

October 26, 2016

**AMEND BOARD REPORT 16-0824-PR13**  
**AUTHORIZE A NEW AGREEMENTS WITH BLUE CROSS BLUE SHIELD OF ILLINOIS FOR HMO AND PPO HEALTHCARE ADMINISTRATIVE SERVICES MEDICAL AND ANCILLARY MEDICAL SERVICES AND AUTHORIZE FUNDING OF HEALTH SAVINGS ACCOUNTS AND AGREEMENT WITH WEBSTER BANK, N.A. (HSA BANK, A DIVISION OF WEBSTER BANK, NA.)**

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

Authorize a new agreements with Blue Cross Blue Shield of Illinois (BCBSIL) to provide HMO and PPO healthcare administrative services for CPS medical plans and ancillary medical plans and authorize funding of health savings accounts and agreement with Webster Bank, N.A. (HSA Bank, a Division of Webster Bank, N.A.) at an estimated annual cost set forth in the Compensation Section of this report. Vendor was selected on a competitive basis pursuant to Board Rule 7-2. A Written agreements for Vendor's services is are currently being negotiated. No services shall be provided by Vendor and no payment shall be made to Vendor prior to the execution of their written agreements. The authority granted herein shall automatically rescind in the event a the written agreements is are not executed within 90 days of the date of this Board Report. Information pertinent to this the agreements is stated below.

This October 2016 amendment is necessary to clarify that there are separate contracts for the PPO and HMO administrative services and to authorize funding of employee health savings accounts at Webster Bank, N.A. (HSA Bank, a Division of Webster Bank, N.A.).

Contract Administrator : Hubbard, Ms. Carisa Ann / 773-553-2280

**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  
 Ownership: Mutual Legal Reserve Company  
 (Hcsc) There Are No Owners With Greater Than 10% Ownership
  
- 2) Vendor # 17792  
WEBSTER BANK NA HSA BANK A  
DIVISION OF WEBSTER BANK NA  
605 N. 8TH ST  
SHEBOYGAN, WI 53081  
Sarah Oomen  
920 803-4197  
Ownership: Owned By Webster Bank

**USER INFORMATION :**

Project 11010 - Talent Office  
Manager: 42 West Madison Street  
Chicago, IL 60602  
Lyons, Mr. Matthew A

PM Contact: 11010 - Talent Office  
42 West Madison Street  
Chicago, IL 60602  
Fairhall, Ms. Gail A

**TERM:**

The term of this each BCBSIL agreement shall commence on January 1, 2017 and shall end December 31, 2019. This The BCBSIL agreements shall have three (3) options to renew for periods of twelve (12) months each. The agreement with Webster Bank, N.A. (HSA Bank, a Division of Webster Bank, N.A.) will be for a term to be negotiated.

**EARLY TERMINATION RIGHT:**

The Board shall have the right to terminate this each agreement with 30 days upon written notice.

**SCOPE OF SERVICES:**

Vendor will provide the administrative services for the following CPS medical plans and ancillary medical plans in support of Board employees and their families: Preferred Provider Organization (PPO), Health Maintenance Organization (HMO), Health Savings Plan (HSA), Wellness Program, Disease Management, Utilization Management, Mental Health, Substance Abuse, and Employee Assistance Program (EAP).

**DELIVERABLES:**

Vendor will provide the administrative services for the following CPS medical plans and ancillary medical plans in support of Board employees and their families: Preferred Provider Organization (PPO), Health Maintenance Organization (HMO), Health Savings Plan (HSA), Wellness Program, Disease Management, Utilization Management, Mental Health, Substance Abuse, and Employee Assistance Program (EAP).

**OUTCOMES:**

Vendor's services will result in comprehensive and affordable healthcare for the Board's self-insured medical benefits program for Chicago Public Schools employees. By consolidating CPS' medical and healthcare provider pool, it will provide cost-savings on administrative fees and lower the costs for the district while maintaining "best in class" healthcare services for CPS employees and their families. Since the implementation of the Affordable Healthcare Act (ACA), medical insurance carriers are mandated to provide mental health parity and utilization services. Hence, medical insurance carriers now have the expertise in providing ancillary plans at a reduced cost which are bundled with medical insurance plans.

**COMPENSATION:**

Vendor shall be paid as follows: Estimated annual costs for the three (3) year term are set forth below. The amounts below are aggregate amounts for all contracts with Vendor. Webster Bank, N.A. (HSA Bank, a Division of Webster Bank, N.A.) will provide services at no cost to the Board. Webster Bank, N.A. (HSA Bank, a Division of Webster Bank, N.A.) will be paid fees from participating employee savings accounts.

\$37,160,092 FY17  
\$74,320,184 FY18  
\$74,320,184 FY19  
\$37,160,092 FY20

**REIMBURSABLE EXPENSES:**

None

**AUTHORIZATION:**

Authorize the General Counsel to include other relevant terms and conditions in the written agreements, including any indemnification to be provided to Webster Bank, N.A. (HSA Bank, a Division of Webster Bank, N.A.). Authorize the President and Secretary to execute the agreements. Authorize Chief Officer of Talent to execute all ancillary documents required to administer or effectuate this the agreements.

**AFFIRMATIVE ACTION:**

Pursuant to the Remedial Program for Minority and Women Owned Business Enterprise Participation in Goods and Services Contracts, the Per Contract method for M/WBE participation will be utilized. Thus, vendor will adhere to the required goals of 30% MBE and 7% WBE participation.

**LSC REVIEW:**

Local School Council approval is not applicable to this report.

**FINANCIAL:**

Fund 115 Pension & Liability-City Wide, Unit 12470  
\$37,160,092 FY17  
\$74,320,184 FY18  
\$74,320,184 FY19  
\$37,160,092 FY20  
Future year funding is contingent upon appropriation and approval.

**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 May 25, 2011 (11-0525-PO2), 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:



LESLIE NORGRÉN  
Chief Procurement Officer

Approved:



FORREST CLAYPOOL  
Chief Executive Officer

Approved as to Legal Form: *gmm*



RONALD L. MARMER  
General Counsel