

DELTA DENTAL OF MINNESOTA
**BROKER
UPDATE**

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LIVING UP TO OUR MISSION THROUGH A CONSISTENT, BALANCED APPROACH

Taken at face value, our mission is straightforward: To help maintain and improve oral health in Minnesota by providing affordable and accessible dental benefit plans.

Accomplishing this mission involves balancing the needs of our constituents – primarily individuals, groups, brokers and dentists – in an evolving benefits environment. There's debate about universal health care, new legislation, the growing interest in consumer-driven health plans and more.

I believe that's where Delta Dental really sets itself apart. No one has more expertise, is better positioned to live up to its mission and comes through as consistently for all constituents. Here's what I mean:

Accessible dental plans

- **Any way you look at it, our networks are rock solid.** Members from across the state benefit from access to the largest networks. Your groups benefit from impressive, negotiated savings. Participating dentists gain access to a large stream of patients – and recent survey results indicate nine out of 10 dental offices are satisfied with the quality of service we provide for commercial programs.
- “Access” is about more than networks. It also means being accessible. **In everything we do, we want to keep things simple.** For example, we offer Web-based tools and resources for groups and brokers, including an online rate calculator to help you quickly quote your pooled groups of five to 199. For pooled groups and brokers, our Delta Dental ConnectSM team is always only a phone call away. For larger fully insured and ASO groups, our Sales and Marketing team can help brokers or consultants with custom proposals and our Account Managers are eager to work with your groups.

- Through our philanthropic efforts and other community programs, **we invest in a variety of initiatives that provide Minnesotans with greater access to dental care** – and we give back to the communities we serve.

Affordable dental plans

- **Rates continue to be consistent and stable.** In 2008, our pooled groups will see no more than a 5.5 percent increase.
- **Our financial stability complements our mission to deliver affordable oral health solutions.** For nine consecutive years, our financial strength has earned us an “A” rating from A.M. Best and an “AA-” rating from Standard & Poor's. We keep the promises we make with members and groups.

How do we rate?

From your perspective, are we living up to our mission? You had the opportunity in October to complete a brief survey, and we hope you responded with ways we can serve you better. Thanks to everyone who completed the survey, and congratulations to Mark Jares from Twin City Group agency, who we randomly selected in the drawing for an iPod.

If you didn't get a chance to complete the survey, I'd still love to hear from you if you have any suggestions. We're always looking for ways we can work with you more collaboratively.



Chris Earl
Chief Sales Officer
Delta Dental of Minnesota



RATE INCREASES OF 5.5 PERCENT OR LESS ANNOUNCED FOR POOLED PLANS IN 2008

Relatively speaking, 2007 was a good year for health care premium costs as a whole. According to research conducted by The Kaiser Family Foundation and The Health Research and Education Trust, premiums increased an average of 6.1 percent for employer-sponsored health insurance, compared with a 7.7 percent increase in 2006.

The outlook for 2008 is not so rosy. Hewitt Associates, a global provider of HR outsourcing and consulting services, projects health insurance premiums will reverse course and increase by 8.7 percent in 2008.

For your dental clients, there is a silver lining. Delta Dental of Minnesota clients will see premium increases of 5.5 percent or less for 2008. Groups that have the Delta Dental Discover plan will see no rate increase.

“We help ensure that one of the most requested employee benefits – dental insurance – remains a stable, affordable offering groups can count on every year,” 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, group loss ratios and compliance with a revised state law that broadens dependent eligibility for Minnesotans between the ages of 19 to 25. In fact, our dental trend is lower than our competitors.

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

- We offer two of the largest networks in the state, including the Delta Dental Premier network, the state’s largest. More than 80 percent of dentists statewide and more than 90 percent of Twin Cities metro-area dentists participate in our network. 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.



