



Annual Report / 2017  
Delta Dental of Tennessee



# From Our CEO

By all accounts, 2017 was a banner year for Delta Dental of Tennessee. Our company stood Behind the Smiles of all our enrolled members, making sure they had access to the largest network of dentists and were able to receive the best care possible for the health of their smiles with a value that exceeds expectations.

The tremendous success we achieved in 2017 is about more than collaboration. It's about finding those synergies among the departments and gaining a greater understanding of how collectively we can work together and achieve significantly more. Think of it as an engine. As all cylinders are working together in perfect synchronization, productivity is accelerated exponentially.

Our claims processing accuracy has exceeded 99% year over year. Our sales team has successfully brought in new business and new subscribers. Our marketing team has increased our marketing ability in the modern world and garnered a Brand Champion Award. Our award-winning professional relations department has been recognized for growing and perfecting the Delta Dental networks. And all of this was done with a 98% client and member satisfaction score. In the end, 99.5% of our group clients said they would recommend us to a colleague.

What's even more astounding is that we have achieved this status with one of the lowest administration rates of any benefits carrier, which translates into even greater value for our clients and their employees, as well as our individual subscribers. This is illustrated in much more detail in the pages that follow.

The success that we have had over the past year demonstrates a higher level of synergistic learning and discovery that will continue to provide dividends for the company for many more years to come.

Phil Wenk, DDS  
President and CEO

“It’s about finding those synergies among the departments and gaining a greater understanding of how collectively we can work together and achieve significantly more.”



A background image showing three people (two men and one woman) smiling and wearing sunglasses, suggesting a sunny outdoor setting. The image is partially covered by a green overlay containing text.

# The Value of a Healthy Smile

What is the true value of dental benefits?  
Consider these statistics:

- Those without dental benefits report higher incidences of other illnesses and are 67% more likely to have heart disease and 29% more likely to have diabetes.
- According to the CDC, almost 80% of adults have gum disease, and the majority of them don't even know it.
- 90% of all systemic diseases can be detected in the mouth at an early stage when they can be more easily treated.
- 85% of millennials have untreated tooth decay.
- 164 million work hours are lost each year due to oral disease.

Ignoring these issues can lead to needless pain and suffering, financial hardship, and diminished quality of life.

Delta Dental gives our members convenient access wherever they are to the largest network of dentists in the country. That means regular visits can help prevent problems before they occur.

Dental care is all we do, so no one treats and cares for the health of the mouth like we do. Delta Dental plans provide preventive healthcare in the easiest, most affordable way possible, saving a lot of money, time and stress in the long run.



# Sales

While tradition bears much merit on our success, after more than 50 years, we have found the needs of our customers changing. More and more clients are focused on employee wellness and programs that promote benefits utilization. Preventive Advantage™ was introduced in 2017 to meet these needs, providing incentives for preventive care at a nominal premium increase. This new benefit design quickly caught traction in 2017 with nearly 50% of all new contracts opting-in for the incentive-based plans.

Our retention rate rose to 98% in 2017, and new group sales exceeded \$18 million, representing 36,000 new members in 181 groups.



## Retention

98.6% members continued  
(excluding mergers and acquisitions)



## Client Satisfaction

98.03% overall satisfaction among benefit administrators  
99.52% would recommend Delta Dental to a colleague



# Superior Advantage™ & Brighter Advantage™ Individual Plans

Delta Dental of Tennessee launched one of the first individual dental plans in the industry more than ten years ago. As the milestone anniversary approached, the company looked at ways to improve upon the traditional plan design and Superior Advantage™ and Brighter Advantage™ were born. These plans incentivize longevity with escalating benefits over a four-year period, including increasing contract year maximums. Brighter Advantage also includes cosmetic benefits, a first for the company.

In addition to creating more consumer-centric plan designs, we also looked at ways to improve the customer experience, particularly enrollment and onboarding. To make it easier for customers to enroll, we designed a landing page specifically for those interested in individual dental and tied the enrollment into a more streamlined process with a new sales platform.

