



May 12, 2008

Vicki Robinson
Manager Insurance Services
The City of Las Vegas
400 Stewart Avenue
Las Vegas, NV 89101

Cc: Steve Miller, Employee Benefits Administrator

Subject: Wellness Coaches USA Contract renewal

Dear Vicki,

The current Wellness Coaches USA contract will expire on June 30, 2008. Information describing the proposed modifications to the current agreement, including renewal pricing for (3) or (4) full-time wellness coaches has been provided in the attached letter from Wellness Coaches USA.

As part of our renewal analysis for this contract, we feel it is important to provide estimated return on investment (ROI) data for the coaching services delivered during the initial 19 months of this agreement.

Although most benefit professionals agree that small reductions in employee risk factors will pay back the cost of an effective wellness program over time, there are a vast number of methodologies used to measure ROI or health plan cost reductions. Despite the varying methodologies, most would agree that meaningful evaluation of ROI would include the following:

- Measurement of ongoing program participation, including the completion of a comprehensive health risk assessment.
- Measurement of employee participation in disease management programs or coaching activities.
- Measurement of improvement in key, measurable health risk factors, such as smoking, blood pressure, alcohol usage and exercise.
- Evaluation of health plan trend or claims cost reductions.

For the time period July 1, 2006 through January 31, 2008, the Wellness Coaches have performed ongoing face-to-face coaching, metric testing, facilitated the completion of health risk appraisals and directed various wellness program activities. Employee participation in these programs has been detailed in the WCUSA service report.

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Using widely accepted estimates of health plan cost reductions for key items that have been reported by WCUSA in their most recent Service Report, (July 1, 2006 - January 2008) health plan cost savings estimates have been calculated. The results are included in the attached Wellness Coaches renewal letter. Please note only the actual number of City employees for each cost reduction category have been included in the estimates.

Additional Health plan cost reductions While measurement of employees who have increased their exercise, stopped smoking or decreased their blood pressure represent the most direct and measurable areas of cost reductions, we believe that significant health plan soft cost reductions have also been generated by employees who have reduced body fat, reduced alcohol use and reduced stress or incidence of depression.

As reported by the WCUSA service report, 504 employees have lost weight, with 117 losing 10 lbs. or more. The average employee lost 9 lbs. Although significant health plan cost reductions would not apply to those who lost just a few pounds, other employees who have adopted a healthier lifestyle in addition to losing weight may be responsible for additional cost reductions.

11 employees have indicated a reduction in alcohol use. As with weight loss, identifying actual health plan cost reduction is difficult. However, there would be meaningful cost reductions for every employee who reduced their alcohol usage to a low risk status.

There have been a significant number of employees who have received coaching in order to reduce stress and depression. Of the reported 203 employees, health plan cost reductions have likely occurred for some by avoiding more serious health issues generated by stress and depression, as well as reduced absenteeism.

Based on our review of the reported activities of the Wellness Coaches, and more importantly the most recent actuarial study of your health plan cost indicating a nearly flat cost trend, we believe the involvement of the coaches has produced a meaningful reduction in The City's overall health plan cost.

Sincerely,

Tanna Prince
Vice President

Mark Thorton



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Account Executive