

Notice of Amended Class Action Settlement Agreement and Final Approval Hearing

California Dental Association, et al. v. Delta Dental of California,
San Francisco County Superior Court, No. CGC-14-538849

c/o Rust Consulting
Class Notice Administrator - 5492
PO Box 2563
Faribault, MN 55021-9563

Superior Court for the City and County of San Francisco

Important Information – Read Carefully

IF YOU HAVE BEEN A PARTY TO A PARTICIPATING DENTIST AGREEMENT IN CALIFORNIA FOR PARTICIPATION IN THE DELTA DENTAL PREMIER® NETWORK AT ANY TIME FROM JANUARY 1, 2011 THROUGH DECEMBER 27, 2017, PLEASE READ THIS NOTICE CAREFULLY.

THE SAN FRANCISCO COUNTY SUPERIOR COURT HAS DIRECTED THAT THIS NOTICE BE SENT TO YOU. THIS IS NOT A SOLICITATION FROM A LAWYER.

The San Francisco County Superior Court has preliminarily approved a proposed Amended Settlement Agreement (“Proposed Amended Settlement”) of a class action lawsuit brought on behalf of California dentists who had a Participating Dentist Agreement (“PDA”) with Delta Dental of California (“Delta Dental”) for participation in its Premier network (“Premier Dentists”) (the “Class”) at any time during the period January 1, 2011 through December 27, 2017 (the “Class Period”). The Proposed Amended Settlement resolves the claims asserted against Delta Dental in a lawsuit entitled *California Dental Association, et al. v. Delta Dental of California*, San Francisco County Superior Court Action No. CGC-14-538849 (the “Lawsuit”).

The Proposed Amended Settlement takes the place of and supersedes a previous proposed settlement between the parties, as to which the Superior Court previously granted preliminary approval on April 21, 2017. That previous settlement agreement was the subject of a previous Notice similar to this one that was mailed on May 11, 2017, and which you may have received. This Notice takes the place of and supersedes that previous Notice.

The purpose of this Notice is to inform you of the terms of the Proposed Amended Settlement, and to advise you of your legal rights and options with respect to it and the deadline by which they must be exercised.

Please read this Notice carefully.

SUMMARY OF THE PROPOSED AMENDED SETTLEMENT

- The Lawsuit was brought by class representatives the California Dental Association (“CDA”), Dr. Richard W. Barnes, Dr. Robert E. Reed, Dr. Dean Schweitzer, Dr. Gerald Middleton, Dr. Whitney Johnson, Dr. Terrence Y. Lau, and Dr. Barbara M. Hawthorne. The Lawsuit challenges certain conduct of Delta Dental and certain amendments to the PDA that Delta Dental announced in August 2013 as well as Delta Dental’s calculation of fee reimbursements to Premier Dentists beginning January 1, 2011.
- As a part of the Proposed Amended Settlement, Delta Dental is amending the PDA to provide that if Delta Dental makes reductions in maximum amounts allowed for Contracted Fees or reductions in fee reimbursements generally applicable to Premier Dentists, Delta Dental will be required to provide at least 120 calendar days’ advance notice of any such reductions. The notice will identify the Current Dental Terminology (“CDT”) Codes being affected. In addition, Delta Dental must provide each affected Premier Dentist with an individualized calculation of the potential financial impact of such reductions on his/her practice, based upon claims submitted to Delta Dental during a recent 12-month period. The Amended PDA also provides that Delta Dental must provide 120 calendar days’ notice of any future material change it makes to the PDA, rather than the 45 business days’ notice now required by the current PDA and California law. Provided the Court grants its final approval to the Proposed Amended Settlement Agreement, these amendments will go into effect 120 calendar days after Delta Dental mails a Knox-Keene Act notice regarding the amendments. If you signed a PDA with Delta Dental on or after May 1, 2017, your PDA already contains these amendments.
- Delta Dental will pay up to a total of \$65,029,299 (the “Amended Settlement Amount”) to Settlement Class Members whose valid requests for fee increases to Delta Dental from January 1, 2011 through September 14, 2017 were limited

by Delta Dental's application of an inflation adjustment percentage ("INAP") and who submitted claims for services performed during the period from January 1, 2011 through September 14, 2017 to Delta Dental that were processed by Delta Dental through December 31, 2017.

- **Class Members do not need to file a proof of claim or present records of fee payments in order to be allocated a portion of the Amended Settlement Amount.** Class Counsel and experts working for the Class will determine the allocation of the Amended Settlement Amount among Class Members based on Delta Dental's available records of actual fee and claim submissions for services performed from January 1, 2011 through September 14, 2017. In general, the amount allocated to each Class Member will be a share of the Amended Settlement Amount that will be proportionate to the INAP impact on the Class Member based upon determinations using the available data when compared to the total INAP impact on the entire Class. Allocations will be made based on the best data available. There will be a minimum allocation of \$500 to any Class Member whose fee reimbursements were reduced by application of the INAP. There will be no allocation of the Amended Settlement Amount to Class Members whose fee reimbursements were not reduced by application of the INAP or distributions from the Amended Settlement Amount to Class Members who opt out of the Proposed Amended Settlement.
- The distribution of the allocations of the Amended Settlement Amount will be made in accordance with the process described in Section II.2 of this Notice. Allocations not relating to a Settlement Class Member's fee payments from Delta Dental directed to a group practice will be distributed directly to the Settlement Class Member. In connection with allocations relating to a Settlement Class Member's fee payments to a group practice in the normal course of business, the Class Member and the group practice will receive a notice informing them that unless either party objects the distribution will be made to the group practice. If either party objects, the payment will be held until the disagreement is resolved by agreement or a court order. Once the allocations and distributions have been determined, they will be deemed final and not subject to legal challenge.
- In addition to the Amended Settlement Amount, Delta Dental has agreed to pay an award of attorney's fees and expenses to Class Counsel up to \$2,350,000, which will be subject to approval by the Court. Delta Dental has also agreed to pay up to \$3,500 to each of the individual named plaintiffs for their service as class representatives. Neither the attorney's fees and expenses nor the service awards will be taken from or reduce the Amended Settlement Amount to be paid to Settlement Class Members, but will be in addition to the Amended Settlement Amount. A motion seeking approval of the attorney's fees and service awards will be filed no later than February 16, 2018, or at least two weeks before the Objection and Opt-Out Deadline.
- If approved by the Court, the Proposed Amended Settlement will be a legally binding resolution of known and unknown claims based on, arising from, or relating directly to the conduct, acts and omissions alleged in the Second Amended Complaint up to and including the effective date of Delta Dental's Amended PDA. Individual disputes with Delta Dental concerning fee reimbursements or other matters that are not based on conduct, acts or omissions alleged in the Lawsuit will not be released. In addition, no claim based on conduct, acts or omissions of Delta Dental after the effective date of the Amended PDA will be released by the Proposed Amended Settlement.
- The Proposed Amended Settlement will become effective only after the Court enters a Final Approval Order and Judgment of the Proposed Amended Settlement following a public hearing to determine the fairness of the Proposed Amended Settlement, and, if necessary, the resolution of any appeal should anyone seek to challenge the Court's Final Approval Order and Judgment.
- The Amended PDA will not affect your current status as a Delta Dental Premier Dentist. You will not be required to sign a new PDA with Delta Dental as a result of the Proposed Amended Settlement. The contractual and statutory rights of any Premier Dentist to terminate the Amended PDA will remain unchanged.
- In addition to the amendments to the PDA required by the Proposed Amended Settlement, Delta Dental is making certain other amendments to the PDA that are not required by the Proposed Amended Settlement and are not subject to Court approval. A redlined version of the Amended PDA Rules which shows all of the amendments Delta Dental is making to the PDA is included with this Notice. The amendments required by the Proposed Amended Settlement are those that are shaded in the enclosed redlined version of the Rules.
- All of the amendments to the PDA's Rules have received clearance from California's Department of Managed Health Care.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT

Please review this Notice in its entirety. You have the following legal rights and options, which must be exercised in the manner described in this Notice within 45 days from the date of this Notice. The deadline by which you must act is March 5, 2018.

