



# 2022 Delta Dental of California and Affiliates Social Impact Report

Continuing to take exceptional care of our customers, providers, communities and each other



# Chief Executive Officer's message

2022 was a year of continued transformation and growth for Delta Dental of California. As the impacts of the COVID-19 pandemic began to ease and we became accustomed to a “new normal,” I am incredibly proud of how we continued to lead through uncertainty and remained steadfast in our commitment to take exceptional care of our customers, providers, communities and each other.

To ensure Delta Dental is positioned for its next decade of growth, we announced several important organizational changes. In 2022, we announced the promotion of Sarah Chavarria to president. Sarah previously served as Delta Dental’s executive vice president and chief people officer, and in her expanded role oversees all aspects of Operations, Technology, Growth, Marketing, Communications and People. In 2023, we announced Sarah will assume the role of chief executive officer, as I retire from Delta Dental and become chairman of the board, effective Jan. 1, 2024.

Our business continued to perform strongly in 2022. We enrolled 1.2 million new commercial members, increased total member enrollment by 5% and realized a 3.02% net gain as a percentage of our revenue. Moreover, Delta Dental broadened its network by onboarding 6,600 new PPO and Premier dental providers across its enterprise. To enable our network providers to focus on delivering the highest quality outcomes for their patients, we continue to enhance and optimize our processes and drive adoption of digital tools to make their interactions with Delta Dental as seamless as possible.

As a long-standing and trusted company, we play an important role in improving the overall health and lives of our customers and employees. Last year, the Delta Dental Community Care Foundation announced its Senior Oral Health Coalition Program, an unprecedented multi-year initiative to fund community-based coalitions to address the oral health crisis among older adults in the U.S. The program promotes the connection between oral health and overall health, improves access and creates greater equity in the care and treatment older adults receive.

Our employees continue to be at the heart of our success. In 2022, Delta Dental attracted more than 1,700 new hires, an 8.5% increase from 2021. Leading with empathy and transparency, we continue to promote innovation and collaboration and are intentional about fostering a diverse and inclusive culture in which everyone can

thrive. Participation in our inclusion communities continued to grow and we held 56 Diversity, Inclusion and Belonging events.

Reflecting our core value of Service, Delta Dental employees enthusiastically volunteered more than 8,400 hours of their time in the many communities we serve. We matched over 2,700 employee donations totaling more than \$481,000 and provided 12,000 dental supply kits to those in need. In addition to its Senior Oral Health Coalition Program, the Delta Dental Community Care Foundation provided more than \$27 million of funding in 2022 to support access to care, scholarships and education and disaster relief initiatives.

In 2023 and beyond, Delta Dental will continue to focus on offering exceptional experiences to its customers, network providers and employees, as well as our continued commitment to improve the overall health of our communities and environment. I am excited about our future as a health care leader and delivering on our purpose to improve health by providing access to quality care for the more than 40 million people who rely on us.

**Mike Castro**  
CEO



# Table of contents

## 1 Governance

- Corporate governance
- Our policies
- Ethics and compliance

## 2 Social

- Diversity, inclusion and belonging
- Supplier diversity program
- Our workforce
- Employee development
- Employee health and safety
- Philanthropy and volunteering
- Employee engagement

## 3 Environment

- Enterprise-wide commitments
- Performance and impact statistics

## 4 Looking forward: ESG at Delta Dental

## 5 Our business

- Financial statements
- Cost management
- Networks
- Size and access points
- Customer satisfaction
- Growth
- Claims and calls

## 6 About Us





# Governance

## Corporate governance

Delta Dental Plans Association (DDPA) is made up of a network of 39 independent Delta Dental companies, including Delta Dental of California and Affiliates. Together, we are the largest dental benefits administrator in the country with more than 80 million enrollees in the U.S., the U.S. Virgin Islands and Puerto Rico. For more information about our organization, please visit the About Us section of this report.

Our talented and experienced executive team is made up of some of the brightest leaders in the health care industry. Their commitment to strong, ethical and innovative corporate governance is why we are able to provide long-term value to our partners and customers.

Our leadership team is responsible for reporting to the various boards within the larger Delta Dental network, which encompasses the DDPA Board, the Delta Dental of California Board and the boards of our affiliates. Updates typically include the status of our programs and overall business performance.

## Our policies

Our core values of **Trust, Service, Excellence and Innovation** are achieved through our policies that formalize how we do business. This key aspect of our governance enables our employees and other stakeholders to act in a way that supports and protects our customers, providers, employees, communities and the environment.

Below is a sample of the dozens of policies that are relevant to our social and environmental stewardship. Changes in law and regulations are monitored by our internal and external counsel, our internal Public and Government Affairs group and People Relations teams. All policies are reviewed regularly by the appropriate subject matter experts and business owners.

- Workplace Security and Anti-Violence Policy
- Equal Employment Opportunity Policy
- Operations Security Global Standard Policy
- Business Ethics Policy
- Compliance Training Curricula Policy
- Harassment and Notice of Private Practices Policy
- Ethics Guide



## Ethics and compliance

In 2022, we continued to assess and adjust our policies and procedures to deliver on our core value of Trust. As a crucial part of the health care ecosystem, our providers, customers and employees count on us to safeguard their sensitive information and be good stewards by eliminating fraud, waste and abuse. Our annual compliance training, required by all members of our workforce, includes learning and training modules on privacy and security, fraud, waste and abuse, unauthorized disclosures and secure email and records management.



### Spotlight: Quality Program

Our Quality Outcome Anchors of delivering Effective, Equitable, Efficient, Timely and Safe services and care roots all the work that we do to create a patient-centered model focused on health outcomes. In 2022, we restructured the governance and oversight of the quality of service within our enterprise and quality of care delivered to enrollees in our networks. Our Enterprise Quality Committees oversee all quality-related activities in real time and strive to ensure enrollees are experiencing improved health outcomes as a result of our Quality Program work.



### Spotlight: Cyber Program

In a constantly evolving cyber threat landscape, we remain committed to enhancing the Security Threat Resilience Training (STRT) for all Delta Dental employees. Our aim goes beyond merely responding to cyber threats; we foster a workforce that is knowledgeable, alert and responsive. Our unwavering dedication to STRT ensures our team remains at the forefront of cybersecurity best practices and cultivates a culture of security and preparedness.

