

Strategy Progression Growth



2018

Annual Report
Delta Dental of Tennessee

A Letter From Our Leadership



We had a banner year in 2018 – record-breaking sales, strong customer satisfaction, notable employee engagement. The stats are impressive. What’s more impressive is the work going on behind the scenes to make all this happen.

As a legacy company in an increasingly commoditized industry, we have to keep an eye on the future. Growth at our stage is not going to happen by luck but by strategic intentionality. This past year, our leadership team invested significant time in developing our road map for the future. As part of this process, we evaluated the company from the foundation up, resulting in a new mission, vision and values that project where we want to be as a company as well as provide a reflection of our sound culture.

We shared this new strategic vision with all of our employees at a year-end Town Hall meeting. Now they all have a deeper understanding of what it takes to move Delta Dental of Tennessee forward and how they play a part in our company’s future. This inclusive approach has gotten our employees more fully engaged in helping us make the changes required to achieve our vision.

Aside from the commercial success of 2018, this past year we introduced the Smile Power Award and bestowed it on the late Tennessee State Representative Charles Sargent. Representative Sargent introduced legislation to fund the Tennessee Denture Program for its initial three years. In that time, more than 2,300 Tennesseans regained their Smile Power, enabling many of them to turn their lives around. This program is administered by our Smile180 Foundation free of charge so that the funding goes directly to benefit Tennesseans.

The following pages provide just a few of the highlights of a spectacular year. Join me in exploring these insights into the operations of Delta Dental of Tennessee and our Smile180 Foundation.



“Growth at our stage is not going to happen by luck, but by strategic intentionality.”

Phil Wenk, DDS
President and CEO

Victor Beck, DDS
Board Chairman



A New Mission, Vision and Values for Future Growth

Vision

Improve the overall wellness of the people in the communities we serve through our products, advocacy, education and philanthropy.

Mission

Ensuring Healthy Smiles

Values

Community

We seek opportunities to invest in the betterment of our communities.



Service

Our success begins and ends with providing superior quality service.



Integrity

We are committed to building open and inclusive relationships based on honesty, trust and respect.



Stats

Delta Dental of Tennessee's operational standards exceed industry requirements. It is our goal to set our baselines above those of our competitors.



2,378,376 Claims Processed

- 99.45% Processed in 10 days
- 99.92% Processing accuracy
- 100% Financial accuracy

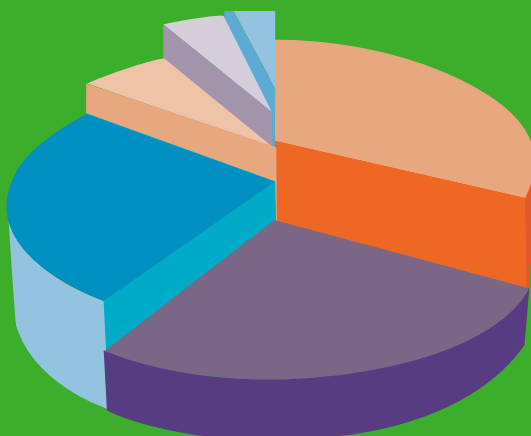


747,495 Calls Received

- 87.01% Answered in 30 seconds or less
- 7.8-second average speed of answer
- 97.46% First call resolution

Most Common Procedures

We processed nearly 2.4 million claims last year. Here's a look at the procedures we covered.



- Exams 32%
- X-rays 26%
- Adult Cleaning 26%
- Child Cleaning 7%
- Resin (composite) 5%
- Ortho (periodic visits) 4%

98.5% Customer Satisfaction Finding a Network Dentist

Combined, these networks provide our clients with a **Net Effective Discount* of 23.9%.**

Premier
91%
Participating
Providers in
Tennessee

PPO
72%
Participating
Providers in
Tennessee

Delta Dental of Tennessee
2,652 Dentists
4,450 Locations

Delta Dental Nationwide
154,748 Dentists
332,545 Locations

Delta Dental of Tennessee
2,082 Dentists
3,797 Locations

Delta Dental Nationwide
108,824 Dentists
266,032 Locations

Network

*Based on Ruark Consulting LLC's 2017 Dental PPO Network Study.