Participate in this Proposed Amended Settlement	If you wish to participate in the Proposed Amended Settlement, you do not need to do anything. If the Court determines that the Proposed Amended Settlement is fair, adequate and reasonable, you will be entitled to the benefits of and be bound by the Proposed Amended Settlement. You may be eligible to receive a payment from the Amended Settlement Amount pursuant to the terms of the Proposed Amended Settlement. No claim form will be required for you to receive a payment. You will release certain claims against Delta Dental as described in the Proposed Amended Settlement.
Exclude Yourself (or “Opt Out”) from the Proposed Amended Settlement	If you do not wish to participate in this Proposed Amended Settlement, you must “opt out” or exclude yourself from it. If you opt out, you will not be considered a party to the Lawsuit and you will relinquish any eligibility to receive a payment from the Amended Settlement Amount. You will, however, retain your current status as a Premier Dentist subject to the Amended PDA, including your contractual and statutory rights to terminate the Amended PDA. You will not release any claims you may have against Delta Dental. You will not be represented by Class Counsel after you submit a timely and valid request to opt out of the Proposed Amended Settlement. To exclude yourself or opt out of the Proposed Amended Settlement, you must submit a written Request for Exclusion as provided in section III.2 of this Notice, postmarked or delivered to the Class Notice Administrator no later than March 5, 2018.
Object to the Proposed Amended Settlement	If you wish to participate in the Proposed Amended Settlement but have an objection to one or more aspects of it, you may submit a written objection to the Proposed Amended Settlement as provided in section III.3 of this Notice, postmarked or delivered to the Class Notice Administrator no later than March 5, 2018.
Go to the Final Approval Hearing to State Your Views	The Court will hold a public hearing to determine whether the Proposed Amended Settlement is fair, reasonable and adequate to the Class (the “Final Approval Hearing”) in San Francisco Superior Court, Department 305, on April 25, 2018 at 1:30 p.m. Anyone can attend the Final Approval Hearing, but if you wish to address the Court at this hearing, you must not have opted out of the Proposed Amended Settlement. It is possible the hearing date will change, so please check the website for this Lawsuit and Proposed Amended Settlement, www.DeltaDentalofCaliforniaSettlement.com , to confirm the date of the Final Approval Hearing.

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I. BASIC INFORMATION

1. Why did I get this Notice?

The Proposed Amended Settlement resolves claims in the Lawsuit, *California Dental Association, et al. v. Delta Dental of California*, San Francisco Superior Court Action No. CGC-14-538849. The Superior Court has provisionally approved a Class for settlement purposes only described as follows:

“All California dentists who are or were signatories to, or are or were parties to or subject to, a Participating Dentist Agreement with Delta Dental of California for participation in its Premier network at any time from January 1, 2011, through December 27, 2017.”

You are receiving this Notice because Delta Dental’s records indicate that you meet this definition and, therefore, are a Class Member. As a Class Member, your rights may be affected by, and you may receive a payment under, the Proposed Amended Settlement if you do not opt out.

2. Why is the settlement called a “Proposed Amended Settlement” and what is the relationship between this Proposed Amended Settlement and the previous proposed settlement in this case?

In April, 2017, the parties reached a prior proposed settlement of this litigation, which was contained in a written Settlement Agreement. That prior settlement, which provided for a Settlement Amount of \$34,750,000, was preliminarily approved by the Court on April 21, 2017, but that approval required verification of the allocations of the Settlement Amount to be made to Class Members. In the course of that verification process, it was determined that the previous calculations of the financial impact of the INAP on Class Members were significantly in error. The parties apprised the Court of these events and on June 8, 2017, the Court vacated the date for the final approval hearing then scheduled for August 31, 2017 and all other dates, and directed the parties to determine whether changes to the prior settlement were necessary. The parties conducted that investigation, engaged in further mediation, and determined that changes to the prior settlement agreement were required, which resulted in the “Proposed Amended Settlement Agreement.” Among other changes, the Amended Settlement Amount in the Proposed Amended Settlement has been increased to \$65,029,299.

3. Who are the class representatives?

The class representatives are the CDA, Dr. Richard W. Barnes, Dr. Robert E. Reed, Dr. Dean Schweitzer, Dr. Gerald Middleton, Dr. Whitney Johnson, Dr. Terrence Y. Lau, and Dr. Barbara M. Hawthorne. CDA is serving as a class representative because many Class Members are members of CDA. Each of the individual class representatives is a Class Member because he or she was party to a PDA with Delta Dental for participation in its Premier Network during at least some portion of the Class Period.

4. What is the Lawsuit about and what claims are being asserted on behalf of Class Members?

The Lawsuit asserts claims for breach of contract, breach of the covenant of good faith and fair dealing, violations of California Business and Professions Code sections 17200, *et seq.*, and declaratory relief based on the conduct, acts or omissions alleged in the Second Amended Complaint. The Lawsuit challenges, among other things, (1) Delta Dental’s amendments to the PDA announced on August 1, 2013; (2) the adequacy of Delta Dental’s notice regarding those amendments; (3) Delta Dental’s determination of maximum amounts allowed for fees; (4) Delta Dental’s determination of Contracted Fees; (5) Delta Dental’s determination and application of the INAP to limit requested increases in fees since January 1, 2011; and (6) Delta Dental’s limitation on the types of disputes that are subject to binding arbitration before the American Arbitration Association. The claims are contained in the Second Amended Complaint filed in the case, which is available for review at www.DeltaDentalofCaliforniaSettlement.com.

5. What are Delta Dental’s responses to the claims being asserted?

Delta Dental denies each and every claim asserted against it. Delta Dental contends, among other things, that (1) the PDA itself and California’s Knox-Keene Act expressly permit Delta Dental to amend the PDA; (2) the August 1, 2013 notice of amendments to the PDA was fair, accurate and reasonable, and satisfied all contractual and statutory requirements; (3) Delta Dental has properly determined maximum amounts allowed for fees; (4) Delta Dental has properly determined Contracted Fees; and (5) Delta Dental’s determination and application of the INAP has been allowed under the PDA. Delta Dental asserts that any limits on fee increases, or reductions in fees, are a response to competitive and market conditions and are intended to maximize the number of patients who are covered by a Delta Dental plan, which thus benefits Premier Dentists. Delta Dental also denies that there is anything unlawful or improper about its amendment to the PDA’s dispute resolution provision. Delta Dental’s agreement to settle the Lawsuit is not an admission of liability or that it engaged in any wrongdoing or unlawful conduct of any kind.

6. Has the Court decided who is right?

The Court has issued no decision on the merits of the Lawsuit and has not decided who is right or wrong.

