

NewsUpdate

Spring 2003

Dental Flex for Pooled Groups *A Low-Priced Option at Renewal Time*

In today's economy, price means more than ever — and it's often a key factor in your client's decision to renew their dental plan.

Our new Dental Flex plan offers significantly reduced premiums to pooled-group clients at renewal time. Available July 1 for renewals and new business, Dental Flex incorporates waiting periods to aggressively

reduce premiums while maintaining high-quality coverage.

Best of all, the waiting periods can be waived based on a plan member's tenure under the employer's dental plan (whether or not it's a Delta Dental plan). This means your client saves money without penalizing current plan members who satisfy the waiver requirements.

Flyers introducing Dental Flex are included with July renewal letters (mailed mid-May) and will also accompany future months' renewals. Brochures incorporating Dental Flex for new pooled business will be printed and distributed in June.

For more information, please contact your DeltaConnect Sales Representative at 651-406-5920 or 800-906-5250. □

HIPAA Update — *A Journey to Compliance*

Delta Dental Plan of Minnesota is compliant with the first major federal rule, the Privacy Rule, of the Health Insurance Portability and Accountability Act (HIPAA), which went into effect on April 14, 2003. Designed to protect member's private health information (PHI), you can expect the following changes regarding our use and disclosure of PHI.

Verification Procedure

As part of our new caller verification procedure, when you call our Customer Service Department about an employee's eligibility, benefits, or a claim issue, you will be asked to provide



the following information: the member's first and last name, ID number, and date of birth. If you are calling on behalf of a self-insured plan, we will only release PHI to the designated contact person involved in the plan's administration. (You should have already returned our Designated Contact form. If not, contact your Delta Dental Account Manager.) If you

are calling on behalf of a fully-insured (Risk) plan, we can only provide enrollment and billing verification information.

Encryption Software

As part of protecting PHI information through email communication, Delta Dental has implemented encryption software. This means that when Delta

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Next Issue — A New Look

Delta Dental Introduces Updated and Expanded Benefits Information

In an effort to better serve the needs of our members, we have revised and expanded our *Dental Benefit Plan Booklets* and developed new one-page *Dental Benefits Summaries* to provide members with a quick snapshot of their dental-benefits plan.

The new booklets are in an easy-to-read format and contain more detailed information regarding the member's dental benefits package, including the actual services that are covered under the plan and the frequencies at which those services are covered. The expanded booklet **will not change** the current benefits being offered. Instead, it will provide more comprehensive information and clarification in an effort to help members better understand their dental benefit package.

In addition to the *Dental Benefit Plan Booklet*, members will receive a one-page *Dental Benefit Summary* that describes the coinsurance, deductible and maximums that apply to the plan.

The new *Benefit Booklets* and *Dental Benefit Summaries* will be distributed directly to groups on or around their renewal date, beginning in June. For small employer/pooled groups that have already renewed from January through May, we will be sending these new booklets to the Group Administrator throughout the month of June. Group Administrators will be advised to destroy any old booklets they may have and replace them with the new booklets. All other groups that renewed from January through May will receive their new booklet

at their next renewal date in 2004. Again, the benefits will not change, just how they are described.

We ask that when you receive the new materials you please destroy any old Booklets you may have and replace them with the newer

booklets and summaries.

If you have any questions or concerns, please contact our Employer Services area to speak to a Group Administrator/Broker Helpline Representative at 651-994-5300, Option 4, or (toll-free) 866-318-9449, Option 4. □

Make the Most of Your Benefits

Be Informed

Encourage your members to be familiar with their dental benefit plan to ensure that they get the most appropriate and cost-effective care.



Visit us on the Web

Take advantage of our numerous interactive Web site features at www.deltadentalmn.org. Members can search for a participating Delta Dental dentist in their area, review their benefit and eligibility information, access oral health education information and much more. □

Making the Connection — Delta Dental Puts Your Feedback First

Delta Dental Plan of Minnesota's goal is to continually provide you and your members with the highest quality products and services to enhance health, satisfaction and value. An integral part of our customer service has been to listen to your feedback and design and implement systematic improvements to help you better manage your members' healthcare. The following are two changes that we have implemented to improve our overall products and service.

New Format for Member I.D. Cards

Beginning June 1, Delta Dental Plan of Minnesota will begin changing the information on its I.D. cards by removing the members Delta Dental product name and replacing it with the provider network name their group utilizes. We chose this new format to place emphasis on the network affiliation instead of the product name to help both the member and provider better understand which provider network the member can access. We have notified our providers to

look for both the old and new version of I.D. cards.

