

DELTA DENTAL OF MINNESOTA
**BROKER
UPDATE**

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**WORKING TOGETHER TO NAVIGATE
THE CHANGING MARKET**

I mentioned in the last BrokerUpdate newsletter how marketplace dynamics were leading us to take a fresh look at how we deliver products and services that are of real value to your clients and their employees. Health care reform is of course the driving force.

As you know, Minnesota is making plans for its state-run public exchange – and there are private exchanges in the works as well. It's hard to believe, but the state-based exchange is expected go live in less than a year. There are still many questions to be clarified and decisions to be made prior to implementation, but one thing is clear: More and more, the consumer will be at the center of the decision-making model.

We're working hard to prepare for ways to most effectively engage the consumer. In fact, as you'll read about on the next page, we've recently hired a Vice President of Consumer Sales and Marketing – Tim Quinn – to develop strategies focused on the consumer. This is a new position for Delta Dental of Minnesota. It highlights the importance we're placing on this market segment and our desire to expand our brand more deeply beyond the traditional employer group market that already knows us so well. Watch for new campaigns and increased visibility from us in the coming months.

As we develop and refine our strategies, especially with the small group market that is expected to see the biggest impact when health care reform is fully implemented, we view our partnership with you as critical. You've already begun the dialogue with your groups as their trusted adviser. Your feedback is critical as many of these groups make decisions about how they will structure their benefit packages in the "post-health care reform" environment. We'll be relying on your knowledge and the discussions you've had with your groups to help us revise our existing products, to develop

new products and to better understand the expectations in the marketplace.

We'll continue to play off our strengths you've come to rely on:

- The largest network in the state with approximately 2,800 participating dentists.
- Great service for you through our Delta Dental Connect team.
- Great service for your groups and for members from implementation through claims payment and every stage in between.
- Unmatched rate stability, including rate increases averaging less than 3.5 percent for the past nine years for our pooled plans.
- Financial stability, which means you can count on us to be there for you and your clients – whether they are groups or individuals – now and well into the future.

We'll look for opportunities to work together. For example, we're making inroads in North Dakota where we were selected to provide dental benefits for the State of North Dakota Public Employees Retirement System effective Jan. 1. The North Dakota market represents a great joint opportunity.

Let's keep the dialogue open as health care reform moves from planning to implementation. We're relying on your expertise to help us navigate the market.



Chris Earl – Senior Vice President
Sales and Marketing
Delta Dental of Minnesota



TIM QUINN APPOINTED VICE PRESIDENT OF CONSUMER SALES AND MARKETING



With the implementation of health care reform, many carriers expect a shift in the dental benefits market where a growing number of consumers independently purchase their own individual/family dental plans instead of receiving coverage through an employer-sponsored plan.

Recognizing a real opportunity and need to develop comprehensive strategies that address the individual and small-group market, Delta Dental of Minnesota is pleased to announce it has appointed Tim Quinn vice president of consumer sales and marketing.

Quinn brings a wealth of consumer sales and marketing expertise to his new position. Prior to joining Delta Dental, he worked for General Foods Corporation

with many well-known consumer brands including JELL-O Gelatin, Stove Top Stuffing, Minute Rice, Open Pit® BBQ Sauce, and Post Cereals. Working for Lederle Laboratories, a division of American Cyanamid, he was instrumental in launching Centrum Silver multivitamins.

In his new role, Quinn will be responsible for establishing consumer-directed marketing campaigns focused on both individuals and small groups – as well as overseeing product development and preparing Delta Dental’s product offerings for sale on public and private exchanges.

“Given the market dynamics – and in particular the growing role of the consumer in purchasing dental benefits – I’m excited for the opportunity to build and execute programs focused on this important segment of our market,” said Quinn. “I’m really looking forward to expanding the Delta Dental brand by creating promotional tools to serve the needs of small groups and consumers.”

