

08-0827-PR28

**APPROVE ENTERING INTO AN AGREEMENT WITH HEALTH CARE SERVICE CORPORATION
D/B/A BLUE CROSS BLUE SHIELD OF ILLINOIS TO PROVIDE PREFERRED PROVIDER
ORGANIZATION (PPO) SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into an agreement with Health Care Service Corporation d/b/a Blue Cross Blue Shield of Illinois to provide Preferred Provider Organization (PPO) services for the Board's self-funded health plan at a cost not to exceed \$45,000,000.00. Vendor was selected on a competitive basis pursuant to Board Rule 5-4.1. A written agreement for Vendor's services 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.

VENDOR:

1)
Health Care Service Corporation D/B/A Blue
Cross Blue Shield Of Illinois
300 E. Randolph
Chicago, IL 60601
Miles Dean
312-653-4581
Vendor # 36410

USER:

Office of Human Resources
125 S Clark St - 2nd Floor
Chicago, IL 60603
Dale Moyer
773-553-2818

TERM:

The term of this agreement shall commence on January 1, 2009 and shall end December 31, 2011. This agreement shall have two options to renew for periods of one year each with the cost of each option period not to exceed \$20,000,000.00.

EARLY TERMINATION RIGHT:

The Board shall have the right to terminate this agreement within 30 days written notice.

SCOPE OF SERVICES:

Vendor will provide a PPO network access including but not necessarily limited to administrative services and claim services for the Board's self-insured health plan.

DELIVERABLES:

Vendor will provide access to a PPO network of medical providers and monthly experience reports.

OUTCOMES:

Vendor's services will result in comprehensive and affordable healthcare coverage through contracted discounts and prepaid provider arrangements for the Board's self-insured health program for Chicago Public School and Board enrollees.

COMPENSATION:

Vendor shall be paid a network access/administration fee to be set out in the written agreement not to exceed a total of \$45,000,000.00 for the original agreement term.

REIMBURSABLE EXPENSES:

None.

AUTHORIZATION:

Authorize the General Counsel to include other relevant terms and conditions in the written agreement. Authorize the President and Secretary to execute the agreement. Authorize the Chief Human Resources Officer to execute all ancillary documents required to administer or effectuate this agreement.

AFFIRMATIVE ACTION:

This contract is in full compliance with the goals required by the Remedial Plan for Minority and Women Business Contract Participation (M/WBE Plan). The M/WBE participation goals for the contract goals for the contract include; 35% total MBE and 5% total WBE. The vendor has identified and scheduled the following firms and percentages:

Total MBE = 35%

A & R Janitorial
5234 W. 25th St.
Cicero, IL 60804

Innovative Systems Concepts Group
799 Roosevelt Rd.
Glen Ellyn, IL 60137

Sayre 40, Inc.
1150 Feehanville Dr.
Mt. Prospect, IL 60056

Total WBE = 5%

Perez & Associates
13930 S. Kildare Ave.
Crestwood, IL 60445

LSC REVIEW:

Local School Council approval is not applicable to this report.

FINANCIAL:

Charge to the Department of Human Resources \$45,000,000.00

Contract Year 1 (FY09-FY10): \$15,000,000.00

Contract Year 2 (FY10-FY11): \$15,000,000.00

Contract Year 3 (FY11-FY12): \$15,000,000.00

Budget Classification: Charge to sundry units, all operating funds, sundry programs, hospital insurance (account 57305)

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 June 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 - 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 A. OBORA
Chief Purchasing Officer

Approved:



ARNE DUNCAN
Chief Executive Officer

Within Appropriation:



PEDRO MARTINEZ
Chief Financial Officer

Approved as to Legal Form:



PATRICK J. ROCKS
General Counsel