



August 29, 2007

Steve Miller
Employee benefits Administrator
The City of Las Vegas
400 Stewart Avenue
Las Vegas, NV 89101

Subject: Vision Service Plan (VSP) January 1, 2008 Renewal

Dear Steve:

Please review the following information regarding the City of Las Vegas renewal, effective January 1, 2008 for the VSP vision plan. Employees are currently covered under VSP's Signature Plan B (exam and lenses every 12 months; frame every 24 months) with a \$20 copay. The current self-funded administrative fee for this plan is \$1.23 PEPM with a claim cost of \$9.20 PEPM.

VSP has reviewed the current plan and developed rates based on the experience of the program over the recent contract term. VSP considers many factors when determining rates including, claim cost, utilization, claim frequency and trend. As a result of this analysis, the VSP underwriters are guaranteeing the current administrative fee of \$1.23 PEPM, with no changes to the current benefits. The 2008 claim cost is projected to be \$9.34. Fees are guaranteed for a term of 24 months. January 1, 2008 – December 31, 2009.

Based on this information we would recommend a continuation of the contract with VSP for the 2008 and 2009 plan year.

Please contact me with any questions regarding this vision plan renewal.

Sincerely,

Mark Thorlton
Account Executive