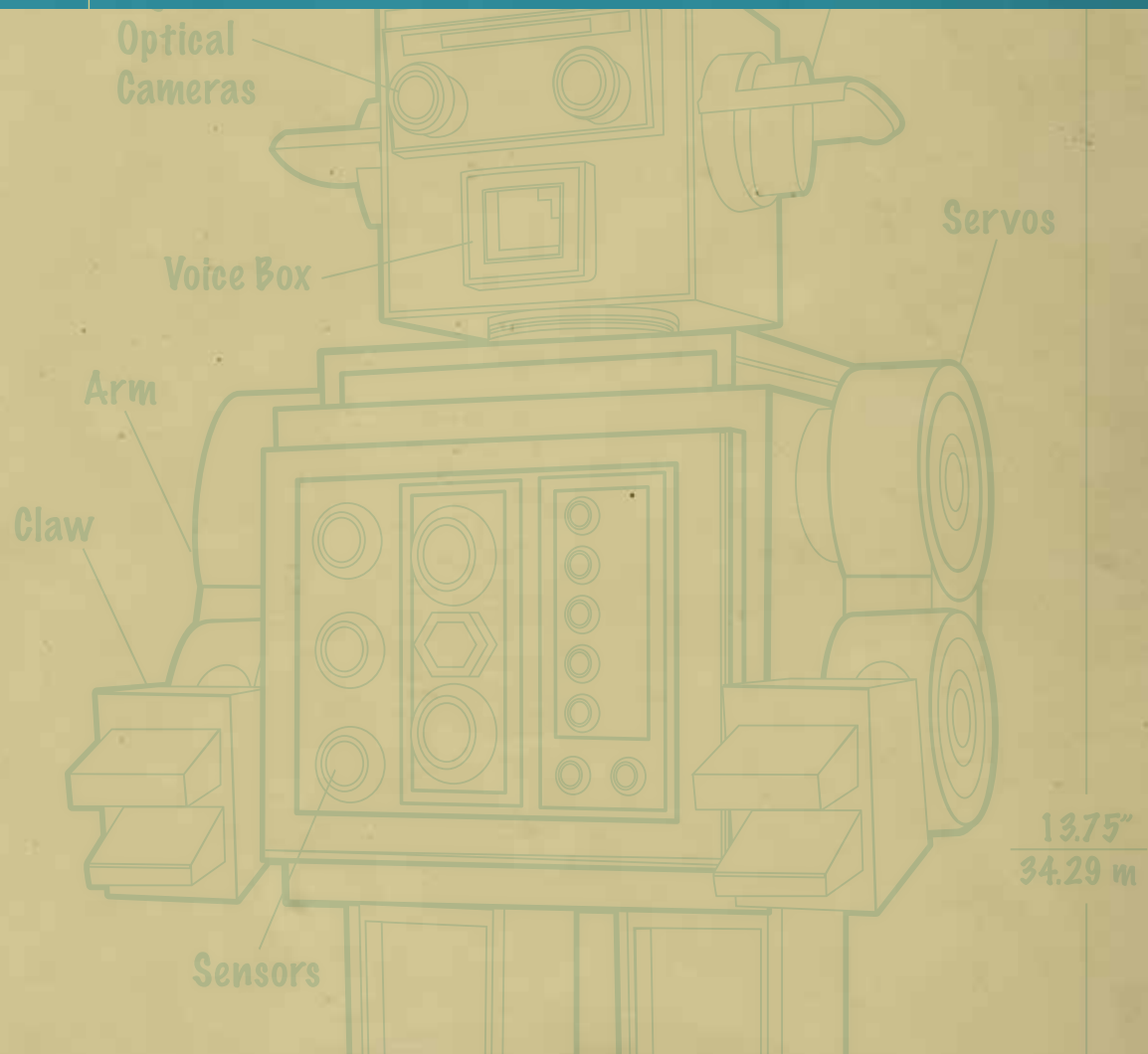


# THE FUTURE OF DENTISTRY

A VIEW OF THE MARVELS THAT AWAIT US IN THE DISTANT YEAR OF 2011



# BACK TO THE FUTURE

By any measure, 2010 was an exceptional year for the organization.