# Social

## Diversity, inclusion and belonging


As we expand our Diversity, Inclusion and Belonging efforts, we remain committed to embracing the diverse world around us and driving change to promote inclusion and belonging. Our business is only as strong as the millions we serve. When our workplace represents unique backgrounds and perspectives, we are better positioned to take exceptional care of our customers, providers and each other.

Delta Dental believes that to be engaged, you must feel included, respected and valued. We act intentionally to champion inclusion and belonging, and we are committed to building a culture where our employees can be their true selves at work. We know that different ideas, perspectives and backgrounds create a stronger and more creative work environment that ultimately delivers better results.





## In 2022, we achieved these milestones:

- 1 Provided Unconscious Bias Training to **425 Delta Dental employees**
  - 2 **Managed five Inclusion Communities** with a goal to engage and build a sense of community and belonging for employees by connecting them socially and professionally and creating valuable outcomes for the group, customers and community
    - **ABLE:** Alliance of Black Employees
    - **ASPIRE:** Asian Pacific Islander Recognition and Empowerment
    - **DLANTE:** Delta Dental Latinx and Hispanic Association of Nationwide Talented Employees
    - **SPECTRUM:** LGBTQ+ Employees and Allies
    - **Women@:** Women Employees and Allies
  - 3 **Hosted six Seen and Heard** speaker events, which enable Delta Dental employees to participate in meaningful and engaging conversations with individuals across the organization as well as expert voices outside of Delta Dental. Past topics include:
    - **Communicating Across Cultures**
    - **Women's Leadership and Success**
    - **Inclusive Leadership Part 1 and 2**
    - **Mental Health and Wellbeing**
    - **Hispanic Heritage Month**
  - 4 Created **two working groups** to support employees
    - **The Family First Working Group** provides resources through all facets of family life. This group not only takes care of each other, but also provides a safe space for employees to share experiences and get information on family-related issues.
    - **The Disability Awareness Working Group** aims to shape culture and influence communications relating to disability awareness across the enterprise.
- 



## Spotlight: Diversity recognition

We are proud to be a **2022 recipient of the Compass Award** from the Leadership Council on Legal Diversity (LCLD), which recognizes firms and corporations that demonstrate a strong commitment to building diversity and inclusivity within the legal profession. The LCLD is one of the nation's leading organizations promoting diversity and consists of more than 430 corporate chief legal officers and law firm managing partners who have dedicated themselves to creating a truly diverse U.S. legal profession.

Delta Dental's legal department achieved its continuing Mansfield Certification from Diversity Lab, demonstrating its commitment to expanding the pool of qualified talent considered for leadership. This included at least **50% of historically underrepresented individuals**, such as women lawyers, racial and ethnic lawyers, LGBTQ+ lawyers and lawyers with disabilities.

Additionally, Delta Dental was recognized by FairyGodBoss as a Best Company for Women and a Best Company where CEOs Support Gender Diversity. FairyGodBoss is one of the largest online career communities for women to find jobs, advice and support. The awards are determined by anonymous employee feedback.

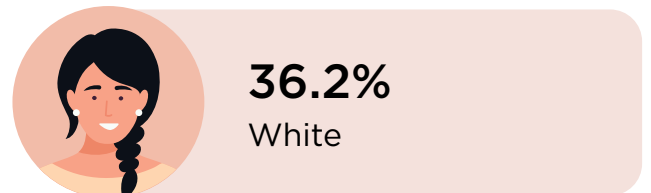
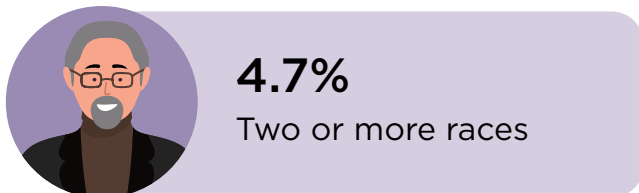
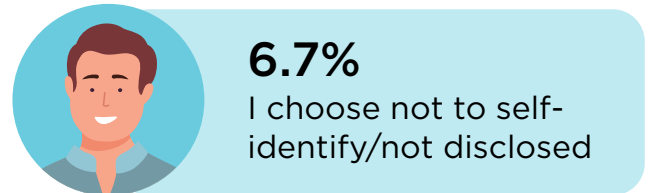
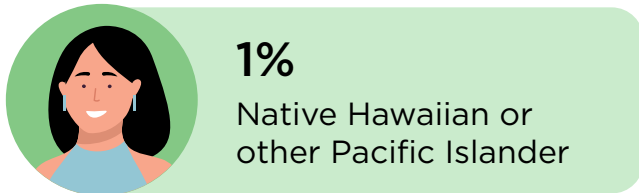
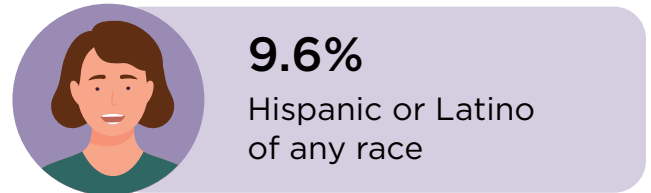
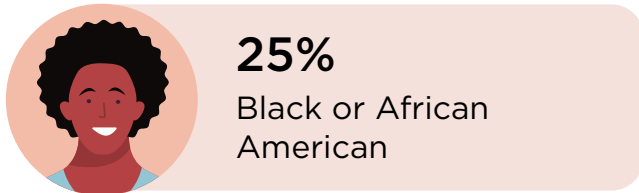
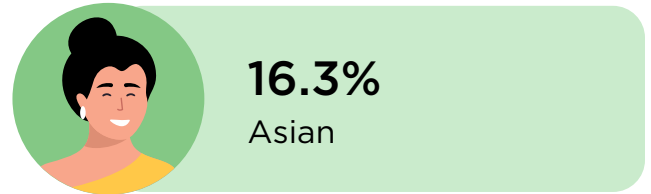
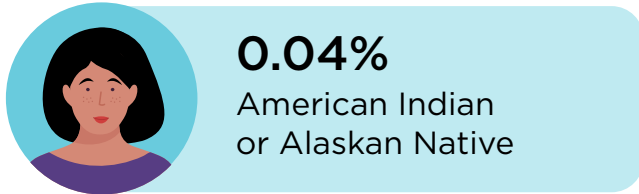
## Supplier diversity program

Our commitment to diversity, inclusion and belonging extends to our network of vendors and suppliers. We continue to build strong, mutually rewarding partnerships with diverse, high-quality suppliers in the communities in which we live, work and operate. In 2022, we achieved more than \$67 million in supplier diversity spending and continued to support our partnership with the National Minority Supplier Diversity Council. We continue to develop and promote the program internally and externally to build on the program's success.

