



DELTA DENTAL OF MINNESOTA

# Dental done right.<sup>SM</sup>

2009 ANNUAL REPORT



# 3,500,000

Members  nationwide

## RIGHT ON TRACK

For more than 40 years, Delta Dental of Minnesota has focused on doing dental benefits the right way. The right products, the right processes and the right dentist networks make us the right choice for more than 8,000 Minnesota-based groups and more than 3.5 million members.

As one of the largest providers of dental benefits in the Upper Midwest, Delta Dental of Minnesota (Delta Dental) has built a reputation for providing access to quality, affordable dental benefits that maintain and improve oral health.

### 2009 HIGHLIGHTS

Premium and Administrative Revenue	\$972 million
Operating Expenses	\$ 70 million
Number of Members Nationwide	3.5 million
Number of Claims Processed	6.2 million

### FINANCIAL RATINGS

A.M. Best	A (Excellent)
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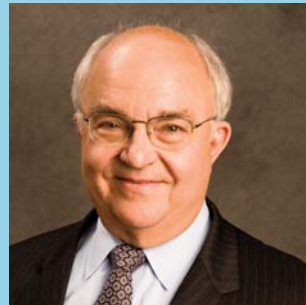


Delta Dental is a registered mark of Delta Dental Plans Association. Delta Dental of Minnesota is an independent nonprofit dental services company and is an authorized licensee of Delta Dental Plans Association of Oak Brook, Illinois. Data presented represents sum of Delta Dental of Minnesota (insured) and DeCare ASO, LLC (self-insured) business.

Dental Done Right<sup>SM</sup> is a service mark of Delta Dental of Minnesota.

98%  
Clients retained

## LETTER FROM OUR PRESIDENT



Providing stability in an unstable environment. This might seem like a tall order in today's challenging economy. But doing things the right way allows Delta Dental of Minnesota to remain a stable and predictable dental benefits partner. Our customers look to us for the right combination of solid protection, unmatched overall savings, exceptional access to care and the best in service.

It starts with having the right products. Our portfolio of affordable and flexible dental benefit plans meets the needs of groups, individuals and public-program enrollees. In fact, our wide range of products allows us to serve a broader spectrum of clients than any other dental plan.

The right products paired with the right networks mean value for our members. Our dental networks, the largest in the state and the nation, provide access to unparalleled savings and convenience.

We pride ourselves on spot-on service. That contributes, in large part, to us retaining 98 percent of our groups and 97 percent of respondents to our subscriber survey stating they were satisfied with our quality of service.

We posted excellent growth and operating results, a measure of strength that is particularly important in this economy. In 2009, we increased premium and administrative revenue to \$972 million. Our operating expenses are well below the industry average. And for the 11th consecutive year, we earned an "A" rating from A.M. Best – among the top financial ratings for oral health benefit companies in America. These achievements are possible because we are a company of dedicated people. I offer my personal thanks to our employees, service partner employees, contracting dentists and brokers for their commitment and hard work.

We also know the importance of doing right by the communities we serve. We've partnered with community organizations and social service agencies to address the dental needs of Minnesota's underserved and uninsured populations.

No one can predict with complete certainty what the economic future will hold. But, we can predict that we will continue to be the right choice, providing the reliability, stability and consistency you've come to expect from us. Thank you for your continued support, and we look forward to serving you for many years to come.

**David B. Morse**  
**President**  
**Delta Dental of Minnesota**

# 13 of 19

Minnesota-based  Fortune 500  
companies served

## DIVERSE, AFFORDABLE PRODUCTS

Our portfolio of affordable and flexible dental benefit programs is designed to meet the needs of customers of all ages and from all types of organizations – small businesses, corporations, public entities, unions, professional associations, public programs and individuals who purchase dental insurance on their own.

### **Group Dental Plans**

Matching each group with the right product is a team effort. Consultants, brokers and group administrators work with us to determine the best benefit plan to meet employees' needs. We offer both fully insured (risk) and self-insured (administrative services only) dental benefit plans.

Delta Dental offers a variety of network and indemnity plans to small groups. Delta Dental Connect<sup>SM</sup>, our small group and broker service team, provides personalized service to brokers and clients on products, renewals, rates, participation questions, contract issues, enrollment and more.

Individually rated groups of 100 or more employees look to Delta Dental to design a benefit plan tailored to their needs, including custom pricing, cutting-edge operational capabilities and a dedicated account manager. We are proud to count 13 of the 19 Minnesota-based Fortune 500 companies among our clients.

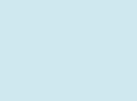
### **Dental Plans for Individuals**

As part of our nonprofit mission, individuals who do not have dental benefits through an employer have access to individual plans that we administer under our own brand and through some of the state's leading medical insurers. Affordable plans are available for subscribers age 18+ and their families, as well as plans for retirees.

### **Public Programs**

Delta Dental has a long history of partnering with a number of Minnesota's leading health plans and dentists to administer dental benefits for approximately 290,000 public program enrollees. Our mutual goal is to expand access to dental care and offer members specialized customer service, care coordination and information on their dental benefits.

# 6 seconds

Average phone  response time

## SERVICE THAT LEADS TO SATISFACTION

To be the right choice, quality and service are paramount. Our reliable, consistent performance is the primary reason that more than 98 percent of our customers remain with us year after year. We are also proud to report that in 2009:

- **97.2 percent** of our subscribers were satisfied with the service we provided.
- Our Customer Service representatives answered **1.325 million calls**, with an average phone response time of **6 seconds** and **97.4 percent** of questions resolved with the first call.
- We processed **6.2 million claims** with an average turnaround of just **1.47 days**. Our financial accuracy for claims paid was **99.9 percent**.



