

DELTA DENTAL OF MINNESOTA **EMPLOYER
UPDATE**



INSIDE

Measuring Network Value

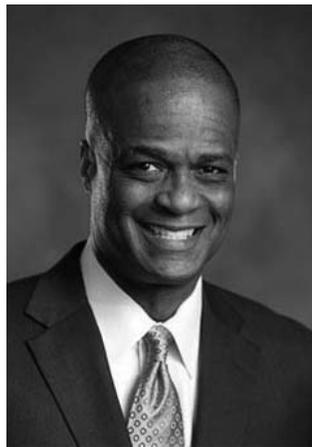
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LEADERSHIP INSIGHTS: AN INTERVIEW WITH RODNEY YOUNG, CHIEF EXECUTIVE OFFICER AND PRESIDENT



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

January 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, President and Chief Executive Officer 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.

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 timeframe? 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

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MEASURING NETWORK VALUE

It's a given – dental network size and discounts matter. But there's another measurement that is equally important – network utilization, which is the number of members actually using the network to take advantage of the discounts.

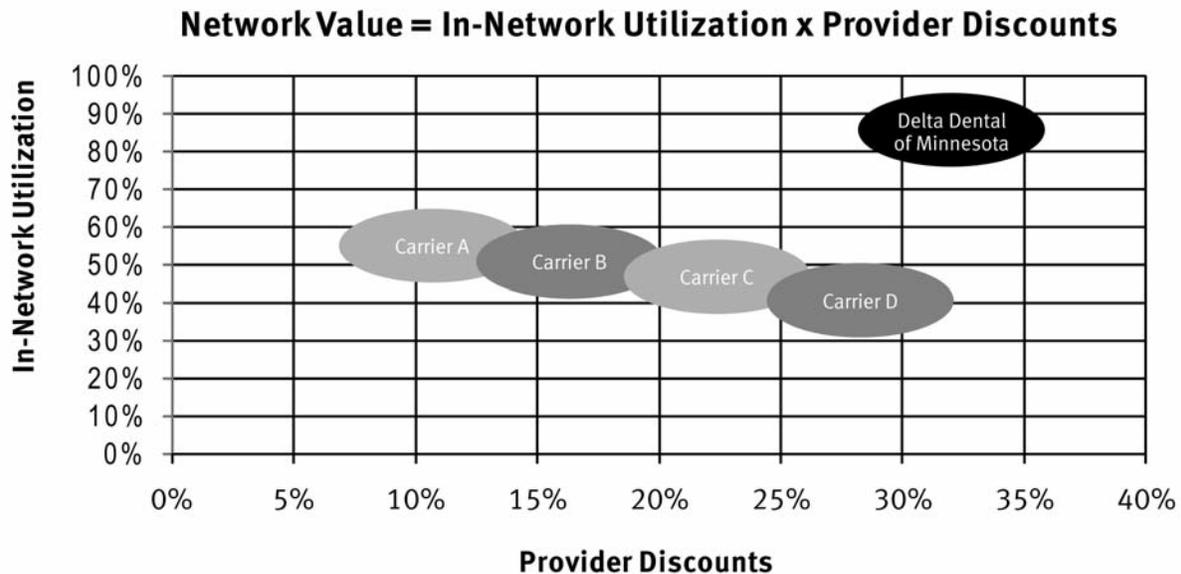
Combining in-network utilization with maximum provider discounts allows groups to better assess the real value of the network.

An independent actuarial firm, Ruark Consulting, recently released a national report in which it compared 14 carrier networks, including networks from Delta Dental. The goal of the study? Determine which networks deliver the best “effective discounts” – based on not only network size and discounts, but network utilization.

Ruark ranks Delta Dental of Minnesota's networks first and second in the Greater Twin Cities metro area for their effective discounts.

This is no surprise. Most of our groups have network utilization in the 85 to 95 percent range, with many at almost 100 percent. Obviously it's related to our network size – Delta Dental Premier® is easily the largest network in the state and surrounding area, covering both the metro and outstate-Minnesota alike.

Encourage your employees to use network dentists. This will ensure they get the most from their dental benefits. To find network dentists, go to www.deltadentalmn.org. Click on “Dentist Search” on the left side of our home page.



The information in this chart is for illustrative purposes only. Actual utilization and discounts will vary from group to group.