## Our workforce



As part of our efforts to build a diverse and representative workforce, we ask employees to voluntarily provide demographic data. In 2022, the majority of our employees identified as **non-white (57%)**, while **36% identified as white and 7% chose not to self-identify or disclose**.



Total: 100%

## Gender



**Female**

**68.3%** of workforce  
**51.5%** of managers and above



**Male**

**31.7%** of workforce  
**48.5%** of managers and above

## Age



**0.2%**  
Silent Generation  
(born 1928–1945)



**15.8%**  
Baby Boomers  
(born 1946–1964)



**43.6%**  
Gen X  
(born 1965–1980)



**37.6%**  
Millennials (Gen Y)  
(born 1981–1996)



**2.6%**  
Gen Z  
(born 1997–2012)

**Total: 100%**

## Employee development

Delta Dental is committed to creating equitable advancement and growth opportunities for employees by providing them with the resources and support they need to achieve their career goals and deliver exceptional care for our customers, providers and each other.

### Leadership Development

All Delta Dental people leaders have access to leadership development programs that outline the skills necessary to thrive in and promote our culture and values. In 2022, 85% of current people leaders completed one or more of our core leadership development programs.



**79%** completed  
Situational  
Leadership II



**65%** completed  
Coaching in  
Action



**58%** completed  
Crucial  
Conversations



**75%** completed  
Essentials for  
Leading Change

### Enterprise Learning and Development

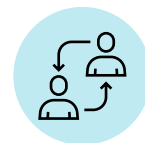
At the core of our employee development programs are opportunities for learning, skills training as well as individual development plans (IDP). In 2022:



**95%** of our employees  
took company-sponsored  
skills training



Each employee spent an  
average of **25.7 hours** on  
learning and development  
activities



**23%** of our employees  
had an active Individual  
Development Plan (IDP)

## Employee health and safety

Delta Dental is committed to creating equitable advancement and growth opportunities for employees by providing them with the resources and support they need to achieve their career goals and deliver exceptional care for our customers, providers and each other.



## Employee Well-Being

Our people are our greatest asset. We prioritize our employees' well-being and growth, so they are empowered to do their best work. This means offering benefits and well-being programs that support their health in and outside of work.

Our comprehensive benefits provide medical, dental and vision benefits to our employees and their families to support their health now and in the future. We also provide fertility benefits. Additionally, all full-time employees can access paid time off to support their work-life balance.

We provide 401(k) matching contributions to support our employees' financial futures, as well as tuition reimbursement benefits to support their education and career development.

## LiveWell Well-Being Program

Starting in 2021, Delta Dental partnered with [Virgin Pulse](#) to launch the LiveWell Well-Being program for employees. This program provides resources and coaching to support physical, emotional, financial and social well-being.

Employees can earn incentives through the program for developing and sustaining healthy habits, such as exercising, eating healthier, reducing stress, improving financial health and getting consistent sleep. They also have access to Virgin Pulse health coaches who can help employees create personalized plans for improving aspects of their well-being while staying motivated and accountable along the way. Self-guided digital coaching courses called "Journeys" are also available to support their education.

Delta Dental named 14 Well-Being Champions as LiveWell experts that can answer questions about the well-being program. Monthly LiveWell topics and resources are provided to employees in our internal People Organization newsletter.



## Employee Safety

Protecting the health and safety of our employees is a top priority at Delta Dental. It is our goal to foster a healthy work environment and to focus on accident prevention. The success of our program is dependent on how safely each job is performed. There is no job so important – or any service so urgent – that we cannot take time to work safely.

Our robust Health and Safety Program is outlined in our Consolidated Health and Safety Program document, available to all employees on our Delta Dental intranet. This program includes:

- Roles and responsibilities for stewards of the program at all levels
- Compliance with all applicable laws and regulations
- Health and safety guidelines for working in the office and at home
- Hazard identification pathways
- Accident reporting
- Required training for employees
- Instructions for emergency situations, such as medical emergencies, fires and other natural disasters

Our Health and Safety Program is reviewed annually by Business Resilience Management to maintain the highest standards for our employees.

## COVID-19 Pandemic Response

Since the COVID-19 pandemic began impacting communities in 2020, Delta Dental has worked tirelessly to protect the health of our employees through reducing the risk of exposure at work, as well as providing resources for staying safe at home.

In response to the pandemic, Delta Dental pursued and achieved the **WELL Health-Safety Rating (HSR)** at its main office facilities in 2021, and achieved recertification in 2022. The WELL HSR certification stems from the WELL Building Standard, which is an internationally known occupant health and wellness certification for the built environment. WELL HSR focuses on proactive measures to help protect building occupants from infectious disease and supports cleaning and sanitization procedures, emergency preparedness programs, health service resources, air and water quality management and stakeholder engagement and communication.

During the pandemic, Delta Dental introduced a thoughtful and deliberate Return to Office (RTO) plan that incorporated the COVID-19 guidelines from the World Health Organization, Center for Disease Control and Prevention, as well as the California, Georgia, and Pennsylvania Departments of Public Health. In line with our WELL HSR requirements, all RTO plans for each office included:

- Communication protocols
- Building policy and protocol updates
- Inspection and start-up tasks

Delta Dental took a phased approach with bringing critical talent back to the office, with gaps of two to six weeks between each phase. Employees returning to the office received welcome back packages that included items for reducing exposure risk, such as “no-touch key” utility tools. Nurses and Employee Assistance Program representatives were available on-site in each office for support. We increased the frequency of cleaning high-risk surfaces, such as drinking fountains and doorknobs, and conducted additional HVAC cleaning. We placed physical distancing reminders throughout the offices to support safe socialization practices.