7. Why is this Lawsuit a class action and who is included in the Class?

CDA initially filed this Lawsuit on behalf of its members who are or have been Premier Dentists with Delta Dental. After extensive litigation regarding initial challenges to the Lawsuit, the Court suggested that the parties engage in mediation to determine whether the claims could be resolved by a settlement. In response, the parties agreed to engage a professional mediator with a national reputation, Eric Green of Resolutions, LLC. The mediation began in February, 2016, and in November, 2016, the parties reached an agreement in principle. During the course of the mediation, the parties agreed that to achieve finality, any proposed settlement should not be limited only to CDA members but should include all Delta Dental Premier Dentists who have or had a PDA with Delta Dental at any time from January 1, 2011 through the date the settlement is preliminarily approved by the Court. To accomplish that end, a Second Amended Complaint was filed to assert the claims made in the Lawsuit on behalf of all such dentists. The Court provisionally certified the Class for settlement purposes only and preliminarily approved the initial settlement and ordered that Notice of the initial settlement be sent to the Class. Following the recalculation of the INAP impact as described above in section I.2, this Notice is being sent to Class Members pursuant to the Court's Order to advise you of the Proposed Amended Settlement and the Final Approval Hearing at which the Court will consider whether to grant final approval of it.

8. Why is there a Proposed Amended Settlement?

As described above in section I.4, this Lawsuit challenges, among other things, Delta Dental's amendments to the PDA, the adequacy of its notice of those amendments in 2013, Delta Dental's determination of maximum amounts allowed for Contracted Fees, and Delta Dental's application of the INAP since January 1, 2011. There are many complex issues that are raised by all of these claims, as well as disputes over the relevant facts. While Class Counsel believes that the claims have merit, Delta Dental believes that it will prevail on all claims. Litigation is inherently unpredictable and there is no guarantee that either party will ultimately prevail or that any monetary damages will be awarded. It would likely take years to resolve the issues raised in the Lawsuit, including any appeals, and there can be no certainty of the outcome. It would be several years, therefore, before any relief could be granted, if Class Members are entitled to any relief.

In an attempt to resolve their differences, Class Counsel and Delta Dental's Counsel engaged in the lengthy mediation before a professional mediator, and thereafter a further mediation pertaining primarily to the Amended Settlement Amount, both of which are described above in section I.7. Those mediations, coupled with the additional negotiations of the parties, resulted in the Proposed Amended Settlement. While there were many factors that led to the Proposed Amended Settlement, some of the most significant were:

- During the pendency of this Lawsuit and a preceding arbitration, Delta Dental has refrained from reducing maximum amounts allowed for Contracted Fees for what will be more than five years. As a result, Premier Dentists collectively have received many millions of dollars more than they otherwise would have received had Delta Dental reduced the maximum amounts allowed for Contracted Fees under the PDA in 2013. However, there was a substantial possibility that plaintiffs could not forever prevent amendments to the PDA or potential future reductions to the maximum amounts allowed.
- The provisions in the Amended PDA requiring 120 calendar days' notice and, in particular, requiring an individualized financial calculation for each Premier Dentist of the impact of any future reduction in maximum amounts allowed, are significant long-term and permanent benefits to Premier Dentists. Delta Dental's provision of information about which CDT codes are affected by a reduction, as well as the significantly longer notice period for future reductions and material changes to the PDA, are important benefits that enhance Premier Dentists' ability to engage in meaningful long-term planning for their practices.
- The Amended Settlement Amount of up to \$65,029,299 to be paid to eligible Settlement Class Members, which is in addition to the benefits to Premier Dentists from the delay in reductions in maximum amounts allowed described above, will provide monetary compensation within a reasonable time for Premier Dentists who were affected by Delta Dental's application of the INAP. This monetary relief could not have been obtained except through subsequent litigation, because as an association CDA (which brought the initial complaint in this case) does not have standing to seek individual damages for dentists, even for its members. The law requires that damages be sought either by individual actions or a class action.
- CDA and the individual class representatives were legally constrained by applicable federal and state antitrust laws in their ability to collectively negotiate with Delta Dental regarding specific fees, fee levels, fee-setting provisions or fee-setting limitations. In addition, Delta Dental contends that the Knox-Keene Act permits a health care service plan like Delta Dental to make material changes to its provider agreements, including a change to the plan that affects rates and fees paid to providers.
- The outcome of continued litigation was uncertain and not knowable. It was possible that, absent a settlement, plaintiffs might not obtain any relief whatsoever after years of expensive litigation. Moreover, years of continued litigation in an effort to block Delta Dental from adjusting fees in response to competitive market conditions posed a potential threat to the long-term viability of Delta Dental plans that treat Premier Dentists as in-network providers.
- The Settling Parties recognized that the only mechanism to reach a settlement that would provide relief to all Premier Dentists and provide closure on the disputed issues is through a class action, which subjects the Proposed Amended Settlement to the Court's review to ensure that it is fair, reasonable and adequate for Class Members and also affords Class Members the opportunity to object to, or opt out of, the Proposed Amended Settlement.

Considering the benefits that will accrue under the Proposed Amended Settlement and all of the risks, time and expense that would be required for continued litigation, Class Counsel and the class representatives have concluded that the Proposed Amended Settlement is fair, reasonable and adequate.

9. Can I participate in the Proposed Amended Settlement, and if I do how are my rights affected?

The Class Period is from January 1, 2011 through December 27, 2017. If you were a Delta Dental Premier Dentist pursuant to a PDA at any time during this period, you are a Class Member. Unless you decide to opt out of the Proposed Amended Settlement in accordance with the instructions contained in this Notice, you will receive benefits under the Proposed Amended Settlement on the same basis as other Delta Dental Premier Dentists who are Class Members and also do not opt out, and you will be bound by the terms of the Proposed Amended Settlement, including the release of claims.

II. THE PROPOSED AMENDED SETTLEMENT'S BENEFITS

1. What amendments to the PDA are required by the Proposed Amended Settlement?

A full description of the amendments to the PDA being made as a part of this Proposed Amended Settlement is set forth in section III.B of the Proposed Amended Settlement Agreement, which is available at www.DeltaDentalofCaliforniaSettlement.com. The shaded sections of the attached, redlined version of the PDA's Rules show the amendments to the PDA that the Class is agreeing to:

a. The Amended PDA amends the definition of "Contracted Fee" in the Rules section to provide:

"In the event of a decrease in Premier Contracted Fee maximum amounts allowed or levels or amounts of fee reimbursement generally applicable to Premier dentists (other than a decrease resulting solely from changes to the Code on Dental Procedures and Nomenclature (CDT codes)), Delta Dental will provide participating dentists with 120 calendar days' notice. Such notice will provide each affected Premier dentist (1) his/her Contracted Fees affected by the reduction(s) and (2) the potential financial impact of the reduction(s) on his/her Contracted Fee reimbursements from Delta Dental based upon the Premier dentist's submissions for procedures to Delta Dental over the twelve (12) month period ending on the most recent complete calendar quarter preceding the notice and the assumption that the participating dentist will perform the same set of procedures during the twelve (12) months following the reduction(s). If the dentist does not wish to accept the new Premier Contracted Fees, the dentist shall so advise Delta Dental and terminate his/her participating dentist agreement within the 120 calendar day notice period. Nothing herein requires Delta Dental to provide any notice of any INAP limit or any change in the INAP limit (including the amount, rate or percentage) or any specific maximum amounts allowed for specific CDT codes."