Dentists are critical to good oral health, and through our Delta Dental Premier® network, our members have access to the largest network of dentists – both across the state and across the country.

Delta Dental Premier® network features:

- More than 3,000 participating dentists – that's 85 percent of dentists in Minnesota and the surrounding area
- More than 142,000 dentists nationwide

Delta Dental PPOSM – for even deeper discounts and savings – features:

- More than 1,700 participating dentists in Minnesota and surrounding area
- More than 83,900 dentists nationwide

Why see a network dentist:

- Seeing a network dentist can save members money. Dentists in our network have agreed to accept pre-negotiated fees, so members' out-of-pocket expenses may be less.
- Dentists who do not participate in our networks may balance bill, which means they can bill members for the difference between their actual charge and what the plan allows.
- Network dentists file the claim for members. With a non-network dentist, the member may have to file the claim.

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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 and ensure the best and most accessible provider network.

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.

DELTA DENTAL OF MINNESOTA MAKES GRANT TO MINNESOTA DENTAL ASSOCIATION'S FOUNDATION

Delta Dental of Minnesota awarded a \$78,000 grant to the Minnesota Dental Foundation (MDF) in support of the Minnesota Donated Dental Services (DDS) program. The grant will cover ongoing operating expenses in the fiscal year beginning July 1, 2012, and will generate \$960,000 in free, comprehensive dental care to 260 vulnerable Minnesotans.

Established in 2003 by Dental Lifeline Network–Minnesota (DLMN) in partnership with the Minnesota Dental Association, the DDS program provides access to comprehensive pro bono dental care for Minnesotans who have disabilities or who are elderly or medically at risk and unable to afford care for serious dental conditions.

- Since its inception:
 - The DDS program has served 1,451 patients
 - Total value of services provided topped \$5.3 million
- In the last fiscal year:
 - Patients received an average of \$4,195 in care
 - Volunteers contributed \$14.16 worth of care for every dollar spent – one of the highest ratios among all DDS programs nationally
 - 444 dentists and 151 labs participated in providing care

Previously, funds to coordinate the program had been provided by the State of Minnesota; however, in 2011 that funding was cut. Without additional funding from outside organizations, the program's ability to serve these vulnerable populations would have been seriously jeopardized.

"The Minnesota Dental Foundation is extremely grateful to Delta Dental of Minnesota for this generous gift, which will ensure the ongoing operation of this very successful program," stated Dr. Steve Litton, MDF President. "We look forward to continuing our collaboration with Delta Dental on initiatives that advance our mutual missions."

Rodney Young, Chief Executive Officer and President of Delta Dental of Minnesota, underscores Delta Dental's goal to support programs that address the oral health needs of underserved individuals and populations. "Delta Dental of Minnesota is honored to partner with the Minnesota Dental Association and the hundreds of volunteer dentists and dental labs in helping 260 vulnerable Minnesotans and continuing to make this program successful."

INAUGURAL MISSION OF MERCY EVENT

The Delta Dental of Minnesota Foundation awarded a \$150,000 grant to the Minnesota Dental Foundation, the Minnesota Dental Association's nonprofit foundation, to be the title sponsor of the 2012 Minnesota Mission of Mercy (MnMOM) project. The two-day event was held August 17 and 18, at the Verizon Wireless Center in Mankato. At press time, MnMOM estimates they will serve up to 2,000 patients seeking dental care at no cost and with no need for prior appointments. The value of the free dental care is estimated at approximately \$1 million.

"The Delta Dental of Minnesota Foundation is proud to be a part of the inaugural Minnesota Mission of Mercy event," said Rodney Young, Chief Executive Officer and President of Delta Dental of Minnesota and Chair of the Delta Dental of Minnesota Foundation. "The goal of MnMOM supports Delta Dental's nonprofit mission to improve the oral health of Minnesotans."

Throughout the two-day event, hundreds of dentists, hygienists and other volunteers come together to meet the oral health needs of

Minnesotans. Young added, "Several dentists on Delta Dental of Minnesota's board of directors have been extremely supportive and expressed an interest in volunteering. I'm encouraging it as a meaningful employee volunteer opportunity as well. Hopefully, we can contribute to MnMOM's success as the largest single, free dental event in Minnesota."

"I am deeply honored the Delta Dental of Minnesota Foundation agreed to collaborate with the Minnesota Dental Foundation. It is an historic opportunity for our two organizations and I am hopeful that it will be a positive beginning for us all," shared Dr. Alejandro Aguirre, Founder and Chair of MnMOM; Trustee, Minnesota Dental Association.