The majority of employees are still able to work remotely in a hybrid work arrangement as needed to support the health and safety of themselves and their families. Delta Dental’s Telecommute Policy outlines guidelines and considerations to set employees up for success while working from home.





## Philanthropy and volunteering

For over 60 years, we've served our communities by increasing access to affordable, high-quality oral health care for millions of Americans. Through our Delta Dental Community Care Foundation, we continue to put our core value of Service into action and look for areas where we can have a large impact on achieving equitable health outcomes.

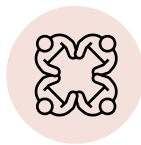
From 2011 to 2022, the Community Care Foundation awarded more than \$100 million in grants across our enterprise, which encompasses 15 states and Washington, D.C., to increase access to oral health care and fund oral health education for students pursuing careers in the dental profession. The Community Care Foundation also supports organizations that serve vital needs in our communities, including senior oral health, social justice and disaster relief aid.

### 2022 giving

In total for 2022, we provided **\$27 million** in funding.



**\$1 million** in disaster response



**\$2.5 million** in social justice and community causes



**\$3.8 million** million in the future of dentistry



**\$8 million** in senior oral health



**\$12 million** in affordable health care for all

## Employee engagement

Volunteering and philanthropic giving are aligned with our value of Service and are key elements of the employee experience at Delta Dental. Employees volunteered **8,419 hours** and donated more than **\$481,000** - with over **\$389,000** in Delta Dental matching funds - to **1,389 causes**. Our employees also assembled and helped distribute **12,000 dental supply kits** to help those in need.

We are committed to taking care of each other both inside and outside of the office. The Delta Dental Employee Support Fund is a way for employees to take exceptional care of each other and help those experiencing financial hardship due to unforeseen events such as a natural disaster. In 2022, more than **600 employees** donated **\$45,219 to the fund**, and much of it matched by the organization, to total **\$66,900 in donations**.



## Spotlight: Senior Oral Health Coalition Program

As a key player in the health care landscape, Delta Dental not only has the unique opportunity, but the profound responsibility, to ignite positive changes and inspire a holistic approach to health and wellness. Our reach is extensive, touching the lives of our members and extending to our communities and beyond.

However, we know there are many underserved populations who still lack access to oral health care, most notably BIPOC (Black Indigenous People of Color) senior adults. That is why improving the **oral health and wellness of older adults** is a priority for Delta Dental.

In April 2022, the Community Care Foundation **launched a multi-year program** in partnership with **Howard University College of Dentistry** and **Mary's Center**, both located in Washington D.C., to address the oral health crisis among older adults in the U.S. The goals of the program are to promote the connection between oral health and overall health, improve access and create greater equity in the care and treatment older adults receive.

In parallel, Delta Dental **commissioned a survey** to provide insight into how older Americans prioritize, access and think about their oral health. Among its findings, the report revealed that 80% of older American adults do not get to the dentist as often as recommended, with access being one of the main barriers.

Over the next few years, the Senior Oral Health Coalition Program will establish additional coalitions and expand into other regions of the U.S. Our broader, long-term aim is to lay the groundwork for a transformation in the way older adults access and experience oral health care.



# Environment

## Enterprise-wide commitments

Delta Dental is committed to being a responsible business and identifying strategies to reduce our impact on the environment. Whether through implementing best practices, aligning with third-party certifications, or voluntary reporting through disclosure frameworks such as CDP (Carbon Disclosure Project), Delta Dental is working to incorporate measures that demonstrate our value and commitment to the environment and community.

## Disclosure

Delta Dental recognizes the value of transparency to support and ensure progress along our sustainability journey. In 2022, Delta Dental again disclosed to CDP and plans to continue this annual reporting to support and inform our growing sustainability strategy that is responsive to our performance, as well as stakeholder needs and expectations.

## Building Certifications

Occupying buildings and spaces that are third-party certified with certifications such as **LEED**, **ENERGY STAR** and/or the **WELL Health-Safety Rating (HSR)** align with our values of sustainability and well-being. More than 38% of our office space (by square footage) is in a building that is currently LEED Certified, and more than 38% of our office space (by square footage) is in a building that has achieved ENERGY STAR Certification within the last year. Additionally, Delta Dental's main facilities (encompassing 97% of our square footage) achieved the WELL Health-Safety Rating for the second year in a row.



## Sustainable Design, Construction and Operations

As buildings present significant opportunity to demonstrate sustainability strategy and reduce impact, Delta Dental incorporates sustainable design, construction and operations best practices into our typical project delivery for new projects and renovations, as well as day-to-day operations. Strategies include:

- Specifying low-flow plumbing fixtures to reduce interior water use
- Identifying furniture with sustainable attributes such as recycled content, local manufacturing and nontoxic materials
- Using paints and adhesives that are low-/no-VOC (volatile organic compounds) to support healthy indoor air for employees
- Implementing construction waste management plans during construction activity to limit waste sent to landfill
- Incorporating green cleaning practices that include nontoxic products and practices that are less harmful to the environment and employees
- Implementing construction indoor air quality management plans to support healthy indoor air for construction teams and employees
- Installing occupancy sensors and controls to reduce lighting usage
- Installing LED lighting where possible
- Incorporating recycling and composting (where possible) to limit waste sent to landfill

## Procurement

Delta Dental recognizes the significant opportunity for sustainable procurement and works with key internal and external stakeholders to help increase the number of our products that are healthy, nontoxic and include environmental attributes. Additionally, the following practices are incorporated into Delta Dental's procurement process and strategies:

- Assessing vendors for their company sustainability policies and procedures, program reporting and/or product sustainability attributes through Delta Dental's competitive bidding software and vendor risk management platform
- Purchasing 100% post-consumer recycled content paper, which is Delta Dental's largest office product spend
- Purchasing green office products such as remanufactured toners, reusable microfiber cloths and dry erase markers that have fewer chemicals

## Paperless Adoption (paper suppression resulting from online enrollment)

Due to the nature of our business and documentation requirements, paper is a significant area of impact for Delta Dental – whether that be water, waste or emissions. We continue to focus efforts on increasing paper suppression and online enrollment, which reduces paper use. In 2022, Delta Dental achieved the following:



**Enrollee Mailings: 59%**  
(further reduced from 57% in 2021)



**Network Provider Mailings: 47%**  
(further reduced from 33% in 2021)

## Results equivalent\*:



**1,690** U.S. short tons of wood, equivalent to approximately 10,200 trees



**7,620,000** pounds of CO<sub>2</sub>, equivalent to approximately 692 cars off the road for one year



**9,070,000** gallons of water, equivalent to approximately 6,540 clothes washers operated for one year



**499,000** pounds of solid waste, equivalent to approximately 114,000 people generating solid waste per day saved

# Performance and impact statistics

## Electricity

Delta Dental constantly looks to identify opportunities for efficiency across its offices. Updates to facilities in 2022 included lighting modification to the Alpharetta, Georgia facility as well as retrofitting all 4-foot linear fluorescent lights to LED. Delta Dental's Data Centers, colocated in California and Virginia, had increased power consumption due to equipment added to the space.

