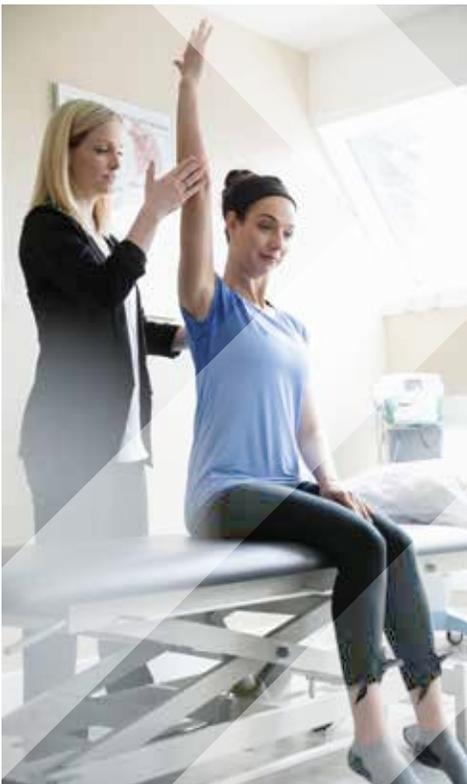




PUTTING EXCELLENCE IN MOTION



OUR PROMISE

Fulcrum Health develops innovative and inspiring ways to leverage physical medicine that not only lower health care costs, but also achieve better outcomes and increased patient satisfaction. As a non-profit healthcare organization, Fulcrum does not have shareholders who require annual dividend payments. As such, Fulcrum is able to invest significant resources each year into programs that align with the organization's commitment to providing high quality, patient centered care that advance the Triple Aim.





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MESSAGE FROM THE CEO

SHAPING OUR FUTURE THROUGH STABILITY AND GROWTH

Fulcrum Health experienced a very positive and eventful year in 2017. We took deliberate steps to ensure we are fulfilling our Mission: To improve the quality of life of our communities by delivering high value healthcare networks and support services.

With Board guidance, we took considerable actions to move accountability closer to the business. The new strategic direction focuses on insourcing credentialing and utilization management. This is the foundation needed for Fulcrum Health to deliver high quality, patient centered, evidence-based care that also strengthens our provider networks through outcomes data, treatment decision support tools, and education. With these improvements, we will advance our efforts in paying for value-based care.

We also laid the groundwork to challenge traditional medicine models. Through initiatives such as ChiroFirst and Conservative Care for Pain Management, we are building bridges to integrative care.

Because our customer relationships remain strong, we saw considerable geographic and membership growth resulting in nearly a 20 percent increase in revenue. This growth allowed us to recognize our providers exhibiting an approach that most closely aligns with ChiroCare's best practices and Fulcrum's Mission, Vision and Values through our Provider Quality Bonus program.

Looking ahead, we have more to do, and I am confident that we are progressing in the right direction. Our increased efforts, focused on the Triple Aim, will ensure we are able to deal with anticipated market trends and variations in the business climate, while staying focused on the needs of those we serve. Of special note is the 50 percent expansion of the ChiroCare Centers of Excellence (CCoE), further distinguishing the network, and spearheading significant and positive change in the way adults with back pain receive care.

Thank you to our provider network, our Board of Directors and our employees for your continuous engagement and trust. Without you, our success today and tomorrow would not be possible.

Patricia Dennis, CHIE
Chief Executive Officer



MESSAGE FROM THE CHAIRMAN OF THE BOARD

I am pleased to report that the last year has probably seen the most significant changes in Fulcrum Health, Inc. since its inception as ChiroCare 30 years ago. What a year it has been! The Board of Directors has been investing significant time and resources because of our commitment to the Triple Aim: Improved patient outcomes, lower costs, and the highest possible levels of patient satisfaction.

Fulcrum's ChiroCare provider network has a long history of patient satisfaction. This has not only been demonstrated but also acknowledged by the health care industry through our second Press Ganey *Guardian of Excellence* award recognizing top-performing health care organizations that consistently achieve the 95th percentile or above for performance in the patient experience category. Thank you to all of our network providers for your outstanding work with your patients to again make this Triple Aim goal our reality.

To further support our provider network into the future, the Board decided to bring Fulcrum Health's credentialing process in house. This decision required an investment in software and staff to execute this process seamlessly. We thank our patients and our payer customers. We are currently testing the program in conjunction with our legacy vendor, with a plan to transition to our standalone system in the second quarter of 2018.

