

DELTA DENTAL OF MINNESOTA
**BROKER
UPDATE**

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THE SAFE CHOICE IS OFTEN THE SMARTEST CHOICE

In my previous column, I talked about our overall economy having a “trickle-down” effect on group benefits. Conditions in the broader market are certainly more tenuous now, and we’re seeing that trickle-down effect first-hand. At this point, it’s safe to call it a full-out “squeeze play” on groups of all sizes.

Compounding the issue, medical premiums are on the rise nationally. Companies are feeling pressure to scrutinize every penny they’re spending for benefits, including ancillary products such as dental benefits.

Yes, it’s a challenging, unpredictable time. But taking a step back – and a deep breath – let’s remember that dental coverage continues to rank as one of the most popular and requested employee benefits, right up there with medical insurance and retirement plans. That hasn’t changed.

In terms of your clients’ dental benefits, I keep coming back to a few simple, fundamental reasons why Delta Dental of Minnesota has always been the safe, smart choice, but even more so during these uncertain economic times.

Financial strength and stability

The importance of working with a financially sound and stable partner can’t be overstated. Take a look at our balance sheet and you’ll see a well-run organization that’s on solid footing.

In fact, for the 10th consecutive year, our financial strength has earned us an “A” rating (Excellent) from A.M. Best, placing us among the highest rated dental plans in the country. I encourage you to ask your other carriers about their ratings – some well-known carriers in our market are unable to make this same statement.

Consistency

Delta Dental of Minnesota is the unquestioned market leader, with 40 years of expertise. We’ve been there for you regardless of the economic conditions and will continue to be there for you.

Beyond our experience, consistently excellent service is a hallmark of our approach to doing business – and it’s resulted in client retention rates of 98 percent for our individually rated groups. In other words, when you place a client with us, you can feel confident they’re going to stay with us for the long-term.

One final point that demonstrates our consistency: The Delta Dental Premier® network is still the largest in Minnesota and across the country by a wide margin. We continue to recruit dentists and grow our network across the state to ensure it remains the most viable option for your clients and our members.

Accountability

In today’s market, groups are asking carriers and brokers alike to be more accountable. One way we’re doing our part is by holding the line on rates, as we’ve done in previous years. **Over the past five years, our pooled products have had an average rate increase of less than 4 percent a year – well below industry trend.** We’re dedicated to earning your clients’ business, not “buying” their business only to shock them with a large rate increase at renewal.

To conclude, I want to reiterate our dedication to working with you to find solutions for all your clients. Delta Dental has always been viewed as the safe choice in Minnesota. I consider that a big compliment. Factoring in the state of our economy and the pressure many groups are facing, you won’t go wrong by placing your clients with the proven market leader in Minnesota.



Chris Earl
Chief Sales Officer
Delta Dental of Minnesota



ANOTHER YEAR OF STABLE RATES ANNOUNCED FOR POOLED PLANS IN 2009

**AVERAGED OVER A FIVE-YEAR PERIOD, COMMERCIAL POOLED PRODUCTS
HAVE HAD RATE INCREASES OF LESS THAN 4 PERCENT A YEAR**

Delta Dental of Minnesota pooled groups will see predictable renewal premiums at or near trend in 2009. Groups that have the Delta Dental Premier plan will see no rate increase.

Evaluating data for the past five years, the average rate increase for all Delta Dental of Minnesota commercial pooled products has been less than 4 percent a year.

“We hang our hat on being the stable, consistent choice for Minnesota employers, not only in our rates but also in our great service,”

said Renae Styve-Krmpotich, manager, Delta Dental Connect broker and small group services.

These modest increases are in line with previous years and account for inflation in provider reimbursement rates, product enhancements and group loss ratios. Our industry-leading trend is 5.5 percent for 2009.

Delta Dental of Minnesota is able to keep rates affordable because:

- We offer the largest network in the state.

More than 80 percent of dentists statewide and 96% of Twin Cities metro-area dentists participate in our networks. Why is that important? Network providers agree to rates that are often lower than their usual fees. This results in lower claim costs, which keep premiums affordable.

- We operate very efficiently, with a lower than average percentage of premium dollars going to operating costs.



