A BRIGHT year by any measure
A company’s success can be measured in many ways, including customer loyalty and retention, the number of lives improved, new business gained, and the dedication of its employees.

By any measure, 2013 was a bright year for Delta Dental. Our dedicated employees continued their focus on providing high-quality service to our customers, growing our business, building our networks of participating dentists and improving oral health in the communities we serve.

In sales, new business resulted in more than 194,000 new subscribers, boosting our total number of subscribers to 3.4 million in Michigan, Ohio and Indiana. And as loyalty is the strongest measure of customer satisfaction, we are proud of our 99 percent customer retention rate. These numbers speak volumes about the quality of our company and the service we provide.

The Healthy Kids Dental program for Medicaid-eligible children, administered by Delta Dental and in partnership with the Michigan Department of Community Health, expanded by about 64,000 children in three new counties. This brought the total number of children covered in 2013 to approximately 500,000 in 78 of Michigan’s 83 counties.

In 2013, we were proud to maintain our ISO 9001 Quality Certification for the 11th year in a row. In addition, A.M. Best upgraded our financial strength rating from an A– to an A.

As community commitment is one of our core values, we continued our dedication to improving oral health in the communities we serve and in our role as strong advocates for sound oral health policy at the state and federal levels. We expanded our Brighter Futures initiative to include a focus on seven public policy priorities that have the potential to improve the oral and overall health of generations of Michigan citizens.
We deeply appreciate the support of our customers, business partners, participating dentists and board members in our three states. We also thank our employees for their dedication and commitment to making Delta Dental number one in the marketplace.

By any measure, 2013 was a great year for the company, and the future looks bright.

Laura L. Czelada, CPA
President and Chief Executive Officer

Bruce R. Smith
Chairman of the Board of Directors
Increasing and Retaining Subscribers

In 2013, the value that Delta Dental provided to customers translated into an all-time high sales retention rate of 99 percent. Further, most of our clients have been with us for at least five years—with one in five clients with us for 15 years or longer.

Our TriState sales team was responsible for bringing in more than 194,000 new subscribers in 2013, which boosted our total number of subscribers to 3.4 million. Since 2010, our subscriber total has grown 38 percent!

Some key new accounts in 2013 were: Healthy Kids Dental (new counties); Magna International of America Inc.; Gordon Food Service; Perrigo Co.; Keystone RV Co.; Celadon Trucking Services; Zotec Partners LLC; Cleveland Bakers and Teamsters Health & Welfare Fund; The Kenan Advantage Group Inc.; 4th District I.B.E.W. Health Fund; I.B.E.W. Local 38 Health and Welfare Fund; SummaCare Inc.; and Westfield Group.

Our ongoing, positive relationships and the respect we’ve earned over the years allow us to demonstrate Delta Dental’s overall value to customers in a competitive market. Savings to groups and their employees, excellent customer service, claims processing, benefit consulting and research and development all help to keep our customers coming back year after year.
Advancing Research

As the research and development arm of the company, Delta Dental’s Research and Data Institute continued to work toward improving oral health and reducing health care costs in 2013.

The institute, through its Research and Development Committee, evaluates products, services and technology in the marketplace and mines data from Delta Dental’s massive claims database for product development, cost reduction, improvement of oral and overall health, and fraud and abuse detection.

The company also provides funding to support research focused on oral health and the use of biotechnology and genetic tools for cutting-edge diagnosis and treatment of diseases.

Nationwide, support for research related to oral health lags behind research for other health issues. Through our Research and Data Institute, we are able to apply our data and scientific findings to ensure our customers and members exceptional coverage that improves their oral and overall health and maximizes benefit dollars.
ADVOCATING FOR ORAL HEALTH

As more components of the Affordable Care Act (ACA) came online in 2013, many state and federal government agencies issued new ACA-related regulations to guide the implementation. That meant significant work for Delta Dental in gauging the impact of the new rules and advocating for quality and affordability of dental benefits in the post-ACA environment.

