



BETTER HEALTH THROUGH ORAL HEALTH



At Delta Dental of Minnesota, improving the health of all Minnesotans through oral health is the core of our business. A smile is the universal symbol of happiness and health, and we know that The Power Of Smile® can be impactful to you as an individual – in your personal interactions, professional life and school.

In 2013, we were able to foster more smiles in Minnesota than ever before. Among our many year-end successes:

- The rollout of our new direct-to-consumer website, ThePowerOfSmile.com, that has proven to be an effective, turnkey shopping experience for affordable individual and family dental plans.
- In October 2013, we participated in the state and federal online insurance marketplaces, offering individual and family dental plans as part of the Affordable Care Act.
- 2013 featured steadily increasing group membership due to our outstanding history of customer service.
- We contributed \$3 million back into the communities we serve via our foundation.

Our success can be attributed to our team members and our provider, broker and community partners, who are responsible for the oral health of our members and community. We believe that when we invest our time and efforts in outstanding service, innovation and education, we help build stronger communities, healthier individuals and brighter futures for Minnesotans.

Along those lines, we have heightened focus on the connection between good oral health and overall health. Systemic oral-overall health has been associated with conditions such as stroke, heart disease, diabetes and complications with pregnancy. While we remain committed to improving access to affordable dental care for overall health, we know the importance of health education and prevention. We want our members to know what it takes to keep themselves and their families healthy. That's why we strive to continuously improve access to valuable resources such as:

- **MyDentalScore:** An online tool that assesses oral disease risks and individual oral health needs that can be shared with your dentist.
- **Delta Dental Mobile App:** Provides easy access to a dentist search, claims and coverage, and digital ID cards right on a mobile device anytime, anywhere.
- **Delta Dental of Minnesota's Enhanced Oral Health Resources:** Our members can find essential oral and overall health information including videos, infographics and quick facts by going to the Delta Dental of Minnesota blog, Facebook, Twitter or YouTube pages.

On behalf of the entire Delta Dental of Minnesota organization, I want to thank our partners for your continued support with improving overall health and oral health.

We look forward to continuing to invest in our community, deliver innovative products and provide educational tools to ensure Minnesotans are healthy and have healthier smiles for many years to come.



Rodney Young
Chief Executive Officer and President
Delta Dental of Minnesota

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THE DELTA DENTAL DIFFERENCE

For over 45 years, Delta Dental of Minnesota has upheld an established tradition of improving the oral health and overall health of Minnesotans.

Everyone deserves a healthy smile for a lifetime. It's a belief that is at the heart of our organization.

As a nonprofit dental benefits company, we strive to keep our community healthy by providing access to quality, affordable dental benefits and we are proud to bring oral health to those who can't access these resources through our philanthropy programs and outreach initiatives.

As the largest provider of dental benefits in the region, our strength and stability allow us to carry on our traditions, assure we stay current with the needs of the ever-changing marketplace, and fulfill our goals.

Our goals are straightforward:

- Improve the effectiveness of care in the oral health system
- Raise oral health awareness
- Educate on the correlation between oral health and overall health
- Promote prevention activities
- Improve the communities we serve

We believe that improving oral health and adhering to our commitments to diversity, the community, innovation, collaboration and integrity ensure that more Minnesotans will be smiling.

2013 proved to be a successful and profitable year. Highlights of 2013 include:

Premium/Admin Revenue:	\$1.16 billion
Members Nationwide:	3.8 million
Claims Processed:	6.59 million
Dental Service Claims:	\$1.07 billion
Gifts Distributed by Delta Dental and the Delta Dental of Minnesota Foundation:	\$3 million

A.M. Best Financial Rating:

A (Excellent) for 15th consecutive year

Service
Community CoMmitment
InnovatI on
Col Llaboration
Int Egrity



A DENTAL PLAN FOR EVERY SMILE

Delta Dental helps keep smiles healthy by providing affordable and comprehensive dental plans for members. We serve small businesses, corporations, public entities, unions, professional associations, public programs, individuals and families.

Group Dental Plans: At Delta Dental, we offer plans to fit the needs of any group size. We offer both fully insured (risk) and self-insured (administrative only) dental benefit plans. To assure group needs are fully met, we work closely with qualified group administrators, brokers, and consultants.

