

**AMEND BOARD REPORT 08-0827-PR26**  
**AMEND BOARD REPORT 07-1219-PR19**

**APPROVE EXERCISING THE SECOND OPTION TO RENEW THE AGREEMENTS WITH UNITED HEALTH CARE INSURANCE COMPANY AND UNITED BEHAVIORAL HEALTH FOR HEALTH MAINTENCE ORGANZATION, BEHAVIORAL HEALTH AND FLEXIBLE SPENDING ACCOUNT SERVICES**

**THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:**

Approve exercising the second option to renew the agreements with United Health Care Insurance Company (UHC) to provide network access claims administration, utilization review, medical management oversight, a health maintenance organization, and flexible spending accounts for the Boards self-funded medical plan. Approve exercising the second option to renew the agreement with United Behavioral Health to provide mental health and substance abuse management services under the Board's healthcare program. The total cost for both vendors for this option period shall not exceed ~~\$20,000,000.00~~ \$26,000,000.00. Written documents exercising these options are currently being negotiated. No payment shall be made to either vendor during the option period prior to the execution of the written documents. The authority granted herein shall automatically rescind as to each vendor in the event a written document for each vendor is not executed within 90 days of the date of this Board Report. Information pertinent to these options is stated below.

This amendment is necessary to change the ending date of the renewal agreements to December 31, 2010 for health maintenance organization (HMO) and flexible spending services with UHC and mental health and substance abuse management services with United Behavioral Health and to increase the total dollar amount from \$6,000,000.00 to \$20,000,000.00. This amendment will allow sufficient time for completion of a comprehensive Request for Proposals. A written amendment to each of these agreements is required. The authority granted herein shall automatically rescind in the event written amendments are not executed within 90 days of this amended Board Report.

This November 2010 amendment is necessary to extend the ending date of the agreements to December 31, 2011 for health maintenance organization (HMO) and flexible spending services with UHC and mental health and substance abuse management services with United Behavioral Health and to increase the total dollar amount from \$20,000,000.00 to \$26,000,000.00. This amendment will allow sufficient time to define the requirements, issue and evaluate a comprehensive RFP compliant with new federal healthcare legislation. This Board Report is also being amended to revise the affirmative action section. A written amendment to each of these agreements is required. The authority granted herein shall automatically rescind as to each vendor in the event their written amendment is not executed within 120 days of this amended Board Report.

Specification Number : 03-250288  
Contract Administrator : Pamela Seanior / 773-553-2254

**VENDOR:**

- 1) Vendor # 23320  
UNITED HEALTH CARE INSURANCE CO.  
233 N. MICHIGAN AVENUE  
CHICAGO, IL 60601  
Shannon Taylor  
312-424-6581

- 2) Vendor # 12796  
UNITED BEHAVIORAL HEALTH  
425 MARKET ST., 27TH FL.  
SAN FRANCISCO, CA 94105  
Stevn D. Prepelica, M.S.W  
847-585-4874

**USER:**

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

Contact : Dale Moyer  
Phone: 773-553-2818

**ORIGINAL AGREEMENT:**

The original Agreements (authorized by Board Report 04-0324-PR21 as amended by Board Report 04-0728-PR44) in the amount of \$30,000,000.00 are for terms commencing July 1, 2004 and ending December 31, 2006, with the Board having two options to renew for one year terms. The agreements were renewed (authorized by Board Report 06-1220-PR21) for a period commencing January 1, 2007 and ending December 31, 2007. The original agreements were awarded on a competitive basis pursuant to Board Rule 5-4.1.

**EXTENSION PERIOD:** ~~TERM:~~ The term of each agreement for the HMO, flexible spending and mental health substance abuse management agreements is being extended for ~~three years~~ a period commencing January 1, 2008 and ending December 31, ~~2010~~ 2011. The remaining agreement (utilization review) is extended to December 31, 2008.

**OPTION PERIODS REMAINING:**

There are no option periods remaining.

**SCOPE OF SERVICES:**

United Health Care will continue to provide health maintenance organization, and flexible spending accounts for a self-insured health plan. United Behavioral Health will continue to provide mental and substance abuse management services and access to their network of mental health providers.

**DELIVERABLES:**

United Health Care will continue to provide health maintenance organization services and access to a network of medical providers, who will provide claims administration services, conduct utilization review and management services and administer flexible spending accounts, including monthly experience reports. United Behavioral Health will continue to provide access to a network of behavioral health providers and will conduct utilization review, and management services, including monthly experience reports.

**OUTCOMES:**

United Health Care and United Behavioral Health Services will result in comprehensive and affordable healthcare coverage through contracted discount and prepaid provider arrangements for the Board's self-insured medical program for Chicago Public School employees.

**COMPENSATION:**

Vendors shall be paid during this option period as follows: in accordance with the compensation schedule set forth in each agreement, total cost not to exceed ~~\$20,000,000.00~~ \$26,000,000.00 for both vendors for the three years option period ending December 31, 2011.

**AUTHORIZATION:**

Authorize the General Counsel to include other relevant terms and conditions in the written option document and amendments. Authorize the President and Secretary to execute the option document and amendments. Authorize the Chief Human Resources Capital Officer to execute all ancillary documents required to administer or effectuate these option agreements.

**AFFIRMATIVE ACTION:**

The M/WBE goals for this contract include: 35% total MBE and 5% WBE. Pursuant to the Remedial Program for Minority and Women Owned Business Enterprise Participation in Goods & Services Contracts, the per category method for M/WBE participation will be utilized. Thus, contracts for the subsequent vendors in this agreement will be subject to compliance reviews on a contract-by-contract basis. Aggregated compliance of the vendors will be monitored on a quarterly basis. However, the Waiver Review Committee recommends that a partial waiver of the MBE/WBE participation goals for this contract as required by the Revised Remedial Plan be granted because the contract scope is not further divisible.

United Health Care has identified and scheduled the following:

**Total MBE - ~~9%~~ 8.7%**

Merchandise Distributors ~~\$50,000.00 or 1.7%~~  
4253 N. Kedzie  
Chicago, IL 60618

Hernandez & Garcia ~~100,000.00 or 3.4%~~  
7366 N. Lincoln Ave.  
Lincolnwood, IL 60712

Corafran ~~20,000.00 or .2%~~  
P.O. Box 498-495  
Chicago, IL 60649

The Blackstone Group ~~100,000.00 or 3.4%~~  
360 N. Michigan Ave.  
Chicago, IL 60601

**Total WBE - ~~22%~~ 22.3%**

411 Computers, Inc.  
6160 S. East Ave.  
LaGrange, IL 60525

United Behavioral Health has identified the following: 65% of the Chicago network are M/WBE service providers

**LSC REVIEW:**

Local School Council approval is not applicable to this report.

**FINANCIAL:**

Charge to the Department Human Resources: ~~\$20,000,000.00~~ \$26,000,000.00

Fiscal Year: 2008-2011

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.

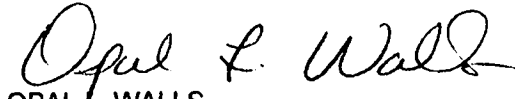
Conflicts - The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their 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:



DIANA S. FERGUSON  
Chief Financial Officer

Approved as to Legal Form:



PATRICK J. ROCKS  
General Counsel