The second goal of the Triple Aim is better patient outcomes. To demonstrate this, Fulcrum will also be bringing our Utilization Management program in house. Health care is evolving to a value-based, patient-centered model and moving away from traditional provider management. We all know our providers get great results with their patients, but we need to be able to effectively demonstrate and promote this to our patients, our providers, and to our current and potential customers.

The Quality Committee and Board have had extensive discussions around how best to demonstrate this and will be following CMS' value-based model with the use of outcome assessment tools. We recognize this change will require additional effort by our office staff. As such, we are designing a program to be as minimally disruptive as possible while providing resources to educate our providers about attaining better patient outcomes. This program is currently being designed, with beta testing scheduled for later this year and roll out to the full network in late 2018. The Board of Directors is committed to using these documented, demonstrable patient satisfaction and presumed outcome results to distinguish us from our peers as we market our provider network to our customers and their insureds.

The third goal of the Triple Aim is lower costs. The Board's goal is to use patient satisfaction and outcomes data to create a new payment structure that rewards providers for the quality of care, not the quantity. While the Board was pleased to see reimbursement rates increased this year, the long-term commitment is to reward efficient, effective, quality care.

The Board extends our thanks to our CEO, Patricia Dennis, and her staff for making this first year of her tenure a remarkable one. Not only has she shepherded in the above changes, but Patty and her team have continued to expand Fulcrum. This expansion has included increasing the number of Centers of Excellence while starting to develop educational programming to assist additional providers to achieve that status. Additionally, we have seen membership growth driving new business to our network. The staff is also focusing attention on developing our AcuNet acupuncture network for rollout later this year as we enhance our physical medicine presence.

The Fulcrum staff remains focused on our mission: "To improve the quality of life in our communities by delivering high-value health care networks and support services." In so doing we will achieve our vision: "To be a leader in high quality physical medicine networks." However, none of that can occur without the trust and value created one high-quality patient encounter at a time in every patient provider relationship throughout our provider network. Therefore, thank you to all of our providers and your staff members!

Finally, I would like to thank the Fulcrum Board of Directors for their vision and willingness to invest in reinventing Fulcrum Health, Inc. so it will continually evolve to serve the rapidly changing needs of the health care marketplace. I look forward to another successful year and the additional progress we will make by the next annual report.

Respectfully,

Dr. Mark D. Dehen, DC FICC
Fulcrum Health, Inc. Board Chair

NATIONAL LEVEL

PROFESSIONAL CONTRIBUTIONS

Fulcrum's CEO, Patricia Dennis and Chief Clinical Officer, Vivi-Ann Fischer, D.C. have been active on the national level, positioning the organization for growth in integrative pain management.

- ✓ **Physical Medicine Management Alliance (PMMA):** The Physical Medicine Management Alliance (PMMA) urges the use and coverage of non-opioid treatments as first-line therapy for individuals to manage pain. As a Board member of this organization, Ms. Dennis participated in the development of the position statement released by PMMA titled "Public Policy Position: Non-Opioid Pain Management Therapies".
- ✓ **National Association of Specialty Health Organizations (NASHO):** Ms. Dennis joined the NASHO Board in May 2017, and, in addition to monthly teleconferences, she attended the annual strategy planning meeting in Dallas, TX. Dr. Fischer joined her at this meeting as the organization was identifying 2018 initiatives. This specialty health organization, including vision care, hearing and others, is working toward forming a united front as health care reform changes come into focus.

