

AMEND BOARD REPORT 08-0827-PR27
AMEND BOARD REPORT 08-0123-PR14
AMEND BOARD REPORT 07-1219-PR16

**APPROVE EXERCISING THE SECOND OPTION TO RENEW THE AGREEMENT WITH CAREMARK
LLC FOR PHARMACY BENEFIT MANAGEMENT SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the second option to renew the agreement with Caremark LLC to provide pharmacy benefit management services for the Board's self-insured medical plan at a cost for the option period not to exceed ~~\$10,000,000.00~~ \$12,500,000.00. A written document exercising this option is currently being negotiated. No payment shall be made to Consultant during the option period prior to the execution of the written document. The authority granted herein shall automatically rescind in the event a written document is not executed within 90 days of the date of this Board Report. Information pertinent to this option is stated below.

This amendment is necessary in order to i.) add the following scope of services: Wellness services provisions including but not necessarily limited to, new call center to be provided by Caremark for telephone outreach to employees and dependents regarding prescriptions or following recommendations of their medical doctors; biometric screening of employees and dependents at newly established locations throughout Chicagoland to identify possible undiagnosed conditions and inclusion in outreach described above; smoking cessation program; obesity management program ii.) increase the maximum compensation amount by two million five hundred thousand dollars (\$2,500,000.00) in order to compensate Caremark for these added services; and iii.) reflect Consultant's conversion from a corporation to limited liability company. A written amendment to the agreement is currently being negotiated. No payment to these additional wellness services shall be made prior to execution of the written amendment. The authority granted in this amended Board Report shall automatically rescind in the event a written amendment is not executed within 90 days of the date of this amended Board Report.

This second amendment is necessary to change the ending date of the renewal agreement to December 31, 2009 and to increase the dollar amount from \$3,500,000.00 to \$10,000,000.00. This amendment will allow sufficient time for completion of a comprehensive Request for Proposals. A written amendment to this agreement is required. The authority granted herein shall automatically rescind in the event a written amendment is not executed within 90 days of this amended Board Report.

This third amendment is necessary to i) extend the term of the agreement for an addition six months, ii) increase the dollar amount for that period and iii) revise the Affirmative Action section. This amendment will allow for the finalization of the review of the request for proposals in conjunction with other municipal agencies to secure the most advantageous pricing. A written amendment to the written agreement is required. The authority granted herein shall automatically rescind in the event that the amendment to the written agreement is not executed within 90 days of the date of this amended Board Report.

Specification Number : 04-250040
Contract Administrator : Carol Scaggs / 773-553-2290

VENDOR:

Vendor # 39559
Caremark, Llc
2211 Sanders Road
Northbrook, IL 60062
Mark P. Ciamarra
847-559-4700

USER:

Office of Human Resources - Operations
125 S Clark St - 2nd Floor
Chicago, IL 60603

Contact : Dale Moyer, Director

Phone: 773-553-2818

ORIGINAL AGREEMENT:

The original Agreement (authorized by Board Report 04-0324-PR25) in the amount of \$5,000,000.00 is for a term commencing July 1, 2004 and ending December 31, 2006, with the Board having two options to renew for one year terms. The agreement was renewed (authorized by Board Report 06-1220-PR18) for a term commencing January 1, 2007 and ending December 31, 2007. The agreement was further renewed (authorized by Board Report 07-1219-PR16). The agreement was amended (authorized by Board Report 08-0123-PR14) to include additional scope of services. The agreement was further amended (authorized by Board Report 08-0827-PR27) to extend the term of the agreement to December 31, 2009. The original agreement was awarded on a competitive basis pursuant to Board Rule 5-4.1.

OPTION PERIOD:

The term of this agreement is being extended for two years and six months commencing January 1, 2008 and ending ~~December 31, 2009~~ June 30, 2010.

OPTION PERIODS REMAINING:

There are no option periods remaining.

