

AUTHORIZE THE FIRST, SECOND, AND THIRD (FINAL) RENEWAL AGREEMENT WITH HEALTH CARE SERVICE CORPORATION (HCSC), A MUTUAL LEGAL RESERVE COMPANY 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.

THE INTERIM SUPERINTENDENT/CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Authorize the first, second, and third (final) renewal agreement with Health Care Service Corporation (HCSC), a Mutual Legal Reserve Company 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 at an estimated annual cost set forth in the Financial Section of this report. A written document exercising this option is currently being negotiated. No payment shall be made to Vendor during the option period prior to 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.

Specification Number : 22-080

Contract Administrator : Pearson, Karen / 773-553-2280

VENDOR:

- 1) Vendor # 36410
HEALTH CARE SERVICE CORPORATION
(HCSC), A MUTUAL LEGAL RESERVE
COMPANY
300 E. RANDOLPH
CHICAGO, IL 60601

Gina Olsen
312 653-8069

Ownership: Mutual Legal Reserve Company
(HCSC) There Are No Owners With Greater
Than 10% Ownership

- 2) Vendor # 17792
WEBSTER BANK N.A.
605 N. 8TH ST
SHEBOYGAN, WI 53081

Kia Yang
920 803-4197

Ownership: 100% Owned by Webster Bank

USER INFORMATION:

Project 11010 - Talent Office
Manager: 42 West Madison Street
Chicago, IL 60602
Kirkling, Karla Rae

ORIGINAL AGREEMENT:

The original Agreement (authorized by Board Report #22-1026-PR19) in the amount of \$1,260,000,000 is for a term commencing January 1, 2023 and ending December 31, 2025 with the Board having three (3) options to renew for periods of one (1) year each. The original agreement was awarded on a competitive basis pursuant to Board Rule 7-3.

OPTION PERIOD:

The term of this agreement is being renewed for three (3) years commencing January 1, 2026 and ending December 31, 2028.

OPTION PERIODS REMAINING:

There are no option periods remaining.

SCOPE OF SERVICES:

Vendor will continue to provide 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 continue to provide 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 CPS employees. 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 expertise in providing ancillary plans at a reduced cost which are bundled with medical insurance plans.

AUTHORIZATION:

Authorize the General Counsel to include other relevant terms and conditions in the written agreement with HCSC, including any indemnification to be provided to HCSC and Webster Bank N.A. Authorize the President and Secretary to execute the agreement. Authorize the Chief Talent Officer to execute all ancillary documents required to administer or effectuate this agreement.

BUSINESS ENTERPRISE PARTICIPATION:

Pursuant to the Remedial Policy for Minority-Owned Business Enterprise (MBE) and Women-Owned Business Enterprise (WBE) policy participation in Goods and Services contracts with aspirational goals of 30% MBE and 7% WBE. The Office of Business Diversity has granted a qualified exclusion and the Prime vendors have committed to 30% MBE and 7% WBE of the addressable spend with their strategic plan and subcontractors indirectly, and Webster Bank N.A. participation is a no cost agreement to the Chicago Board of Education.

LSC REVIEW:

Local School Council approval is not applicable to this report.

FINANCIAL:

Fund 115, Unit 11010 - Talent Office and Unit 12470 - Pension Liability - City Wide

Vendor shall be paid as follows:

Webster Bank N.A. will provide services at no cost to the Board. Webster Bank N.A. will be paid fees from participating employee savings accounts, with those fee-based payments being facilitated directly by HCSC.

HCSC shall be paid in accordance with the Agreement in a not to exceed amount as follows:

FY26 - \$290,000,000

FY27 - \$600,000,000

FY28 - \$640,000,000

FY29 - \$330,000,000

Not to exceed \$1,860,000,000 for the three (3) year term. Future year funding is contingent upon budget appropriation and approval.

948.48 Health Care Services (CPS Staff)

953.27 Claims Administration and Processing Services

Category Codes may be modified by the Chief Procurement Officer as needed to support the Scope of Services.

GENERAL CONDITIONS:

The agreement shall contain general conditions including but not limited to the following: Inspector General provision, in accordance with 105 ILCS 5/34-13.1; Conflicts provision, in accordance with 105 ILCS 5/34-21.3; Indebtedness provision, in accordance with the Board's Indebtedness Policy adopted June 26, 1996 pursuant to Board Report 96-0626-PO3; Ethics provision, in accordance with the Board's Ethics Code as amended; and, Contingent Liability provision.

Approved for Consideration:



PATRICIA HERNANDEZ
Chief Procurement Officer

Approved:



MACQUILINE KING, Ed.D
Interim Superintendent/Chief Executive Officer

Approved: 



ELIZABETH K. BARTON
Acting General Counsel