Product Name Change

An additional change to simplify and enhance our products includes name changes to our existing Select Plus and DeltaPremier products. Effective June 1, Select Plus will be renamed Comprehensive Standard and DeltaPremier will be renamed Comprehensive Enhanced. Therefore, DeltaPremier now refers only to the name of the participating provider network, not a product.

Effective June 1, 2003

Select Plus
will be renamed
Comprehensive Standard

DeltaPremier
will be renamed
Comprehensive Enhanced

Please contact your Delta Dental account representative with any questions or feedback. We look forward to working with you and continuing to serve your needs. □

Delta Dental Plan of Minnesota Wins Healthcare Partner of the Year Award

The Evangelical Lutheran Church in America's (ELCA) Board of Pensions recently announced that Delta Dental Plan of Minnesota was selected as the *2002 Healthcare Partner of the Year*. The award, which is in its inaugural year, was created by the ELCA Board of Pensions to recognize its top service partner. Delta Dental administers dental benefits for ELCA Board of Pensions' 22,500 health plan members and dependents nationwide.

"We are delighted to have been selected for this honor," said Mark Moksnes, executive vice president of sales and marketing at Delta Dental Plan of Minnesota. "I am very proud of our employees and especially those that work closely with



the ELCA Board of Pensions' staff. Delta Dental places significant emphasis on relationships and providing world-class service to our members and customers. We have a close working partnership with the ELCA Board of Pensions and are grateful for this recognition."

The ELCA Board of Pensions created the award as part of an organization-wide effort to develop

stronger partnerships with its vendors and create an environment that results in exceptional service and advocacy for its members. The selection criteria included a comprehensive review of service quality, performance guarantees, interactions with account management staff, proactive communication on issues, responsiveness to inquiries and overall professionalism.

"Over the past year, Delta Dental has received high marks for consistently providing high-quality customer service to our plan members and health care advocates," said John G. Kapanke, ELCA Board of Pensions president. "Delta Dental's dedication and service has helped to strengthen our partnership and ultimately our relationship with our plan members."

To celebrate the special recognition, the ELCA Board of Pensions hosted an award celebration dinner for key account management and catered a luncheon for customer service staff at Delta Dental. In addition, the ELCA Board of Pensions provided Delta Dental with a letter of recommendation to share with our business clients. □

Understanding the Numbers Access Points vs. Network Providers

Currently there are two terms used by the dental benefits industry to define dental network size. The term, "network providers" refers to the unique number of dentists in a dental network. The term "access points" refers to the number of providers practicing at a dental office location. Because many dentists practice dentistry or treat patients at more than one dental office location this number is the larger number of the two.

"It is important for our plan members to know that in making a true comparison

between the network sizes of different benefit providers Delta Dental provides access to the largest dental networks in Minnesota and nationally," stated Chris Baldwin, senior sales executive. Currently our DeltaPreferred OptionUSA network has approximately 42,000 unique providers, practicing in more than 58,000 dental office locations. Our DeltaPremierUSA network has approximately 105,000 unique providers, practicing in more than 135,000 dental office locations. □

Updated Manual

Your One-Stop Guide to Working with Delta Dental

Delta Dental's updated Group Administrator manual is now available on our Web site at www.deltadentalmn.org. The manual answers the questions group administrators are most likely to have. Feel free to print a copy of the updated manual for yourself, or to forward to your group clients. The Group manual can be accessed through the Benefits Administrators Connection section under Forms & Publications.

We would also be happy to mail you a copy: Simply call our Employer Services area to speak to a Group Administrator Helpline Representative at 651-944-5300, Option 4, or (toll-free) 866-318-9449, Option 4. □



Better Than Ever

Delta Dental's Innovative Business Model Brings Added Value to Customers and Minnesota Economy

Earlier this year, President and CEO of Delta Dental Plan of Minnesota Michael F. Walsh, announced that based on year-end financials, the organization posted one its strongest years to date, with total managed premium for Delta Dental and affiliates exceeding \$720 million, covering more than 3.2 million lives in 2002. Walsh credited the organization's unique business model, which has resulted in the growth of business developed outside the Delta Dental framework to more than \$180 million in premium, as playing a key role in continuing to strengthen the company's financial position, contributing significantly to containing costs for Minnesota customers and creating a number of job opportunities in Minnesota.

"Our mission is to ensure Minnesotans have access to affordable dental care not just today, but also in the future," said Walsh. "Given the historically slim margins in the dental benefit industry and rising health-care costs, we realized the only way we could protect Minnesota customers and patients over the long term was to build a business model that leverages our expertise into other markets both nationally and internationally."