# 2,650

Participating  Delta Dental  
Premier<sup>®</sup> network dentists

## LARGEST NETWORK AND GROWING

Our networks deliver impressive, negotiated discounts that help keep dental benefits affordable. A credentialed Delta Dental network dentist is never far away.

Our subscribers have access to the Delta Dental Premier network, the state's largest and most comprehensive network with more than 2,650 participating dentists. Over 80 percent of Minnesota dentists participate. In addition, Delta Dental's PPO<sup>SM</sup> network includes more than 1,500 dentists.

But the choice of dentists isn't limited to Minnesota. For groups headquartered in Minnesota with employees located in other states, the national Delta Dental Premier network is the largest in the nation with three out of four dentists participating.

## BROKER PARTNERS: PERSONALIZED SERVICE AND A PARTNERSHIP SPIRIT

A strong working relationship with independent agents, brokers and consultants is critical to our success. After all, they are the key link between groups and Delta Dental of Minnesota. Delta Dental's quality products, comprehensive networks and personalized service are tools they can rely on to provide a stellar experience for groups.

We're proud to report that more than 96 percent of our brokers were satisfied with our day-to-day dental plan administration. In fact, four out of five brokers said we were "better" or "much better" compared to the best other insurance company they know.



# 219

Organizations, health fairs and youth service projects supported

## IMPACTING COMMUNITIES

At Delta Dental of Minnesota, we are committed to aligning our business goals to support the communities we serve. We do so by assuming a leadership role in improving oral health through accessible, affordable dental benefits. And we continue to collaborate with organizations to address the oral health needs of underserved and uninsured individuals.

The issues of oral health are bigger than any single organization can address on its own. In 2009, we contributed more than \$985,000 in grants and donations to support a range of programs addressing oral health and community needs.

### **Philanthropy**

Our goal is to support activities that promote cost-effective solutions to short- and long-term oral health care. Our primary funding focus is to reach disadvantaged children found to be at greatest risk for complications resulting from a lack of sufficient oral care and treatment.

In 2009, our philanthropy committee invested in 35 organizations to help prevent and treat dental disease, to empower children and families to become active partners in their healthcare and to ensure a healthier place for all to live, work and thrive.

### **Community Contributions**

Our community commitment includes sponsoring special events and programs. In 2009, we provided funding for more than 55 organizations working in areas such as improving health, education and homelessness and preventing child abuse. In addition, we promoted oral health at more than 90 community health fairs and supported 39 youth service projects through our Serve a Smile<sup>SM</sup> program.

# 100,000

Toothbrushes, toothpaste  
and dental floss distributed  
to children

## REACHING OUT

### **Employee Involvement**

Every year, our employees participate in a variety of community programs. In 2009, employees donated their time and talent through more than a dozen events. Delta Dental of Minnesota also matched employee contributions for several projects.

### **Education and Outreach**

Understandable health information is critical to developing healthy habits. That's why we continue to produce Smile Discoveries health tips, which are dedicated to a variety of important oral health-related topics.

To further reinforce healthy habits, we distributed nearly 100,000 toothbrushes, toothpaste and dental floss to Head Start classrooms, schools and community organizations. Because tooth decay is the most common, yet preventable, childhood disease, we link our giving of dental supplies to educational messages that reinforce these healthy habits.



# 8,000

Minnesota-based  employer  
groups

## COMBINED FINANCIAL STATEMENTS FOR DELTA DENTAL OF MINNESOTA AND DECARE ASO, LLC FOR 2009 & 2008

*Dollars in thousands (\$000)*

**Years Ended December 31,**

<b>COMBINED STATEMENTS OF OPERATIONS</b>	<b>2009</b>	<b>2008</b>
Subscription revenue, net	\$970,242	\$930,694
Dental administrative revenue	1,486	1,041
Investment and other income	7,153	(2,846)
Total revenue	<u>978,881</u>	<u>928,889</u>
Dental service claims	894,664	853,285
Operating expenses	<u>70,330</u>	<u>69,968</u>
Total expenses	<u>964,994</u>	<u>923,253</u>
Revenue over expenses	13,887	5,636
Other change in surplus	5,696	(3,747)
Surplus, beginning of year	<u>150,354</u>	<u>148,465</u>
Surplus, end of year	<u>\$169,937</u>	<u>\$150,354</u>

# 6,200,000

Claims processed

*Dollars in thousands (\$000)*

**Years Ended December 31,**

	<b>2009</b>	<b>2008</b>
<b>COMBINED BALANCE SHEETS</b>		
Cash and cash equivalents	\$37,912	\$43,930
Investments	160,132	122,216
Accounts and note receivable	53,740	61,327
Property and equipment, net	7,345	7,737
Other assets	4,421	5,502
Total assets	<u>\$263,550</u>	<u>\$240,712</u>
Dental service claims	\$74,397	\$72,926
Accounts payable	10,907	5,272
Accrued expenses	1,610	1,382
Deferred revenue and group refunds	5,863	5,618
Due to affiliates	836	5,160
Total liabilities	<u>93,613</u>	<u>90,358</u>
Surplus	167,205	153,318
Accumulated other comprehensive income	2,732	(2,964)
Total equity	<u>169,937</u>	<u>150,354</u>
Total liabilities and equity	<u>\$263,550</u>	<u>\$240,712</u>

# Contact Us

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