b. The Amended PDA is also being amended to include the following in Section 13 of the Rules:

"Any material amendment(s) made as provided [in this Section 13] is/are binding upon Delta Dental participating dentists and effective 120 calendar days from the time Delta Dental mails complete and accurate notice to the participating dentist of the amendment(s), which notice will include a link to an online site which provides a redline identifying all changes. If the dentist declines to be bound by the amendment(s), the dentist shall so advise Delta Dental and terminate his/her participating dentist agreement within the 120 calendar day notice period."

c. Delta Dental will provide the notices described above in Sections II.1.a and II.1.b to CDA for the benefit of all Premier Dentists no less than 12 calendar days before providing the notice to Premier Dentists. After Delta Dental provides notice to Premier Dentists, CDA will be free to communicate with Premier Dentists (whether or not members of CDA) regarding its analysis of the nature and effect of the amendments.

d. Other than the amendments described above, Delta Dental has the right to determine unilaterally the provisions of the PDA (including the Rules), including without limitation any provisions relating to fee reimbursement; levels or amounts of fee reimbursement; methods, procedures or formulas for determining fee reimbursement; dispute resolution; and Delta Dental's right to amend the PDA (including the Rules), provided that nothing in the Proposed Amended Settlement is an agreement that Delta Dental may violate any statutory or common law right by future amendment or other conduct.

e. Delta Dental has made certain other amendments to the PDA that are not required by this Proposed Amended Settlement and are not subject to Court approval. Those amendments are redlined (but not shaded) in the attached redlined version of the PDA's Rules, which is also available to you on the official website for this Amended Settlement: www.DeltaDentalofCaliforniaSettlement.com and on Delta Dental's website at www.deltadentalins.com/dentists/. If you signed a PDA with Delta Dental on or after May 1, 2017, your PDA already contains these amendments.

2. Am I entitled to receive money under this Proposed Amended Settlement and if so, how will the amount be determined?

The Plan of Allocation and Distribution of the Amended Settlement Amount is set forth in Appendix 3 to the Proposed Amended Settlement Agreement, which is available at www.DeltaDentalofCaliforniaSettlement.com. In summary, if you do not opt out of the Proposed Amended Settlement, you will be a Settlement Class Member and you may be allocated and entitled to receive a portion of the Amended Settlement Amount. Class Counsel and experts working for the Class will determine the allocation

of the Amended Settlement Amount among Class Members based on Delta Dental's available records of actual fee and claim submissions for services performed from January 1, 2011 through September 14, 2017 and processed through December 31, 2017. In general, the amount allocated to each Class Member will be a share of the Amended Settlement Amount that is proportionate to the INAP impact on the Class Member based on determinations using available data, when compared to the total INAP impact on the entire Class. Allocations will be made based on the best data available. There will be no allocation or distribution to Class Members whose fee payments were not limited by the INAP and no distribution to Class Members who opt out of the Proposed Amended Settlement. Once the allocations have been determined, they will be deemed final and not subject to legal challenge.

Distributions will be made pursuant to the Amended Plan of Allocation and Distribution, which is Appendix 3 to the Amended Settlement Agreement. In sum, allocations not relating to a Settlement Class Member's fee payments from Delta Dental directed to a group practice will be distributed directly to the Settlement Class Member. In connection with allocations relating to a Settlement Class Member's fee payments from Delta Dental to a group practice in the normal course of business, within 20 days after Final Approval the Settlement Class Member and the group practice will be told the amount of the Settlement Class Member's allocation associated with the group practice and that the distribution will be made to the group practice unless an objection is made within 30 days after the notice is sent. If no written objection is received within 30 days, then the distribution will be made to the group practice. If an objection is made, the distribution will be held for a maximum of 60 days to allow the Settlement Class Member and the group practice to reach an agreement. If no agreement is reached within that period, the distribution shall be deposited in a Qualified Settlement Fund established pursuant to the Amended Settlement Agreement (Appendix 4), and thereafter paid either in accordance with instructions agreed upon by the Settlement Class Member and the group practice or a final, non-appealable court order directing how payment shall be made. Once the distribution has been determined, it will be deemed final and not subject to legal challenge. To the extent feasible, recipients of a distribution from the Amended Settlement Amount will receive a Form 1099-MISC.

3. What is the range of recovery for Settlement Class Members?

Based on current calculations and available data, it is currently estimated that approximately 14,300 Class Members will be allocated a portion of the Amended Settlement Amount. Of these, approximately 6,300 are estimated to be allocated the minimum of \$500 and approximately 8,000 are estimated to be allocated amounts ranging from \$500 to approximately \$465,000. The average allocation from the Amended Settlement Amount is currently estimated to be approximately \$4,500.

4. Am I required to file a claim form or any documentation in order to be allocated money under this Proposed Amended Settlement?

No. It will not be necessary for you to file a claim form in order to be allocated and entitled to receive a portion of the Amended Settlement Amount, and your eligibility for a payment does not depend on your ability to document fee submissions that you have made. Delta Dental maintains databases that will be used to make the calculations for allocations and payments under the Proposed Amended Settlement. The allocations and payments will be based on Delta Dental's record of requests for fee increases submitted to Delta Dental, any application of the INAP to those requested fee increases, and claims history for services performed during the period January 1, 2011 through September 14, 2017, and processed through December 31, 2017, determined in the manner described above. It is anticipated that all payments from the Amended Settlement Amount will be completed within 120 calendar days after the Proposed Amended Settlement Agreement becomes effective. Any payments from the Amended Settlement Amount that remain outstanding (i.e., checks that are issued but are returned as undeliverable, or which are not cashed or redeemed within 90 days after being mailed) will be paid to the CDA Foundation Student Loan Repayment Program. Those funds will be made available to and awarded to California dentists regardless of whether they are or become members of CDA.

5. What is the effect of the Proposed Amended Settlement on my rights if I do not opt out?

If you decide to remain a Class Member and do not opt out of the Proposed Amended Settlement, you will receive its benefits as described in this Notice and it will be binding on you. You will also be bound by the "Release of Claims" included in the Proposed Amended Settlement Agreement, which provides as follows:

"[1] In addition to and not in lieu of the effect of any final judgment entered in accordance with the Amended Settlement Agreement, and in consideration of Delta Dental's agreement to pay the Amended Settlement Amount and for other valuable consideration provided by the Amended Settlement Agreement, each Settlement Class Member and CDA hereby expressly and irrevocably waives, and fully, finally, and forever settles, discharges, and releases the Released Parties, from any and all manner of claims, demands, actions, suits, and causes of action, whether individual, class, derivative, representative, or otherwise in nature, for damages (whether compensatory, consequential, special, statutory or punitive), interest, costs, expenses, attorneys' fees, fines, civil or other penalties, or other payment of money, or for injunctive, declaratory, or other equitable relief, whether directly, indirectly, derivatively, or otherwise, whether known or unknown, suspected or unsuspected, in law or in equity, that are based on, arise from or relate directly to Delta Dental's conduct, acts or omissions alleged in the Second Amended Complaint including without limitation the determination or application of Fee Reimbursement Limits, and/or Contracted Fees for Premier Dentists prior to the Effective Date of the Amended PDA, Delta Dental's determination or application of INAP, Delta Dental's amendments to the PDA announced on

November 17, 2010, Delta Dental's amendments to the PDA announced on August 1, 2013, and/or Delta Dental's notice to dentists of those amendments, and/or the claim that the terms of the current or any prior version of the PDA, the covenant of good faith and fair dealing implied in the current or any prior version of the PDA, or any other law applicable to the current or prior versions of the PDA preclude the amendment proposed by Delta Dental to the Amended PDA, regardless of when such claims accrue or accrued, for the period through the Effective Date of the Amended PDA (the "Release Date") as provided herein (the "Released Claims"). Settlement Class Members and CDA shall not, after the Release Date, seek to establish liability against the Released Parties based on, arising from or relating directly to the conduct, acts or omissions asserted in the Second Amended Complaint. Settlement Class Members, CDA and the Released Parties agree that the Amended Settlement Agreement may be pleaded as a bar to a lawsuit, arbitration demand or administrative claim, and an injunction may be obtained, preventing any action from being initiated or maintained in any lawsuit, arbitration or administrative proceeding sought to be prosecuted by or on behalf of Settlement Class Members or CDA with respect to the Released Claims.

