

**APPROVE THE RENEWAL OF THE EXISTING AGREEMENT WITH
HUMANA HEALTH CHICAGO, INC.
TO PROVIDE HEALTH MAINTENANCE ORGANIZATION SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve the renewal of the existing agreement with Humana Health Chicago, Inc. (Humana), to provide group medical insurance as a health maintenance organization (HMO) provider to employees and dependents of the Chicago Public Schools, with costs for the renewal period not to exceed \$50,000,000 for a period of 6 months. A written renewal agreement is currently being negotiated. No payment shall be made to vendor during the renewal period prior to the execution of the written renewal agreement. The authority granted herein shall automatically rescind in the event a written renewal agreement is not executed within 120 days of the date of this Board Report. Information pertinent to the renewal agreement is stated below:

Specification No.: 99-250471

PROVIDER:	Humana Health Chicago, Inc.	USER:	Bureau of Risk and Benefits Management
	30 S. Wacker Drive		125 South Clark Street-14 th Floor
	Chicago, IL 60606		Chicago, Illinois 60603
	(312) 441-5501		(773) 553-2818
	Contact Person: David Jarboe		Georgette Hampton, Director
	Vendor# 36411		

ORIGINAL AGREEMENT: The original agreement (authorized by Board Report 99-0922-PR36) is for a 24 month term, commencing January 1, 2000 and ending December 31, 2001 with the Board having the option to renew the agreement for a two-year period, with costs for the renewal period to be negotiated no less than 60 days prior to the end of the initial contract periods and for an amount not to exceed budgeted resources. Humana was selected pursuant to a Request for Proposals in 1999. The agreement was renewed for a one-year period commencing January 1, 2002 and ending December 31, 2002, (authorized by Board Report 01-0926-PR30). By mutual agreement of both parties, the agreement was further renewed for a one year period commencing January 1, 2003 and ending December 31, 2003, in the amount of \$90,000,000 (authorized by Board Report 02-0724-PR27).

RENEWAL TERM: The Administrative Services Agreement shall be renewed for a term commencing on January 1, 2004 and ending June 30, 2004. This six month renewal term is needed to complete a Request for Proposal for the Board's Self-Insurance Medical Program to accommodate the re-design of the Program.

SCOPE OF SERVICES: Humana shall continue to provide full risk-transfer managed care health insurance to Chicago Public School employees and dependents.

DELIVERABLES: Humana will provide access to prepaid group medical provider network for medical and prescription drug and mental health services, and monthly experience reports.

OUTCOMES: Humana will continue to provide savings and health insurance through a prepaid provider arrangement.

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written renewal agreement. Authorize the President and Secretary to execute the renewal agreement. Authorize the Director of Risk & Benefits Management to execute all ancillary documents required to administer or effectuate this renewal agreement.

COMPENSATION: The total cost of the HMO program for this 6 month renewal period shall not exceed \$50,000,000. Humana shall be paid a monthly amount based upon enrollment and the rates specified in the renewal agreement.

AFFIRMATIVE ACTION: Contract amount \$50,000,000

The M/WBE goals for this contract include 26% MBE and 5% total WBE. However, the Waiver Review Committee recommends that a partial waiver of the M/WBE participation goals for this contract for this contract as required by the Revised Remedial Plan be granted because the contract scope is not further divisible. The vendor has however identified and scheduled the following firms and percentages:

Total MBE 3%

Total African American:

Comm- Tec Building Services
1727 S. Indiana
Chicago, IL.

Corfran
400 W. 76st.
Chicago, IL.

Giving Essentials
4433 W. Touchy
Lincolnwood, IL

Insurance Review Service
30 No. LaSalle 3908
Chicago, IL.

Merchandise Distributors
6367 No. Broadway
Chicago, IL.

Total WBE 3%
Visions Concepts
18419 Clyde Ave
Lansing, IL60438

LSC REVIEW: Local School Council approval is not applicable to this report.

FINANCIAL: Charge to Risk and Benefits Management: \$50,000,000 Fiscal Year: 2004
Budget Classification #: Charge to Sundry units, all operating funds, sundry programs, hospitalization insurance (object 5680).

GENERAL CONDITIONS:

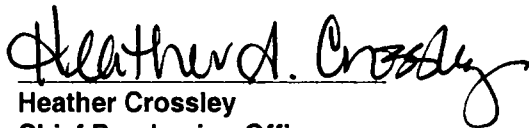
Inspector General B Each party to the agreement shall acknowledge that, in accordance with 105 ILCS 5/34-13.1, the Inspector General of the Chicago Board of Education has the authority to conduct certain investigations and that the Inspector General shall have access to all information and personnel necessary to conduct those investigations.

Conflicts B The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their terms of office.
Indebtedness B The Board=s Indebtedness Policy adopted July 26, 1995 (95-0726-EX3), as amended from time to time, shall be incorporated into and made a part of the agreement.

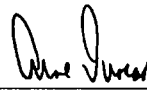
Ethics B The Board=s Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Contingent Liability B The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:


Heather Crossley
Chief Purchasing Officer

Approved:


Arne Duncan
Chief Executive Officer

Within Appropriation:


John Maiorca
Chief Financial Officer

Approved as to legal form: 


Ruth Moscovitch
General Counsel