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This past year has been one of massive transformation for health care on a national level. To put these changes in perspective — health care hasn’t seen this level of modification since 1965 when Medicare was passed into law.

Over two years ago, in March 2010, President Obama signed the Patient Protection and Affordable Care Act (PPACA), also known as Health Care Reform. ChiroCare immediately set out to understand the new legislation and how it may impact our network providers, health plan customers and patient community. We stayed engaged, distributed key updates and moved forward when other organizations were unsure of what this reform meant for the future of their business, their members/patients, and the future of health care. As we approach more changes ahead, ChiroCare is ready for the challenge and will continuously look for ways to positively utilize what many in the health care field view as a negative situation.

A top priority will be to continue to understand our providers’ needs in order to offer the patient community the best possible quality of care. We want to ensure we are meeting providers’ expectations while delivering back to our health plan customers.

ChiroCare is driven by our mission, vision and values; to provide the region’s premier physical medicine networks and to enable the highest level of care and services while maximizing outcomes, quality and cost-effectiveness. Consistent with our focus on the highest level of quality care, we continue to empower our network providers with tools to improve patient outcomes while maintaining high patient satisfaction and reducing costs. As you’ll see throughout the Annual Report, ChiroCare is constantly working towards initiatives that support our providers, our stakeholders and health plan customers.

I’m honored to serve as Chair of the Board and it’s a position that I take seriously and with much pride. As a practicing chiropractor, I empathize with my fellow providers and I understand how difficult it can be to stay on top of all the recent changes in health care. However, I know that ChiroCare will continue to serve as a resource to our network providers.

Moving forward, ChiroCare — a Minnesota-based nonprofit organization — will continue to focus on developing and delivering programs designed to provide the highest quality, patient-centered care as outlined in our mission, vision and values. We look forward to future collaborative opportunities with our network providers, health plan customers and the patient community.

Sincerely,

VIVI-ANN FISCHER, DC
Chair of the Board
vfischer@chirocaremn.org
651-389-2006 | 866-714-0524

“CHIROCARE IS READY for the CHALLENGE”

A MESSAGE FROM THE CHAIR OF THE BOARD
ChiroCare’s web site offers decision support tools to help people who are facing decisions about newly diagnosed conditions and chronic diseases. These tools may also be used as a resource by employers, health plans and providers in their efforts to support people in their health care decision-making process.
“CHIROCARE continues to forge ahead.”

A MESSAGE FROM THE CEO

For the past 27 years, ChiroCare has been dedicated to delivering efficient and effective chiropractic care in working with our network providers, health plan partners and the patient community. With this in mind, ChiroCare continues to forge ahead as a leader in chiropractic managed care by adhering to our mission, vision and values.

This year we’ve created additional tools to improve the services delivered by the Chiropractic profession. For example, we developed a four-part Active Care Certification program to back our mission to provide the region’s highest quality value-based chiropractic network — ensuring consistent, evidence-based standards of care for patients — to our health care payor customers. We developed this program to encourage providers to build upon skills that inspire patients to be dynamic participants in their own health care.

Our stakeholders have been very supportive of ChiroCare’s mission, vision and values, especially when we team with health care providers to enhance care, broaden access and improve outcomes. For example, Northwestern Health Sciences University works with ChiroCare to provide classrooms for our in-class active care courses.

In conjunction with active care, we designed and implemented a pilot web-based outcomes tracking program. Outcomes research seeks to understand the end results of specific health care practices and interventions. Our Functional Ability and Outcomes Tracking Program will enable us to record and report our findings in order to confirm and promote the efficiency and effectiveness of evidence-based chiropractic care.

Looking ahead in 2012 and beyond, ChiroCare is embracing the potential challenges within Health Care Reform. Our many initiatives have positioned ChiroCare as a leader that remains ahead of the curve and strives to represent all that is best within the realm of managed care.

If you’d like to get involved with ChiroCare, we’d love to consider you for our board openings, provider advisory council, committee opportunities and so forth. For additional information on current opportunities, please visit chiocare.com or call our corporate office at 651-389-2006. As you review this report, please feel free to contact me directly with any recommendations you have regarding ChiroCare or to share your thoughts about how we may improve our program.

Sincerely,

TABATHA ERCK, MPA
Chief Executive Officer
tabatha.erck@chirocaremn.org
651-389-2007 | 866-714-0524
OVERVIEW of FINANCES

STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS (UNAUDITED)
These financial statements are presented on an accrual basis for the fiscal year beginning April 1 and ending March 31.

