



DELTA DENTAL OF CALIFORNIA
FORM A HEARING

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WHO WE ARE

OUR MISSION

To advance dental health and access through exceptional dental benefits service, technology and professional support

OUR PURPOSE

Creating smiles. Improving health. Enhancing lives.

OUR VALUES

Trust. Service. Innovation. Excellence.

WHERE IT ALL BEGAN

Delta Dental, and dental insurance itself, was founded in California in **1955** by dentists (CDA) to increase access to oral healthcare.



The *International Longshoremen's Union* sought a partner to provide insured dental care for their members' children. **Delta Dental** was born. This 60-year partnership continues today.



OUR ENTERPRISE

Largest dental carrier in country

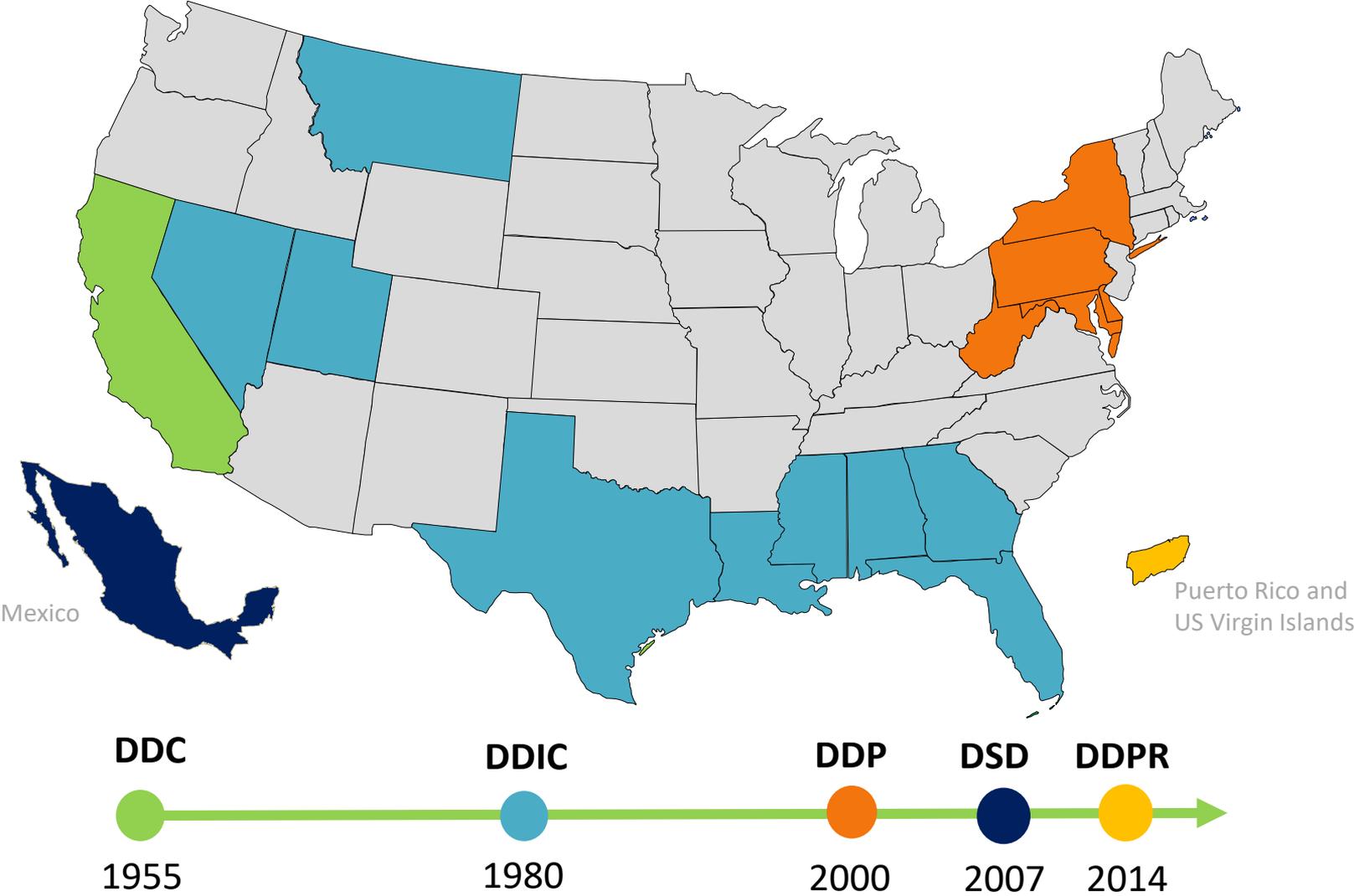
KEY FINANCIAL METRICS

- \$9.2 billion in revenue
- \$225 million in 2018 net gain
- \$1.5 billion in general reserves
- 37 million total enrollees