[2] In addition to the provisions of Section [1] above, each Settlement Class Member and CDA expressly agrees that, upon the Release Date, he, she or it waives and forever releases with respect to the Released Claims any and all provisions, rights and benefits conferred by either (a) section 1542 of the California Civil Code, which reads:

Section 1542. General release; extent.

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

or (b) any law of the United States or any state or territory of the United States, or principle of common law, which is similar, comparable or equivalent to section 1542 of the California Civil Code. Each Settlement Class Member and CDA acknowledges that he, she or it may hereafter discover facts other than or different from those which he, she or it knows or believes to be true with respect to the Released Claims, but each Settlement Class Member and CDA hereby expressly waives and fully, finally, and forever settles and releases, upon the Release Date, any known or unknown, suspected or unsuspected, contingent or non-contingent claim based on, arising from or relating directly to the conduct, acts or omissions alleged in the Second Amended Complaint, whether or not concealed or hidden, without regard to the subsequent discovery or existence of such different or additional facts."

6. Who is paying the costs associated with the Proposed Amended Settlement?

Delta Dental will bear the costs of administering the Amended Settlement Amount. However, under certain circumstances, Delta Dental will establish a Qualified Settlement Fund ("QSF") as provided in the Proposed Amended Settlement Agreement, into which the Amended Settlement Amount, or a portion of it, and any award of attorney's fees and expenses and service awards shall be deposited. In that event, the costs and expenses for the operation and administration of the QSF, if one is established, including but not limited to fees and expenses for any claims administrator fees and expenses relating to the distribution of the Amended Settlement Amount, which are currently estimated to be less than \$100,000, will be paid out of the QSF.

III. WHAT ARE MY OPTIONS?

1. What should I do if I want to be part of the Proposed Amended Settlement?

If you want to participate in the Proposed Amended Settlement, you do not need to do anything. You automatically will be included in the Settlement Class, may be eligible to receive a payment from the Amended Settlement Amount, and will be bound by the terms of the Proposed Amended Settlement, including the release of claims as provided in the Proposed Amended Settlement Agreement. You do not need to file a claim form or take any other action. The Class Notice Administrator will provide notice through the settlement website if the Court enters an order granting final approval of the Proposed Amended Settlement and a judgment. Any payment will be made within 120 calendar days after the effective date of the Proposed Amended Settlement Agreement, unless otherwise ordered by the Court. It is possible that this date may be postponed if there is any appeal of the Court's order. In that case, payments will be made after all appeals have been resolved and the Proposed Amended Settlement is upheld on appeal.

2. What should I do if I want to opt out or exclude myself from the Proposed Amended Settlement, and what are the consequences of opting out?

You have the right to be excluded from this Proposed Amended Settlement, which is also referred to as "opting out". If you want to opt out of the Proposed Amended Settlement, you must do so on your own behalf. To opt out of the Proposed Amended Settlement, you must submit to the Class Notice Administrator a written request to opt out of the Proposed Amended Settlement that is delivered to the Class Notice Administrator or postmarked no later than March 5, 2018. The Class Notice Administrator's address is provided below in section VI.

To be effective, your opt-out request must:

- (1) state the name of this Lawsuit, *California Dental Association, et al. v. Delta Dental of California*, San Francisco County Superior Court Action No. CGC-14-538849;
- (2) state your full legal name, address, telephone number and Dental Board of California license number;
- (3) state the time period during which you believe that you have been a Premier Dentist with Delta Dental pursuant to a PDA based on available records or, if records are not available, to the best of your recollection;
- (4) state that you are opting out of the Proposed Amended Settlement; and
- (5) be signed and dated by you or your counsel if you are represented by counsel.

Opt-out requests that are not postmarked or received by the Class Notice Administrator by March 5, 2018, or which fail to include the information outlined above, will be of no force or effect. Delta Dental has an option to terminate the Proposed Amended Settlement if total opt outs exceed certain thresholds.

If you decide to opt out of the Proposed Amended Settlement, you will not be eligible to receive any payment from the Amended Settlement Amount, you will not release any claim you may have against Delta Dental, and you will no longer be represented by Class Counsel. You will be subject to the Amended PDA, and you will be free to pursue any claim you believe you may have against Delta Dental on your own.

3. What should I do if I object to the Proposed Amended Settlement, and is objecting the same as “opting out”?

If you decide to participate in and do not opt out of the Proposed Amended Settlement, you still have the right to object in writing to all or any part of it should you wish to do so. If you want to object to any aspect of the Proposed Amended Settlement, you must do so on your own behalf. To object to the Proposed Amended Settlement or any part of it, you must submit a written objection to the Class Notice Administrator that is delivered or postmarked no later than March 5, 2018. The Class Notice Administrator’s address is provided below in section VI. For an objection to be considered by the Court, the objection must include:

- (1) the name of this Lawsuit, *California Dental Association, et al. v. Delta Dental of California*, San Francisco County Superior Court Action No. CGC-14-538849;
- (2) your full name, address, telephone number and Dental Board of California license number;
- (3) the time period during which you believe you have been a Premier Dentist with Delta Dental pursuant to a PDA based on available records or, if records are not available, to the best of your recollection;
- (4) a description of the nature of your objection and the grounds for your objection, accompanied by any legal or factual support for the objection known to you or your counsel if you are represented by counsel;
- (5) the identity of counsel who represent you in connection with this matter; and
- (6) your signature or your counsel’s signature, if you are represented by counsel, and the date of the signature.

Objections that are not postmarked or received by the Class Notice Administrator by March 5, 2018, or which fail to include the information outlined above, will not be considered by the Court.

Objecting to the Proposed Amended Settlement is not the same as opting out of the Proposed Amended Settlement. You may object to the Proposed Amended Settlement and still participate in it if you don’t opt out. If you opt out of the Proposed Amended Settlement, however, you will have no right to object to it or to speak at the Final Approval Hearing because it will no longer affect your rights.

IV. THE COURT’S FINAL APPROVAL HEARING

1. When and where will the Court decide whether to finally approve the Proposed Amended Settlement?

Under California law, the Court, after considering any valid objections to the Proposed Amended Settlement, must make a final determination as to whether it is fair, adequate and reasonable for Class Members. A formal “Final Approval Hearing” is conducted by the Court in order to determine whether the Proposed Amended Settlement is fair, adequate and reasonable.