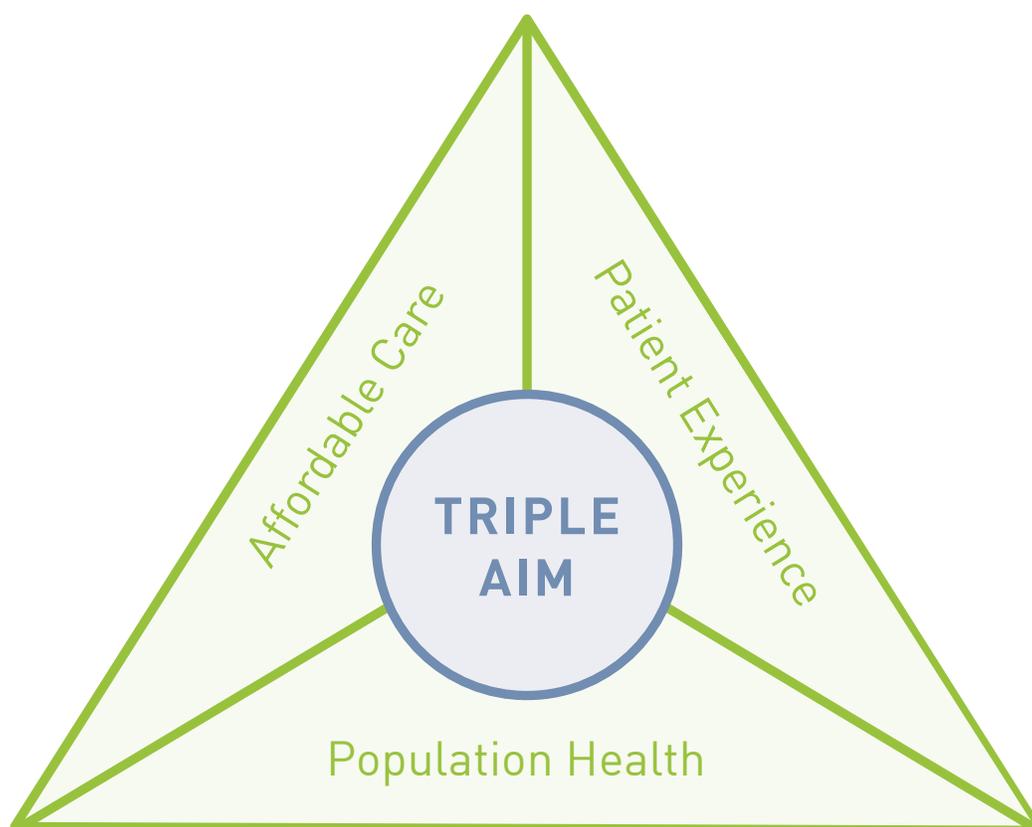
NASHO's affiliation with the **American Association of Payers, Administrators and Networks (AAPAN)** further strengthens our position as a successful industry advocate on the federal and state levels.
- ✓ **Academy of Integrative Pain Management (AIPM):** As members of AIPM, Ms. Dennis and Dr. Fischer are involved in the Integrative Pain Care Policy Congress. Dr. Fischer joined 70 leaders from more than 50 organizations in San Diego for the first-ever Integrative Pain Care Policy Congress in October 2017 during the annual AIPM meeting. The Congress included licensed and certified health care providers, public and private payers, policy advocates, and research organizations. Both Ms. Dennis and Dr. Fischer are on active workgroups within AIPM.



Dr. Vivi-Ann Fischer joins her colleagues at the inaugural Integrative Pain Care Policy Congress, San Diego, CA

CONTINUOUSLY IMPROVING TO MEET THE EVOLVING NEEDS OF PATIENTS AND PROVIDERS

Triple Aim: Fulcrum Health's innovative approach to physical medicine makes it possible for health administrators to lower costs, while achieving better outcomes, increasing patient satisfaction, and improving the work life of health care providers.



The Fulcrum staff remains focused on our mission: To improve the quality of life in our communities by delivering high-value health care networks and support services.

IMPROVING THE PATIENT EXPERIENCE



ADDING TO OUR ALL-STAR LINEUP

✓ SAFE CARE

✓ HIGH VALUE CARE

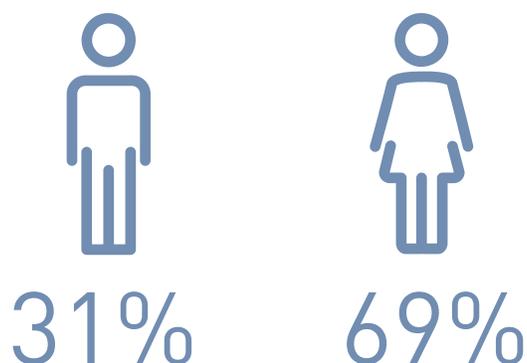
✓ HIGH QUALITY CARE

✓ OVERALL PATIENT SATISFACTION

In partnership with Press Ganey, we strive for transformational change by evaluating patient feedback using a quarterly Clinician and Group Consumer Assessment of Healthcare Providers and Systems (CGCAHPS) survey; a standardized tool to measure patient perceptions of care delivery by a provider in an office setting. The findings are instrumental in driving improvement initiatives.

2017 PATIENT SATISFACTION RESULTS

Fulcrum's ChiroCare network was named a 2017 Guardian of Excellence Award winner by Press Ganey.



AGE DISTRIBUTION

18-34	9%
35-49	19%
50-64	34%
65-79	31%
80+	8%

The office staff or receptionists treated you with courtesy and respect:



The provider gave you easy-to-understand instruction:



Would definitely recommend the provider's office to family and friends:



You saw the provider within 15 minutes of your appointment time:



You were treated with respect during your most recent visit:



You would rank your provider at either a 9 or 10 out of 10:



EXPANDING CHIROCARE CENTERS OF EXCELLENCE:



CHIROCARE.COM



The list of current CCoE clinics can be found on [ChiroCare.com](https://www.chirocare.com) in our “Find a Doctor” search tool and ChiroCare Centers of Excellence web page.