Facilities:  
13,090,000 kWh

Colocation  
Data Center:  
6,570,000 kWh

Total:  
19,660,000 kWh



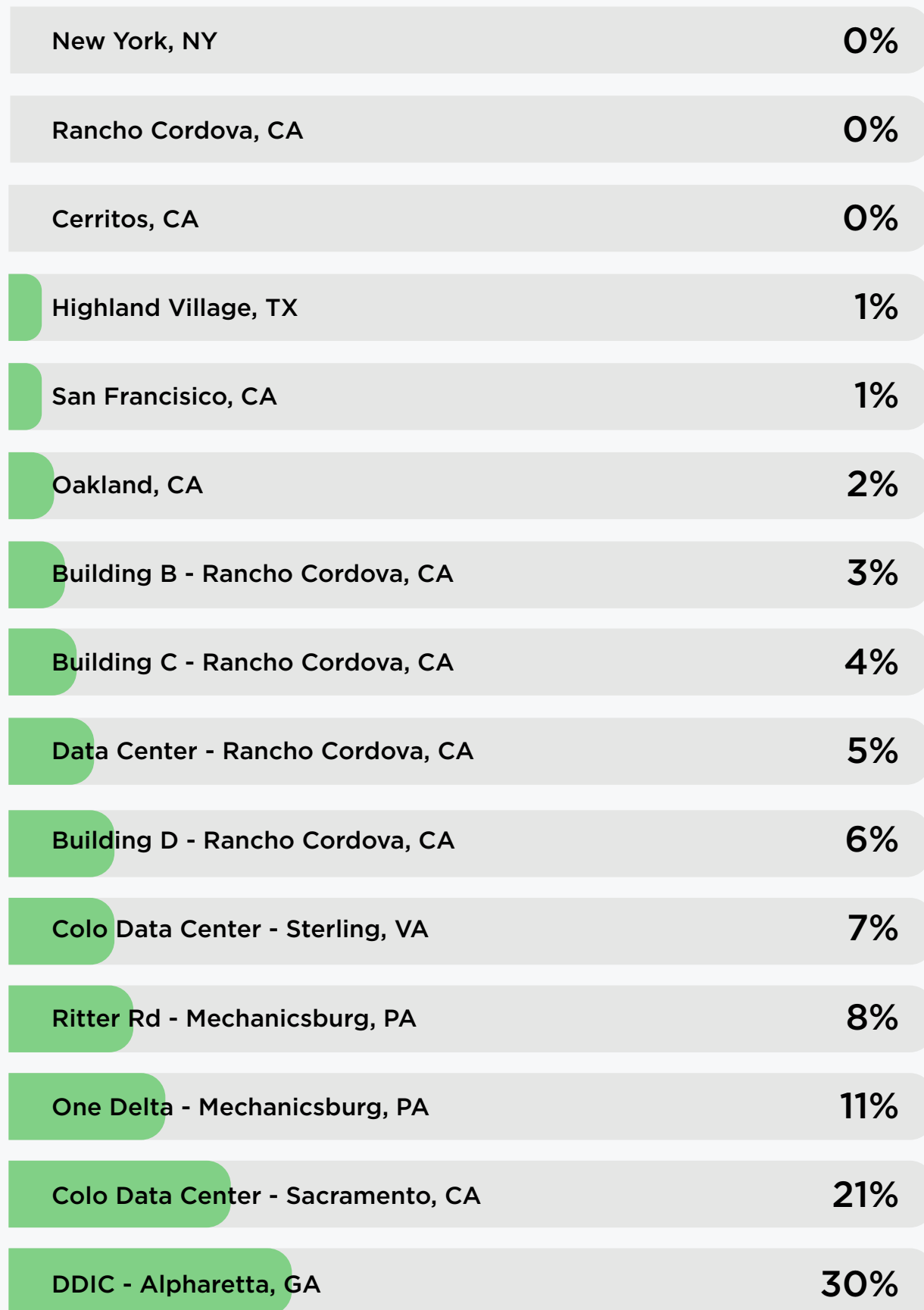
## Carbon emissions

In 2022, **Delta Dental saw a 10% increase in emissions compared to 2021.** Delta Dental believes this is due to increased data accuracy. Purchased electricity continues to make up over half of **Delta Dental's emission profile at 59%** and work-from-home and **business travel emissions make up an additional 36%**. Out of the office spaces, Alpharetta, the largest facility, had the highest emissions intensity (mtCO<sub>2</sub>e/square feet). However, the data centers consistently have high emissions intensities due to their energy intensive operations.

### Methodology Overview:

For Scope 1 and 2 emissions calculations, Delta Dental utilized actual utility data from natural gas, diesel and electricity to calculate its emissions profile. For Scope 3, actual data is more difficult to obtain, so Delta Dental developed estimation methodologies to determine its Scope 3 emissions. The employee commuting emissions were calculated using commuting intensities based on an employee commuting survey conducted in 2020 and then scaled to 2022 current headcount. For business travel, direct travel annual reports and spend data were utilized to calculate emissions. Lastly, work-from-home emissions apply residential energy use consumption data published in 2018 by the International Energy Administration (IEA), cited in the Anthesis Remote Emissions Whitepaper, to determine emissions.

