



Delta Dental of Tennessee

2012 Annual Report



Smiles are essential to everything we do here at Delta Dental of Tennessee. As the universal symbol for good health and happiness, the smile is core to our mission to improve oral health. "SMILE" is also at the heart of our core values. It is the value proposition of our commercial, individual, and public health products.

Indeed, in 2012 we were able to help bring more smiles to Tennesseans than ever before. Our commercial membership hit a new high, and with that, we were able to make great contributions back to the communities we serve. In addition, our work through TennDent has enabled more TennDent members to get screenings and dental services than ever before.

In spring 2012, following in the path of our "Ambassador of Smiles," Marshall Molar, Delta Dental introduced the Smile Team. Our employees have always been eager to volunteer and help out, so we created the Smile Team as a way to outwardly share their commitment to our community.

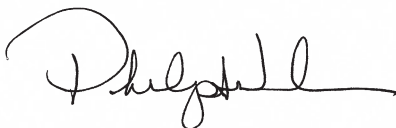
As part of the Renaissance Health Service Corporation, we have also seen an increase in smiles through more members at all of our affiliated companies. This exhibits continued growth despite economic forces and a less-than-favorable environment.

Our success must be attributed to our employees, as they are the ones most responsible for the smiles of our members. From sales and marketing to operations and customer service, our internal team makes it as seamless as possible for our members to receive their benefits for a bright and healthy smile.

As these pages unfold, you will see how we keep the smiles growing.



Campbell Sowell, Jr., D.D.S.
Chairman



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



Smile and the world smiles with you.

Delta Dental of Tennessee was formed in 1965 to improve the oral health of all Tennesseans. This provided the firm foundation on which we built our company and our values, and at the center of our values lies our ultimate goal: smiles. We believe that improving oral health and adhering to our commitments to diversity, the community, innovation, collaboration, and integrity will ensure that more people will be smiling because of us.

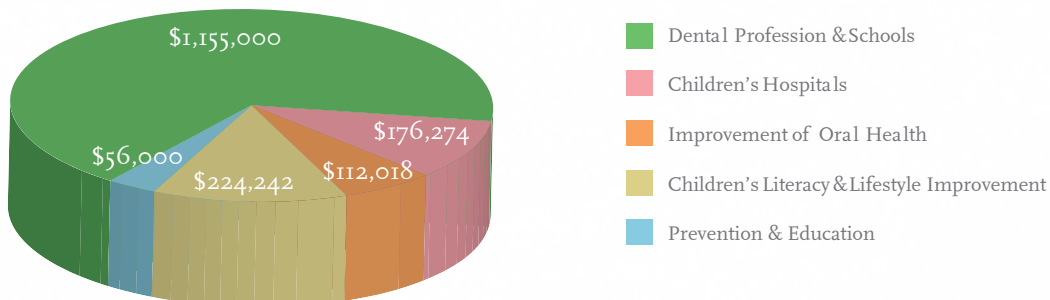
Diver **S** ity
Community Co **M** itment
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Supporting local programs.

Proudly sponsoring smiles.

We are committed to improving oral health in the communities we serve. We proudly sponsor smiles by contributing to local dental schools; improving childhood literacy; supporting dental clinics; and providing toothbrushes, mouth guards, and oral health education to the community.



With more than 3 million teeth knocked out during sports each year, it's clear that mouth guards are an important piece of athletic equipment. We gave out more than 15,000 mouth guards last year to local youth sports teams, adding up to more than 50,000 distributed over the last seven years.





Childhood literacy is a strong component of a lifetime of good oral health, and Delta Dental supports programs like Governor's Books from Birth Foundation. We also had the opportunity to read to kids and distribute toothbrushes at a local Head Start school.

We make a living by what we get, but we make a life by what we give.

—Winston Churchill



To help ensure that tomorrow's dental professionals are well-trained today, we support Tennessee's two dental schools—Meharry Dental School and the University of Tennessee College of Dentistry.



According to NADP, 130 million Americans do not have dental insurance, and people without dental benefits are 2.5 times less likely to visit the dentist. Last year, we gave \$112,000 to clinics across the state including RAM, Trinity Dental Clinic in Maryville, Reelfoot Rural Ministries in Obion, and Interfaith Dental Clinic in Nashville.



Investing in science and research helps us provide the best proven benefits to our members, and improve oral healthcare for all Tennesseans. Last year, a Delta Dental grant helped fund a study of a new product called ZyloCare®, toothpaste that uses Xylitol instead of Fluoride. Because the toothpaste is safe to swallow, no sink is needed for brushing, which could make brushing teeth at school more feasible.



Building a better network. Providing affordable access.



