

2008 Cost Containment Report

Our clients count on Delta Dental of New Jersey for dental benefits programs that deliver exceptional value, quality, and satisfaction. Even during times of economic uncertainty, we've remained solidly faithful to our core values. Everyone deserves good oral health, and we steadfastly work to ensure our dental benefit programs enhance people's lives. At the same time, we understand the financial pressures facing companies to control costs wherever possible.

Our company is firmly committed to cost containment. **In 2008 alone, our cost containment programs saved clients more than \$254 million!**

Cost containment is just one reason clients choose us for their organizations. Our long-term strength and stability are others. Since our inception in 1969, we have singularly focused on dental benefits programs. The programs that we offer today are enduring evidence of our efforts to make oral health care accessible to more people.

More dentists participate nationally with Delta Dental Premier® than with any other dental network. We constantly add new dentists and dentist locations into our networks. And, our ongoing credentialing efforts ensure that dentists and dental offices meet our standards for participating. Our extensive dental networks make it easy for members to visit participating dentists, which saves members money and contributes to employee satisfaction.

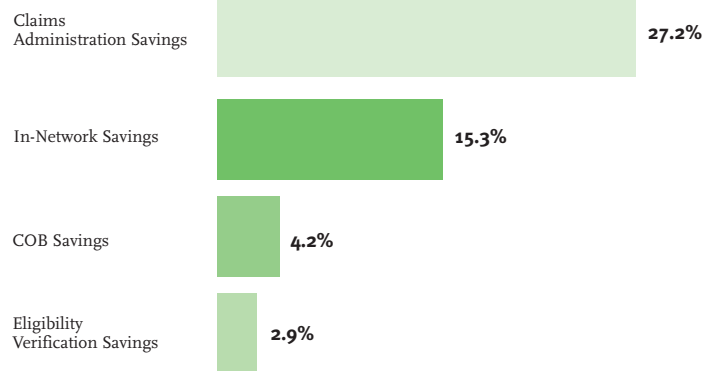
Our customer retention rate is another mark of our strength and stability. Each year clients have a choice: whether to renew with Delta Dental or switch to a competitor. In 2008, when our clients reviewed the facts, more than 9 out of 10 made their choice to stay with Delta Dental.

See the *Distribution of Savings* chart below for a detailed look at our 2008 cost savings. To find out how we can contain benefit expenses for you, please call a Delta Dental account executive at (800) 624-2633.



Students at Lady Liberty Academy in Newark, NJ, know that good oral health helps keep them mentally alert and ready to learn. The Delta Dental of New Jersey Foundation funded oral health education programs for the third grade at Lady Liberty and in four other Abbott school districts in 2008. The Foundation granted more than \$625,000 for dental care in underserved areas, and supported scholarships to train dentists, hygienists, and dental assistants.

Distribution of Savings



Total savings (\$254 million) as a percentage of total amount of claims paid (more than \$511 million) approximately 49.7%.

*Claims Administration Savings include the total savings related to Contractual Limitations, Non-Covered Services, Dental Consultant Review, Optional Services, and Non-Billable Services.

Explanation of Terms

- Delta Dental**—All claims processed by Delta Dental of New Jersey, Inc. This includes savings for claims it processes relating to contracts that Delta Dental Insurance Company has issued in the State of Connecticut. Claims processed for coverage written by Flagship, Delta Dental's affiliate, are excluded from this report.
- In-Network Savings**—The amount saved by using network dentists. It's the difference between participating dentists' billed charges and Delta Dental's maximum allowable charges.
- Eligibility Verification Savings**—The amount saved by claim denials for a period of patient ineligibility.
- COB Savings**—The amount saved by applying a group's coordination of benefit provisions. It includes enforcing order of benefit determination rules.
- Claims Administration Savings**—Includes the total savings related to Contractual Limitations, Non-Covered Services, Dental Consultant Review, Optional Services, and Non-Billable Services. During the course of Claims Administration activities, a denied service may fall into more than one category. In this situation, Delta Dental has assigned the savings to that category.
- Contractual Limitations**—The amount saved by applying limitations specified in a client's contract or as part of generally accepted dental practice. Savings may also result from payment reductions to the levels upon which payments for non-participating dentists are based or a client's table of allowance (if present).
- Non-Covered Services**—The amount saved by claim denials for services not covered under the client's program.
- Dentist Consultant Review**—The amount saved by covering only procedures that, when necessary, are supported by diagnostic records or fall within accepted dental care standards based on review by our dental consultants. Also in this category are savings from alternative procedures that are within generally accepted standards of care.
- Optional Services**—The amount saved by not covering dental procedures that Delta Dental considers optional and may be performed at the expense of the patient.
- Non-Billable Services**—The amount saved by Delta Dental not paying for services that participating dentists have agreed not to charge to Delta Dental, the client, or the patient. This also includes services denied as duplicate submissions.
- Total Savings**—This is the total amount saved by clients in 2008, excluding amounts not paid due to deductibles, co-payments, and plan maximums. (Savings may include amounts that, if allowed, would have exceeded plan maximums.)