

NCMIC Policyholders Overwhelmingly Approve Reorganization

DRS. AIKEN, LUCIDO AND SPORTELLI RE-ELECTED

Editorial Staff

Most DCs think of the National Chiropractic Mutual Insurance Company (NCMIC) as just a chiropractic malpractice insurer, but the more than 25,000 NCMIC policyholders changed that when they voted overwhelmingly to reorganize the company. That reorganization joins the insurance company, the financial services group, a managed care network and other subsidiaries under the umbrella of a mutual holdings company.

Pending the approval of the Iowa Division of Insurance, the NCMIC policyholders will become the owners of National Chiropractic Mutual Holding Company (NCMHC) with the right to elect the board of directors. NCMHC owns and will retain control of the NCMIC Group, Inc. While NCMHC currently has no plans to do so, it can sell up to 49% of the stock in NCMIC Group to raise additional capital, but must always maintain a 51% controlling interest. NCMIC Group will own 100% of the stock in the insurance company and all other companies shown on Exhibit I.

Why was this reorganization necessary? How will this new structure affect the rights of the policyholders? NCMIC Executive Vice President Larry Rister explains:

"The new structure will divide within two companies the rights now residing in one company. Currently membership rights and contract rights are within the National Chiropractic Mutual Insurance Company. With the new organizational structure, the identical rights still exist but within two companies. Membership rights will be in the National Chiropractic Mutual Holding Company, and contract rights will be within the NCMIC Insurance Company.

"Policyholders will continue to vote for directors of the National Chiropractic Mutual Holding Company, which controls all other subsidiaries. The executive committee of NCMHC will be members of all subsidiary boards of directors. Premium/rate activity, malpractice coverage and related insurance contractual coverage issues will be within the NCMIC Insurance Company.

"Under the new organizational structure, NCMIC will be better prepared to meet the competition, have greater flexibility in planning and be more capable of offering valuable chiropractic services in the future."

Some policyholders have expressed concern that the reorganization will leave them with less direct control over the subsidiary companies. NCMIC President Louis Sportelli, DC, responded to those concerns:

"The policyholders will elect the board of directors of the National Chiropractic Mutual Holding Company. Through the NCMIC Group, this elected board will have controlling interest in all subsidiary companies. In addition, the same nine elected chiropractors that currently serve on the NCMIC Board will make up the board for the National Chiropractic Mutual Holding Company, the NCMIC Insurance Company, and Triad Healthcare, Inc.

"All other subsidiary boards will be composed of the existing chiropractic executive committee, plus those professionals with the needed expertise to make the subsidiary company successful, e.g., the NCMIC Financial Services Group will include at least one board member from the banking industry. This will provide the opportunity for chiropractic management to benefit from partnering with professionals in the finance and insurance industries.

"This is still an organization created by DCs for DCs. The chiropractic board members elected to represent our 25,000 policyholders will be intimately involved in the management of all subsidiary companies. We will insure that the vision and mission of chiropractic is upheld first and foremost."

NCMIC's Managed Care Network

At its annual meeting in Des Moines, Iowa, April 21, NCMIC unveiled the new name for its managed care network: Triad Healthcare, Inc. This new network will combine the operations of the three independent practice associations (IPAs) recently acquired by NCMIC into one entity:

Managed Chiropractics: a Colorado-based IPA with approximately 19 million covered lives (see "NCMIC Acquires Managed Chiropractic" in the January 27, 1997 issue).

Spine Managed Care Network: a Massachusetts-based IPA with approximately one million covered lives.

MDC: a Texas and Washington state-based IPA, which covers approximately 2.5 million lives.

This NCMIC-owned network gives NCMIC an entrance into the managed care market and provides the potential for the development of national contracts covering millions of people and providing chiropractic care to more individuals. Information will be mailed initially to NCMIC's policyholders later this year to begin the early process of network development, credentialing and contract information.

Triad is expected to undergo a consolidation and reorganization throughout the end of 1997. The nationwide network is expected to include an electronic communication package for both electronic billing and data exchange. NCMIC President Louis Sportelli, DC elaborates:

"The acquisition of these existing networks provided NCMIC an immediate entrance into the managed care market and provides the opportunity to develop national contracts covering tens of millions of people and making chiropractic services available to more people. Information will be mailed initially to NCMIC's policyholders in a few months beginning the process of network development, credentialing, and contract information, in advance of the national launch of the new Triad Healthcare network beginning in 1998.

"Managed Chiropractics, MDC, and Spine managed care networks, will all undergo a consolidation and reorganization throughout the remainder of 1997 under the national umbrella of Triad Healthcare, Inc. When the reorganization and infrastructure is complete, Triad Healthcare will be on the cutting edge of managed care and technology.

"Doctors are anxious, excited and eager for the new network to begin. There is, however, an enormous amount of work required to build the proper foundation for the new network and we ask the profession to be a bit patient while we prepare for the challenge. We are currently in the process of employing seasoned professionals in the managed care, legal, contract negotiation and technology aspects of the network development.

"The chiropractic profession has been plagued and hard hit in the past few years by an unfriendly

managed care environment which carried with it a 'bottom feeding' mentality toward chiropractic. We will not permit doctors of chiropractic to lose their self-respect by being asked to provide professional services at costs which are literally below survival level. The mission of this new network will be to elevate doctors of chiropractic to their rightful place as health care professionals and to remove the oppressive barriers which have been intentionally erected to discourage chiropractic utilization.

"At NCMIC we are very excited and optimistic about the future of chiropractic. Entering the managed care arena will help ensure that chiropractic's future participation in this health care arena remains strong. We ask that our policyholders give us the time and support needed to complete the initial phase of our organizational effort. The movement of tomorrow is toward alternative and complementary health care, and we intend to position chiropractic as a valuable primary service in the minds of patients and payers alike."

NCMIC Elections

On the electoral front, NCMIC's policyholders re-elected Dr. Phil Aiken, Dr. Vincent Lucido, and Dr. Louis Sportelli to NCMIC's Board of Directors. Dr. Louis Sportelli was re-elected as president; Dr. Marino Passero was re-elected as senior vice president.

Questions? who have questions regarding the reorganization should call NCMIC's home office at 1-800-247-8043, or contact their website at www.ncmic.com.

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