

DELTA DENTAL OF MINNESOTA
**BROKER
UPDATE**

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**AS THE INDUSTRY CHANGES,
WE'RE POSITIONED TO SERVE THE
MARKET AND HELP YOU SUCCEED**

With the Supreme Court upholding the Patient Protection and Affordable Care Act (PPACA) as constitutional, health care reform is set to move forward – including the individual mandate and public and private exchanges in the dental benefits market.

Obviously, the implications are just as big for Delta Dental of Minnesota as they are for you, your group clients, their employees and all consumers throughout the state who rely on dental insurance to help pay for their oral health care.

Our role is to anticipate the needs of a changing market that's increasingly focused on the consumer as a primary decision-maker when it comes to their health benefits. It's a much different approach than serving the traditional employer group market, but we're hard at work to make sure we're prepared:

- The individual market is growing and represents a real opportunity. We have 10 individual dental products in Minnesota to meet consumer needs – including a standalone dental plan option, dental plans sold together with several of our health plan partners' individual medical products, and a dental plan for seniors. We'll continue to refine our products so consumers have a range of options.
- Part of our commitment includes providing enhanced access for underserved populations throughout the state, including public program members, people from rural communities and even consumers leaving traditional group plans because they're changing jobs or retiring.

Our network, easily the largest in the state, plays a key role in serving these populations. We'll continue to expand our network to serve more Minnesotans than any other carrier.

- In terms of providing improved access for all Minnesotans, we play a unique role as the leading dental benefits provider in the state. Our philanthropic programs and initiatives support our mission of expanded access to dental care throughout Minnesota. A great example is the \$3.5 million gift the Delta Dental of Minnesota Trust announced for the University of Minnesota School of Dentistry last August to fund the only hospital-based dental clinic for children in Minnesota and the most advanced pediatric dental clinic in the Upper Midwest.

Traditionally, you've known us for our consistency, our network and our strong products for small, medium and large businesses. Serving the employer group market in Minnesota will always remain our primary focus. But we'll be just as prepared to work with you if your business model changes and you become more involved marketing benefit products directly to individuals.

As the market changes, we'll be there for you. Thank you for being a valued partner!



Chris Earl
Senior Vice President,
Sales and Marketing



THE VALUE OF VOLUNTARY DENTAL

Voluntary benefits have received a lot of press recently as groups look for ways to cut costs while continuing to provide employees with access to valuable plans and coverages.

Sponsoring a dental plan that's funded entirely by employees who choose to participate can be a smart, flexible solution – especially when cost is the driving factor for whether a group purchases (or renews) a dental plan. But did you know many groups are still unaware they can sponsor a dental plan without a cost to the employer?

According to a recent survey, fewer than half of the companies responding in the study realized that it does not need to directly cost the employer to make voluntary benefits available.

It doesn't have to cost the group a penny

As you know, when a company sponsors a voluntary dental plan, employees have the freedom to decide for themselves whether they want to participate. While the participating employees are responsible for paying the premium, they benefit from group rates, the simplicity of automatic payroll deduction and the tax advantage that comes from pre-tax premium contributions to a section 125 plan.

The group also benefits when employees participate because it reduces its employer FICA contributions.

Delta Dental of Minnesota voluntary plans

We specially designed our popular Delta Dental PPOSM Plus Premier plan (Dental Flex program) and our Discover indemnity program as options to meet the unique needs of voluntary groups.

- In these plans, we don't set a minimum participation percentage requirement; only five employees are required to enroll.
- Because affordable premiums are critical to the success of any plan offered on a voluntary basis, with our Dental Flex program, we keep premiums low by using our strong networks, deductibles, a choice of annual maximums, and waiting periods (which we waive for employer groups that have at least 12 consecutive months of comparable basic and major group coverage).

Control costs through a fully insured "preventive-only" plan

Sponsoring a plan that's funded through employee contributions is just one approach to controlling costs.

Plan designs and options – including the use of networks and annual maximums, deductibles and waiting periods – have a big impact on plan cost. Some groups even evaluate their covered services, opting for a simpler benefit plan that provides coverage only for preventive care and basic services.

Our Delta Dental Premier[®] program provides a true "preventive-only" option for groups that want a fully insured plan at our most affordable rates. In our Delta Dental Premier program, we also offer a "basic" option for groups that want preventive coverage plus benefits for common basic services such as fillings, sealants, extractions, periodontal care and basic endodontic care.

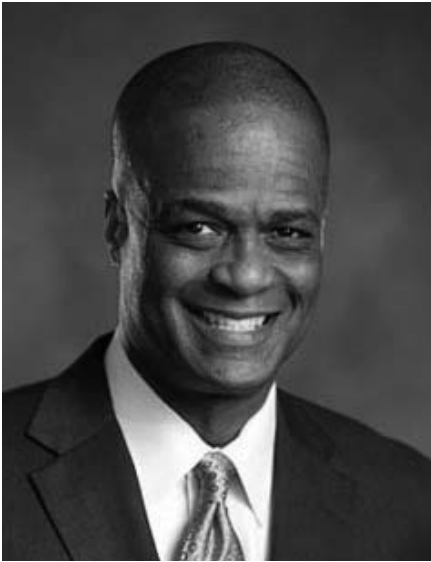
EXCELLENT SERVICE YEAR AFTER YEAR

Great service is an expectation of all clients, large and small. When you work with Delta Dental of Minnesota, you know you're working with a carrier that consistently goes above and beyond in serving its groups and members.