We're listening to your feedback

We've heard from a number of brokers that they would like to receive notice of our pooled rates sooner in the year. In 2009, we are committed to releasing our 2010 renewal rates earlier in the fall.

Thank you for your feedback – it does make a difference!

POOLED PLAN RATE INCREASES

	2009	5-YEAR AVERAGE
Delta Dental Premier®	0%	2.70%
Delta Dental PPO and Delta Dental Premier – Dual-option Program-Millennium Choice	4%	3.70%
Voluntary Non-network Program-Discover	5%	2.90%
Delta Dental PPO Plus Premier – Voluntary Network Program-Dental Flex	5.5%	3.80%
Delta Dental PPO SM	6%	2.85%



DELTA DENTAL OF MINNESOTA BROKER SURVEY RESULTS

Thanks to all brokers who completed our annual survey, and congratulations to Nicole Garbers from Kato Insurance Agency Inc., who we randomly selected among respondents in the drawing for an iPod. We're pleased to share with you the results of several key questions posed in the survey:

- **How satisfied are you with your Account Manager overall?**

100% satisfied

- **How satisfied are you with the Delta Dental Connect representatives overall?**

More than 96% satisfied

- **How satisfied are you with the range of products offered by Delta Dental of Minnesota?**

More than 96% satisfied

- **How satisfied are you with Delta Dental's performance on the following: Overall day-to-day dental plan administration?**

More than 96% satisfied

- **How do you rate Delta Dental of Minnesota compared to the best other insurance company you know?**

Four out of five brokers said we were "better" or "much better." One out of five brokers rated us equally with the best other insurance carrier with whom they do business.



THE VALUE OF AN EMPLOYER-SPONSORED GROUP DENTAL PLAN

As the economy tightens and groups look to slash costs in as many ways as possible, more groups are looking at alternative approaches to providing medical and dental benefits for their employees. One approach is to set aside money in an account – a flexible spending account (FSA), medical savings account (MSA), health reimbursement account (HRA) or health savings account (HSA) – for employees to use for all medical and dental expenses.

If you come across a similar situation with any of your clients, the following points highlight why a plan from Delta Dental of Minnesota is still the smartest approach to protect the company and its employees:

- **A dental benefit plan safeguards against risk.** Comprehensive dental plans provide coverage for everything from check-ups and cleanings to more extensive services such as fillings, periodontal care, root canals, crowns and bridges.

According to the National Center for Health Statistics, people with dental insurance are twice as likely to visit the dentist as those without coverage. If an employee only has a limited pool of money set aside in an account and they require advanced dental care beyond the typical cleaning, they are less likely to get the care they need.

The same holds true even for preventive care. By having a pot of money set aside for general medical and dental expenses, the employee may put off their preventive visits to preserve money in their account for other expenses.

The short-term “savings” mask a range of complications for both the employee and the employer, leading to lost time and productivity at work and more serious medical issues that negatively impact the employer’s medical costs.

Instead of saving money, it could cost the employee and employer *more* in the long run.

- **Dental benefits are a great tool to attract and retain employees.** In a competitive market, benefits make a huge difference in attracting and keeping talented people. A dental plan is one of the most requested and used employee benefits, right up there with medical and retirement plans.
- **A dental plan saves money and protects employees.** Through the Delta Dental PPOSM and Delta Dental Premier[®] networks, Delta Dental of Minnesota negotiates discounts with providers.

Delta Dental Premier is the largest network in the state, with four out of five dentists participating. This means the opportunity to save on dental care through our negotiated discounts is broadly available to members throughout the state. Network dentists contractually agree not to balance-bill members, so savings are guaranteed and automatically built-in whenever the employee sees a network dentist.

One final yet very important safeguard: Dental plans monitor provider fraud and abuse, creating effective checks-and-balances to protect and promote consumers’ interests.

Simply stated, if groups are spending money on employees for dental care, it goes farther – and employees are better protected – when the group offers it in the form of a dental plan.

- **A comprehensive dental plan doesn’t have to cost the employer a dime.** Voluntary dental plans, such as our two voluntary plans, don’t require an employer contribution. Employees who choose to participate pay most or all of the costs and the group decides how much, if anything, it wants to pay.

The company comes out as the hero for offering a valuable employee benefit. It can achieve this with no bottom-line impact. This results in healthy smiles from the break room to the boardroom.

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