## Total market-based emissions by site



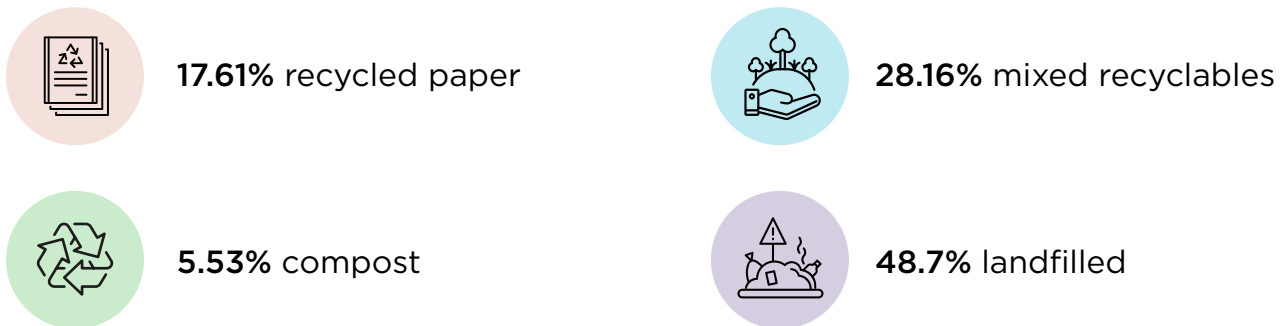
## Renewable Energy

Delta Dental has continued its commitment to purchasing Renewable Energy Certificates (RECs), renewable electricity from a low- or zero-emissions resource, which reduces the emissions associated with Delta Dental's electricity use. Delta Dental continues to be part of the EPA Green Power Partnership, a program designed to advance the market for green power and encourage development of new U.S.-based renewable electricity resources.

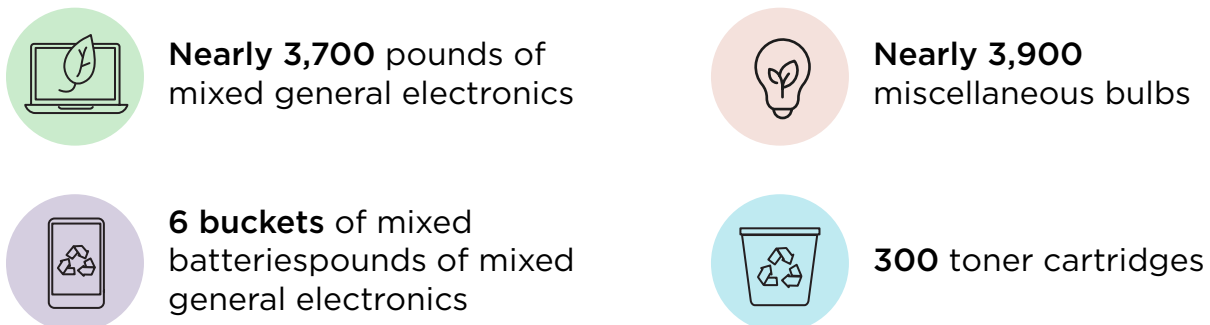
## Waste

Managing waste is a key opportunity within Delta Dental office facilities and where employees can actively participate in reducing their impact. Best practices in place include the collection and recycling of office supplies such as old batteries, coffee pods and pens; collection and recycling of toner cartridges from printers and copiers; and collection and recycling of fluorescent bulbs. Additionally, e-waste and hard-to-recycle products are collected and recycled at our facilities, as well as through our IT department. In 2022, Delta Dental achieved the following:

**An estimated 51.3% of Delta Dental's office waste was diverted from the landfill.**



**E-waste collected and recycled from our main facilities:**





**Partner spotlight:** Iron Mountain shreds and recycles paper from Delta Dental's facilities. In 2022, Iron Mountain shredded and then recycled an estimated 159 tons of paper across the enterprise. Based on these efforts, the savings are equivalent to\*:



**3,816** trees



**1,002** trash bags of waste



**175** cars' annual CO2 output



**6,042** bathtubs of water



**1,908** refrigerators' energy use

\*Source: <https://www.ironmountain.com/resources/whitepapers/i/iron-mountain-green-report>

Delta Dental regularly identifies opportunities in our operations to recycle, repurpose or donate furniture and goods, particularly when pursuing renovations, retrofits or moves.

- At our Rancho Cordova, California office, all of the fitness center equipment was removed from the site and donated to the local fire department, the fitness center rubber mats were donated to a local wrestling team and the cafe appliances and equipment were donated to local schools. These donations totaled approximately \$25,000 in value and prevented used equipment from our office from going to landfill as waste.
- At our Rancho Cordova warehouse, Delta Dental recycled metal scrap from old furniture (such as cabinets, pedestals, shelves, frames and metal tiles) to then be repurposed for new furniture.
- At our Mechanicsburg, Pennsylvania offices, Delta Dental recycled 190 pounds of scrap metal from unused furniture, preventing it from going to landfill.

## Water

Water is a critical resource and an opportunity for Delta Dental to model efficiency and best practices. All of Delta Dental's main facilities have low-flow fixtures for their sinks, urinals and toilets, and are specified in new designs and renovations. Additionally, limiting excessive water use for irrigation and identifying effective measures for adequate site care across facilities is a priority, especially in drought conditions. In 2022, at Delta Dental's Rancho Cordova location, we worked with the site's landscaping company to adjust and repair multiple sprinklers causing water flow on the parking lots, resulting in both water and financial savings.



# Looking forward: ESG at Delta Dental

Social stewardship for our employees and communities, as well as environmental stewardship for our planet, is a core tenet and practice of our business. From our employee Inclusion Communities to oral health care grants through the Delta Dental Community Care Foundation, to our focus on increasing paperless adoption and creating healthy, efficient workspaces, Delta Dental is committed to social and environmental initiatives that make a difference.

We recognize that to keep making a difference, we must identify, measure and act on key environmental and social topics in a structured and thoughtful way. This is why, in 2023, we are taking steps to develop and implement an Environmental, Social and Governance (ESG) program.

The heart of this program will be our ESG Council, which is comprised of executive leaders from across Delta Dental who will be responsible for driving the direction of our ESG Program. This ESG Council will be supported by a business owner to coordinate activities and planning to keep the Council focused on progress. A group of ESG Functional Leads, who will provide ideas, information and data from their respective areas of focus, will also support the program.