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<tbody>
<tr>
<td>Cash</td>
<td>$8,703,056</td>
<td>$7,291,143</td>
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<tr>
<td>Prepaid Expenses</td>
<td>$15,267</td>
<td>$14,930</td>
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<td>Total Current Assets</td>
<td>$8,718,323</td>
<td>$7,306,073</td>
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<td>Fixed Assets</td>
<td>$29,950</td>
<td>$26,665</td>
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<tr>
<td>Other Assets</td>
<td>$849,000</td>
<td>$826,700</td>
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<tr>
<td>Total Assets</td>
<td>$9,597,273</td>
<td>$8,159,438</td>
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<table>
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<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Current Liabilities</td>
<td></td>
<td></td>
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<tr>
<td>Accounts Payable</td>
<td>$111,086</td>
<td>$86,528</td>
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<tr>
<td>Unpaid Claims</td>
<td>$3,068,498</td>
<td>$2,459,056</td>
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<tr>
<td>Unearned Revenue</td>
<td>$800,921</td>
<td>$1,018,429</td>
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<tr>
<td>Total Current Liabilities</td>
<td>$3,980,505</td>
<td>$3,564,013</td>
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<tr>
<td>Net Assets</td>
<td>$5,616,768</td>
<td>$4,595,425</td>
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<tr>
<td>Total Liabilities and Net Assets</td>
<td>$9,597,273</td>
<td>$8,159,438</td>
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</tbody>
</table>
**Statement of Operations (Unaudited)**

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Service Fees</td>
<td>$19,554,530 99.8%</td>
<td>$17,482,353 99.8%</td>
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<tr>
<td>Interest Income</td>
<td>$32,876 0.2%</td>
<td>$42,950 0.2%</td>
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<tr>
<td>Total Revenue</td>
<td>$19,587,406 100.00%</td>
<td>$17,525,303 100.00%</td>
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<tr>
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</thead>
<tbody>
<tr>
<td>Claims Expense</td>
<td>$13,614,884 69.5%</td>
<td>$12,051,602 68.8%</td>
</tr>
<tr>
<td>Education, Quality &amp; Promotion</td>
<td>$637,749 3.3%</td>
<td>$526,695 3.0%</td>
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<tr>
<td>Operational Services</td>
<td>$2,219,857 11.3%</td>
<td>$2,074,820 11.8%</td>
</tr>
<tr>
<td>Administrative &amp; Other</td>
<td>$1,380,903 7.0%</td>
<td>$1,143,677 6.5%</td>
</tr>
<tr>
<td>Income Taxes</td>
<td>$712,670 3.6%</td>
<td>$729,429 4.2%</td>
</tr>
<tr>
<td>Total Direct Expense</td>
<td>$18,566,063 94.8%</td>
<td>$16,526,223 94.3%</td>
</tr>
<tr>
<td>Net Income</td>
<td>$1,021,343 5.2%</td>
<td>$999,080 5.7%</td>
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</table>

Chiropractic Care of Minnesota Inc., (CCMI), was financially healthy at the end of the fiscal year 2011–2012. CCMI’s net income for fiscal year 2011–2012 was comparable to the net income for fiscal year 2010–2011. Total revenue increased $2 million while claims expense increased $1.5 million. Total net assets (or equity) increased $1.0 million dollars.
At ChiroCare, we’re committed to delivering additional value to our network providers, health plan customers and our patient community. Here are some of the major highlights from 2011:

**ANNUAL BUSINESS DEVELOPMENT SEMINAR**

We hosted our second Annual Business Development Seminar this past year. The topic was Electronic Health Records (EHR), a change to the medical system that will affect every health care organization and every patient in the country. We posted a video on chirocare.com’s EHR page to educate anyone who wants to learn about EHR, how to implement it, and why it’s important to participate. This educational tool will help providers to keep complete and accurate information quickly, and to access and share the information more easily across health systems. EHR empowers our patient community by allowing them to receive electronic copies of their medical records and to share health information securely over the internet with their families.

**EHR STUDY WITH STRATIS HEALTH/REACH AND STATE OF MINNESOTA**

In accordance with our commitment to collaboration, we understand that the implementation of EHR is going to have a profound impact on health care; we are working on a collaborative committee approach by partnering with Northwestern Health Sciences University, Minnesota Chiropractic Association (MCA), Stratis Health/REACH and the State of Minnesota to address areas of opportunity when preparing for EHR.

**ACH/DIRECT DEPOSIT**

98% of our claims are now paid via direct deposit. Direct deposit helps our providers get paid more quickly and eliminates unnecessary steps in the payment process.