For example, one outcome was in the long-awaited Essential Health Benefit Rule, which included a favorable clarification spelling out the conditions under which a stand-alone dental plan can offer the required children’s dental coverage outside of the health insurance marketplaces.

Throughout the year, considerable effort went into designing ACA-compliant plans for the individual and small group markets and educating customers about the necessary changes.

In October, the Healthy Kids Dental (HKD) program, a Medicaid partnership with the Michigan Department of Community Health, expanded to 64,000 additional children in three more counties, bringing the total enrollment to more than 500,000 Medicaid-eligible children. Our Delta Dental team continues to advocate for statewide access to this nationally acclaimed model.
MEASURING SUCCESS THROUGH QUALITY AND SATISFACTION

In 2013 we proudly maintained our ISO 9001 Quality Certification for the 11th consecutive year. This certification demonstrates our commitment to serving the needs of our customers and strengthens our dedication to quality and innovation.

Satisfaction remains high with members, dentists and dental office staff according to survey results. In 2013, survey results showed 97 percent of members are satisfied with Delta Dental and 96 percent would recommend us to others. When dentists were asked about satisfaction levels with various dental benefits providers in their respective states, Delta Dental was consistently rated number one—averaging 37 percent higher than the next highest rated competitor.

We understand the importance of great customer service. Our online toolkits for members, dental office staff, producers and customers provide 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.

OUR QUALITY POLICY:
Bringing quality to all we do

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

CORE VALUES:
Diversity
Community Commitment
Innovation
Collaboration
Integrity
Our industry-leading technology platform, Enterprise Technology Solution (ETS), has been internationally recognized as providing the best in fast, flexible service including online, real-time claims processing.

Our continued priority is to reduce costs and improve service by increasing the volume of claims that are submitted electronically. In 2013, an estimated 80 percent of claims were submitted electronically, which represents a 2 percent increase over 2012, and more than 95 percent of all claims—electronic, online and paper—were processed without any manual intervention.

As a geographically diverse group of eight affiliated Delta Dental plans—Arkansas, Indiana, Kentucky, Michigan, New Mexico, North Carolina, Ohio and Tennessee—our goal is to migrate all affiliates to the ETS platform.

One of our major accomplishments in 2013 was the conversion of Delta Dental of Kentucky to ETS. Plans for the conversion of Arkansas are currently underway.

As a result of our technological efficiencies and cooperation among locations, our costs per claim continue to decrease. From 2009 to 2013, the TriState per-claim cost dropped 27 percent.
Launched in 2012, Brighter Futures is Delta Dental’s initiative to improve the oral and overall health of children and adults through education, advocacy and philanthropy.

A major focus of the Brighter Futures initiative is our dedication to improving children’s oral health and literacy.

Tooth decay is the most common chronic childhood disease in this country, and children miss 51 million hours of school each year due to oral health problems. Students who are absent miss critical instruction time, especially in the early grades where reading skills are a focus.

Also central to Brighter Futures is the work we are doing to advance our seven public policy priorities.

1. Expand Healthy Kids Dental program throughout Michigan.
2. Make a dental screening part of the requirements for starting kindergarten.
3. Ensure that pregnant women understand the importance of and have access to dental care.
4. Provide high-quality oral health education for children pre-K through elementary school.
5. Make oral health care more accessible, especially for at-risk populations.
6. Raise awareness among students (and their families) about the advantages of reducing consumption of high-sugar beverages and snacks.
7. Support science-based programs known to prevent oral diseases, such as sealant programs and fluoridation efforts.
Highlights of our efforts this year include:

- Completion of the company’s five-part consumer oral health video series, *Drool is Cool*, with the release of three new research-based videos that are both entertaining and educational. The series features videos on salivary diagnostics, children’s oral health, oral cancer, oral health as part of overall health, and the benefits of water fluoridation.

