



September 17, 2009

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

Subject:
Health Plan of Nevada HMO January 1, 2010 Renewal

Dear Steve,

The initial renewal rates presented by HPN for the current HMO plan reflected a 12% rate increase. Following discussions with HPN senior management, the renewal increase for the HMO plan has been revised to 7% with a change in the pharmacy plan copays.

The 7% increase is considerably below current medical inflationary trends and, although pharmacy plans copays will increase slightly, the copay levels are not exorbitant and are similar to those we see for our other clients and nationally.

Based on our view of the current fully insured HMO marketplace, we feel this represents a fair and reasonable renewal. We are recommending the renewal of the HMO plan for 2010 at the 7% increase.

Please contact me with any questions.

Sincerely,

Tanna Prince, CEBS, FLMI
Vice President

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