A year of continued success through difficult economic times further solidified Delta Dental of Tennessee's place as the leader in the dental benefits market within the State. While uncertainty abounded within American industry, our enterprise continued to grow and protect those companies and individuals that have chosen us to be their dental benefits company. On our commercial business side, new business gains and renewals were significant in 2010, the financial uncertainty of the prior year was more than offset, and capital and general reserves grew substantially. We also won the dental benefits management for TennCare, requiring an aggressive 45-day implementation effective for October 1.

In addition to strong business growth, we are pleased to report growth in our family of companies. In late 2010, Delta Dental of North Carolina affiliated with our family of companies established in 2005 under a common parent organization. In doing so, they joined the Delta Dental companies in Indiana, Kentucky, Michigan, New Mexico, Ohio, and Tennessee as part of an enterprise dedicated to providing the best in dental plans and service today, while working together to build a successful future.

Collectively, this enterprise is one of the largest and oldest group dental benefits providers in the nation, covering nearly 8 million people as of the end of 2010. In addition, in 2010, more than \$2 billion was paid for dental treatment received by those we cover, a statistic underscoring the tremendous role we play in improving oral health.

There are many reasons for this continued growth, among them: a dedication to quality, a motivated and expert staff, the best in technology and service, and a commitment to achieving our corporate mission: to being the dental benefits company of choice in the markets we serve.

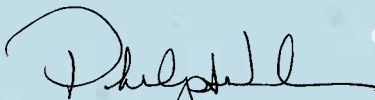
No doubt, the marketplace will continue to present challenges—it always does. In addition to normal market dynamics, a new variable is the health care reform law passed by the Congress in 2010. As enacted, among other things, this law will make dental coverage mandatory for children in 2014, and it will establish new health care exchanges where individuals and small businesses can purchase benefits if desired. While the full impact of the law remains unclear and official challenges have been mounted, we are taking steps to be prepared, as well as working to ensure consumers will have quality choices and cost transparency in their dental plan options.

There is no doubt that our solid foundation puts us in a position to thrive despite a changing business environment. The achievements in 2010 speak for themselves, and we also invite you to learn more about how we are continuing to build for the future in the pages that follow.

Speaking of the future, it is also the theme for this year's report – but with a slight twist. The photos and captions within take us back for a whimsical look at how people of the 1950's possibly imagined the future of dentistry...a look that we believe will make you smile.



John Collier  
Chairman



Philip A. Wenk, D.D.S.  
President and Chief Executive Officer



Philip A. Wenk, D.D.S., and John Collier

**THROW AWAY YOUR  
TOOTHBRUSH & FLOSS...**  
because in 2011, they'll use  
LASERS to keep your teeth  
clean. That's right, in the  
future, scientists will use the  
power of concentrated light  
beams to make sure you're  
always flashing the brightest  
smile possible.









## OVER THE TEETH AND THROUGH THE GUMS.

Look out future, here we come. Grab a glass of water, and pop a Plaque Prevention Pill containing special enzymes that instantly remove any traces of plaque build-up from your teeth...and anywhere else in your body. This little wonder is just one of the many dental hygiene innovations the future will bring, thanks to the miracle of modern science.

# OUR FUTURE VISION

## OUR MISSION

To be the dental benefits company of choice in the markets we serve

## OUR QUALITY POLICY

Bringing Quality to All We Do

## OUR CORE VALUES

DiverSity  
Community CoMmitment  
Innovation  
BaLance  
IntEgrity

The Delta Dental companies in Indiana, Kentucky, Michigan, New Mexico, North Carolina, Ohio, and Tennessee are part of a family of companies organized under a non-profit parent organization. In coming together, we found many areas in which we were the same and many in which we were different. In 2010, leaders of all the affiliated companies joined together to develop a common mission, quality policy and core values. This common mission helps drive us into the future while our core values define how we operate.

Moving forward, our enterprise is focused strategically on being the dental benefits company of choice in the markets we serve. While we are the market leader today, to stay that way, we must continue to create dynamic product lines that provide effective benefits to improve oral health—and overall health—while reducing costs. At the same time, we will continue to make it a priority to provide the best in service to our customers, subscribers, our thousands of participating dentists, and others with whom we do business.



# AN EYE TO THE FUTURE

Our Research and Data Institute brings together the groundbreaking work being done by our Informatics department, Research Committee, and world-renowned consultants to use data to drive innovation, improve service, and improve health. Through the Institute, our experts analyze and interpret our collection of dental claims data, which is the most extensive in the world, to find valuable insights into oral health and identify ways to improve our offerings in ways that will reduce costs while still covering the treatment our subscribers need to stay healthy.