- Sponsorship of the National Education Association’s Read Across America program in Michigan, Ohio and Indiana. Our message to children is a simple math equation: 2 x 2 + 20—brush your teeth two times a day for two minutes each time, and read for 20 minutes daily for a healthy body and mind.

- Partnership with lawmakers to spread the message about the importance of good oral health and literacy through the creation and distribution of more than 1,200 Brighter Futures classroom tote bags during National Reading Month in March.

- Partnership with Blessings in a Backpack to ensure that nearly 1,300 impoverished elementary school children in five elementary schools were fed on the weekends.

- Share a Smile Day last July when 500 children and their families were our guests at a Lansing Lugnuts baseball game. Children received backpacks containing oral health items and information on back-to-school dental visits. During the game we presented $272,000 to the Michigan Department of Community Health to fund community water fluoridation and children’s dental sealant programs across the state.
In 2013, Delta Dental and its philanthropic affiliate, the Delta Dental Foundation of Michigan, Ohio, and Indiana, proudly provided nearly $2.5 million to support programs, events and organizations dedicated to advancing the oral health of our communities.

Our giving in 2013 included:

- $422,000 to the Michigan Department of Community Health, the SEAL Indiana program, Case Western Reserve University Healthy Smiles Sealant Program and the Ohio Department of Health to support community water fluoridation and dental sealant programs.

- More than $300,000 in financial support to 86 community oral health clinics and programs throughout Michigan, Ohio and Indiana.

- More than $70,000 to provide weekly food to nearly 1,300 children in need as part of the Blessings in a Backpack program.

- $70,000 to the Cassopolis Family Clinic in Cassopolis, Michigan.

- $31,000 to Covenant Community Care in Detroit, Michigan, to provide better access to dental care for underserved children and adults.
In addition, the Delta Dental Foundation committed $2 million to the University of Michigan to establish the Delta Dental Integrated Special Care Clinic and $534,000 to the Ohio State University for a new mobile dental coach.

- $50,000 to the Impression 5 Science Center in Lansing, Michigan, for the development of a children’s oral health exhibit.
- $50,000 to the McMillen Center for Health Education in Fort Wayne, Indiana, to expand the Brush! program for preschool-aged children and their parents.
- $40,000 to support the 2014 Michigan Mission of Mercy, which will provide free dental care to nearly 2,000 uninsured adults and children.
- Providing more than 15,000 new children’s oral health books to libraries, schools and dental office waiting rooms and donating more than 100,000 toothbrushes and oral health items to community organizations and events.
ENGAGING EMPLOYEES

Employee community engagement ranks high on Delta Dental’s priority list. This year, our employees enthusiastically donated their time and resources to supporting a number of community-based, companywide initiatives.

In addition to improving the health and well-being of people living in the communities we serve, employee community engagement programs increase employee performance, loyalty and motivation, and bring higher feelings of satisfaction to those involved—all valuable aspects of company life worth encouraging.

- Seventy-five of our employees volunteered for Michigan’s first-ever Mission of Mercy at Saginaw Valley State University, where almost 1,300 uninsured patients received free dental care valued at close to $1 million.

- Our employees gave the gift of reading to students by donating more than 1,200 new copies of their favorite children’s books to area elementary schools for our holiday book drive. For every children’s book donated by employees, the Delta Dental Foundation donated one children’s oral health book.

- On Fridays during the school year, our employee volunteers packed backpacks with weekend food for impoverished children through our partnership with Blessings in a Backpack.
• Delta Dental employee readers volunteered their time to read to students in more than 75 area elementary school classrooms during National Reading Month in March.

• Delta Dental employees throughout our TriState locations donated 3,209 food items during our Take a Bite Out of Hunger campaign to distribute to food banks before Thanksgiving. The company matched $1 for every item donated, further extending the reach of the campaign.

• Employee volunteers worked the phones during the Sparrow Hospital Children’s Center Telethon in Lansing, Michigan, helping to raise nearly $1 million.