A PATIENT-CENTERED, COLLABORATIVE APPROACH TO CARE

Developed in 2014, the ChiroCare Centers of Excellence (CCoE) program recognizes clinics’ value-based care and celebrates their commitment to using an integrated and collaborative approach in achieving the best outcomes and quality of life for their patients. Clinics that receive this designation have demonstrated and proven they follow the CCoE Attributes of Excellence and have a supporting infrastructure in place to ensure patients receive consistent, high-quality care.

Applications are accepted from network providers and rigorously reviewed for meeting the Attributes of Excellence needed for acceptance into this elite program. We are pleased to announce that in 2017 the program was expanded to 81 clinics and 117 Doctors of Chiropractic, with expansion beyond Minnesota into Wisconsin and South Dakota.

CHIROFIRST PROJECT



VALIDATING THE SUCCESS OF A CONSERVATIVE CARE FIRST APPROACH TO BACK PAIN TREATMENT

ChiroFirst Summary — *Patient Reported Outcomes to Minnesota Community Measurement*

Fulcrum has launched a demonstration study, called ChiroFirst, which evaluated a comprehensive, conservative care pathway for adults with acute and sub-acute low back pain. This new pathway places a Doctor of Chiropractic as the standard point of entry and utilized ChiroCare Centers of Excellence (CCoE) clinics to collect outcomes data related to the Triple AIM (patient outcomes, patient satisfaction, and cost).

Functional Disability Reporting

Fulcrum and MN Community Measurement (MNCM) entered into an agreement to implement a 12-month reporting of functional outcome measures that included four quarterly phases of data submission over a 12-month period. Fulcrum actively recruited, secured participation, and educated the practices on requirements, expectations and timelines. Training manuals were distributed to each clinic and monthly teleconferences were scheduled to keep clinics engaged, share ideas, and work through issues.

Out of 10 groups expected to submit data, four clinics completed submission of data and were approved for validation and audit. The patient total was 627, and the number of first Oswestry was 95.1%; number of first and second Oswestry collected was 30.5%. The average functional change was 7.5 points (ranging from 5.1 to 14.1 points).

The outcome scores for acute chiropractic care reflected a positive outcome for adult, acute and sub-acute low back pain. Also notable were the discoveries of significant difficulties in reporting for small clinics due to key staff dependency, electronic record and technology challenges, and staff turnover.

Patient Satisfaction

The Consumer Assessment of Healthcare Providers and Systems (CAHPS) Survey is administered quarterly to the Fulcrum ChiroCare Centers of Excellence. Data from this report was collected for all CCoE clinics during the 12-month study. The results were a consistent rating of the 95% percentile in patient satisfaction.