SCOPE OF SERVICES:

Consultant will continue to provide access to pharmacy benefit management services for the Board's self-insured medical plan, insuring cost-effective access to prescription drugs by CPS employees and their eligible dependents enrolled in the plan. Services will include:

Prospective, concurrent and retrospective review to identify, prevent and/or reduce medically or procedurally inappropriate dispensing activity, and to inform physicians of medically equivalent prescriptions where cost effective.

Professional consulting services to the Board about employee prescription drug benefits to ensure compliance with all laws and provide advice regarding design and communication.

Wellness initiatives, including health screening, consultation, and outreach to employees and dependents.

Establishment, maintenance and control of a network of fully licensed and insured retail pharmacies available to provide prescription drugs.

Designation of a mail-order pharmacy as the network mail order pharmacy able to dispense maintenance medications.

Wellness services provisions: outreach to employees and dependents regarding prescriptions or following recommendations of their medical doctors; consulting and information; biometrics screening of employees and dependents to identify possible undiagnosed conditions and inclusion in outreach; smoking cessation program; obesity management program.

DELIVERABLES:

Consultant will continue to provide access to discounted pharmaceutical networks, provide claims adjudication, administrative services for the self insured prescription drug program, and will provide programs to increase cost effectiveness, medical appropriateness, and wellness.

OUTCOMES:

Consultant's services will result in savings for the self-insured program through negotiated discounts and rebates from pharmacy manufactures, more appropriate use of pharmaceuticals and reduced medical and pharmaceutical costs. Consultant's services will allow CPS to monitor results and provide information for future strategies through quarterly reports on savings and claims activities at the pharmacy level, and advice to CPS on latest drug trends. Consultant's wellness services will result in reduced medical claims due to better compliance with doctor's orders, instructions for use of prescription medications, better healthcare, reduced smoking and reduced obesity.

COMPENSATION:

Consultant shall be paid during this option as follows: based on enrolled employees, not to exceed the sum of ~~\$10,000,000.00~~ \$12,500,000.00.

AUTHORIZATION:

Authorize the General Counsel to include other relevant terms and conditions in the written option document and amendment. Authorize the President and Secretary to execute the option document and amendment. Authorize Director of Human Resources Operations to execute all ancillary documents required to administer or effectuate this option agreement.

AFFIRMATIVE ACTION:

The Remedial Program goals for this contract is 35% total MBE and 5% total WBE based on the scope of work that presents opportunity for minority and WBE participation (based on a contract value of \$519,059.00 ~~\$415,247.00~~).

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

Total MBE - 64.4%

Minor's Unique Printing ~~\$ 200,000.00~~ or 48%
505 Harvest Court - Unit K
Wheeling, IL 60090

DDI Printing ~~60,000.00~~ or 14.4%
7830 Quincy St.
Willowbrook, IL 60527

Research Explorers ~~10,000.00~~ or 2%
111 New Tier
Wilmette, IL 60091

Risk Management Solutions ~~1,650.00~~ or 0.4%
208 S. LaSalle - Suite 1410
Chicago, IL 60603

Total WBE - 5.4%

Consolidated Printing ~~15,000.00~~ or 4%
5942 N. Northwest Highway
Chicago, IL 60631

In-a-Bind 6,000.00 or 1.4%
35 Chancellor Dr.
Roselle, IL 60172

Research Explorers 10,000.00 or 2%
1111 New Tier
Wilmette, IL 60091

LSC REVIEW:

Local School Council approval is not applicable to this report.

FINANCIAL:

Charge to the Department of Human Resources: ~~\$12,500,000.00~~ \$10,000,000.00

Fiscal Year 2008-2010

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

CFDA# : Not Applicable

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:


Opal L. Walls
Chief Purchasing Officer

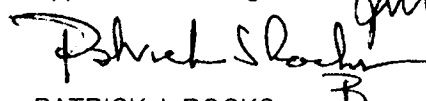
Approved:


Ron Huberman
Chief Executive Officer

Within Appropriation:


CHRISTINA HERZOG
ACTING CHIEF FINANCIAL OFFICER

Approved as to Legal Form:


PATRICK J. ROCKS
General Counsel