The Final Approval Hearing is currently scheduled for April 25, 2018, at 1:30 p.m. in Courtroom 305, San Francisco County Superior Court, 400 McAllister Street, San Francisco, California 94102. It is possible that the date and time of this hearing will be postponed if the Court determines this is necessary. If this occurs, the revised date and time for this hearing will be posted on the website for this Proposed Amended Settlement, www.DeltaDentalofCaliforniaSettlement.com. A separate written notice of the rescheduled hearing date will not be mailed to Class Members. If you wish to attend the Final Approval Hearing, therefore, please consult this website to confirm the date and time for the hearing.

2. Do I have to attend the Final Approval Hearing to participate in the Proposed Amended Settlement?

No, attendance is not required and whether you do or do not attend will not affect your right to participate in the Proposed Amended Settlement. Attendance at the Final Approval Hearing is entirely optional.

3. Do I have the right to speak at the Final Approval Hearing?

You may attend the Final Approval Hearing regardless of whether you objected to the Proposed Amended Settlement. If you do not opt out or request exclusion, as provided in Section III.2 above, you may address the Court at the Final Approval Hearing. If you want to make a substantive objection to the Proposed Amended Settlement or any portion of it at the Final Approval Hearing, you must submit a written objection as set forth in Section III.3 above.

V. THE LAWYERS FOR THE CLASS

1. Who represents me?

The Class is represented by attorneys at the firm of Arnold & Porter Kaye Scholer LLP at the address below:

Arnold & Porter Kaye Scholer, LLP
Attn: Paul Alexander
George Langendorf
3 Embarcadero Center, 10th Floor
San Francisco, CA 94111-4204
Paul.Alexander@APKS.com
George.Langendorf@APKS.com

2. How will Class Counsel be paid?

Pursuant to the Proposed Amended Settlement and subject to Court approval, Delta Dental will pay Class Counsel up to \$2,350,000 in attorney's fees and expenses. Class Counsel will file a motion for approval of this payment, which will be decided by the Court at the Final Approval Hearing. In addition, if approved by the Court, each individual class representative will receive a service award of up to \$3,500 to reimburse him or her for the time and effort he or she has devoted to this case as a class representative. The basis for this award will be included in the motion for attorney's fees and service awards and considered at the Final Approval Hearing. These service awards, if approved by the Court, will also be paid by Delta Dental. No part of the attorney's fees and expenses, or the service awards, will reduce the Amended Settlement Amount. These are separate and additional payments made by Delta Dental.

Class Counsel's motion for approval of attorney's fees and service awards will be filed no later than February 16, 2018, or at least two weeks before the Objection and Opt-Out Deadline set by the Court. If you wish to object to the motion for approval of attorney's fees and service awards, you must submit your written objection to the Class Notice Administrator, which must be delivered or postmarked no later than March 5, 2018.

VI. GETTING MORE INFORMATION

1. Can I get more information from the Class Notice Administrator?

If you desire more information regarding this Notice, the Proposed Amended Settlement, or the Lawsuit, please visit the website that the Class Notice Administrator has established: www.DeltaDentalofCaliforniaSettlement.com

All significant pleadings, notices and documents, including a copy of the Proposed Amended Settlement, are available on the website. Notice of hearings and any changes in hearing dates, including for the Final Approval Hearing, also will be posted at this website.

If you still have any questions regarding the information provided in the Proposed Amended Settlement or this Notice, including the amount you may be eligible to receive under the Proposed Amended Settlement (subject to appropriate confidentiality limitations), you may contact the Class Notice Administrator at the following:

California Dental Association, et al. v. Delta Dental of California
c/o Rust Consulting, Inc.
Class Notice Administrator - 5492
PO Box 2563
Faribault, MN 55021-9563
1- 866-431-8455

If you still have questions that you believe have not been adequately answered by the Class Notice Administrator, you may contact Class Counsel at the address provided above in section V.

PLEASE DO NOT CONTACT THE COURT OR THE COURT CLERK'S OFFICE TO INQUIRE ABOUT THIS PROPOSED AMENDED SETTLEMENT OR THE BENEFITS AVAILABLE UNDER IT.

PARTICIPATING DENTIST RULES

1. **Accuracy and Completeness of Information.** A participating dentist shall be responsible for the accuracy and completeness of all information provided to Delta Dental on his-~~or~~-her behalf upon which Delta Dental will rely in determining benefits, performing credentialing activities, assessing quality, verifying the dentist's submitted fees and determining the dentist's "Contracted Fees"~~;~~^{*}; and establishing the dentist's adherence to all the ~~obligations of~~requirements for membership and participation.

A participating dentist shall also be responsible for the accuracy and completeness of all information related to Attending Dentist's Statements submitted to Delta Dental on his-~~or~~-her behalf, in any format or in any medium, whether or not the information is signed by the dentist or the eligible patient.* Among other things, Attending Dentist's Statements submitted to Delta Dental shall accurately report all services rendered to an eligible patient* whether or not such services are covered by Delta Dental ~~group dental care agreements programs,~~ or whether or not a patient's annual maximum has been reached under such an agreement. A participating dentist will cooperate with Delta Dental by following the guidelines set forth in the Dentist's Handbook for the completion and submission of Attending Dentist's Statements. All Attending Dentist's Statements shall state the fee actually charged to Delta Dental and the patient; the actual date each service is completed (or is in progress with respect to cast or prosthodontic services or orthodontic treatment); the existence of any other coverage; the patient's actual address; and in a manner designated by Delta Dental, the location of the dental facility at which treatment has been, or will be, provided.

2. **Basis of Fees.** A participating dentist will accept the lesser of his-~~or~~-her "Contracted Fees"^{*} ~~fees with Delta Dental, or the fee submitted on his/her Attending Dentist's Statement,~~ as full payment for services provided to any eligible patient.* If the participating dentist does not have a Contracted Fee for a Premier program ("Premier Contracted Fee") with Delta Dental for a particular procedure submitted on an Attending Dentist's Statement, payment will be based on ~~a maximum amount as determined by the applicable~~ Delta Dental applying the same factors used for Contracted Fees PPO fee schedule(s).

3. **Amount Payable by Patient.** A participating dentist shall not make any charge to an eligible patient* before or after treatment is provided other than the amount payable by the patient under the terms of the applicable patient's dental care contract program. Delta Dental shall advise the participating dentist of the amount payable by the patient at or before the time of making payment to the dentist of ~~its~~Delta Dental's obligation for covered services. The dentist shall be bound by Delta Dental's determination of the amount payable by the patient, unless he-~~or~~-she notifies Delta Dental in writing of ~~such~~his/her disagreement with such determination ~~within 30 days after the receipt of notice pursuant to Section 12 of these Rules.~~ The dentist shall not charge the eligible patient* for the amount in disagreement until the disagreement/dispute is resolved.

A participating dentist shall not charge an eligible patient*, and an eligible patient* shall not be liable for, any amount payable by Delta Dental under the terms of the applicable patient's dental care contract program, whether or not payment is made by Delta Dental.

Whenever Delta Dental receives notice of any charge to an eligible patient* not permitted by these Rules, it shall take appropriate action, including but not limited to recouping the appropriate amounts from future payments to the dentist, or termination of the dentist's Participating Dentist Agreement.