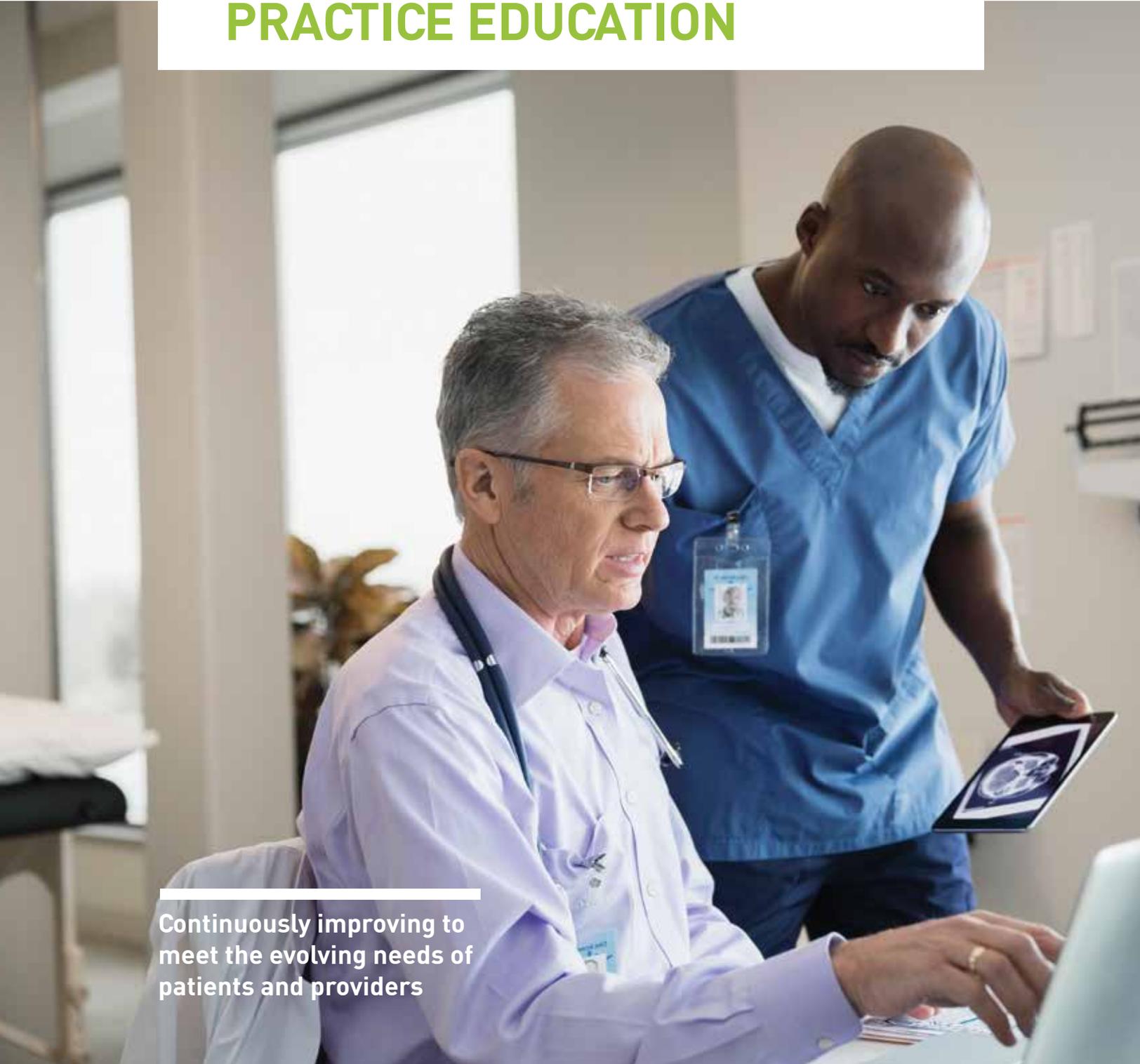
Cost

The outcome data on cost is currently being reviewed in detail. Preliminary results indicate the ChiroFirst clinics use fewer visits to treat low back pain across all insurance products when compared to the Fulcrum network.

This demonstration study shows good outcomes, excellent patient satisfaction, and affordable costs using the conservative option for adult acute and sub-acute low back pain. Going beyond the ChiroFirst study, for a collaborative care pathway to be truly successful, the scope of the pathway must be changed. One way to assist this change is through the physician referral process. Fulcrum believes defining a comprehensive pathway and placing conservative care as the standard point of entry, will improve patient satisfaction and quality outcomes, lower the cost of care, and spearhead significant change in the way care is delivered for adults with acute and sub-acute low back pain.

PROVIDER TRAINING:
**EXPANSION OF BEST
PRACTICE EDUCATION**

Continuously improving to
meet the evolving needs of
patients and providers





Fulcrum delivered a four-part series of new webinars to assist providers with audit protection and the documentation needed to establish medical necessity and patient progress. The webinars allow convenient access for providers in all states through 24/7 access. The webinars are 30-50 minutes in length. Topics include establishing medical necessity, constructing a treatment plan, updating treatment plans, and showing patient progress, among other things.

In addition, the monthly provider communication, *News Flash*, provides ongoing best practice information on patient satisfaction initiatives such as Infection Prevention and Comprehensive Patient History; the opioid crisis and opportunities to move beyond medications; outcome assessments and treatment goal setting; and conservative use of imaging.

As we opened applications for the ChiroCare Centers of Excellence in 2017, we developed a self-assessment tool to determine readiness and materials on the attributes for achieving the ChiroCare Centers of Excellence Clinic designation.

Dr. Fischer and her team also completed the patient safety Infection Prevention Assessment Project. Work is under way to draft and publish a paper on the process, findings and recommendations. This project was recognized at the 2017 HealthPartners Innovation Awards Dinner.

2017 PROVIDER SATISFACTION SURVEY RESULTS



Gaining insight into provider and staff interaction with our ChiroCare product enables us to measure provider satisfaction and to make necessary adjustments. During the Fall of 2017, a provider satisfaction survey was sent. Providers also received a number of reminders to ensure the highest possible participation levels.