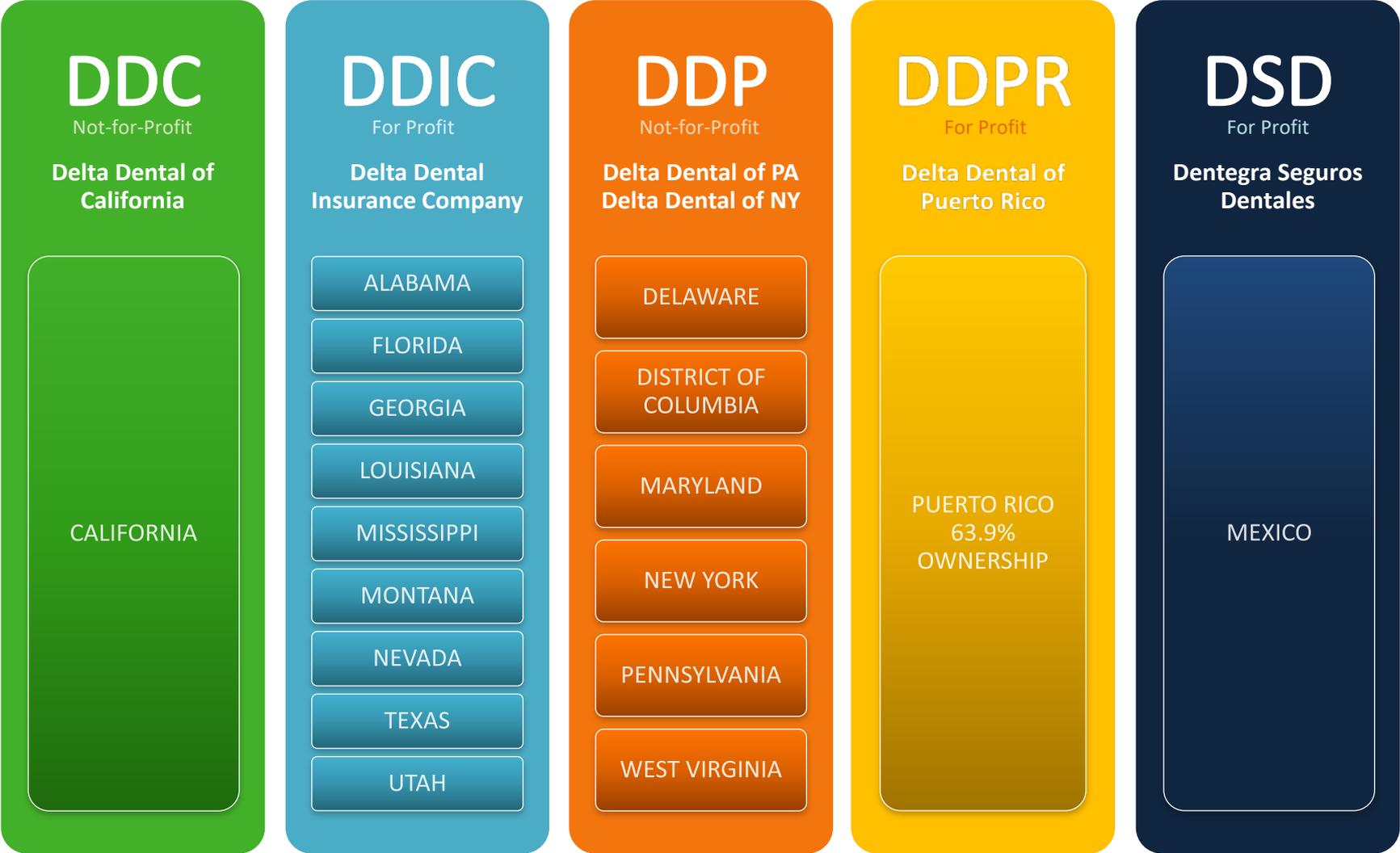
KEY OPERATIONAL METRICS

- 3,715 employees
- 44.7 million claims processed (Avg claims turnaround 3.9 days)
- 21.5 million calls answered (98.6% resolved on first call)