We also support projects in conjunction with major universities and other leading research organizations that are designed to advance scientific knowledge and improve health. Among the projects recently supported are: a study on the potential for dentists to play a greater role in the detection of health conditions such as diabetes; the cost impact of oral cancer; the application of salivary diagnostics to dentistry; and the development of biotechnology to advance health.

Our dedication to research reflects our commitment to advancing the science of dentistry to benefit the health of future generations.

# THE FUTURE IS NOW

We understand the importance of great customer service. Our online tools for subscribers, dental office staff members, and customers are state-of-the-art, easy-to-use ways to obtain information at any time. In addition, we maintain an expert customer service staff as well as an automated phone line for inquiries.

We feel the future of our company will always be closely tied to our excellent service. Our 2010 statistics are proof of our continued excellence: Customer Service answered calls within 13 seconds on average, with an abandonment rate of 2.1%. We processed 97.64% of our claims in 10 days with 100% financial accuracy.

In 2010, we were awarded a contract with TennCare for the management of dental benefits. Within 45 days, we successfully implemented the TennDent program, which nearly doubled our enrollment and greatly expanded our footprint in Tennessee. An exclusive customer service unit was developed to accommodate the needs of the TennCare enrollees. Professional relations recruited and credentialed a new panel of dentists that met the geographic access needs of this group, including many dentists who were new to the TennCare program. With the dedication and the efficiency of our staff, we were able to accomplish this with minimal additional resources.

**CHEW ON THIS.** Imagine a world where every type of food you eat is genetically engineered to resemble a cube of cheese that perfectly matches the formation of your teeth, reducing any unnecessary wear and tear on your molars. A few gentle chewing motions will provide all the delicious taste of the toughest skirt steak or the stickiest peanut brittle without any risk of dislocating your jaw or chipping a tooth. It's just one more luxury we can all look forward to in the year 2011.







## **DANGER!! DANGER!!**

What's that? You forgot to laser your teeth clean this morning? No problem... DENTAL-BOT is here to help. Equipped with arms that wield lasers, floss, water-picks and fluoride rinse, these automatons will serve as our future sentinels of hygiene, on call to assist citizens with all dental-health related needs.

# INVESTING IN OUR FUTURE

We are committed to doing all we can to improve the quality of life in our communities, with a priority on oral health. In 2010, we provided funds totaling more than \$2.4 million for dental and community relations projects.

To commemorate our 45th anniversary, we embarked on the *45 years. 45 grants.* campaign and gave away \$45,000 to organizations across Tennessee that are dedicated to oral health and children's education initiatives. This program introduced us to many worthy organizations that we were proud to support.

Other major projects included support for:

- University of Tennessee College of Dentistry's Delta Dental Simulation Lab refurbishment and maintenance endowment, which provides a simulation environment for dental students to perfect their skills.
- Upgrade projects at Meharry Dental School's Delta Dental Oral Imaging and Diagnostic Clinic.
- St. Jude's Children's Research Hospital and Monroe Carroll Jr Children's Hospital at Vanderbilt for restoration and development of dental facilities to provide needed oral care to patients who are unable to leave the hospital campus.
- Governor's Books from Birth Foundation which supplements the Dolly Parton Imagination Library programs in counties across Tennessee.

We also continue to support a variety of community organizations and causes such as the American Cancer Society, Big Brothers Big Sisters, Boys & Girls Clubs, Interfaith Dental Clinic, Junior Achievement, Susan G. Komen Race for the Cure, Tennessee Flood Relief and many others.

# A BRIGHTER FUTURE

Our family of companies posted record growth in 2010, adding \$384.7 million in new business—up from \$176.5 million in 2009. In addition, the number of people we cover grew from 6.6 million in 2009 to 7.9 million in 2010.

While there are many reasons for this tremendous growth, the products we sell are the core of our success. We market a full range of products nationwide, including group and individual dental plans encompassing fee-for-service and preferred provider organization.

Here's a brief overview.

#### **Delta Dental Premier®:**

This plan provides access to the largest network of participating dentists in the nation, including approximately three out of four dentists in the United States practicing in more than 236,500 locations. Individuals who go to participating dentists realize cost savings by doing so.

#### **Delta Dental PPO™:**

This plan provides covered individuals with deeper cost savings through its nationwide network of participating PPO dentists. This plan has approximately 155,500 dentist locations nationwide.