Making Customers Smile

97.05%
Members would recommend Delta Dental to friends and family

98.07%
Clients would recommend Delta Dental to a colleague

In 2018, our new group sales exceeded \$24 million, representing 39,700 new members in 232 groups.

98.3%
Member Retention (excluding mergers and acquisitions)

98.01%
Overall member satisfaction

98.67%
Overall client satisfaction among benefit administrators

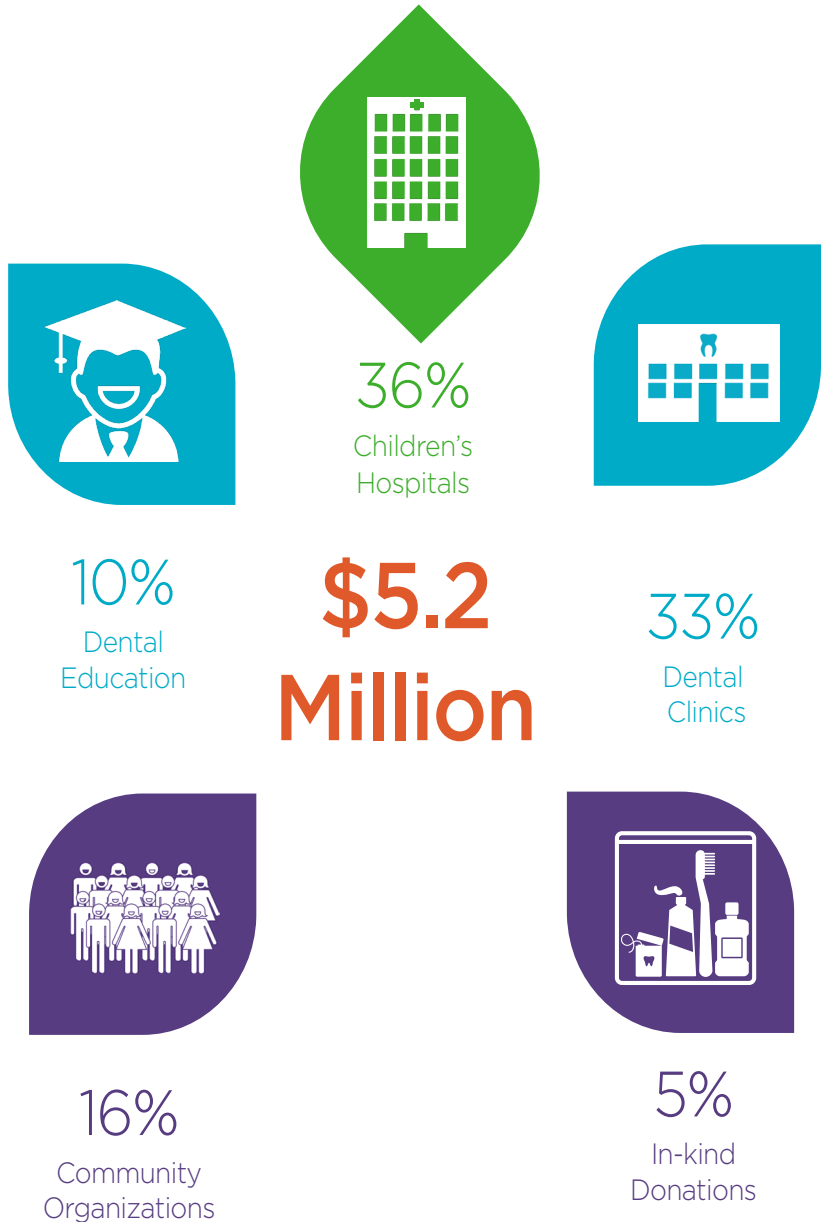


"Clients" are defined as benefit managers who represent groups and businesses that utilize the products offered by Delta Dental of Tennessee to serve the needs of respective employees. "Members" are defined as individuals who are enrolled to receive the benefits provided by Delta Dental of Tennessee products.