We offer tailored benefit plans to individually rated groups of 100 or more employees. We retained 99 percent of these groups in 2013. Here's why:

- Dedicated account manager on every account
- Cost savings through network utilization
- Turnkey operations
- Value pricing
- Responsive customer service
- The nation's largest network of dentists

Additionally, Delta Dental Connect, our small group and broker service team, provides personalized service to help brokers and small groups choose from our various plans. Delta Dental Connect also helps with enrollment, rate configuration, renewals, participation guidelines and contract questions.

Individual and Family Dental Plans:

Every individual deserves a healthy and powerful smile. That's why Delta Dental offers a variety of affordable dental plans that fit the specific needs and budgets of individuals over the age of 18 and their families. Plans start at just \$22 and range from preventive-only coverage to comprehensive coverage.

Delta Dental of Minnesota's new website, ThePowerofSmile.com, hosts the individual and family plans and offers a personalized and turnkey dental benefit shopping experience for the consumer.

Additionally, in October 2013, Delta Dental of Minnesota – in accordance with the Affordable Care Act – began offering individual and family dental plans on the state (Minnesota) and federal (North Dakota and Nebraska) online insurance marketplaces.

Public Programs: We're proud to offer dental benefits to more than 257,000 public program enrollees in Minnesota and North Dakota. We work to expand access to dental care and offer unparalleled customer service by partnering with a wide network of dentists and health plans.

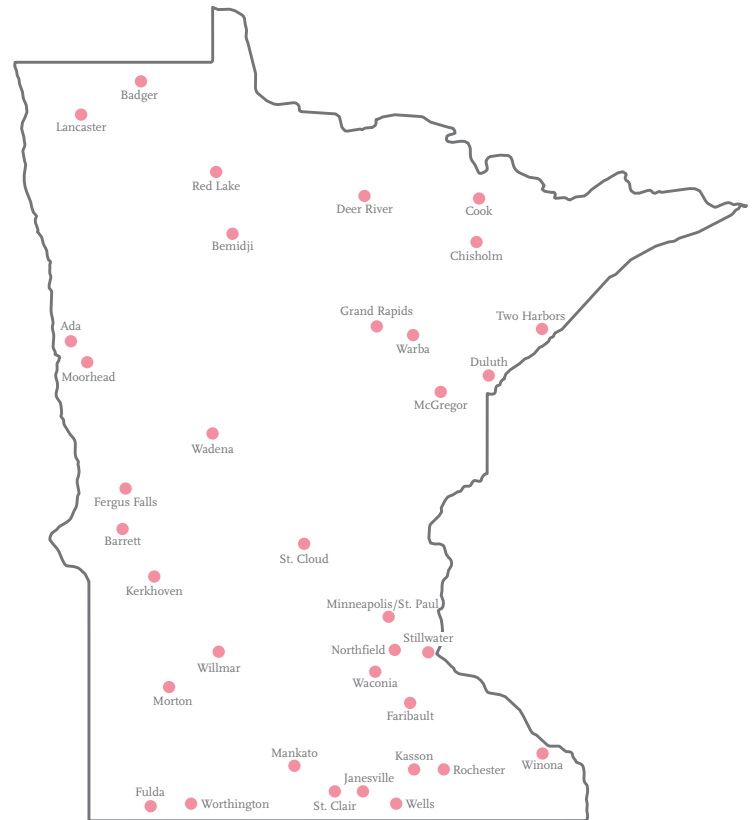


BETTER HEALTH THROUGH ORAL HEALTH

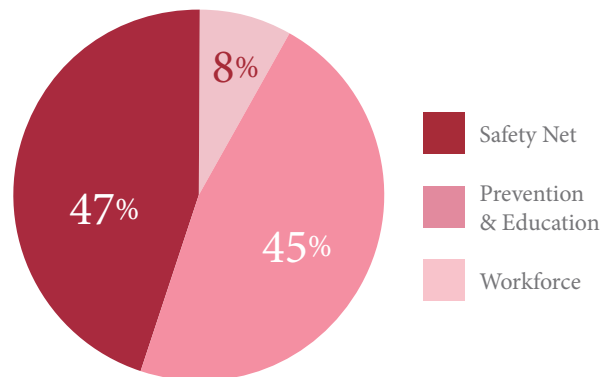
As a nonprofit, our commitment to improving oral health goes beyond providing affordable dental plans for our customers. We are committed to improving the health of Minnesotans. In 2013, Delta Dental distributed more than \$3 million in grants and donations to over 250 organizations. With every funding decision and relationship, our objective is to support organizations that provide health care for underserved populations, raise oral health awareness, educate on prevention activities and embody the concept that healthy lives start with healthy mouths.

