

May 2012

RE: Important Notice Regarding 2013 New Jersey Maximum Allowable Charges

Dear Doctor:

We provide this letter to inform you of changes we will put in place on January 1, 2013 relating to the Maximum Allowable Charge (MAC) for services paid to Delta Dental Premier[®] Network Dentists and the reasons for taking this action. This change will apply to all payments by Delta Dental member companies based on the approved Premier fee levels. We appreciate your participating with us and hope you will conclude, as we have, that this action is designed to preserve the competitiveness of the coverage that Delta Dental member companies provide.

Changes in Our Premier Network MAC

In the past, Delta Dental established a statewide MAC based on the claim submissions of New Jersey participating dentists. We currently base MACs on the eightieth (80th) percentile of submitted fees for most services. For some specialists, (endodontists, oral surgeons, periodontists, and prosthodontists), we have established a higher MAC level for certain services. For many years, this MAC approach has worked well for Delta Dental member companies and for our participating dentists, but in order to be competitive, we need to change how we establish MACs in the future.

For services completed on or after January 1, 2013, we will establish two different MAC regions in New Jersey: Region 1 covers zip codes 070-076; 078-079; 088-089 and Region 2 covers zip codes 077; 080-087. We will determine MACs for each service for each region that are at a competitive and attractive level of reimbursement in the dental benefit marketplace, but not be tied to a specific percentile level. We also will continue to have different MACs for certain services performed by those specialists listed above in each of the two regions. Overall, we intend to establish the new MACs so as to achieve claim payment savings statewide of approximately four to five percent (4% - 5%). Thereafter, we intend to annually review the MACs and revise them as necessary to reimburse you at a competitive rate, to maintain competitive premium levels, and to increase the number of patients we cover and the number of Delta Dental patients you see.

We have established a secure fee comparison application on our website (available May 21), which illustrates how your current approved Premier fee levels compare to the estimated new MAC. You will need to log on to the Delta Dental of New Jersey website (www.deltadentalnj.com) to view this application in Benefits Connection using your existing username and password. If your office has not registered on Benefits Connection, you can easily do so online. We encourage you to register before May 21. We also will post responses to anticipated Frequently Asked Questions (FAQs) on Benefits Connection. Should the FAQs not answer your questions, our Customer Service Team will be available to respond to your questions. You can reach us beginning May 21 at 866-328-1299 or feequestions@deltadentalnj.com.

Why We are Taking This Action

Economic conditions continue to create challenges, and employers are under constant pressure to lower costs, including employee benefits. Delta Dental of New Jersey is committed to controlling expenses and has adopted expense controls that emphasize improved efficiencies and enhanced technology to manage our administrative expense ratio. These operational efficiencies help to support lower pricing margins necessary to maintain and support business growth. We are taking this action to ensure that our benefit plans remain competitive in the marketplace.

The Importance of Our Relationship with You

All of our participating dentists are important to us and to the patients we cover. Delta Dental Premier is an important source of patients to our participating dentists. We recommend that our groups provide programs that encourage our members to seek coverage from participating dentists. We provide our members with online access to “Find a Dentist” and mail customized directories of our participating dentists to members as requested. We also make payment for covered services directly to you. We value our relationship with you, the care you provide to the members we cover, and your loyalty to us over the years.

Delta Dental participating dentists can receive many additional value-added services. These services include: courses that qualify for continuing education credits and discounts on products and services through our In-Net Program. Please see our website for additional details.

Delta Dental of New Jersey remains committed to advancing oral health and access through exceptional dental benefits, service, and professional support. We strive to provide the highest level of service and responsiveness to the professional community. Our mission is to promote oral health to the greatest number of people by providing accessible dental benefit programs of the highest quality and value.

Sincerely,



Walter J. VanBrunt
President & CEO



Ronald I. Deblinger, D.M.D.
Chairman