According to Walsh, the model has been a resounding success, with more than a quarter of all total managed premium — or more than \$180 million worth — coming through national and international partnerships. "The substantial volume of business derived through these partnerships has significant benefits for Minnesotans," said Walsh. "External business contributes over 35 percent of our operating margin (reserves) and over 30 percent of our administrative costs, providing more funds to be directed towards dental benefit reimbursement."

Chief Financial Officer Dani Fjelstad said approximately 91 cents of each dollar collected in premium is paid out in dental benefits. "Operating margins in this business are very slim and vary based upon the mix of fully-insured and self-insured business. Our operating margins are in the 1-2 percent range. Our substantial growth and large business volume has allowed us to achieve a high level of efficiency and keep our administrative expenses at a very competitive level. If we didn't adopt this model, it would be exceedingly difficult to deliver cost-effective dental benefits, which would hurt Minnesota customers and patients."

Fjelstad also said the success of the business model has helped Delta Dental consistently earn some of the highest financial ratings in the industry. In 2002, the organization renewed its 'AA-' rating from Standard & Poor's and an 'A' rating from A.M. Best, during a time in which many organizations have been downgraded.

Walsh said the business model has also had

another key benefit: It has contributed significantly to the local economy, as the growth in business has created several new job opportunities and provided security to the organization's 400 plus employee-base in the Twin Cities and Iron Range, in spite of a down economy.

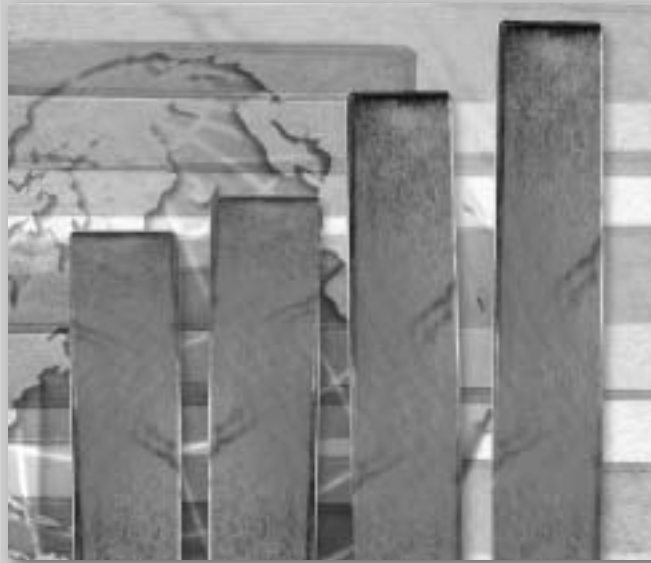
"The business expansion model we established has truly been a win-win for all Minnesotans," he said. "However, we certainly could not have not have achieved this alone. Over the years, a number of entities, such as the

Minnesota Department of Commerce and others have supported our efforts to not only build the business model but also support our needs as the business grew."

Gary Ballman, senior vice president of operations, said the organization's expansion led to a new customer service center on the Iron Range, built in partnership with Iron Range Resources and Rehabilitation Board (IRRRB). The facility currently employs 85 individuals and recently completed an expansion to accommodate an additional 120 individuals.

"While managing a number of brands can be challenging, our customer service and claims processing areas have delivered stellar service," said Ballman, "The quality of our customer service is one of the cornerstones of our success," said Ballman. Last year, customer service representatives handled more than 5,000 calls a day from group customers, dental offices and patients, and the company processed approximately 22,000 claims daily for all dental brands.

"I am confident the innovative growth model we have adopted will continue to benefit Minnesotans," said Walsh. "In 2003, we hope to establish a number of new partnerships which will be in line with our business model and growth objectives. This will continue to benefit our Minnesota customers, besides adding more jobs to the local economy." □



Out Front In Our Community

Toddler Tuesdays at Mall of America



Each Tuesday at the Mall of America hundreds of toddlers and their parents gather for free events, education and entertainment at the “Toddler Tuesdays” program. Every Tuesday acts such as Cat in the Hat, Dora the Explorer, Arthur, and Sponge Bob attend the event. Because February is Children’s Dental Health Month, Delta

Dental organized a special weekly program where the Tooth Fairy welcomed children, and Children’s Dental Services provided free oral health screenings. Parents received oral health care information, and toddlers received oral health stickers, activity sheets, certificates for a healthy smile, and a special Winnie-the-Pooh toddler toothbrush. □