To increase the perceived value of their new enrollment, a welcome kit was developed for subscribers, including a laminated identification card, full-color welcome brochure, and an exclusive offer from one of our top vendors.

Launched in fourth quarter, sales of the new plans have tracked with expectations, and we expect our individual plan enrollment will be increasing as marketing efforts are accelerated to support awareness.



Incentivizing longevity



Escalating benefits



Increasing contract year maximums



Improving the customer experience

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# The Power of \$1

At Delta Dental, we take our fiduciary responsibility very seriously. We want to assure all our clients and members that their premium dollars are being utilized prudently.

For every premium dollar received, here is how it is used:



88¢

## Paid Claims

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



6¢

## Administration

\$.06 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.



2¢

## Philanthropy

\$.02 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.



# Network

Delta Dental maintains the largest network in the nation, including more than 75% of all dentists nationwide and 90% of dentists in Tennessee. This gives our members greater access to care where it is most convenient for them.

Combined,  
these  
networks  
provide our  
clients with a  
Net Effective  
Discount\* of  
29%.

**Premier**

**Delta Dental of Tennessee**  
2,705 Dentists • 4,450 Locations

**Delta Dental Nationwide**  
152,689 Dentists • 339,560 Locations

**PPO**

**Delta Dental of Tennessee**  
2,140 Dentists • 3,797 Locations

**Delta Dental Nationwide**  
104,898 Dentists • 269,054 Locations

## Participating Providers in Tennessee

**PPO 71%**

**Premier 90%**

**2,975 Total Tennessee Providers**

\*Based on Ruark Consulting LLC's 2016 Dental PPO Network Study.





## Prosthodontic Program

This past year it was our honor to serve the State of Tennessee as a conduit of funding for a pilot prosthodontic program.

Tennessee is one of only three states that does not provide for oral health needs for the Medicaid population.



**The Tennessee Dental Safety Net** program was expanded to provide dentures and partials for working-age adults, 18-64.

By restoring smiles, this program has helped restore lives of hundreds of Tennesseans.





# Collective Impact

Just as we have focused on synergies within Delta Dental, we have also looked at ways that we can influence collective impact among the charitable organizations we support across the state. Going beyond writing checks, we are helping bring organizations together to create the greatest change and meet the needs of our communities.

Founded in 2014, Delta Dental's Smile180™ Foundation is a 501(c)(3) built on three primary pillars—supporting dental schools and oral health education, children's hospitals, and free and reduced-cost dental clinics. Delta Dental of Tennessee also continues its tradition of philanthropy, reinvesting 65% of net revenues in the communities we serve.

One of the first initiatives of Smile180 was to bring all of the clinics we support together and provide a forum for collective learning as well as sharing of best practices. This year, 24 people participated, representing 17 charitable and reduced-cost dental clinics in our third annual workshop.

We also look for ways we can meet needs with an eye on fiscal responsibility. Rather than providing funding for the purchase of dental hygiene supplies, we leverage our buying power to help provide these supplies for less, a savings in excess of 50% in most cases.

Collective giving for the Smile180 Foundation and Delta Dental combined was more than \$8 million\* in cash and in-kind contributions to more than 110 organizations across the state.



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## Where Our Support Goes:

2%

In-kind  
Donations



16%

Community  
Organizations



20%

Dental  
Education



24%

Dental  
Clinics



38%

Children's  
Hospitals



\*Contributions include transfer of \$3 million to Smile180 for 2018 grants and \$2 million to foundation corpus.

# Stats

Operationally, Delta Dental of Tennessee is one of the most streamlined companies in the insurance industry. This can be attributed to the processes in place and a management team that is focused on automation without compromising on service.