Our Foundation and Community Benefits programs strive to support and raise awareness of oral health initiatives through strategic collaborations with partners in our community, as well as through relationships with key stakeholders. We work to achieve our mission by investing our efforts in three areas: Delta Dental of Minnesota Foundation, Oral Health Outreach and Sponsorships, and Employee Involvement.

Delta Dental of Minnesota Foundation: In 2013, the Delta Dental of Minnesota Foundation distributed gifts totaling \$2.4 million, and developed program initiatives to improve access to oral health services. Our Responsive Grantmaking program issued 31 grants for one-time community based needs to make dental care available for people that may otherwise go without care. Major financial gifts ensure that community clinics and hospital-based oral health services are available, along with increased educational and career opportunities, especially in underserved regions. Throughout the last year, we inspired and led collaborations that engaged providers and whole communities in promoting healthy lives through healthy mouths.



TYPE OF GIVING



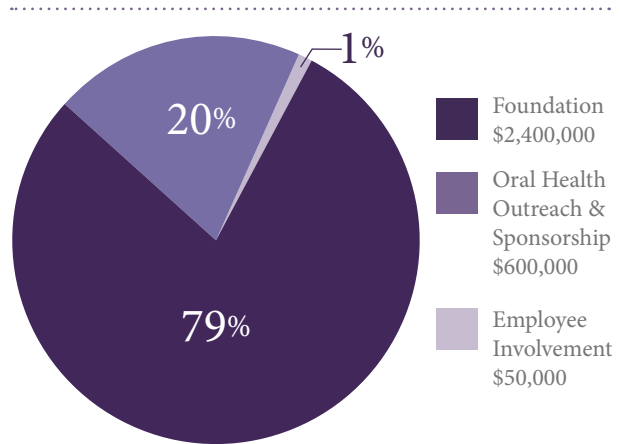
SUPPORTING LOCAL SMILES

Delta Dental’s commitment to the community includes sponsoring a variety of events and special programs that expand on our vision to improve the lives of Minnesotans.

Outreach: In 2013, we distributed over \$600,000 to more than 60 organizations for health advancement and prevention initiatives including oral health, diabetes and cancer. We donated more than 100,000 toothbrushes, toothpaste and dental floss to underserved Minnesotans to encourage oral health education. Additionally, we promoted oral health at more than 130 community health fairs, with more than 20,000 children receiving free dental screenings.

Employee Involvement: Our mission of improving the oral health of Minnesotans can be achieved not only through grants, donations and education, but also through the engagement and involvement of our employees. In 2013, our employees participated in a variety of volunteer activities within our community, including packing meals for malnourished children and raising funds to help cure cancer. Additionally, we encourage our employees to engage with organizations in their local communities, and we fully support the time and passion employees dedicate to community involvement through various internal programs. Delta Dental of Minnesota matches employee contributions to many nonprofit organizations, doubling the impact, and further exemplifying our commitment to bettering the lives of Minnesotans.

SOURCE OF GIVING



BUILDING A GREATER NETWORK

We design our products, build our networks and manage our business in ways that help our members save on out-of-pocket costs and ensure access to the largest network of dentists.

Delta Dental focuses on easing administrative details through interactive online tools and outstanding customer service resources, allowing dentists to spend more time on what matters most – the patient.

Our large network means:

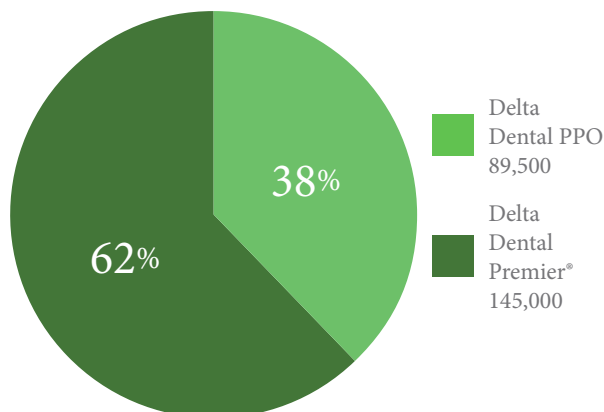
- Members enjoy the greatest cost savings when seeing network dentists.
- Employers are assured that dental coverage is affordable and convenient for employees.
- Brokers can provide accessible and cost-effective networks and products for their clients.
- Members are guaranteed quality care from the widest selection of dentists.

Delta Dental Premier® is the country's largest network. A network of this size makes it easier for members to stay in-network, thereby saving on out-of-pocket costs. In Minnesota and surrounding area, approximately 86 percent of dentist's participate – that's 3,140 dentists.