KEY FINDINGS INCLUDED:

8% ↑

The overall impression of ChiroCare has improved in the Top 2 Tiers, with opportunities to increase the value to providers through additional support and communication

5% ↑

Satisfaction for availability of useful clinical information on the ChiroCare website remains stable and has increased 5% from the previous year in the Top 2 Tiers

The overall impression of ChiroCare has improved in the Top 2 Tiers, but the survey also shows opportunities to increase the value to providers through additional support and communication.

RECOMMENDED FOCUS AREAS FOR 2018:



PROFESSIONAL
DEVELOPMENT



COMMUNICATION
AREAS



OUTCOME AND
EHR SUPPORT

Overall Impression of ChiroCare	2016		2017	
	Top 2 Tiers	Top 3 Tiers	Top 2 Tiers	Top 3 Tiers
How would you rate the overall performance of ChiroCare?	68%	91%	76%	89%
Availability of useful clinical information via ChiroCare's website? (ChiroCare.com and ChiroCare connect?)	70%	91%	75%	91%

Compared to other plans you work with, how would you rate ChiroCare for the following?	2016		2017		Top 2 Tiers 2017 compared to 2016
	Top 2 Tiers	Top 3 Tiers	Top 2 Tiers	Top 3 Tiers	
Case Manager	25%	60%	23%	58%	-2%
Professional Development	35%	74%	18%	40%	-17%
Authorization Process	16%	49%	26%	59%	10%
Credentialing	30%	77%	31%	75%	+1%
Claims Payment	36%	75%	35%	73%	-1%
Customer Service	39%	81%	41%	78%	2%
Communications: Provider Bulletins, Letters, etc.	41%	83%	41%	78%	-5%

FINANCIAL OVERVIEW

2017 was a year highlighted by significant revenue and membership growth for the organization. As Fulcrum positions itself for future growth, it is investing in best-in-class technologies and treatment decision support platforms to further its mission of providing high-quality, patient-centered care to its covered membership. This commitment of financial resources extends to our provider network as well as Fulcrum continues to develop innovative training and professional development resources for its network practitioners. These investments, while significant, are critical to ensuring the success of Fulcrum and strengthens the organization's ability to continue to demonstrate its leadership position within the physical medicine space.

ASSETS	2016	2017
Cash	2,013,147	2,623,177
Accounts Receivable	833,102	1,073,031
Prepaid Expense	79,361	126,338
Total Current Assets	2,925,610	3,822,546
Fixed Assets (Net)	59,515	66,292
Investments	5,312,415	5,968,858
Other Asstes	647,800	526,911
Total Assets	8,945,340	10,384,607

LIABILITIES/NET ASSETS	2016	2017
Accounts Payable	218,195	300,672
Claims Payable	1,842,136	3,219,063
Other Liabilities	393,668	486,923
Total Liabilities	2,453,999	4,006,658
Net Assets	6,491,341	6,377,919
Total Liabilities and Net Assets	8,945,340	10,384,577

REVENUE	2016	2017
Service Fees	20,502,499	24,270,990
Interest/Other Income	208,203	189,680
Total Revenue	20,710,702	24,460,670

EXPENSES	2016	2017
Claims Expense	15,040,192	18,158,423
Education, Quality and Promotion	150,795	230,182
Operational Services	2,362,110	2,731,477
Administrative and Other	3,142,111	3,712,630
Income Taxes	3,406	48,965
Total Direct Expense	20,698,614	24,881,677
Net Income	12,088	(421,007)



Managing our responsibilities
to ensure a bright future

LEADERSHIP IN HEALTH CARE

Great organizations offer a culture that embodies their brand, where stakeholders see the company's true value and feel inspired to be a part of the journey. Our leadership team is dedicated to delivering innovation and excellence that guide and propel our nonprofit forward.

LEADERSHIP TEAM



PATRICIA DENNIS, CHIE
Chief Executive Officer



STEPHEN DE WEES, M.B.A.
Chief Financial & Security Officer



SHIREEN STONE, M.A.
Chief Operations Officer



MARGAUX WEINSTEIN, J.D., CHC
Chief Compliance & Privacy Officer



VIVI-ANN FISCHER, D.C
Chief Clinical Officer



JIM BRADLEY, PAHM®
Vice President of Sales and
Marketing

BOARD OF DIRECTORS

As a nonprofit organization, we are governed by our Bylaws and strategically led by our Board of Directors. This is the team that guides our mission.

MARK DEHEN, D.C. Chair of the Board

SCOTT GILTNER

MOLLY MAGNANI, D.C. Vice Chair of the Board

ALLEN HAGER, D.C.

MARK BORTNEM, Treasurer

ZACHARY KIMBLE, D.C.