We intend to conduct an ESG Materiality Assessment in 2023 so we can identify ESG topics that are most material to our business and our stakeholders. The results of this analysis will be included in next year's Delta Dental Social Impact Report and will be used to develop the direction for our ESG strategy and roadmap in 2024 and beyond.

# Our business



Delta Dental of California and its affiliates comprise the largest dental benefits administrator in the country. We keep our core values at the center and remain committed to exceptional service, quality care and fiscal stewardship.

Our business remained strong in 2022. A.M. Best, a global credit rating agency, news publisher and data analytics provider specializing in the insurance industry, reaffirmed our financial strength rating of “A” (excellent) and our issuer credit rating of “A+” (excellent). This score highlights the strong, positive financial outlook of Delta Dental of California and its affiliates, Delta Dental Insurance Company, Delta Dental of New York, Inc. and Delta Dental of Pennsylvania.

A.M. Best underscored our “very strong” balance sheet, strong operating performance, neutral business profile and appropriate enterprise risk management.



# Financial statements



**Dentegra Group, Inc.**  
**Condensed Combined Financial Statements (unaudited)**  
**Combined Balance Sheets**  
**(in thousands)**

	Dec. 31	
	2022	2021
<b>ASSETS</b>		
Cash and cash equivalents	\$ 445,782	\$ 1,056,362
Marketable securities	3,154,250	2,335,669
Premium and other receivables, net	616,505	572,752
Property and equipment, net	166,319	149,091
Right-of-use asset	94,278	-
Other assets	167,146	188,932
<b>TOTAL ASSETS</b>	<b>\$ 4,644,280</b>	<b>\$ 4,302,806</b>
<b>LIABILITIES AND GENERAL RESERVES</b>		
<b>Liabilities</b>		
Unpaid claims and claims adjustment expenses	\$ 518,161	\$ 484,083
Accounts payable and accrued expenses	458,966	431,147
Deferred revenue	75,607	77,930
Refundable balances	426,025	514,371
Accrued retirement benefits	25,860	34,724
Long-term lease liability	102,281	-
Other liabilities	45,157	44,063
Total liabilities	1,652,057	1,586,318
<b>General reserves</b>	<b>2,992,223</b>	<b>2,716,488</b>
<b>TOTAL LIABILITIES AND GENERAL RESERVES</b>	<b>\$ 4,644,280</b>	<b>\$ 4,302,806</b>

**Dentegra Group, Inc.**

Condensed Combined Financial Statements (unaudited)  
Combined Statements of Income and Expense and General Reserves  
(in thousands)



	<b>Years Ended Dec. 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Premiums and other income (expense)</b>		
Commercial programs	\$ 3,765,364	\$ 3,501,378
Federal and state programs	652,884	585,069
Administrative service contracts	5,416,419	5,276,323
	<u>9,834,667</u>	<u>9,362,770</u>
Administrative service contract reimbursements	(5,031,884)	(4,915,093)
	<u>4,802,783</u>	<u>4,447,677</u>
Investment income, net	(34,086)	149,247
Other income (expense), net	13,321	(47,465)
	<u>4,782,018</u>	<u>4,549,459</u>
<b>Claims and operating expenses</b>		
Claims incurred	8,297,507	7,962,315
Claims incurred on administrative service contracts	(5,031,884)	(4,915,093)
	<u>3,265,623</u>	<u>3,047,222</u>
Operating expenses	1,219,711	1,096,784
	<u>4,485,334</u>	<u>4,144,006</u>
<b>Net income</b>	296,684	405,453
Pension liability and post-retirement adjustments	83	3,937
Net unrealized loss on marketable securities	(21,032)	-
General reserves at beginning of year	2,716,488	2,307,098
General reserves at end of year	<u>\$ 2,992,223</u>	<u>\$ 2,716,488</u>

## Cost management

Value matters. Our members and clients can count on provider network access, quality and affordability, thanks to our cost management strategies. We are proud that nearly 88 cents of every dollar went toward dental care that our network providers offer. We continue to look for ways to manage expenses to put more dollars toward care.



### Submitted claims:

**\$23.48 billion\***



### Savings:

**\$9.14 billion\***

\*Excludes any submitted claims and savings amounts from DeltaCare

## Networks

Delta Dental's providers, who comprise the strongest network in the dental benefits sector, are critical to our business. Our provider networks are among the largest in the U.S. and offer our customers and members the best options for care when and where they need it.

Since we contract directly with dental providers instead of leasing, our networks offer standard agreement provisions and fee practices, which ensure partnership, clarity and transparency. Our ongoing monitoring of member access ensures our networks grow in the right places to meet our customers' needs.

Delta Dental Insurance Company received Credentialing Accreditation from the National Committee for Quality Assurance (NCQA). NCQA is a private, non-profit organization dedicated to improving health care quality.\*

\*NCQA has reviewed and accredited Delta Dental Insurance Company's Credentialing functions only. For complete details on the scope of this review, visit [www.ncqa.org](http://www.ncqa.org).

## Size and access points

The below represents the network counts as of Dec. 31, 2022.\*

### Delta Dental PPO™

112,600 unique dentists  
across the nation at  
382,609 access points

### Delta Dental Premier®

150,858 unique dentists  
across the nation at  
448,392 access points

### DeltaCare® USA

17,492 dentist locations  
across the nation

\*National counts




An **access point** refers to the number of locations where a single dentist provides services. If a single practice includes multiple dentists or a single dentist belongs to multiple practices, each dentist at each practice is considered a distinct access point. A **dentist location** refers to a single DeltaCare USA facility, which may contain more than one dentist.



# Customer satisfaction

We continue to provide high-quality customer service. Those efforts are reflected in our customer satisfaction ratings, which remained strong from 2021.



### Customers

Satisfied with Delta Dental —● **97% in 2022**

Agree Delta Dental provides comprehensive top-tier customer service —● **97% in 2022**

Would recommend Delta Dental —● **97% in 2022**




### Members

Satisfied with Delta Dental —● **94% in 2022**

Satisfied with dentist —● **99% in 2022**


Satisfied with quality of care received —● **99% in 2022**

Source for customer and member satisfaction data: 2022 Enterprise Annual Client Satisfaction Study



### Growth

Total enrollment for 2022 —● **40.5 million members\***  
(5% increase from 2021)



\*Across the enterprise, excludes Delta Dental Puerto Rico



## Claims and calls



**57 million claims processed** across the enterprise\*, federal programs and the Medi-Cal Dental program with a **claims processing accuracy rate of 99.27% or above.**

\*Commercial enterprise

Our dental offices and members can rely on us for quick, accurate claim processing.