## 193,608 Claims

- 99.98% processed in 15 days
- 99.83% processing accuracy
- 99.94% financial accuracy



## 77,489 Calls

- 85.5% answered in 30 seconds or less
- 9-second average speed of answer
- 97.24% first call resolution



## Member Satisfaction

- 98.11% overall satisfaction
- 95.93% would recommend Delta Dental to friends and family





# Fiscal Responsibility

## Overview

	2016	2017
Total Assets	\$77,856,401	\$85,963,978
Capital & General Reserves	\$56,554,310	\$61,635,621
Total Operating Revenue	\$343,032,456	\$359,245,564
Total Benefits & Expense	\$340,901,638	\$354,851,783
Contribution to General Reserves	\$2,088,566	\$4,464,639
Community Reinvestment	\$6,390,966	\$8,034,687

## Cost Management Results

	2016	2017
Submitted Charges	\$736 million	\$821 million
Paid Charges	\$295 million	\$311 million
Total Cost Management Savings	\$484 million	\$510 million
The Delta Dental Difference	\$165 million	\$183 million
Other Savings	\$100 million	\$98 million

## Key Business Accomplishments

	2016	2017
New Business	\$14,733,629	\$18,504,000
Total Covered Lives	1,223,000	1,256,000
Business Renewal Rate	87.28%	96.6%



15th Consecutive Year

# Executive Staff



**President & CEO**  
Philip A. Wenk, DDS



**Chief Financial Officer**  
Jeff Ballard



**Senior Vice President  
Employee Relations**  
Pam Dishman



**Senior Vice President  
Operations**  
Kaye Martin



**Controller**  
Jeff Newton



**Vice President  
Information Services**  
Donald Beaty



**Vice President  
Marketing &  
Government Relations**  
Missy Acosta



**Vice President  
Operations**  
Melissa Huschke



**Vice President  
Quality Monitoring &  
Improvement**  
Shanda Brown



**Vice President Sales &  
Underwriting**  
Jay Reavis

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--Dr. Wenk



# Board of Directors



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



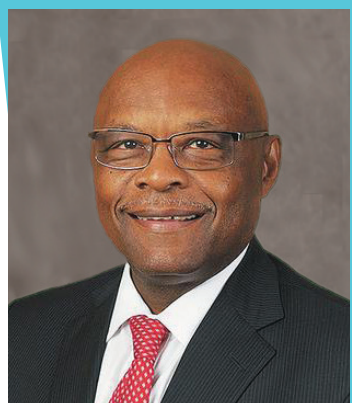
**Drew Robinson**  
Vice Chair  
Cleveland, TN



**Paul Bacon, DDS**  
2nd Vice Chair  
Cleveland, TN



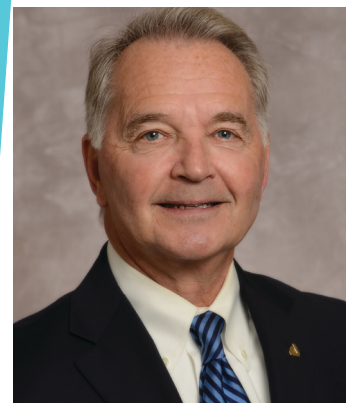
**Leslie Sellers**  
Immediate Past Chair  
Clinton, TN



**John Collier**  
Columbia, TN



**Rick V. Guthrie, Jr. DDS**  
Bristol, TN



**Jed Jacobson, DDS**  
Marquette, MI



**Brad A. Lampley**  
Nashville, 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 a not-for-profit dental insurance provider dedicated to advancing oral health care for Tennesseans through products, advocacy and philanthropy. Currently, the company is the largest independent dental insurance provider in the state, with more than 2,000 employer groups representing over 1.5 million Tennesseans. The company also has one of the state's largest network of practicing, licensed dentists with more than 90% participating in our Delta Dental Premier network and more than 70% participating in Delta Dental PPO. Delta Dental of Tennessee uses this leverage to give back to the community through its **Smile180™ Foundation** and partnerships with other charities dedicated to the health and wellbeing of Tennesseans.

[www.DeltaDentalTn.com](http://www.DeltaDentalTn.com)

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