

[REDACTED]  
[REDACTED]  
CP:E:EO:T:5

Employer Identification Number: [REDACTED]  
Key District: Cincinnati

Dear Applicant:

We have considered your application for recognition of exemption from federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(6). Based on the information submitted, we have concluded that you do not qualify for exemption under that section. The basis for our conclusion is set forth below.

You were incorporated under the laws of [REDACTED] on [REDACTED], for the purpose to operate as a non-profit entity that is committed to the enhancement and development of chiropractic care to individuals, employers, and groups; to develop rules and guidelines for participating chiropractors; to administer and enforce compliance with said rules and guidelines; to develop any health services offered by the business; and to protect in every way the basic philosophy, science and art of chiropractic and the professional welfare of its members.

Your activities consist of developing a preferred provider network of chiropractic doctors and marketing that network to employers and insurance companies. You have developed a quality assurance program covering your network which has, among other elements, a utilization management component, a data/claims management component, and a quality assurance component. This program should insure low cost and high-quality health care. On brochures describing your organization, you list the names and addresses of your member doctors. You are supported by the membership fees paid by your member doctors.

Section 501(c)(6) of the Code provides for exemption of "Business leagues, chambers of commerce, real-estate boards, boards of trade, or professional football leagues (whether or not administering a pension fund for football players), not organized for profit and no part of the net earnings of which inures to the benefit of any private shareholder or individual."

Section 1.501(c)(6)-1 of the Income Tax Regulations provides, in part, "A business league is an association of

persons having some common business interest, the purpose of which is to promote such common interest and not to engage in a regular business of a kind ordinarily carried on for profit. It is an organization of the same general class as a chamber of commerce or board of trade. Thus, its activities should be directed to the improvement of business conditions of one or more lines of business as distinguished from the performance of particular services for individual persons."

By marketing your preferred provider network you are promoting the individual doctors in the network as opposed to promoting the profession of chiropractic medicine. Accordingly, you are performing particular services for individual persons rather than improving the chiropractic profession. You are not covered by Rev. Rul. 80-287, 1980-2 C. B. 185, as you serve to locate customers for your members, rather, than improve the image and functioning of the chiropractic profession. Further, you do not come within the rationale of the Kentucky Bar Foundation, Inc., 78 TC 921 DEC 39,084. That organization benefited the integrated bar association of Kentucky as a whole.

Accordingly, you do not qualify for exemption as an organization described in section 501(c)(6) of the Code and you must file federal income tax returns.

You have the right to protest this ruling if you believe it is incorrect. To protest, you should submit a statement of your views, with a full explanation of your reasoning. This statement, signed by one of your officers, must be submitted within 30 days from the date of this letter. You also have a right to a conference in this office after your statement is submitted. You must request the conference, if you want one, when you file your protest statement. If you are to be represented by someone who is not one of your officers, that person will need to file a proper power of attorney and otherwise qualify under our Conference and Practices Requirements.

If we do not hear from you within 30 days, this ruling will become final and copies will be forwarded to your key district office. Thereafter, any questions about your federal income tax status should be addressed to that office.

When sending additional letters to us with respect to this case, you will expedite their receipt by using the following address:

[Redacted]

Internal Revenue Service  
Attn: CP:E:EO:T-5, room 6539  
1111 Constitution Ave, N.W.  
Washington, D.C. 20224

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely,

(signed) [Redacted]

[Redacted]  
Chief, Exempt Organizations  
Technical Branch 5

cc: [Redacted]

	Initiator	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer	Reviewer
Code	CP:E:EO:T-5	CP:E:EO:T-5					
Surname	[Redacted]	[Redacted]					
Date	9-7-95	[Redacted]					