4. **Collection of Patient Copayment and Deductible.** A participating dentist shall charge and make reasonable efforts to collect from an eligible patient* the entire amount payable by the patient under the terms of the applicable dental care contract patient's dental program, and will not waive, reduce or rebate any portion of the amount that Delta Dental determines is payable by an eligible patient* under the patient's dental program.

5. **Disallowance of Charges.** Delta Dental may deny payment of an Attending Dentist's Statement which is submitted more than twelve months after the date the services were provided, or which is submitted without prior authorization, if prior authorization is required. A participating dentist shall make no charge to an eligible patient* for any amount payable by Delta Dental, or which

*See Definitions at conclusion of Rules

PARTICIPATING DENTIST RULES

(continued)

would have been payable by Delta Dental if a timely claim had been submitted to Delta Dental, whether or not payment is made by Delta Dental, unless an ~~exception is justified~~ the charge is permitted for a reason stated in the Dentist's Handbook. A participating dentist subject to required prior authorization who fails to obtain the required prior authorization, shall make no charge to an eligible patient* for services disallowed by Delta Dental.

6. **Claims Submitted for Other Dentists.** A participating dentist shall not submit an Attending Dentist's Statement for services performed in a dental practice or facility in which another dentist having an interest in the dental practice or facility, such as an owner, partner, shareholder or manager, is any of the following: (a) a participating dentist who is subject to mandatory prior authorization; ~~or whose list of Contracted Fees has been modified by Delta Dental because of failure to collect patient copayments;~~ or (b) a participating dentist who does not comply with any portion of these Rules, including but not limited to a failure to collect patient copayments; or (c) a non-participating dentist whose billing practices or policies would violate any portion of these Rules if he or she were a participating dentist.

7. **Assignment of Payments.** A participating dentist may assign amounts due from Delta Dental to a professional corporation, partnership or association in which the participating dentist practices. Assignment of amounts due from Delta Dental to any other entity, such as ~~factoring under an~~ accounts receivable factoring arrangement, shall be grounds for terminating the ~~P~~participating ~~D~~dentist ~~A~~greement.

8. **Set-Off of Amounts Owed.** Delta Dental may recover amounts owed to Delta Dental or an eligible patient* by a participating dentist or by a professional corporation, partnership or other entity in which the participating dentist practices or has an interest, by deducting such amounts from ~~subsequent amounts~~ otherwise payable to the dentist by Delta Dental.

9. **Standards of Care and Credentialing.** A participating dentist shall schedule and provide all dental treatment for eligible patients* in accordance with the rules for conduct of dentist members set

forth in the Bylaws, as well as with the regulations promulgated for the profession by supervising regulatory agencies. A participating dentist shall not refuse treatment to an eligible patient* because of his-~~or-~~her coverage under a Delta Dental dental program ~~to which the Participating Dentist Agreement applies.~~ A participating dentist shall at all times satisfy the credentialing criteria as may be required by Delta Dental, including but not limited to the maintenance of professional liability (errors and omissions) insurance, as well as commercial general liability (personal injury and property) insurance on the dentist's office premises, in at least the minimum amounts stipulated from time to time in the Dentist's Handbook. A participating dentist shall notify Delta Dental immediately of any insurance coverage cancellation or other failure to maintain any credentialing requirement. A participating dentist shall notify Delta Dental of any language assistance capability of the participating dentist or the office staff, and any changes in such capability. A participating dentist shall contact Delta Dental if an enrollee requests or evidently requires interpretation services in any language, and Delta Dental will immediately arrange for such services at no cost to the enrollee or the participating dentist.

A participating dentist shall make known to current and prospective eligible patients* the hours of operation and the provisions for after-hour emergency services in all facility locations in which the participating dentist or personnel working under his/ her supervision are providing services. A participating dentist shall ensure that all patients of record have access to emergency services twenty-four hours a day, seven days a week, by means including, but not limited to, a telephone number or referral service that patients who may require emergency services can use after normal business hours.

10. **Quality Assessment and Utilization Review.** A participating dentist is subject to procedures adopted by Delta Dental to assess the quality and appropriateness of care provided to eligible patients,* including but not limited to, furnishing to Delta Dental in a timely manner copies of treatment records, radiographs, and other requested documents; ensuring that services are provided at a level of care which meets professionally recognized standards of practice and

*See Definitions at conclusion of Rules

PARTICIPATING DENTIST RULES

(continued)

that all services be readily available at reasonable times to each enrollee consistent with good professional practice; permitting patients with their consent to be examined by regional consultant members of Delta Dental's Quality Review Committee; allowing on-site quality of care assessments to be conducted at the dental office by Delta Dental representatives; submitting treatment plans for prior authorization as required by Delta Dental; and complying with any other procedures as referenced in the Dentist's Handbook. Delta Dental shall have no obligation to pay for services which are of unsatisfactory quality or are inappropriate care.

11. **Records and Availability for Inspection.** A participating dentist shall keep accurate and complete financial and patient schedule records, in a manner that meets generally accepted financial practices to permit determination of amounts charged to and collected from eligible patients,* and records of treatment of all eligible patients* for a minimum of five years or longer as required by state or federal law, and shall maintain such records at the dental office for at least three years. The dentist shall provide such information to Delta Dental ~~or the California Commissioner of the State Department of Managed Health Care at the dentist's office premises~~ Health and Human Services, or any other government agency having jurisdiction as may be necessary for compliance by Delta Dental with ~~provisions of state and federal law and regulations, such as the Knox-Keene Health Care Service Plan Act of 1975.~~ Delta Dental shall have access at reasonable times upon request to inspect and make copies of the books, records and papers of a participating dentist, in the dentist's office, relating to the dentist's ~~Contracted Fees~~ charged to all his ~~or~~ /her patients, to health care services provided to eligible patients*, to the cost thereof to the patient, and to payments received by the dentist from such eligible patients* (or from others on their behalf). A participating dentist shall provide Delta Dental timely clarification of issues raised in connection with a review of treatment and/or financial records. Such obligations are not terminated upon termination of a Participating Dentist Agreement.

12. **Dispute Resolution.** A participating dentist may submit inquiries, complaints and requests for reevaluation to Delta Dental as set forth in the Dentist's Handbook.

Those actions subject to the Membership Action Policies and Procedures or the Medical Disciplinary Hearing Procedures are described in the Dentist's Handbook. Any other controversy or claim arising out of or relating to any obligation under these Participating Dentist Rules, any participating dentist agreement, the Dentist's Handbook, or the breach thereof, or any Delta Dental dental care program, ~~or the breach thereof~~, including but not limited to the amount determined by Delta Dental to be payable by Delta Dental and/or an eligible patient* to the dentist for services rendered, or the amount determined by Delta Dental to be refunded by the dentist to Delta Dental and/or to an eligible patient,* may be filed as a provider dispute.

A provider dispute must be filed with Delta Dental ~~not less than~~ within 365 calendar days of Delta Dental's action or in the case of Delta Dental's inaction, within 365 calendar days after the time that Delta Dental has for contesting or denying a claim under California law and regulations. The dispute must be submitted in writing, on a Provider Dispute Form, and must contain a clear identification of the disputed item. If the dispute does not involve a claim, there must be a clear explanation of the issue, and why the action, or inaction, by Delta Dental is questioned. Delta Dental will acknowledge a provider dispute within fifteen (15) ~~working~~ business days of the date of receipt of the dispute and will issue a written determination within forty-five (45) ~~working~~ business days after the date of receipt of the dispute.

