

**APPROVE ENTERING INTO AN AGREEMENT WITH BLUE CROSS BLUE SHIELD OF ILLINOIS
FOR HEALTH CARE ADMINISTRATIVE SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into an agreement with Blue Cross Blue Shield of Illinois to provide network access, claims administration, medical management oversight and a health maintenance organization for the Board's self-funded medical plan, at a cost not to exceed \$25,000,000.00 for a period of 30 months. Blue Cross Blue Shield of Illinois was selected on a competitive basis pursuant to a duly advertised Request for Proposal (Specification No. 03-250288). A written agreement is currently being negotiated. No payment shall be made to vendor prior to the execution of the written agreement. The authority granted herein shall automatically rescind in the event a written agreement is not executed within 120 days of the date of this Board Report. Information pertinent to this agreement is stated below.

Specification No.: 03-250288

Contract Administrator: Pamela Seanior – (773)553-2254

**VENDOR: Blue Cross Blue Shield
of Illinois**
300 East Randolph Street
Chicago, Illinois 60601
Paul S. Boulis
(312) 653-7921
Vendor No. 36410

USER: Bureau of Risk and Benefits Management
125 South Clark – 14th Floor
Chicago, Illinois 60603
Georgette Hampton, Director
(773) 553-2818

TERM: The term of this agreement shall commence on July 1, 2004 and shall end December 31, 2006. This agreement shall have (2) two options to renew for 12 months each.

DESCRIPTION OF SERVICES: Blue Cross Blue Shield will provide network access and administrative services and provide a health maintenance organization for the Board's self-insured health plan.

DELIVERABLES: Blue Cross Blue Shield will provide access to a network of medical providers, and a prepaid health maintenance organization, including monthly experience reports.

OUTCOMES: Blue Cross Blue Shield will provide comprehensive and affordable healthcare coverage through contracted discounts and prepaid provider arrangements for the Board's self-insured medical program for Chicago Public School employees.

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

COMPENSATION: Blue Cross Blue Shield shall be paid an annual network access/administration fee not to exceed \$10,000,000.00; total cost not to exceed \$25,000,000 for 30 month term.

AFFIRMATIVE ACTION: This contact is in full compliance with the goals required by the Revised Remedial Plan for Minority and Women Business Enterprise Contract Participation (M/MBE Plan). The M/WBE Participation goals for the contract include: 35% total MBE, 10% total Hispanic, 2% total Asian.

The vendor has identified and scheduled the following firms and percentages:

Total 22% African American:

- Community Insurance Center \$588,000
526 E. 87th Street
Chicago, Illinois 60619

- Minor's Unique Printing \$1,470,000
333 W. Hintz Road
Wheeling, Illinois 60090

- Sayers Computer Source \$588,000
1150 Feehanvill Drive
Mt. Prospect, Illinois 60615

- Tri-Tech Solutions Kam, Inc. \$441,000
5415 S. Ingleside
Chicago, Illinois 60615

Total Hispanic 10%

- A&R Janitorial Services \$882,000
5234 W. 25th Street
Cicero, Illinois 60804

- Magic Lantern Studios \$294,000
11381 Allison Ct.
Huntley, Illinois 60142

- MTG Productions \$294,000
1580 N. Northwest Highway Ste. 312
Park Ridge Illinois 60068

Total 3% Asian

- Innovative Systems \$441,000
799 Roosevelt Road
Glen Ellyn, Illinois

Total 5% WBE

- Terrance Electric \$588,000
1015 South Route 83
Elmhurst, Illinois

- MICRO III \$147,000
1102 N. Garfield
Lombard, Illinois

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

FINANCIAL: Charge \$10,000,000.00 for Fiscal Year 2005
Charge \$10,000,000.00 for Fiscal Year 2006
Charge \$5,000,000.00 for Fiscal Year 2007

Budget Classification: Charge to sundry units, all operating funds, sundry programs, hospital insurance (object 5680)

GENERAL CONDITIONS:

Inspector General – 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 – 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.

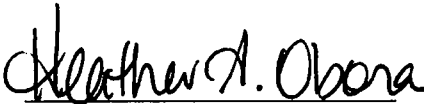
Indebtedness – The Board’s Indebtedness Policy adopted July 26, 1995 (95-0726-EX3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics – 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.

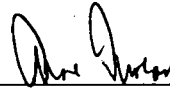
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:

Approved:

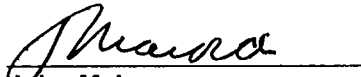


Heather A. Obora
Chief Purchasing Officer



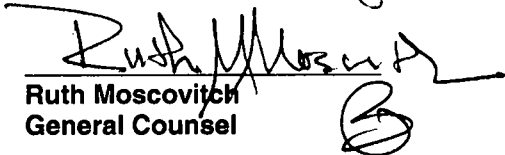
Arne Duncan
Chief Executive Officer

Within Appropriation:



John Maiorca
Chief Financial Officer

Approved as to legal form:


Ruth Moscovitch
General Counsel