



Dear Members,

We are sharing the initiatives and the Board actions following the November 15, 2018 Special Meeting of Washington Dental Service (WDS) Members and the recent meeting of the WDS Board. 189 Members attended the Special Meeting and voted on the initiatives in-person, and a little less than one-third of the Membership voted in total (in person or by proxy).

### ***The Initiatives***

The initiatives put forward by Members at the November meeting, and those that the Board discussed in December, fell into three areas:

- Changes to meeting procedures to streamline Member meetings;
- Initiatives to give Member providers greater control over the governance of WDS; and
- Actions to encourage Member engagement in WDS and foster transparency in policy setting and decision making.

Of the 1,479 votes received, 1,414 were in favor of the proposed amendments to the WDS Bylaws attached as Exhibit A to the meeting notice and 1,411 were in favor of adopting the resolution attached as Exhibit B to the meeting notice.

### ***The Board's Actions***

The WDS Board thoughtfully considered both the spirit and the substance of the Member initiatives, accepted what we could without eroding the independence of WDS, and is launching an effort to achieve the Members' broader goal of increased Member voice and engagement and WDS transparency. In its discussions of how to address the initiatives, the Board considered a range of factors (described in more detail below) and then approved the Bylaw amendments that it could without risking violation of federal and state antitrust and other laws and regulations, or WDS's nonprofit charter. In addition, the WDS Board approved actions to move forward in the spirit of the proposals to enhance oral health and Member participation and engagement with WDS.

The Board's actions (including actions by the Independent Directors) were:

- Changes to meeting procedures to streamline Member meetings:
  - The Board approved the proposed Bylaw Amendment to Article X that eliminates language regarding technical amendments raised in Member meetings. In addition, WDS will implement improvements to make attendance, registration and voting easier at Member meetings.
- Initiatives to give Member providers greater control over the governance of WDS:
  - The Board accepted the amendment to Article IV, Section 1.C.2., Powers and Duties of the Board of Directors.

- The Board did not approve the change to Article X, which would significantly erode the independence of WDS and, most critically, jeopardize the separation of pricing from provider control.
- The Board did not approve amendments to Article IV, Section 1.B.4.b., Nomination and Election of Directors- Member Directors, 1 .D., Vacancies, 1.B.3.c., Board of Directors - Term Limits, 1 .B. 1 ., Board of Directors - Size and Composition, and 1 .B.4.c., Nomination and Election of Directors - President and CEO.
- Actions to encourage Member engagement in WDS and foster transparency in policy setting and decision making:
  - The Board directed management to develop initiatives designed to provide multiple opportunities for Members to provide insight and input to WDS and to foster better transparency, Details on initiatives being considered to encourage Member engagement are included below.

### ***Initiatives for Member Engagement***

We are supportive of our Members' intentions to increase their active participation in WDS, including helping WDS fulfill its nonprofit charter goals of increasing broad access to oral health. Management is defining efforts to increase Member involvement. Initiatives include a state-wide listening tour led by Mark Mitchke, our new CEO, and an all Member webinar to introduce Mark and familiarize him with issues facing Member dentists. In addition, Management will work with the Member Advisory Panel (MAP) to establish workgroups around various topics of interest, improve communication between the MAP and the Board and explore ways to make the nomination process for MAP members more inclusive. Finally, Management is implementing new communication channels including, a provider blog and an online

question submission platform (both launched on 12/12/2018), to promote greater transparency and provide opportunities for Members to give us their input.

We look forward to opportunities to work with Members over the course of 2019 and we will hold our Annual Meeting in November 2019.

### ***Detailed Explanation of WDS Board Considerations***

Since its founding as a nonprofit entity, WDS together with its Members has pursued the goal of increasing access to dental care for Washington residents through affordable, broadly available dental benefits insurance. Our charter provides that our WDS businesses will:

- Support the mission of advancing the public's oral health by providing quality dental benefits at affordable cost;
- Encourage, foster and finance professional and scientific study and research in the general field of dentistry and oral health;
- Conduct studies and investigations related to dental services coverage and payment plans; and
- Assist in educating the public as to the need for and advantage of adequate dental treatment and oral health.


In addition to our charter, we have other requirements, of course, including complying with all applicable laws, including antitrust laws. Our governance structure has been refined with Member input over three decades to meet the goals of our charter, while avoiding antitrust challenges by the Washington Attorney General, even as the Attorney General has continued to bring antitrust challenges against other health care providers who set their own reimbursement pricing. We believe that some of the proposed Bylaw amendments that the Board considered at its December meeting

would enable providers to exert greater influence over their reimbursements and/or would have compromised WDS's ability to continue to deliver the exceptional service and cost-effective coverage our customers demand.


In 2011, in 2017 and again now, the Board of WDS and its independent directors have tried to balance suggestions for changes to these governance procedures without eroding the independent governance structures. After conducting thorough reviews, the Board of Directors was able to approve some, but not most, of the Bylaw amendments. We understand that because we were not able to accept all proposals some of our Members will not agree with all of our decisions. We look forward to continued engagement of our Members in our common goal to provide access to and increase utilization of quality dental care for Washington residents.

We look forward to working with you in achieving these goals together as we find additional pathways for dialogue and collaboration.

December 28, 2018

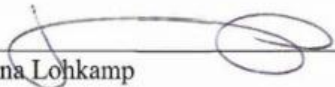
  
G. Douglas Beck, DDS

  
Colleen B. Brown

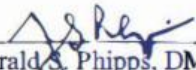
  
Anne Farrell

  
Janis Harwell


  
W. Kurt Labberton, DDS

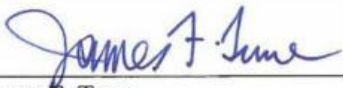
  
Joanna Lohkamp

  
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