With the MnMOM event, Minnesotans access free dental care, including cleanings, fillings and extractions. Mission of Mercy projects are conducted throughout the country and have been very successful in bringing participants in the oral health system together in a concentrated effort to address short-term oral health needs of the community.



Delta Dental awarded \$150,000 to the Minnesota Dental Association for the 2012 Minnesota Mission of Mercy project. Pictured left to right: Ann Johnson, Executive Director, Delta Dental of Minnesota; Joe Lally, VP, Delta Dental; Dr. Steve Litton, Minnesota Dental Foundation; Dr. Alejandro Aguirre, Founder and Chair of MnMOM; Dr. Michael Zakula, President, Minnesota Dental Association; Rodney Young, Chief Executive Officer and President, Delta Dental of Minnesota.

NEWS BRIEFS

Hearing Discount Program For Our Members – At No Cost

Delta Dental of Minnesota joined forces with HearPO – an Amplifon company, the world’s largest distributor of hearing aids – to offer all Delta Dental of Minnesota members and their extended family a hearing discount program at no administrative or premium cost to groups or members.

Members can receive:

- 40% discount on hearing diagnostic testing
- Lowest price on 1,000+ models of digital hearing aids
- Three-year warranty on most hearing aids

For more features and specifics, visit www.hearpo.com/deltadentalmn or call 1-855-531-4694.

2011 Year In Review

Continued growth, dental access, member satisfaction, charitable giving ... just a few of the topics covered in our 2011 Delta Dental of Minnesota annual report. Download a copy at www.deltadentalmn.org. Click on “About Us” on the left side of our home page, then scroll to the bottom and click on the “Annual Report” link.

In 2011, Delta Dental of Minnesota:

- Paid out more than \$1 billion in claims to dentists
- Gave \$4.7 million in grants and donations (\$3.9 was given by the Delta Dental of Minnesota Foundation). We support organizations that:
 - Provide oral health care for underserved populations
 - Improve the oral health delivery system
 - Reduce the gap between basic oral health information and preventive behaviors
 - Improve the communities we serve
- Distributed 100,000 toothbrushes, toothpaste and dental floss to Head Start classrooms, schools and community organizations

Oral Health Information At Your Fingertips

Share the latest information on oral health with your employees. The site www.thesmilefiles.org is updated monthly and features:

- Articles on oral health
- A dental risk assessment quiz
- Smile Squad™, an interactive tool for kids
- And, much more

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 are contributing \$1,000 in oral health supplies.

Delta Dental Corporate Offices Relocate

Delta Dental of Minnesota recently relocated its corporate offices to the Mill City District of Minneapolis. The move is reflective of our continued growth as we were beyond capacity at our previous office space.

We have taken great care to ensure the move will not impact our members in any way, with absolutely no costs being passed to our members.

Our new offices are located at 500 Washington Avenue South, Suite 2060, Minneapolis, MN 55415.

This new location provides a more centralized location for our non-operational functions – offering greater convenience for our employees, business partners and many of our customers.

Please note that the PO box numbers you currently use, i.e., customer service, billing, enrollment, etc., and the Delta Dental ConnectSM address in Gilbert, MN have not changed.



SERVICE YOU CAN COUNT ON

You and your employees look to Delta Dental to answer questions and process claims in a timely accurate manner. And, we work hard to deliver. In fact, in 2011, 96.7% of our members were satisfied with the service we provide. We are proud to share our performance statistics as of June 30, 2012.

Percent of claims processed in 10 business days	99.7%
Average number of days for claims turnaround	1.14
Claim processing accuracy of audited claims	99.9%
Claim payment financial accuracy of audited claims	99.9%
Average phone response time (members)	15 seconds
Percent of questions/issues resolved during the first call	97.04%

Employer Services –
One number for all your
post-sale questions

651-994-5300 (locally)

1-866-318-9449 (toll-free)

Option 1 for Paper
Enrollment

Option 2 for Electronic
and Online Enrollment

Option 3 for Billing

Option 4 for Group
Administrator Helpline

EmployerUpdate is published for our group clients. Article ideas and questions from readers are welcome. **Publisher:** Delta Dental of Minnesota.
Email questions or comments to: editor@deltadentalmn.org.

DDMN.008.12

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