NEWS IN BRIEF

Delta Dental of Minnesota rated “A” (Excellent) by A.M. Best for its financial strength

A.M. Best recently reaffirmed its “A” rating for Delta Dental of Minnesota for the 14th consecutive year – once again placing us among the highest-rated dental plans in the country.

Delta Dental earns Readers’ Choice award from Benefits Selling magazine

For the fourth consecutive year, and seventh overall, brokers and consultants who read Benefits Selling magazine have rated Delta Dental as the carrier that offers the best dental coverage.

Delta Dental of Minnesota partners with Minnesota Timberwolves

For this season and next season, Delta Dental of Minnesota has agreed to sponsor Crunch, the

Minnesota Timberwolves official mascot, to bring access to oral health messages and education to underserved children and youth throughout Minnesota. Through this partnership, Delta Dental will distribute oral health supplies and educational materials to more than 100,000 children over two years.

Delta Dental of Minnesota Foundation is signature sponsor of state’s first Mission of Mercy event

On August 17-18, 2012, Minnesota held its first Mission of Mercy (MOM) event in Mankato. MOM events, currently held in 18 states, provide free dental care to adults and children who face insurmountable barriers to care.

Delta Dental of Minnesota Foundation donated \$150,000 as the signature sponsor of the event. Over two days, more than \$1.3 million in free patient care was provided through 2,062 patient visits. More than 1,300 people volunteered, including seven Delta Dental of Minnesota employees.

RATE INCREASES BELOW INDUSTRY DENTAL TREND ANNOUNCED FOR POOLED PLANS IN 2013

Brokers tell us one of the reasons they place and keep their pooled group business with Delta Dental of Minnesota is because we're so consistent with our rates from year to year. For brokers, this means there are no surprises at renewal time – and no large rate hikes required for their groups because we priced the business too aggressively in a previous year.

You can count on us again in 2013 for consistency in our rates. Our pooled plan renewal pricing for all commercial pooled products is well below local industry dental trend, which has been averaging between 5.5 to 7.5 percent. In fact, there will be no rate increase for our Voluntary programs (Dental Flex and Discover) as well as for our Delta Dental Premier® program. Our most popular plan, Millennium Choice, will have a rate increase of only 3.5 percent.

Small group renewal rate increases account for inflation in provider reimbursement rates and group loss ratios. Delta Dental of Minnesota is able to keep rates affordable because:

- We offer the largest network in the state. 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.

How's our long-term track record?

Averaged over the past nine years, each of our main commercial pooled products has increased in price less than 3.5 percent a year.

POOLED PLAN RATE INCREASES	2013	9-YEAR AVERAGE
Delta Dental Premier®	0%	1.89%
Delta Dental PPO SM and Delta Dental Premier – <i>Dual-option Program-Millennium Choice</i>	3.5%	3.44%
Delta Dental PPO Plus Premier – <i>Voluntary Network Program-Dental Flex</i>	0%	2.94%
Voluntary Non-network program-Discover	0%	2.39%
Delta Dental PPO	4.25%	3.33%

DELTA DENTAL OF MINNESOTA BROKER SURVEY RESULTS

Thanks to all brokers who completed our annual survey, and congratulations to Jim Egan from Mercer, who we randomly selected among respondents in the drawing for a Kindle Fire HD! We're pleased to share with you the results of several key questions posed in the survey:

- **How satisfied are you with your Account Manager overall?**
More than 97% satisfied
- **How satisfied are you with the Delta Dental Connect representatives overall?**
99% satisfied
- **How satisfied are you with the range of products offered by Delta Dental of Minnesota?**
More than 96% satisfied
- **How satisfied are you with Delta Dental's performance on the following: Overall day-to-day dental plan administration?**
More than 99% satisfied
- **How do you rate Delta Dental of Minnesota compared to the best other insurance company you know?**
Nearly nine out of ten brokers said we were "better" or "much better"
- **If given a choice between two dental plans, Delta Dental and another plan with comparable costs and benefits, would you pick Delta Dental over the other plan?**
More than 97% answered "yes"

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