• Delta Dental employees served as volunteers and participated in the American Heart Association’s Lansing Heart Walk and the Ronald McDonald House of Mid-Michigan’s 2013 Run for the House.
EXCEEDING GOALS

COMBINED FINANCIAL RESULTS¹ (as of December 31)

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<td>Total Assets</td>
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<td>Capital and General Reserves</td>
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<td>Total Benefits and Expenses</td>
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<td>Operating Income</td>
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2013 OPERATIONAL RESULTS¹

Claims Processed. ...................... 19.8 million
Claims Processed within 10 Working Days ... 96.8 percent

2013 COST MANAGEMENT RESULTS¹

Submitted Charges ......................... $6.2 billion
Paid Charges ................................ $2.8 billion
Total Cost Management Savings ................. $3.4 billion
  The Delta Dental Difference® ................ $1.1 billion
  Other Savings .............................. $2.3 billion

2013 COVERAGE RESULTS¹

Total New Business ......................... $193.2 million
Total Covered People ...................... 12.1 million

TOTAL COST MANAGEMENT SAVINGS

THE DELTA DENTAL DIFFERENCE
$1.1 BILLION

OTHER SAVINGS
$2.3 BILLION
2013 SERVICE ACCOMPLISHMENTS²

CALL CENTER RESULTS:

Average Speed of Answer .................. 16 seconds
Inquiries Resolved on First Contact ........ 99.9 percent

CUSTOMER SATISFACTION RESULTS:

Business Renewal Rate .................... 99.1 percent
Implementation Grade Point Average ...... 4.0 on a 4.0 scale

MEMBER SATISFACTION RESULTS:

Satisfaction with Delta Dental ............... 96.8 percent
Would Recommend Delta Dental to Others................ 96.4 percent

1. Combined financial, operational, cost management and coverage results are for Renaissance Health Service Corporation 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 Plan of Tennessee, Inc.; Delta Dental Plan of Kentucky; Delta Dental Plan of New Mexico, Delta Dental Plan of North Carolina; Delta Dental Plan of Arkansas, 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 Delta Dental Plan of Michigan, Inc. and are not sponsored or endorsed by the Delta Dental Plans Association.

2. Service accomplishments are for Delta Dental of Michigan, Ohio, and Indiana as of December 31, 2013.
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AND OFFICERS

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(Lansing, Michigan)

Frank Buzaki, Jr.  
United Steelworkers  
(Uniontown, Ohio)

Judge Patrick T. Cahill  
(Milford, Michigan)

James R. Stahl, DDS  
(Toledo, Ohio)

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Goran Jurkovic, CPA, GCMA  
Treasurer and Director

Nancy E. Hostetler  
Secretary and Director

Robert P. Mulligan  
Director
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Vice President, Enterprise Application and Support

Lu Battaglieri
Senior Vice President and Chief Relationship Officer

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Vice President, Operations, Group Administration, Corporate Services and Business Project Development

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Vice President, Quality Assurance and Informatics

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Edward J. Zobeck
Executive Vice President and Chief Administrative Officer
FOR GOOD MEASURE

Download oral health and wellness resources
Michigan: www.deltadentalmi.com/wellness
Ohio: www.deltadentaloh.com/wellness
Indiana: www.deltadentalin.com/wellness

Download high-quality children’s oral health educational materials and activities
Michigan: www.deltadentalmi.com/teachingtools
Ohio: www.deltadentaloh.com/teachingtools
Indiana: www.deltadentalin.com/teachingtools

Download a copy of the *From Drool to School* book and view the video
Michigan: www.deltadentalmi.com/drooltoschool
Ohio: www.deltadentaloh.com/drooltoschool
Indiana: www.deltadentalin.com/drooltoschool

Watch the *Drool is Cool* video series
www.youtube.com/deltadentalmichigan

Download a copy of our 2013 corporate citizenship and philanthropy report, *Investing in Brighter Futures*
Michigan: www.deltadentalmi.com/givingback
Ohio: www.deltadentaloh.com/givingback
Indiana: www.deltadentalin.com/givingback