**ACTIVE CARE**

Our commitment to excellence: to provide the region’s premier physical medicine networks that enable the highest level of care and service while maximizing outcomes, quality and cost-effectiveness, was the impetus behind our Active Care Certification Program, which emphasizes the current state of evidence regarding the use of active care programs in chiropractic practice. Upon completion of the four-part course, our network providers will be better able to utilize active care exercises in conjunction with chiropractic manipulative treatment. Active care is also helping ChiroCare to track patient outcomes, the results of which will lead to more efficient and effective patient-centric care. This program encourages chiropractors to include active care exercises as part of their patient treatment program.

**REPORTING TOOLS**

Last but certainly not least, we rolled out quarterly reporting tools for our health plan customers. These tools monitor key statistics and data to adhere to our commitment to stewardship — to be responsible stewards of the resources we manage and make use of — with full transparency and integrity.

To top off a productive year, ChiroCare’s 2011 Provider and Patient Satisfaction results are overwhelmingly positive with 96% percent of patients reporting good, very good or excellent care. ChiroCare’s network providers reported that our communications and professional development is as good as or better than other plans by over 95% of respondents.

As we move forward in the 2012 fiscal year and beyond, ChiroCare will continue to build upon our previous successes and be the leader in managed chiropractic care by embracing change and taking a proactive approach to business development.
COMMUNICATIONS
Communication is the key to understanding; to that end, ChiroCare is committed to creating new resources. We’re always interacting with our patient community, our network providers and our health plan partners to stay on top of what is happening in health care.

We understand that people are busy these days and they need information in a clear, convenient manner. That’s why we’re there on Twitter, Facebook, YouTube and are working hard to send out frequent provider alerts, provider bulletins and consumer newsletters.

We developed patient communications materials for chiropractors to use in their offices. Examples of these communications include: appointment reminder post cards, table tents, posters, and handouts to educate the patient on avoiding low back pain at work and the best sleep positions for back health, among others.

We’re continuously working toward empowerment — to consistently promote professional standards of care for our provider community, including tools and support that lead to better patient outcomes and clinical experiences, in order to remain at the forefront of an ever-changing health care industry. With this value in mind, ChiroCare designed and implemented web pages to help our health plan customers and network providers to better understand some of the changes happening in health care.

EXAMPLES OF SOME OF OUR NEW RESOURCES

ICD-10 Web Page
A web page dedicated to the pending revision of the International Statistical Classification of Disease and Related Health Issues codes (ICD-10).

Low Back Pain Web Page
A web page about work-related low back pain, designed to address the common causes of low back pain at work and how chiropractic care can help a patient to avoid missing work in the future.

Decision Support Materials
ChiroCare partnered with Ottawa Decision Guide to assist those in our patient community who may be facing decisions about newly diagnosed conditions or chronic diseases.
While the Board of Directors is presently re-evaluating our mission, vision and values for 2012–2013, we’re committed to upholding our current mission, vision and values:

**VALUES**

**Excellence**
Provide the region’s premier physical medicine networks and enable the highest level of care and service while maximizing outcomes, quality and cost effectiveness.

**Collaboration**
Team with health care providers, employers, government, the public and health plans to enhance care, broaden access and improve outcomes.

**Stewardship**
Be responsible stewards of the resources we manage and make use of — with full transparency and integrity.

**Empowerment**
Consistently promote professional standards of care for our provider community, including tools and support to produce better patient outcomes and clinical experiences.

**VISION STATEMENT**
To support and promote physical medicine excellence to improve the health of our communities.

**MISSION STATEMENT**
To provide the region’s highest quality value-based chiropractic network to our health care payor customers — ensuring consistent, evidence-based standards of care for patients.

**DID you KNOW?**
ChiroCare patients report 96% satisfaction with their treatment outcome.
MOVING FORWARD

As ChiroCare moves forward, we are focusing on a few major areas for the 2012–2013 fiscal period:

Our ongoing commitment is to developing, implementing and publishing outcomes. We believe that the outcomes will provide a better understanding of the end result of low back and neck pain care that a patient receives from a ChiroCare chiropractor. The results are expected to show which treatments were most effective and provide patients, payors and other health care professionals with what they care about most — the ability of patients to function. Outcomes research is the key to developing more effective ways to monitor and improve the quality of care.

We are also working on different creative and collaborative alliances with our stakeholders that focus on enhancing the quality of care for our patient communities, increasing educational opportunities for our doctors, and introducing effective and efficient strategies that support our health plan customers.

Finally, we believe that we must continue to present value propositions to our customers that include outcomes, ongoing excellent patient satisfaction and cost transparency.