2008 Rate Increases – Pooled Plans	
Delta Dental PPO SM Program	5.25%
Delta Dental Premier [®] Program	5.5%
Delta Dental PPO and Delta Dental Premier (Dual-option Program – Millennium Choice)	5.5%
Delta Dental PPO Plus Premier (Voluntary Network Program – Dental Flex)	5.5%
(Voluntary Non-network Program – Discover)	0%

DELTA DENTAL CONTINUES OFFERING LARGEST NETWORK

Delta Dental of Minnesota offers members access to the largest network in the state – and the nation. This fits in with our non-profit mission to create access to affordable dental care. For your groups and their members, it means convenience and freedom of choice with minimal disruption. It’s also a huge reason groups stay with Delta Dental of Minnesota, helping you retain the business you’ve worked hard to earn.

Our Network Size

Through a unique contractual agreement, Delta Dental maintains a network of participating dentists that includes about 80 percent of the licensed, practicing dentists in Minnesota, making it nearly twice as large as our closest competitor.

In Minnesota, we have about 2,600 participating dentists – in both rural and metro areas. Nationally, we have the largest dental network in the country with about 124,000 participating dentists. Three out of four dentists in America are in our network.

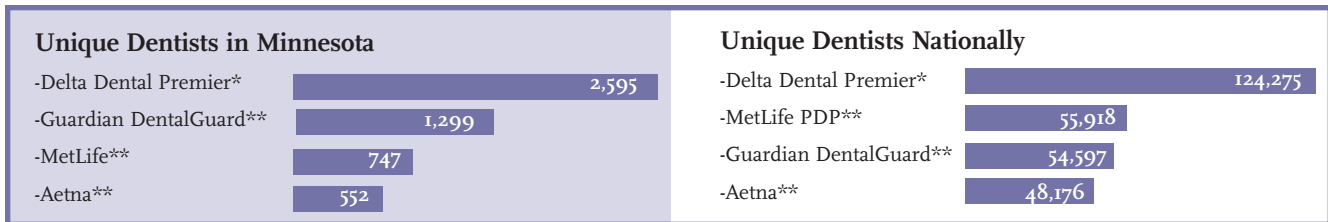
Behind the Numbers

We define our networks by the number of unique participating dentists, which is considered the true measuring stick for network size.

The number of office locations (access points) is a helpful but secondary indicator of network size. Dentists who practice in multiple locations bring their expertise to a broader geographic area, but with limited availability at each location.

Continually Growing

The network – after additions and terminations – has had a net gain of 58 unique dentists joining in Minnesota and 3,189 unique dentists joining nationally since January 2007.



* Based on internal reports, November 2007

**Data Source: Based on data generated July 2007 by a third-party resource for data on providers and managed-care networks to the healthcare industry

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REVISED DEPENDENT-ELIGIBILITY LAW TAKES EFFECT 1/1

Minnesota’s revised dependent-eligibility law for health and dental insurance plans takes effect Jan. 1, 2008. Under the revised law, dependents age 19 to 25 no longer need to be full-time students or living at home with their parents to be eligible for coverage under their parents' plan. The revised law applies to:

- Fully insured groups
- Municipal ASO groups (cities, counties and school districts)
- Individual dental plans

Here’s how Delta Dental of Minnesota is addressing the revised law with your clients:

New Business

The revised guidelines will be applied on effective dates beginning Jan. 1, 2008, regardless of when the business was sold.

Renewals

The revised guidelines will be applied at the first renewal on or after Jan. 1, 2008.

Group administrators will receive an amendment page to their Summary Plan Description. They will be asked to give a copy of this amendment to all employees. For those employees with dependents age 19-25 who aren't on file as full-time students (including those now on COBRA), the group administrator will need to enroll them through their normal reporting method within 30 days before or after their group's effective or renewal date to receive benefits.

The results are in – according to brokers and other readers of *Benefits Selling* magazine, Delta Dental is the dental benefits carrier that offers the best coverage, plan design and network availability! The awards were announced as part of the magazine’s annual **Readers’ Choice Awards** issue in November.



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