PETER VRIEZE, D.C. Board Secretary

REBECCA McMANUS

LEO BRONSTON, D.C.

DAVID NESS

PATRICIA DENNIS, CHIE (Non-voting member)

PAUL WERNICK, M.D.

ANNE FINCH, PH.D., M.S.

RICHARD ZARMBINSKI, D.C.

ABOUT FULCRUM

MISSION, VISION, VALUES



Leveraging Physical Medicine to Transform Health Care — expresses our vision of leading the health care industry away from a savings-per-transaction model into a new paradigm based on outcomes. As the industry strives to achieve the Triple Aim, we are helping doctors and insurers deliver on all three dimensions: cost, quality, and satisfaction.

MISSION

To improve the quality of life of our communities by delivering high-value health care 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.

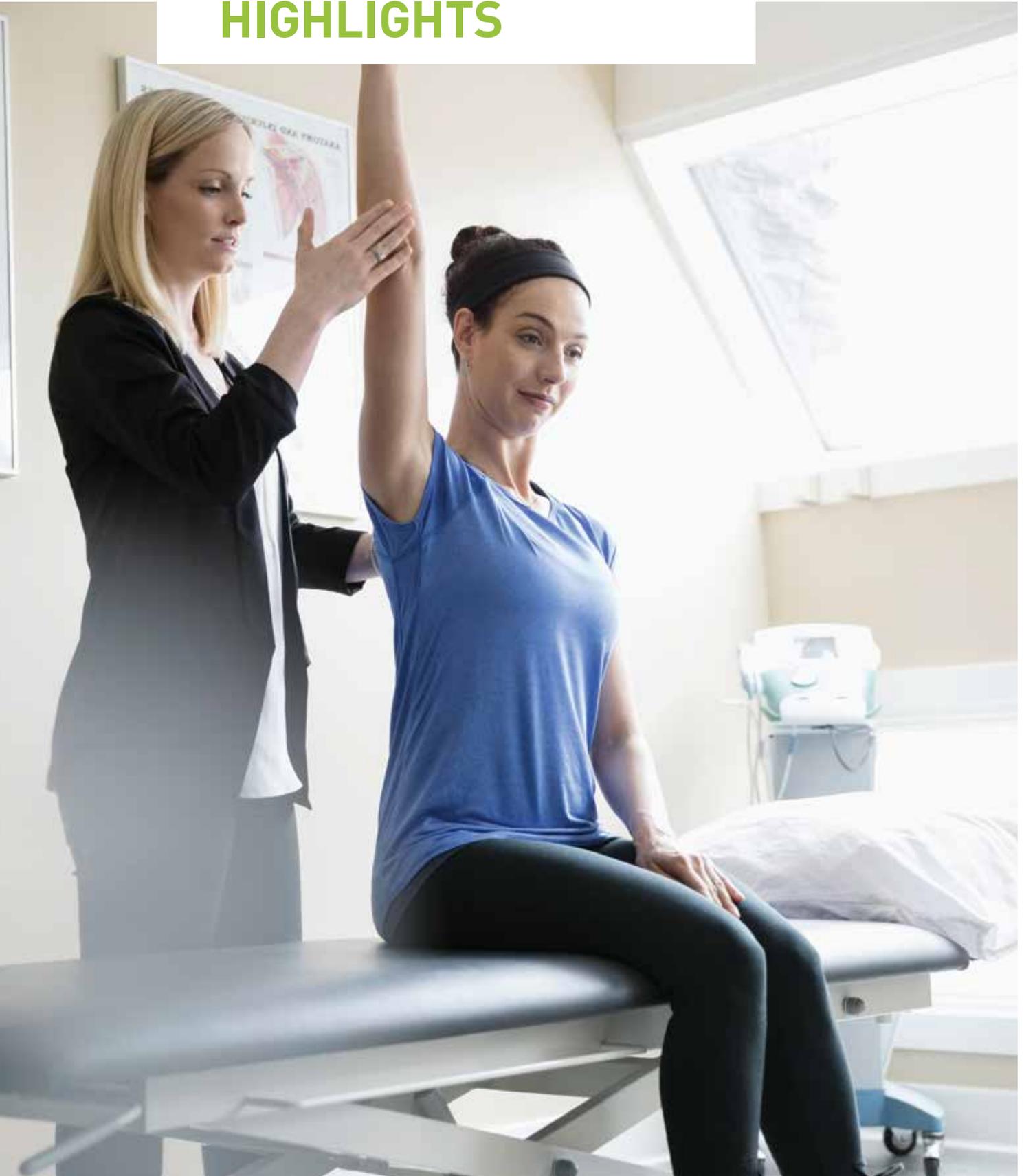
Integrity

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.