Delta Dental of Minnesota's 100-percent focus on dental benefits ensures your clients' dental plans are never an afterthought. Here's a recap of our service results for the past 3 years:

	2011	2010	2009
Member satisfaction rate	96.7%	96.1%	97.2%
Percent of claims paid in 10 business days	99.64%	99.59%	99.44%
Average claim paid	1.13 days	1.19 days	1.47 days
Claim processing accuracy	99.91%	99.68%	99.76%
Claim payment financial accuracy	99.98%	99.95%	99.94%
Questions or issues resolved during first call	97.25%	97.20%	97.36%
Average phone response time	15 seconds	14 seconds	6 seconds
Claims processed (year)	6.35 million	6.53 million	6 million

LEADERSHIP INSIGHTS: AN INTERVIEW WITH RODNEY YOUNG, CHIEF EXECUTIVE OFFICER AND PRESIDENT



At the start of the year, Delta Dental of Minnesota's board of directors appointed Rodney Young Chief Executive Officer and President to succeed David Morse (effective

Jan. 1, 2012). Young knows the company and industry well, serving on the board of directors since 1998.

He's a 25-year veteran of the medical services field, most recently serving as Chief Executive Officer of Angeion Corporation, a medical device and supplies company. He has also served as Chair, Chief Executive Officer and President of LecTec, a medical device and pharmaceutical company, and as Vice President at Chicago-based health care company Baxter International.

In addition to his work on Delta Dental of Minnesota's board, he also serves as a director for Allina Health System and continues to serve on Angeion's board of directors. He was the recipient of the National Association of Corporate Directors (NACD) and Twin Cities Magazine 2010 Outstanding Directors Award for his board service to Possis Medical. Young's

cumulative experience on boards includes roles as director of four publicly held corporations and two nonprofit organizations, with revenues ranging from \$30 million to \$3.5 billion.

The following interview provides Young's thoughts and insights about the company's strategy and the vital role brokers and consultants play in this strategy.

1. You've had a unique vantage point of the organization's business strategy as a director on the board for 14 years. Where has the company executed particularly well during that time-frame? Where can improvements be made?

During my time on the board, I have been particularly impressed with the company's execution of its business growth strategy to retain its customer base while growing both small and large group business, especially in a highly competitive environment.

Our near-term goals are to continue to execute on the existing growth strategies, as well as to explore other avenues for growth, such as new products or potential new markets.

2. Delta Dental of Minnesota has established strong relationships with 14 of the 19 Fortune 500 companies headquartered in the state. What has allowed the organization to achieve that kind of success with a majority of the state's largest employers?

The company's success with its largest employer clients is a direct result of some of the core principles established by my predecessor that will continue under my leadership. We will continue to provide exceptional customer care, deliver the highest quality products, ensure the best and most accessible provider network and build deeper relationships with our broker and consulting partners since they are key to our success.

3. Recognizing you've only been in your new role as Chief Executive Officer and President for two quarters, how are you positioning the organization to respond to broad challenges and opportunities in the marketplace – including health care reform and a recovering economy?

As far as positioning the company for the future, my very first initiative was to ensure we retained our most talented professionals. The next initiative was to add other highly talented professionals to join our team. We feel these two initial steps allow us to seek and take advantage of new opportunities, as well as position us to respond to potential challenges. In addition, we will go through a strategic planning process in the fall to ensure we consider opportunities for the future.

We continue to evaluate and refine our current strategy, paying particularly close attention to health care reform while monitoring the recovering economy. With health care reform, we are staying current both at the state and national level. In particular, we are paying attention to the discussion regarding the "Exchanges" and the correlations between medical and dental insurance.

4. How do brokers and consultants fit into your strategic vision for growing the business?

As I mentioned above, our strategy is to continue to grow. Our broker and consulting partners will be *critical* to this strategy, as they have been over the past several years. In fact, the dynamics of health care reform and a recovering economy will make the role of the broker and consultant even more important as we collectively navigate this changing environment.

As a person with a background leading sales, marketing and distribution/broker channel management, I look forward to working with our broker and consulting partners to tackle the future.

“The dynamics of health care reform and a recovering economy will make the role of the broker and consultant even more important as we collectively navigate this changing environment.”

*Rodney Young,
Chief Executive Officer and President*

NEWS IN BRIEF

Hearing discount program available to members at no cost

Earlier this year you received a packet of information about our partnership with HearPO – an Amplifon company, the world’s largest distributor of hearing aids. Together, we’re proud to offer all Delta Dental of Minnesota members located anywhere across the country, and even their extended family members, a hearing discount program at no cost. Check out the HearPO Web site for more details:

www.hearpo.com/deltadentalmn.

Delta Dental of Minnesota contributes to Duluth flood relief

To help with relief efforts in Duluth and neighboring communities, we recently announced a \$3,000 contribution to the United Way of Duluth. In addition to a cash donation, we’re contributing \$1,000 in oral health supplies.



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