#### **Delta Dental PPO Plus Premier:**

This plan is one of a kind nationally because it offers our two extensive provider networks simultaneously – unmatched provider access and claims savings for members.

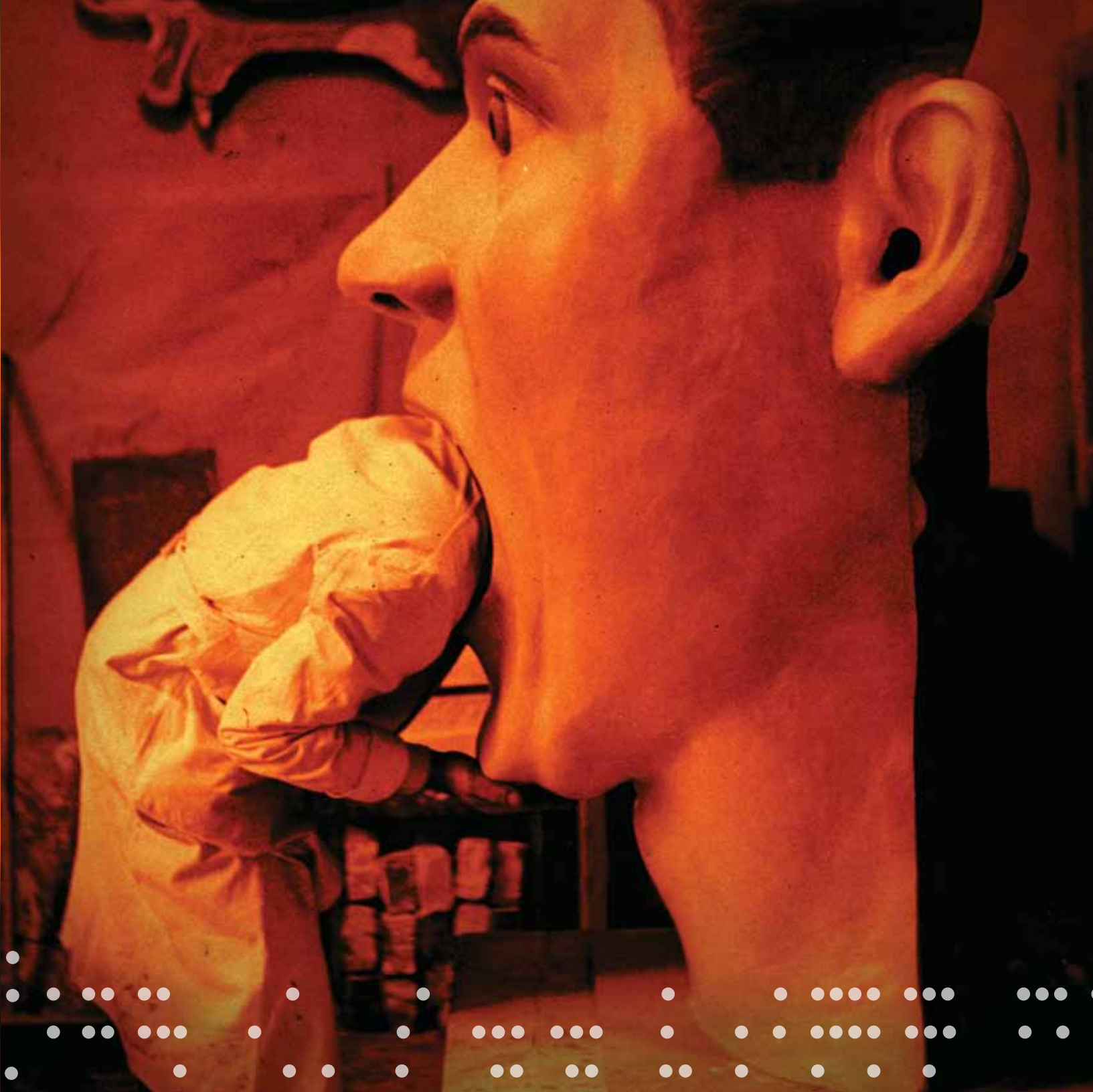
#### **Unique individual dental plan**

While dental coverage traditionally has been purchased through groups, to build effectively for the future, we realized the importance of offering individual plans as well. We are a leader in offering individual plans in Tennessee and today have more than 3,600 subscribers to this plan.