ENTERPRISE TIMELINE



ENTERPRISE STRUCTURE



“A” RATING : AM BEST

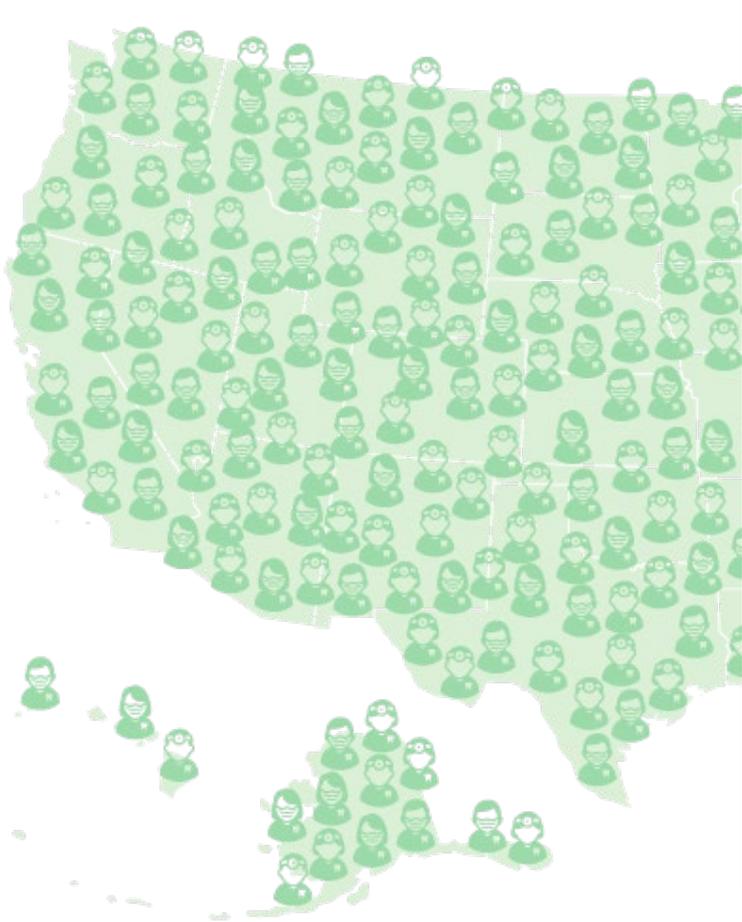


“...improved capitalization, an economic shift to a higher level of earnings and the execution of business expansion strategies...”

“...streamlining operations and making investments to modernize (its) information and technology infrastructure, which has improved efficiency, generated cost savings and raised market penetration in both insured and uninsured businesses.”

NETWORK ADVANTAGE

The Delta Dental Difference®



NATIONAL NETWORK

152,000 network dentists

Delta Dental PPO

269,841 access points

Delta Dental Premier

340,535 access points

DeltaCare USA

61,833 locations

CUSTOMER SEGMENTS

97.9%
ENROLLEE
RETENTION
RATE

Employer Groups

Medicaid

Federal

Medicare Alliances

Direct to Consumer

Public Exchanges, AARP, Costco, other

Private Exchanges

DELTA DENTAL CHARITABLE GIVING

Foundation Grants Paid to Exceed **\$14.5M** in 2018



- Collectively contribute over **10% of net income annually** to support community groups and oral health
- Monetary Grants to 325 **clinics** in rural and underserved areas
- Funding also supports health, education and research projects in dentistry, health and human services and civic and community affairs

2018 GRANT FUNDING INCLUDES

Access to Care : **\$11.2M**
Oral Health Education : **\$1.9M**
Scholarships : **\$430k**
Corporate Giving : **\$299k**
Disaster Relief Funds : **\$270k**
Community Giving : **\$261k**
Scientific Research : **\$100k**

WHAT'S THE DEAL?

STRATEGIC INVESTMENT

- Deal documents signed and filed with Oregon regulators
- Possible technical amendments to address tax planning, no substantive changes
- Does not include the dental business (Oregon Dental Service)
- Acquisition of slightly less than 50% of the common stock of Moda, Inc.
- Acquisition price of \$153M +/-
- Payment through:
 - debt conversion of \$88M in principal + accrued interest
 - ~\$65M in cash at closing
- Governance controlled by 5 person Moda board
 - 2 directors from Delta Dental
 - 2 directors from Moda
 - Moda CEO is 5th seat
- 5th seat shifts to Delta Dental no earlier than 3 nor later than 5 years

WHO DOES THE DEAL BENEFIT?

BENEFITS TO MODA HEALTH PLAN

- Strengthens balance sheet
- Strengthens liquidity
- Provides growth capital
- Creates strategic relationship with strong financial partner
- Enables Moda to partner to expand carefully, methodically
- Enables Moda to further leverage its innovative knack and knowhow
- Enables the Moda management and staff to “exhale”

WHO DOES THE DEAL BENEFIT?

BENEFITS TO MODA HEALTH PLAN POLICYHOLDERS

- Further strengthens balance sheet, liquidity, claims paying ability
- Ability of MHP to further invest in product enhancements and process improvements that can benefit policyholders

BENEFITS TO THE PUBLIC

- Strengthens an Oregon Health Plan serving Oregonians
- Strengthens and enables Moda to grow businesses that serve and support both medical and dental Oregon providers
- Solidifies the Moda workforce with its continuing contribution to the Portland economy.

WHO DOES THE DEAL BENEFIT?

DELTA DENTAL OF CALIFORNIA ENTERPRISE

- Enables DDC to begin realizing its goal of diversification from just stand alone dental benefit plans
- Enables DDC and its affiliate plans to partner with Moda to offer bundled medical/dental offerings in DDC operating territories
- Enables DDC to leverage Moda's entrepreneurial knack and knowhow in starting and growing new businesses
- Enables DDC to view business development opportunities through the new lens as a strategic investor and partner in a medical / dental / pharmacy benefits business

WHAT'S NEXT?

Regulatory Approvals from Oregon and the
Federal Trade Commission (Hart Scott Rodino filing)

Closing on 12/31/2018!

Conversion and cash provide debt relief and liquidity

DDC is not acquiring a controlling interest

DDC is not taking over the management

Moda is in control and managing their business

DDC is a strategic investor partner

Business as Usual

The future is bright!