong treatment based on inaccurate information
- Improves the accuracy and clarity of medical records and compliance procedures
- Allows provider and clinic outcome measures and performance tracking
- Integrates with meaningful use incentives from Medicare with certified software



A Look Ahead

CCMI has once again demonstrated strong performance in the areas of quality, satisfaction and value. We look to the future and are prepared to meet the needs of our stakeholders while delivering on our mission, vision and values. For us, it is always the patient who comes first — which is why we offer innovative products and services that make us a leader in our industry. But we aim to do even better — which means continuing to focus on developing and implementing initiatives based on the Triple Aim.

Our actions are based on our tradition, our values, our unique culture, and team spirit. At CCMI, we share a passion for quality and service. We clearly have a common purpose and, as the demands on the health care industry continue to evolve, CCMI will continue to enthusiastically respond through innovative problem solving. Our industry is in a period of transition, requiring all our energy and resources to meet the challenges that lie ahead.

Our focus on reducing administrative costs and improving quality provides us with the ability to invest in our future and our stakeholders. We believe ongoing research is necessary to continue to successfully develop and implement programs and services centered on gathering and analyzing relevant and timely clinical evidence focused specifically around quality, satisfaction, and the ability of these offerings to improve overall health.

Our strategy is clear and guides initiatives that will drive essential change within and outside of CCMI. I would like to thank you, our stakeholders, for your ongoing support as we move together on this breakthrough journey.

The most important requirement for a successful future is our motivated and dedicated employees. I also want to thank them for their ongoing support and commitment to the organization. We are convinced the key areas of focus today position us well for the future.

I would be remiss if I didn't mention that in 2013 CCMI's Chief Executive Officer Tabatha Erck was publicly recognized for her personal and professional accomplishments. She won the 2013 Volunteer of the Year award from the National Association of Women Business Owners and was recognized by the Minneapolis/St. Paul Business Journal as one of Minnesota's Top 50 Women in Business. Her recognition for strong leadership is well-deserved, and we are fortunate to have her at the helm of CCMI.

I am honored to continue to serve as Chairman of the Board, and I have never been as confident and proud of our Board and organization as I am today.

Sincerely,



Dr. Steve Jobe, DC, MBA
Chairman of the Board





CHIROCARE™

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