

**APPROVE EXERCISING THE SECOND OPTION TO RENEW THE 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 exercising the second option to renew the agreement with Health Care Service Corporation d/b/a Blue Cross Blue Shield of Illinois to provide Preferred Provider Organization (PPO) administrative services to the Office of Human Capital at a cost for the option period not to exceed \$6,000,000.00. A written document exercising this option is currently being negotiated. No payment shall be made to Vendor 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 120 days of the date of this Board Report. Information pertinent to this option is stated below.

**VENDOR:**

- 1) Vendor # 36410  
HEALTH CARE SERVICE CORPORATION  
D/B/A BLUE CROSS BLUE SHIELD OF  
ILLINOIS  
300 E. RANDOLPH  
CHICAGO, IL 60601  
Miles Dean  
312-653-4581

**USER INFORMATION :**

Contact:

11010 - Office of Human Capital

125 S Clark St - 2nd Floor

Chicago, IL 60603

Tiefenthaler, Ms. Kristine C.

773-553-1070

**ORIGINAL AGREEMENT:**

The original Agreement (authorized by Board Report 08-0827-PR28) in the amount of \$45,000,000.00 is for a term commencing January 1, 2009 and ending December 31, 2011, with the Board having two options to renew, each for one year term, with the cost of each option period not to exceed \$20,000,000.00. The original agreement was awarded on a competitive basis pursuant to Board Rule 5-4-1. The first option to renew (authorized by Board Report 11-0622-PR35) in the amount of \$10,000,000.00 was exercised for a term commencing January 1, 2012 and ending December 31, 2012.

**OPTION PERIOD:**

The term of this agreement is being renewed for one year commencing January 1, 2013 and ending December 31, 2013.

**OPTION PERIODS REMAINING:**

There are no option periods remaining.

**SCOPE OF SERVICES:**

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

**DELIVERABLES:**

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

**OUTCOMES:**

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

**COMPENSATION:**

Vendor shall be paid a network access/administration fee as set out in the written agreement; not to exceed a total of \$6,000,000.00 for this option term.

**AUTHORIZATION:**

Authorize the General Counsel to include other relevant terms and conditions in the written option document. Authorize the President and Secretary to execute the option document. Authorize the Chief Human Capital Officer to execute all ancillary documents required to administer or effectuate this option 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 include; 35% total MBE and 5% total WBE. The vendor has identified and scheduled the following firms and percentage:

**Total MBE=35%**

A&R Janitorial  
5234 W. 25th St.  
Cicero, IL 60137

Innovative Systems Concepts Group  
799 Roosevelt Rd.  
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 Chicago Public Schools in FY2013 - \$6,000,000.00

Budget Classification: Expense as allocated to all positions through account 57305 (Hospitalization and dental insurance) across all operating funds, units, programs, and grants.

**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:



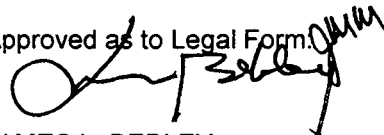
SÉBASTIEN de LONGEAUX  
Chief Procurement Officer

Approved:



BARBARA BYRD-BENNETT  
Chief Executive Officer

Approved as to Legal Form:



JAMES L. BEBLEY  
General Counsel