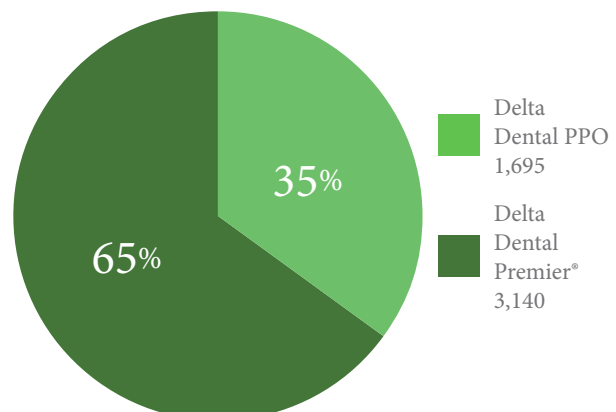
Delta Dental PPO allows members to receive an even deeper discount on dental care. PPO has more than 1,695 dentists participating in the state of Minnesota.

Individual and Family Plans, located on ThePowerOfSmile.com, offer peace of mind to Minnesotans not covered under traditional group benefits.

DELTA DENTAL DENTISTS NATIONALLY



DELTA DENTAL DENTISTS REGIONALLY



DELIVERING SERVICE WORTH SMILING ABOUT

At Delta Dental, we strive to give each individual member the attention and service they deserve. Whether it's answering questions on the first call, servicing clients or taking care of claims quickly and accurately, we give our customers our personal best.

Claims Processing

- **Calls Answered:** 1.53 million
- **Average Claim Turnaround:** 1.87 days
- **Average Claims Per Day:** 26,032

Client Service

- **Average Phone Response Time:** 21 seconds
- **Average Number of Calls Per Day:** 6,017
- **Inquiries Resolved on First Call:** 97.04%
- **Abandoned Call Rates:** 1.52%
- **Minnesota-Based Fortune 500 Companies Served:** 15 of 19

Claims Processed

- **Total Number of Claims Processed:** 6.59 million

Financial Accuracy

- **Financial Accuracy Rate:** 99.96%
- **Total Dental Claim Dollars Paid:** 1.07 billion

Retention

- **Group Retention:** 99%

Not only do our strong service statistics keep our members and providers happy, they are just one of the many reasons nearly 9 out of 10 brokers say we are “better” or “much better” than other dental insurance companies.

Agents, consultants, dentists, employers and consumers know they can turn to Delta Dental of Minnesota for our personalized service, extensive networks and comprehensive products.

Our customer satisfaction rate is 97.6 percent. Members appreciate having their questions resolved in a timely manner as well as having their claims processed quickly and accurately during their first call to our customer service team.



OUR INVESTMENT IN HEALTHY SMILES

COMBINED STATEMENTS OF OPERATIONS

Dollars in thousands (\$000)

Years Ended December 31,

	2013	2012
Subscription revenue, net	\$1,158,685	\$1,121,330
Dental administrative revenue	\$100	\$92
Investment and other income	\$15,098	\$10,766
Total revenue	\$1,173,883	\$1,132,188
Dental service claims	\$1,073,837	\$1,039,519
Operating expenses	\$86,503	\$78,561
Total expenses	\$1,160,340	\$1,118,080
Revenue over expenses	\$13,543	\$14,108
Other changes in reserve	(\$6,600)	\$884
Reserve, beginning of year	\$219,553	\$204,561
Reserve, end of year	\$226,496	\$219,553



COMBINED BALANCE SHEETS

Dollars in thousands (\$000)	Years Ended December 31,	
	2013	2012
Cash and cash equivalents	\$36,299	\$29,464
Investments	\$226,553	\$219,151
Accounts and note receivable	\$72,327	\$66,217
Property and equipment, net	\$5,003	\$5,699
Other assets	—	\$1,100
Total revenue	\$340,182	\$321,631
Dental service claims	\$97,494	\$87,571
Accounts payable	\$7,617	\$7,156
Accrued expenses	\$1,378	\$939
Deferred revenue and group refunds	\$4,957	\$5,113
Due to affiliates	\$2,239	\$1,299
Total liabilities	\$113,685	\$102,078
Fund balance and member's equity	\$225,738	\$212,195
Accumulated other comprehensive income	\$758	\$7,358
Total equity	\$226,496	\$219,553
TOTAL LIABILITIES AND EQUITY	\$340,182	\$321,631

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 DDMN ASO, LLC (self-insured) business.

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