**17.8 million calls answered** across the enterprise\*, federal programs and the Medi-Cal Dental program, with a **same-day resolution rate of 99.19% or above.**

\*Commercial contact centers only.

Delta Dental's customer service representatives are here to support our providers and members. We are continually seeking ways to better serve our customers and deliver on our core value of Innovation to drive transparency and simplicity in every interaction. Automated phone system technology prompted an increase in the percentage of members and dental offices that choose self-service through our automated phone system, allowing our representatives to focus on delivering quality outcomes.

For our network providers, we are making improvements to earn their smile. Digital tools and processes accelerate paperless communication adoption and offer fully digital payments. We also increased transparency by enabling real-time status updates on claims. This includes information about members' remaining deductibles and maximums as well as inquiries and payments. These changes enable our dentists and their staff to spend less time on office administration and more time caring for their patients.



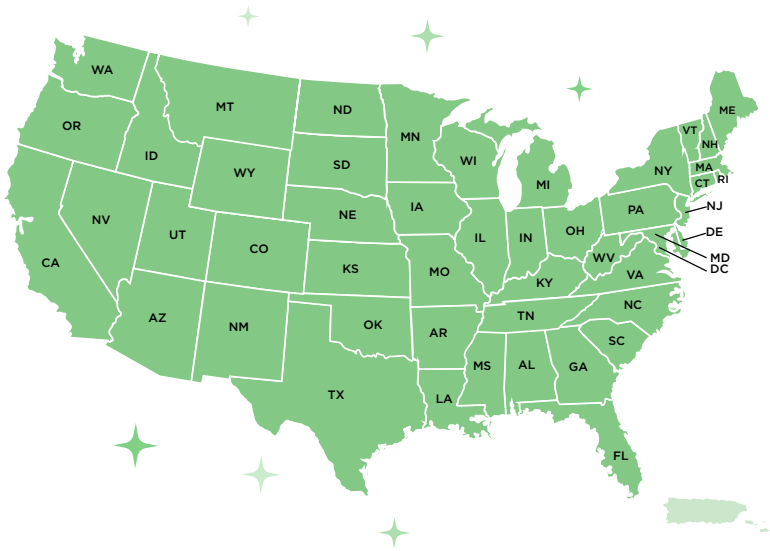
# About us

## Delta Dental companies

The following companies are members, or affiliates of members, of the Delta Dental Plans Association, a network of 39 Delta Dental companies that together provide dental coverage to 80 million people around the country.

- Delta Dental Insurance Company (AL, DC, FL, GA, LA, MS, MT, NV, TX and UT)
- Delta Dental of California (CA)\*
- Delta Dental of Delaware, Inc. (DE)\*
- Delta Dental of the District of Columbia (DC)\*
- Delta Dental of New York, Inc. (NY)\*
- Delta Dental of Pennsylvania (PA and MD)\*
- Delta Dental of West Virginia, Inc. (WV)\*
- Delta Dental of Puerto Rico (PR and VI)
- Alpha Dental of Alabama, Inc. (AL)
- Alpha Dental of Arizona, Inc. (AZ)
- Alpha Dental of Nevada, Inc. (NV)
- Alpha Dental of New Mexico, Inc. (NM)
- Alpha Dental of Utah, Inc. (UT)
- Alpha Dental Programs, Inc. (HI, ID, IL, IN, KY, MD, MO, NJ, OH, TX)

(\* ) denotes entity is a 501(c)(4) nonprofit organization



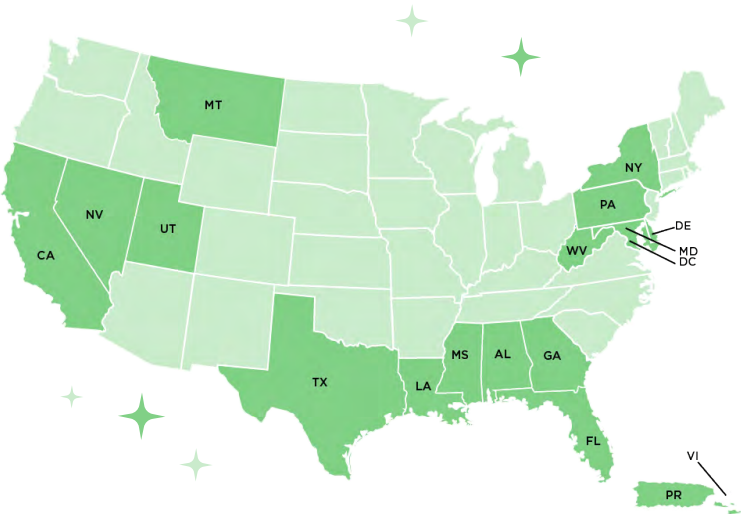
## DeltaCare USA operations

Delta Dental Plans Association has granted our enterprise the exclusive right to underwrite multi-state DHMO business across the nation under the **DeltaCare USA** brand.

## Delta Dental PPO and Delta Dental Premier operations

In the following states and territories, **Delta Dental Plans Association** has granted our enterprise the exclusive right to underwrite fee-for-service and preferred provider organization plans (also known as dental provider organization plans) under the Delta Dental brand:

Alabama, California, Delaware, District of Columbia, Florida, Georgia, Louisiana, Maryland, Mississippi, Montana, Nevada, New York, Pennsylvania, Puerto Rico, Texas, U.S. Virgin Islands, Utah, West Virginia.





## Dentegra companies

The following enterprise companies are not affiliated with Delta Dental Plans Association. However, the two U.S. insurance companies are authorized by Delta Dental Plans Association to market and underwrite certain multi-state and national Delta Dental-branded programs.

## Dentegra Group, Inc.

- Dentegra Insurance Company
- Dentegra Insurance Company of New England
- Dentegra Seguros Dentales, S.A. (Mexico)