Upon conclusion of the provider dispute resolution mechanism described above, a participating dentist has the right to submit to individual binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association ("AAA") only ~~his/her~~ his/her dispute arising from: (i) the processing by Delta Dental of the participating dentist's dental claim paid or denied in whole or in part (not including Delta Dental's determination of maximum amounts allowed, INAP, or other network amounts, limits, rules, policies or procedures); or (ii) a request by Delta Dental for

*See Definitions at conclusion of Rules

PARTICIPATING DENTIST RULES

(continued)

reimbursement by the participating dentist because of an overpayment of a dental claim; or (iii) a request for a refund because services by the participating dentist are deemed by Delta Dental to be of unsatisfactory quality or inappropriate care. Arbitration must be on an individual basis, which means that a participating dentist may not join or consolidate claims in arbitration by or against other participating dentists, or arbitrate a participating dentist's claim(s) as a representative, including as a class representative or member. Judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction. The initiating party shall give written notice to each other party of its demand to arbitrate on a form provided by the AAA, which notice shall contain a statement setting forth the nature of the dispute, the amount involved, if any, and the remedy sought, and shall file at any regional office of the AAA three copies of the notice and three copies of this Rule 12, together with the appropriate filing fee required by the AAA. Arbitration hearings shall be held only in Los Angeles, Sacramento, San Diego, San Francisco, or such other locale as agreed upon between Delta Dental and the participating dentist. Such obligations are not terminated upon termination of a ~~P~~participating ~~D~~dentist ~~A~~agreement by rescission or otherwise. No other provider disputes shall be subject to arbitration unless by mutual agreement of Delta Dental and a participating dentist.

If a participating dentist, an eligible patient* and Delta Dental agree to submit a dispute involving the quality of treatment to a peer review committee of a component society of the California Dental Association (CDA), and such review is accepted for peer review, then such review shall be in lieu of any arbitration before the AAA, and the resolution shall be binding on the participating dentist and Delta Dental.

Unless otherwise specified by Delta Dental in a notice to the dentist, any demand for arbitration or request for peer review shall be submitted within ~~six months~~ninety (90) calendar days from the date of the action ~~which is the subject of the arbitration or peer review~~Delta Dental's written determination regarding the provider dispute.

13. **Notice of Rules, Procedures and Policies.** ~~Any~~Delta Dental has the right to make amendments to ~~these Rules adopted by the Delta Dental Board of Directors~~participating dentist agreements, including these Participating Dentist Rules, and any other rules, policies, or procedures or amendments thereof that are applicable to participating dentists and adopted by the Board of Directors of Delta Dental pursuant to the Bylaws of these Rules, including the Membership Action Policies and Procedures (MAPP), the Medical Disciplinary Hearing Procedures (MDHP), and the Dentist's Handbook. Any material amendment(s) made as provided above is/are binding upon Delta Dental participating dentists and effective 45 business~~120 calendar~~ days from the time Delta Dental mails complete and accurate notice to the participating dentist of the rule, policy, procedure or amendment(s), which notice will include a link to an online site which provides a redline identifying all changes. If the dentist ~~does not wish~~declines to be bound by the ~~rule, policy, procedure or amendment(s),~~ the dentist shall so advise Delta Dental and terminate his ~~or her Participating Dentist Agreement~~/her participating dentist agreement within the ~~45 business~~120 calendar day notice period. Any non-material amendment(s) to the above is/are binding upon Delta Dental participating dentists and effective immediately. A participating dentist shall also comply with the requirements for dentist membership and rules for conduct of dentist members contained in Sections 6 ~~and 7~~ of Article II of the Bylaws of Delta Dental, whether or not the dentist is a dentist member of Delta Dental.

14. **Priority of Rules.** In the event of any inconsistency between these Participating Dentist Rules, or any amendments thereto, and any participating dentist agreement, the Dentist's Handbook, or any Delta Dental form (including Premier fee filing forms), these Rules shall control.

*DEFINITIONS

"Eligible patient" means any patient eligible for care under a dental program which is administered by Delta Dental of California or another entity that has an agreement with Delta Dental of California making these rules applicable to such program, including but not limited to programs offered by ~~California~~

*See Definitions at conclusion of Rules

PARTICIPATING DENTIST RULES

(continued)

~~Dental Service, Delta Dental Insurance Company,~~
and Delta Dental Plans outside of California.

"Contracted Fee" means the fee for each ~~S~~single procedure that a participating dentist has contractually agreed with Delta Dental to accept as payment in full for treating ~~Enrollees-eligible~~ patients*, based on the eligible patient's* dental program (e.g., "Premier Contracted Fee," "PPO Contracted Fee"). ~~The "Contracted Fee" will be is~~ subject to and cannot exceed a maximum amount allowed as determined by Delta Dental for the eligible patient's* dental program, as well as the network, specialty and location in which the dentist participates. ~~The maximum amount is based on an actuarial calculation, and taking into account filed fees, general inflation rates, health care inflation rates, market pricing by competitors, and acceptability by customers.~~

A participating dentist may, no more frequently than once every 12 months, resubmit to Delta Dental his/her schedule of proposed fees regularly charged for the purpose of requesting adjustments by Delta Dental to his/her Premier Contracted Fees. In the case of a resubmitted fee, the Premier Contracted Fee is subject to an Inflation Adjustment Percentage (INAP), which may limit the amount of any increase even if the resubmitted fee is below the maximum amount allowed.

In determining the maximum amounts allowed for Contracted Fees* (e.g., Premier and PPO) and INAP (and any INAP adjustments), Delta Dental may take into account, among other things, market and competitive conditions.

When two or more dentists ~~practicing at practice~~ under the same location submit Tax Identification Number ("TIN"), or one dentist submits Attending Dentist's Statements for another dentist's services under the submitting dentist's TIN, the fee determined to be the Premier Contracted Fee of all dentists at that location practicing or submitting Attending Dentist's Statements under the shared TIN will be the lowest Premier Contracted Fee of any of these dentists.

In the event of a decrease in Premier Contracted Fee maximum amounts allowed or levels or amounts of fee reimbursement generally applicable

to Premier dentists (other than a decrease resulting solely from changes to the Code on Dental Procedures and Nomenclature ("CDT codes")), Delta Dental will provide participating dentists with 120 calendar days' notice. Such notice will provide each affected Premier dentist (1) his/her Contracted Fees affected by the reduction(s) and (2) the potential financial impact of the reduction(s) on his/her Contracted Fee reimbursements from Delta Dental based upon the Premier dentist's submissions for procedures to Delta Dental over the twelve (12) month period ending on the most recent complete calendar quarter preceding the notice and the assumption that the participating dentist will perform the same set of procedures during the twelve (12) months following the reduction(s). If the dentist does not wish to accept the new Premier Contracted Fees, the dentist shall so advise Delta Dental and terminate his/her participating dentist agreement within the 120 calendar day notice period. Nothing herein requires Delta Dental to provide any notice of any INAP limit or any change in the INAP limit (including the amount, rate or percentage) or any specific maximum amounts allowed for specific CDT codes.

Delta Dental may, at its option, send a notice of decreases in Contracted Fee* maximum amounts allowed at the same time that it provides a notice of amendments to these Rules, or any other rules, policies or procedures.

*See Definitions at conclusion of Rules