



DIRECT DIAL NUMBER
(303) 714-9915

THE SEGAL COMPANY
5670 Greenwood Plaza Blvd., Suite 425 Greenwood Village, CO 80111-2499
T 303.714.9900 F 303.714.9990 www.segalco.com

E-MAIL ADDRESS
dfranks@segalco.com

September 26, 2008

P902

Gwen Feit
City of Fort Collins
Human Resources Department
215 North Mason Street
P.O. Box 580
Fort Collins, CO. 80522-0580

RE: Western Cost Management Trust (WCMT) Proposed Renewal Effective January 1, 2009.

Dear Gwen:

BCS Insurance Company has submitted an increase to the rates for both the WCMT organ and bone marrow transplant and drug rider coverages effective January 1, 2009.

Proposed Renewal

The renewal is based on BCS's analysis of WCMT's recent claims experience and on-going transplant situations. BCS initially proposed a 10% rate increase, however, we were able to negotiate the renewal to an 8.3% increase.

The Bioscrip Drug Rider, which is included in your coverage, provides an additional 12 months of anti-rejection drug benefits following expiration of the benefit period covered by WCMT's base coverage.

The current and proposed rates for the transplant and drug rider coverages for your plan (Alternative I) are as follows:

<u>Current</u>	<u>Proposed</u>	<u>% Change</u>
\$8.56	\$9.27	8.3%

Coverage Options

There are two coverage options available under the WCMT, one for an 18-month benefit period (your current coverage) and the other for a 12-month benefit period. Both options otherwise provide exactly the same benefits. Rates for the three alternative plans for both the 18-month and 12-month benefit periods are shown below:

Benefits, Compensation and HR Consulting ATLANTA BOSTON CALGARY CHICAGO CLEVELAND DENVER HARTFORD HOUSTON LOS ANGELES MINNEAPOLIS NEW ORLEANS NEW YORK PHILADELPHIA PHOENIX PRINCETON RALEIGH SAN FRANCISCO TORONTO WASHINGTON, DC



Multinational Group of Actuaries and Consultants BARCELONA BRUSSELS DUBLIN GENEVA HAMBURG JOHANNESBURG LONDON MELBOURNE MEXICO CITY OSLO PARIS

<u>Plans</u>	<u>18-month Benefit Period</u>	<u>12-month Benefit Period</u>
<u>With Drug Rider</u>		
Alternative I	\$9.27	\$8.87
Alternative II	7.58	7.26
Alternative III	3.76	3.65
<u>Without Drug Rider</u>		
Alternative I	\$8.77	\$8.37
Alternative II	7.07	6.77
Alternative III	3.26	3.11

Alternative I: Covers 100% of covered charges.

Alternative II: Covers 80% of covered charges and the participant or underlying plan covers 20% of covered charges.

Alternative III: Benefits are subject to a \$100,000 deductible (payable by the underlying plan) and payable at 100% thereafter.

Drug Rider: Extended drug and support services coverage for 12 months after expiration of the 18-month or 12-month benefit period.

Insurance Company Ratings

The Segal Company believes it is important to consider the financial strength of insurance companies and managed care organizations, which are candidates for initial selection or renewal as insurers or service providers to employee benefit plans. Therefore, we are providing the financial strength rating that was available to us on the date this document was prepared for the insurance company under consideration:

Company	BCS Insurance Company
Rating	A-
Rating Agency	A.M. Best

When available, we select A.M. Best or Standard & Poor's ratings because of their depth of coverage of insurance companies and overall reputation as a rating service. Several other rating services (e.g., Fitch and Moody's) also provide ratings of insurance companies and managed care organizations, which we provide when a rating from A.M. Best and Standard & Poor's is not available. You may wish to consult these other services before making a decision regarding the initial selection or renewal of an insurance company or managed care organization. A.M. Best and Standard & Poor's regard "vulnerable" companies to be at relatively serious risk in terms of meeting both claims and creditor obligations. Insurance companies in this category should be researched carefully before being selected.

Finally, The Segal Company does not itself perform insurance company or managed care organization credit quality evaluations and does not offer any warranty as to the scope or reliability (e.g., with respect to an organization's ability to meet future obligations) of the insurance company or managed care

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organization evaluations performed by any rating service. Segal is not responsible for providing monitoring of these ratings on an ongoing basis.

Please let us know if you have any questions regarding the proposed renewal. We will discuss this with you in the near future.

Sincerely,

Dallas Franks

Dallas Franks

cc: Linda J. Semmer
Joanne Lee

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