

**APPROVE ENTERING INTO AN AGREEMENT WITH CAREMARK, INC.
FOR PHARMACY BENEFIT MANAGEMENT SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into an agreement with Caremark, Inc. to provide pharmacy benefit management services for the Board's self-insured medical plan, at a cost not to exceed \$5,000,000.00 for a period of 30 months. Caremark, Inc. was selected from a Request for Proposal distributed by the Chicago Municipal Agencies through the Department of Procurement Services of the City of Chicago. A written agreement for vendor's services is currently being negotiated. No payment shall be made to vendor prior to the execution of the written administrative agreement. The authority granted herein shall automatically rescind in the event a written administrative agreement is not executed within 120 days of the date of this Board Report. Information pertinent to this agreement is stated below.

Specification No.: 04-250040

VENDOR: Caremark, Inc.
2211 Sanders Road
North Brook, Il 60662
Mark P. Ciamarra
(847) 559-5256
Vendor No.: Pending

USER: Bureau of Risk and Benefits Management
125 South Clark Street-14th Floor
Georgette Hampton, Director
(773) 553-2818

TERM: The term of this agreement shall commence on July 1, 2004 and shall end December 31, 2006. This agreement shall have (2) two options to renew for 12 months each.

EARLY TERMINATION: 90 day written notice.

DESCRIPTION OF SERVICES: Caremark, Inc. will 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.
- ◆ Professional consulting services to the Board about employee prescription drug benefits to insure compliance with all laws and provide advice regarding design and communication.
- ◆ 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.

DELIVERABLES: Caremark will provide access to discounted pharmaceutical networks, provide claims adjudication, and administrative services for self insured prescription drug program.

OUTCOMES: Caremark will provide savings for self-insured program through negotiated discounts and rebates from pharmacy manufactures, quarterly reports on savings and claims activities at the pharmacy level, advise CPS on latest drug trends.

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written administrative agreement. Authorize the President and Secretary to execute the administrative agreement. Authorize the Director of Risk and Benefits Management to execute all ancillary documents required to administer or effectuate the agreement.

COMPENSATION: Caremark, Inc. shall be paid based on enrolled employees, including a tiered rebate sharing arrangement, not to exceed \$2,000,000.00 annually; total not to exceed \$5,000,000.00 for the 30 month term.

AFFIRMATIVE ACTION: This contract is in full compliance with the goals required by the Revised Remedial Plan for Minority and Women Business Enterprise Contract Participation (M/WBE Plan). The M/WBE participation goals for the contract include: 35% total MBE, 22% total African American, 10% total Hispanic, 2% total Asian and 5% total WBE.

Caremark is committed to utilizing the following companies to provide a minimum of 2% minority participation of the total dollar amount of the contract.

Total African American:

Computer Resource Solutions, Inc.
One Pierce Place, Suite# 325-W
Itasca, Illinois 60143

Tolbert Packaging, Inc.
1020 W. Fullerton Avenue
Addison, Illinois 60101

Angel Flight Marketing Services, Inc.
222 South Morgan
Chicago, Illinois 60607

Total Hispanic

United Building Maintenance, Inc.
165 Easy Street
Carol Stream Illinois 60188

Business System of America, Inc.
200 West Adams
Chicago, Illinois 60606

Total Asian
1350 W. Bryn Mawr
Itasca Illinois 60143

Total WBE

D & D Business, Corp.
7830 Quincy St.
Willowbrook, IL. 60521

Prado Institute
8 S Michigan
Chicago IL. 60623.

LSC REVIEW: Local School Council approval is not applicable to this report.

FINANCIAL: Charge \$2,000,000.00 Fiscal Year: 2005
 Charge \$2,000,000.00 Fiscal Year: 2006
 Charge \$1,000,000.00 Fiscal Year: 2007

Budget Classification: Charge to sundry units, all operating funds, sundry programs, hospital insurance (object 5680)

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.

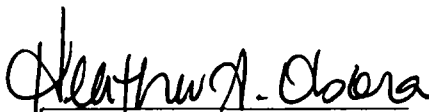
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their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

Indebtedness – The Board's Indebtedness Policy adopted July 26, 1995 (95-0726-EX3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics – The Board's Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the agreement.

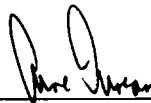
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:



Heather A. Obora
Chief Purchasing Officer

Approved:



Arne Duncan
Chief Executive Officer

Within Appropriation:



John Malorca
Chief Financial Officer

Approved as to legal form:



Ruth Moscovitch
General Counsel