Collective giving for the Smile180™ Foundation and Delta Dental combined was more than \$5.2 million* in cash and in-kind contributions to more than 110 organizations across the state.

Where Our Support Goes:



Collective Impact

*Contributions include transfer of \$2.9 million to Smile180 for 2019 grants and \$1 million to the foundation corpus.

Fiscal Responsibility

Overview

	2017	2018
Total Assets	\$85,963,978	\$83,128,279
Capital & General Reserves	\$61,635,621	\$61,744,094
Total Operating Revenue	\$359,174,725	\$376,580,838
Total Benefits & Expense	\$354,780,944	\$372,461,505
Community Reinvestment	\$8,034,687	\$5,187,114

Cost Management Results

	2017	2018
Submitted Charges	\$821 million	\$891 million
Paid Charges	\$311 million	\$333 million
Total Cost Management Savings	\$510 million	\$558 million
The Delta Dental Difference	\$183 million	\$208 million
Other Savings	\$98 million	\$102 million

Key Business Accomplishments

	2017	2018
New Business	\$18,504,000	\$24,900,000
Total Covered Lives	1,256,000	1,275,146
Business Renewal Rate	96.6%	98.3%



16th Consecutive Year

88¢ Paid Claims

\$.88 goes direct to care and is the reimbursement to dental offices for services provided to our members.

7¢ Administration

\$.07 covers all of the costs associated with sales and administration of the plans, the processing of claims, and customer service, which is housed in our Nashville headquarters.

3¢ Taxes and fees

\$.03 is for premium taxes and broker commission fees.

1¢ Philanthropy

\$.01 is our commitment to corporate social responsibility and is contributed back to the communities we serve.

1¢ Reserves

\$.01 is deposited into reserves, as required by law, to ensure payment of all future claims.

How Every Dollar Counts



Executive Staff



President & CEO
Philip A. Wenk, DDS



Senior Vice President & Chief Financial Officer
Jeff Ballard



Senior Vice President Employee Relations
Pam Dishman



Senior Vice President Operations
Kaye Martin



Controller
Jeff Newton



Acting Chief Information Officer (Contracted ANS)
Larry Hogg



Vice President Brand Strategy
Missy Acosta



Vice President Corporate & Community Engagement
Shanda Brown



Vice President Corporate Operations
Melissa Huschke



Vice President Business Development
Jay Reavis

“We’re proud of the investment the executive management team made in strategic development during 2018. We believe their work has positioned Delta Dental of Tennessee for strong, sustainable growth for years to come.”

Dr. Victor Beck
Board Chairman

Board of Directors



Dr. Victor Beck Jr., DDS
Chair
Columbia, TN



Drew Robinson
Vice Chair
Cleveland, TN



Paul Bacon, DDS
2nd Vice Chair
Cleveland, TN



Leslie Sellers
Immediate Past Chair
Clinton, TN



Aerial Ellis
Nashville, TN



Rick V. Guthrie, Jr. DDS
Bristol, TN



Chris Holmes
Nashville, TN



Jed Jacobson, DDS
Marquette, MI



Brad A. Lampley
Nashville, TN



Jerome Melson
Knoxville, TN



Evette White
Brentwood, TN

**Ex-Officio Board
Members**

Laura Czelada
Okemos, MI

Philip A. Wenk, DDS
Nashville, TN



About Delta Dental of Tennessee

Delta Dental of Tennessee is the state's largest independent dental benefits carrier with nearly 1.3 million lives covered. As part of the Delta Dental Plans Association, Delta Dental of Tennessee members have access to the largest dental network in the nation with more than 154,000 providers serving more than 332,000 locations. With the simple mission of ensuring healthy smiles, Delta Dental of Tennessee works hard to help members of the communities it serves. Along with its philanthropic corporate foundation, Smile180, Delta Dental of Tennessee donated \$5.2 million to over 110 organizations in 2018, along with 2,378 volunteer hours spent in the community from employees.

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