As an enterprise, we are at the leading edge in offering individual plans. The potential for these plans became clear in 2009 as an alternative for retirees and those who lost group coverage in cutbacks prompted by the recession. Today, nearly 100,000 people are covered, and the enterprise is well positioned for the health insurance exchanges being created by 2014 for individuals and small businesses.

**OPEN WIDE.** The ability to shrink people to one-tenth their size will allow dentists of the future to get up close and personal with their patients. Not only will this technology permit a direct hands-on inspection of a patient's teeth like never before, it will also give a more optimistic meaning to the expression "being down in the mouth."





# FINANCIALS

## 2010 Financial Results as of December 31

	Combined (000s omitted) <sup>1</sup>	Tennessee (000s omitted)
Total assets	\$ 740,463	\$62,570
Capital and general reserves	513,422	38,479
Total revenues	2,341,239	282,601
Total benefits and expenses	2,287,157	279,400
Contribution (reduction) to general reserves	54,082	3,201

## TennCare (effective 10/1/2010)

Revenues	\$36,612,513
Claims	35,594,836
Administrative	1,017,677
Members	740,025

## Cost Management Results<sup>2</sup>

	Combined (000s omitted) <sup>1</sup>	Tennessee (000s omitted)
Submitted charges	\$3.1 billion	\$519.1 million
Paid charges	\$1.5 billion	\$245.4 million
Total cost management savings	\$1.6 billion	\$273.7 million
The Delta Dental Difference <sup>®</sup>	\$435 million	\$80.7 million
Other savings	\$1.1 billion	\$193 million

## Key Business Accomplishments<sup>1</sup> as of December 31, 2010

	Combined (000s omitted) <sup>1</sup>	Tennessee (000s omitted)
New business(Total)	\$384.7 million	\$12.2 million
Covered people(Total)	7.9 million	953,915
Business Renewal		93.3%

## Service Accomplishments<sup>3</sup>

Call Center Results	
Average speed of answer	13 seconds
Group Satisfaction	99.65%
Enrollee Satisfaction	97.14%

1. Combined financial and coverage results are for Renaissance Health Service Corporation and Affiliates, which include Renaissance Health Service Corporation and Subsidiaries; Delta Dental Plan of Michigan, Inc., and Subsidiaries; Delta Dental Plan of Ohio, Inc.; Delta Dental Plan of Indiana, Inc.; Delta Dental Plan of Tennessee, Inc., and Subsidiaries; Delta Dental Plan of Kentucky, Inc., and Subsidiaries; Delta Dental Plan of New Mexico, Inc.; Delta Dental of North Carolina, Inc.; and Delta Dental Fund. Delta Dental is a registered trademark of the Delta Dental Plans Association. The Renaissance trade name and marks are owned by Renaissance Health Service Corporation and are not sponsored or endorsed by the Delta Dental Plans Association.

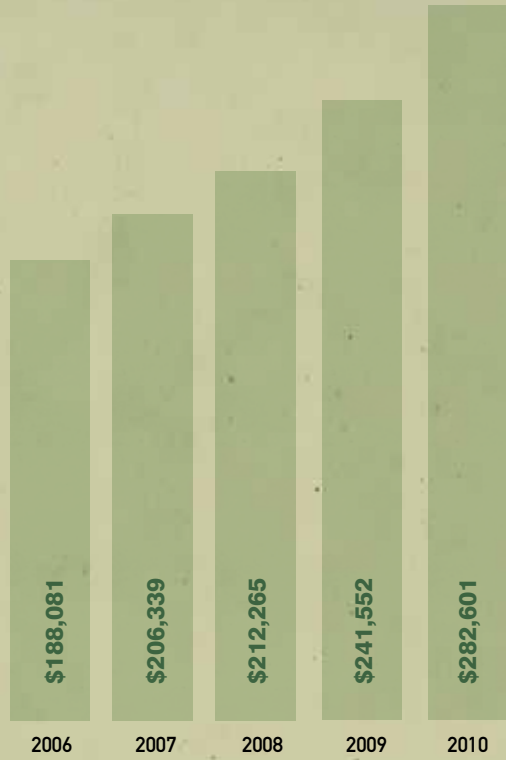
2. Cost management data is for Delta Dental of Indiana, Michigan, Ohio, and Tennessee.

