

**APPROVE ENTERING INTO AN AGREEMENT WITH ENCOMPASS  
HEALTH MANAGEMENT SYSTEMS FOR  
UTILIZATION MANAGEMENT SERVICES**

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

Approve entering into an agreement with Encompass Health Management Systems to provide utilization review services for the Board's self-funded medical plan at a cost not to exceed \$6,000,000.00 for a period of 30 months. Encompass Health Management Systems was selected through a competitive process conducted by the City of Chicago. A written agreement is currently being negotiated. No payment shall be made to vendor prior to the execution of the written agreement. The authority granted herein shall automatically rescind in the event a written agreement is not executed within 120 days of the date of this Board Report. Information pertinent to this agreement is stated below.

**Specification No.: 04-250038**

**VENDOR:** Encompass Health  
Management Systems  
6000 Westown Parkway  
West Des Moines, Iowa 50266-7771  
Kathy Fliehler, Vice President  
(515) 223-2857  
Vendor No.: Pending

**USER: Bureau of Risk and Benefits Management**  
125 South Clark – 14<sup>th</sup> Floor  
Chicago, Illinois 60603  
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.

**DESCRIPTION OF SERVICES:** Encompass Health Management Systems will provide medical necessity and utilization review for the Board's self-insured healthcare program.

**DELIVERABLES:** Encompass Health Management Systems will provide utilization review, case management, quality of care evaluations, peer to peer consultations, and monthly reports, including evaluation reports.

**OUTCOMES:** Encompass Health Management Systems will provide comprehensive and affordable medical advisory services, which will result in program savings for the Board's self-insured medical program for Chicago Public School employees.

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

**COMPENSATION:** Vendor is offering to the Board the same fees that it proposed to the City, as follows: compensation of \$2,500,00.00 per year; not to exceed \$6,000,000.00 for the 30 month term.

**AFFIRMATIVE ACTION:** The M/WBE Goals for this contract include:35% total MBE , 22% total African American,10% total Hispanic 2% total Asian and 5% WBE.

However, the Waiver Review Committee recommends that a partial waiver of the M/WBE Participation goals for this contract as required by the Remedial Plan be granted because the vendor has demonstrated reasonable good faith efforts.

The vendor has identified and scheduled the following firms and percentages

**Total MBE84%**

**Total African American 61%**

Highland Community Bank	\$95,000	30.5%
1701 West 87 Street		
Chicago, IL 60620		

Seaway National Bank	\$95,000	30.5%
645 East 87 <sup>th</sup> .Street		
CHICAGO, IL 60619		

**Total Asian 22%**

Meadows Office Supply	\$70,000	22%
880 Remington Road		
Schaumburg, IL 60173		

**Total WBE 17%**

Brookshire Travel	\$52,000	17%
205 West Randolph ST. 1440		
Chicago, IL60606		

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

**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.

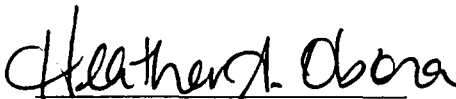
Indebtedness – The Board's Indebtedness Policy adopted July 26, 1995 (95-0726-EX3), as amended from time to time, shall be incorporated into and made a part of the agreement.

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.

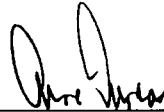
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

**Approved for Consideration:**

**Approved:**



**Heather A. Oboza  
Chief Purchasing Officer**



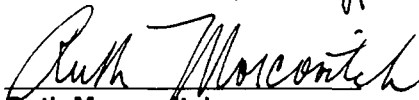
**Arne Duncan  
Chief Executive Officer**

**Within Appropriation:**



**John Maiorca  
Chief Financial Officer**

**Approved as to legal form:**



**Ruth Moscovitch  
General Counsel**