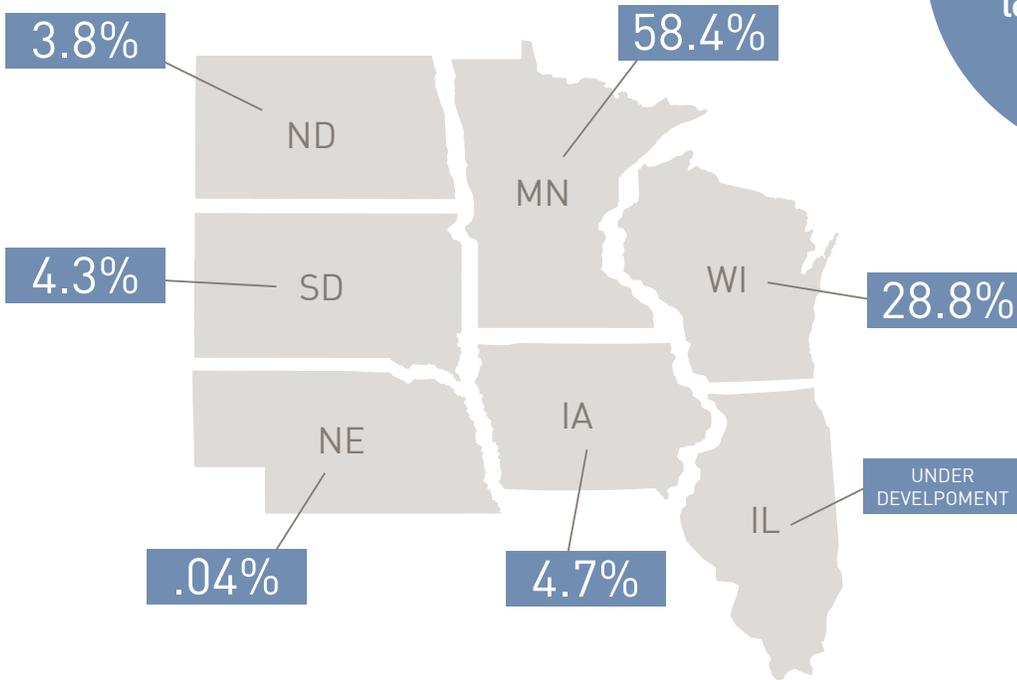
OPERATIONAL HIGHLIGHTS



CHIROCARE NETWORK GROWTH

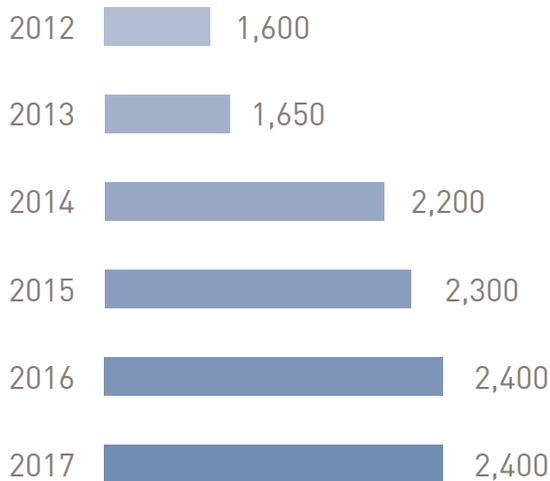
(numbers are approximate)

Network Geography (2017 Year End)



Number of providers remained steady, while membership growth leveraged existing network.

Year Unique Providers



Membership Growth

24%

Membership growth is driving new business to our network, as existing customers add new products and expand geographically.

CORPORATE VOLUNTEERING



Engaging with and supporting
the communities we serve



SUPPORTING EMPLOYEES WITH INVOLVEMENT

Encouraging and opening opportunities for employees to volunteer contributes to building a vibrant, altruistic, team-centered culture. As a bonus, research shows that purpose- and values-driven organizations dramatically outperform the general market and comparison companies. Some of our recent activities include a holiday clothing drive and garden community clean-up.

STAYING FOCUSED

WHILE LOOKING AHEAD



In 2017, Fulcrum embarked on new initiatives to continue elevating the quality of our network through enhancements to our provider credentialing and utilization management programs. As public interest in drug-free pain management and physical medicine grows, Fulcrum Health is committed to leading the way in building bridges for integrative care.



FULCRUM
HEALTH

For more information, please visit fulcrumhealthinc.com