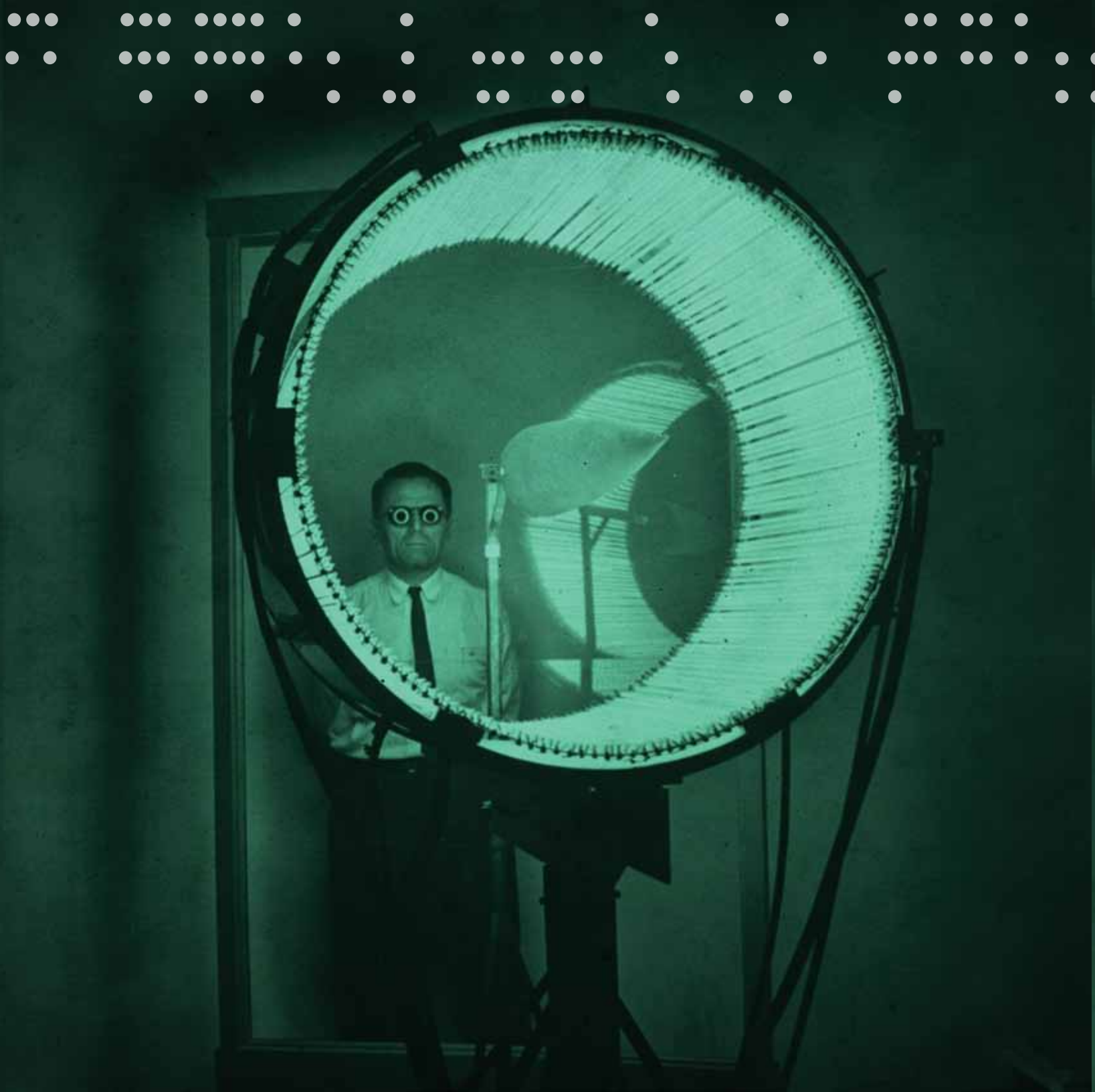
3. Service Accomplishments are for Delta Dental of Tennessee.



# FINANCIALS

**TOTAL REVENUES**  
(000s omitted)







**CAVITIES WILL BE A THING OF THE PAST,** and we mean that literally, thanks to the CAVITRON 2000. This mechanized wonder will isolate your cavity and then blast it with a powerful stream of fluorescent electrons creating a warp-vortex that will send your cavity back in time, or to another dimension—to be honest, we're not quite sure where the cavity goes, but we're sure they'll have it all figured out by the year 2011.

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(Clarksville, Tennessee)



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