

AMEND BOARD REPORT #04-0324-PR20
**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 ~~\$50,000,000.00~~ ~~\$25,000,000.00~~ for a period of ~~30~~ 54 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 amended Board Report. Information pertinent to this agreement is stated below.

This amendment is necessary to change the original term of the health maintenance organization agreement, commencing July 1, 2004 and ending December 31, 2006, to end December 31, 2008. This extension will allow the Board to take advantage of guaranteed rates for calendar years 2007 and 2008.

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~~
Department of Human Resources**
125 South Clark – 14th 2nd Floor
Chicago, Illinois 60603
~~Georgette Hampton, Director~~
Ascencion V. Juarez, Chief Human Resources Officer
(773) 553-2848 1070

TERM: The term of each agreement shall commence on July 1, 2004 and shall end December 31, ~~2006~~ 2008 for the health maintenance organization agreement, and shall end on December 31, 2006 for any remaining agreement. Each agreement shall have (2) 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 as amended. Authorize the President and the Secretary to execute the agreement as amended. Authorize the Chief Human Resources Officer or the Director of Risk and Benefits Management to execute all ancillary documents required to administer or effectuate this agreement as amended.

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~~ \$50,000,000 for ~~30~~ 54 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~~ \$1,176,000
 526 E. 87th Street
 Chicago, Illinois 60619

Minor's Unique Printing ~~\$1,470,000~~ \$2,940,000
 333 W. Hintz Road
 Wheeling, Illinois 60090

Sayers Computer Source ~~\$588,000~~ \$1,176,000
 1150 Feehanvill Drive
 Mt. Prospect, Illinois 60615

Tri-Tech Solutions Kam, Inc. ~~\$441,000~~ \$882,000
 5415 S. Ingleside
 Chicago, Illinois 60615

Total Hispanic 10%

A&R Janitorial Services ~~\$882,000~~ \$1,764,000
 5234 W. 25th Street
 Cicero, Illinois 60804

Magic Lantern Studios ~~\$294,000~~ \$588,000
 11381 Allison Ct.
 Huntley, Illinois 60142

MTG Productions ~~\$294,000~~ \$588,000
 1580 N. Northwest Highway Ste. 312
 Park Ridge Illinois 60068

Total 3% Asian

Innovative Systems ~~\$441,000~~ \$882,000
 799 Roosevelt Road
 Glen Ellyn, Illinois

Total 5% WBE

Terrance Electric ~~\$588,000~~ \$1,176,000
 1015 South Route 83
 Elmhurst, Illinois

MICRO III ~~\$147,000~~ \$294,000
 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~~
Charge \$10,000,000.00 or Fiscal Year 2007
Charge \$10,000,000.00 or Fiscal Year 2008
Charge \$10,000,000.00 or Fiscal Year 2009

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 – Any 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.

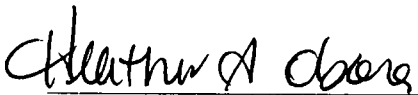
Indebtedness – The Board’s Indebtedness Policy adopted July 26, 1996 (96-0626-PO3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics – The Board’s Ethics Code adopted June 23, 2004 (04-0623-PO4), as amended from time to time, shall be incorporated into and made a part of the agreement.

Contingent Liability –Any 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:

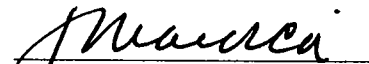


Heather A. Obora
Chief Purchasing Officer



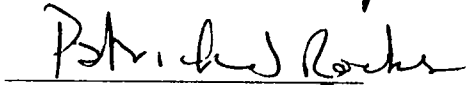
Arne Duncan
Chief Executive Officer

Within Appropriation:



John Maiorca
Chief Financial Officer

Approved as to legal form: 



Patrick J. Rocks
General Counsel