What makes people smile? Saving money. We design our products, build our networks, and manage our business in ways that help our members save on out-of-pocket costs. We provide value to our customers, and they must agree, because our family of companies added \$265.6 million in new business, and the total number of covered people grew to 11.6 million. These plans were available in Tennessee in 2012:

Delta Dental Premier®

With 142,000 dentists in more than 251,000 locations, this is the largest network of participating dentists in the country. A network of this size makes it easier for members to stay in-network, thereby saving on out-of-pocket costs.

Delta Dental PPOSM

This network has more than 83,900 dentists practicing in over 168,000 locations. Members can see even deeper discounts when visiting a PPO dentist.



88%

of Tennessee dentists
participate in
our networks.

Delta Dental PPO plus Premier

Plan members can choose a dentist from the Delta Dental PPO or the Delta Dental Premier network, which provides them even more choices for staying in-network.

Individual

The Individual Plan offers coverage and peace of mind to people not covered under traditional group benefits.

To give real service you must
add something which cannot
be bought or measured with
money—sincerity and integrity.

—Douglas Adams

The Delta Dental Difference®

One key to a well-managed business is paying careful attention to the numbers and where the money goes. We have an entire Focused Review department that is tasked with ensuring participating providers and our clients' covered members are in compliance with contractual agreements. By carefully monitoring claims and complaints we can better ensure accuracy in claims payment which translates into lower premiums.



By the numbers.

2012 Financial Results as of December 31

	RHSC ¹	Tennessee
Total Assets	\$998,905,022	\$70,511,581
Capital & General Reserves	699,824,365	52,713,605
Total Revenues	2,953,976,728	457,172,320
Total Benefits & Expenses	2,869,233,841	450,288,170
Contribution (reduction) to General Reserves	84,742,887	6,884,150

TennCare Results

Revenues	\$174,754,169
Claims	\$170,594,035
Administrative	\$4,160,134
Members	1,209,466

Cost Management Results

	RHSC ¹	TennDent	Tennessee
Submitted Charges	\$5.9 billion	\$274 million	\$570 million
Paid Charges	\$2.7 billion	\$172 million	\$247 million
Total Cost Management Savings	\$3.2 billion	\$102 million	\$323 million
The Delta Dental Difference®	\$1.0 billion	\$93 million	\$96 million
Other Savings	\$2.1 billion	\$9 million	\$227 million

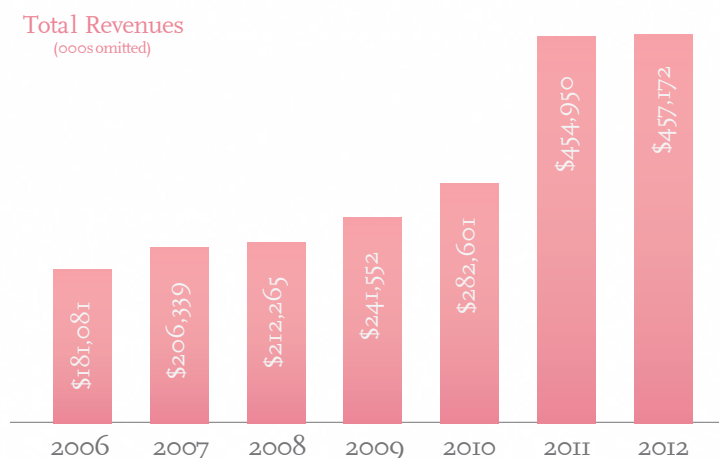


Key Business Accomplishments

	RHSC ¹	Tennessee
New Business (Total)	\$265.6 million	\$10,673,000
Covered People	11.6 million	1,038,000*
Business Renewal Rate		96.2%

Tennessee Service Accomplishments

	Commercial	TennDent
Total Claims Processed	1,834,779	1,035,030
Claims Processed in 10 Days or Less	98.35%	96.54%^
Claims Processing Accuracy	99.83%	100%
Financial Processing Accuracy	99.92%	100%
Call Center –Average Speed of Answer (seconds)	16.53	18.25
Call Center –Inquiries Resolved on First Contact	99.94%	99.6%
Group Satisfaction	98.5%	n/a
Enrollee Satisfaction	96.4%	93.6%



* Commercial business only—not including TennDent

^ In 15 days or less

1. Combined financial, operational, cost management, and coverage results are for Renaissance Health Service Corporation (RHSC) and Affiliates, which include Renaissance Health Service Corporation; Renaissance Life and Health Insurance Company of America; Renaissance Health Insurance Company of New York; Delta Dental Plan of Michigan, Inc.; Delta Dental Plan of Ohio, Inc.; Delta Dental Plan of Indiana, Inc.; Delta Dental of Tennessee, Inc.; Delta Dental Plan of Kentucky; Delta Dental Plan of New Mexico; Delta Dental of North Carolina; 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.

It is more rewarding to watch money change the world
than watch it accumulate.

—Gloria Steinem



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Never doubt that a small group
of thoughtful, concerned
citizens can change the world.
Indeed it is the only thing that
ever has.

—Margaret Mead



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