

June 16, 2008

Steve Miller, Benefits Administrator  
City of Las Vegas  
Department of Human Resources  
Insurance Services Division  
400 Stewart Avenue  
Las Vegas, NV 89101

Dear Steve:

In 2007 the City of Las Vegas went through the formal bidding process for a third party administrator to replace Lumenos. At that time the Insurance Committee felt that Fiserv was the best firm suited for this position. The bid was awarded and Fiserv took over in January of 2008 as the third party administrator for the consumer driven health plan.

It is important to point out that after the City of Las Vegas awarded Fiserv the bid to be the third party administrator they were purchased by United Health Care, except for their Nevada business. It is my opinion that this impacted Fiserv's ability to implement their system to where they could properly administer claims for the City of Las Vegas. What should have been a simple turn key operation has proven to be one the messiest insurance system implementation that the City of Las Vegas has experienced in my tenure with the City (over 30 years).

Your office has made numerous attempts and is continuing to attempt to work with Fiserv staff to deal with many issues including Fiserv's inability to process insurance claims properly. After almost six months as the third party administrator Fiserv continues to demonstrate their inability to administer our insurance program properly.

The Insurance Committee, after careful consideration of the possible impacts, voted to replace Fiserv as the third party administrator. The Committee reviewed information provided by the City's Insurance Broker (Lockton) on who they felt were firms that could step up to the plate and take over as the City's third party administrator. The Insurance Committee is hereby recommending CIGNA for the third party administrator for the Consumer Driven Health Plan.

Sincerely,



Donald W. King  
LVCEA Vice President  
Insurance Committee Chair