Delta Dental’s Iron Range Food Drive A Success Raises Nearly 20,000 Pounds of Food, \$10,000 in Cash

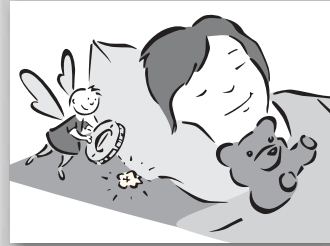
In March, Delta Dental Plan of Minnesota kicked off a food drive in response to news highlighting the urgent need by Iron Range food shelves. “We were very concerned by the fall-out the Range’s unemployment situation has caused, especially in terms of how it affects the basic needs of individuals and families,” said Michael Walsh, President and CEO, Delta Dental Plan of Minnesota. “We have been doing business on the Range for the past several years. We were pleased to



help individuals and families on the Range in responding to this basic need. The response was incredible.” The Iron Range Food Drive raised \$75,000 in cash and food that was delivered to the Iron Range in a donated Minnesota Teamsters truck. □

News Bites

Tooth Fairy’s Payment Slides Along With Economy



According to Delta Dental Plan of Minnesota’s annual tooth fairy poll, even the Tooth Fairy could

not escape the harsh realities of a sluggish economy and budget constraints. The average “gift” a young child receives for a tooth dropped by six cents, from \$1.60 last year to \$1.54 — a decrease of 3.75%, according to a survey of almost 600 parents. This is the first decrease we’ve seen since Delta Dental started the survey several years ago. Overall, however, the Tooth Fairy did not fair as badly as some of the major market indices — most of which have dropped by about 25% over the past year. During the same time period, the NASDAQ dropped by more than 25%, the S&P 500 dropped by more than 25% and the Dow Jones Industrial Average (DJIA) dropped by just over 22%. □

Delta Dental Supports Child Abuse Prevention Month

During April, Delta Dental Plan of Minnesota supported the national Child Abuse Prevention Month through a partnership with Minnesota’s Family Support Network. In 2000, nearly 12,000 children in Minnesota were abused and 18 children died from physical abuse.

Dental health professionals are in a unique position to help spot child abuse because they may see the physical signs of abuse and/or neglect when treating their young patients. Statistics show that 65% of child abuse injuries occur in the areas of the head, face, neck and mouth — areas that are routinely observed by dental professionals. Dentists are mandated reporters by statute. Delta Dental sent a letter and supporting materials to its participating Minnesota dental health providers reminding them to report potential abuse to appropriate authorities. □

Orthodontic Discount Program for Small Groups

At Delta Dental, we take pride in offering innovative dental plan solutions that are both economical and respond to the needs of our groups and members. We are now pleased to present our small and mid-size customers a



unique orthodontic program — a cost-effective response to a highly desired benefit.

Our new Orthodontic Discount Program covers both adults and children, and expands benefit

choices for small and mid-size group employers who currently don't have

traditional orthodontic coverage under their Delta Dental plan. Eligible employees and dependents enrolled in our program will have access to a network of credentialed Twin Cities-based orthodontists, who will provide treatment for covered services at a guaranteed discounted fee. This exciting new benefit option can be purchased by groups on behalf of all employees,

or individual employees can purchase the program on a voluntary basis.

Want to know more about the Orthodontic Discount Program?

Contact your Delta Dental representative at (651) 406-5900 or (800) 328-1188. Or contact DeltaConnect at (651) 406-5920 or (800) 906-5250. □

In-box Oral Health

Now each month you can receive *Healthy Smiles Tips* e-mailed to your Inbox to share with your employees. The aim of our monthly *Healthy Smiles Tips* is to help you empower your employees to improve their oral health.



Each month, the Delta Dental Healthy Smiles Tips will bring you interesting and timely oral health information in an easy-to-read format. Please share these oral health tips with your employees via your employee newsletter, internal Intranet site or e-mail.

If you would like this information emailed directly into your Inbox, please contact your Delta Dental account representative. □

HIPPA Update continued...

Dental sends a member's PHI to any outside entity — such as a broker or group administrator — we encrypt that email. Recipients do not need special software; recipients will only need a password (which they will receive via mail or telephone) to decrypt the email. Emails sent without PHI will not be encrypted.

Patients' New Rights

Please note that while HIPAA privacy regulations create many new rights for your employees, that they always have the right to receive and review their

private health information at anytime.

We appreciate your understanding as we apply the legal requirements of this new regulation to our communications and procedures. □

NewsUpdate

Article ideas and questions from readers are welcome.

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