

**AMEND BOARD REPORT 03-0625-PR24**  
**APPROVE ENTERING INTO AN AGREEMENT WITH MARTIN BOYER COMPANY**  
**FOR CLAIMS ADMINISTRATION SERVICES AND AUTHORIZE THE FUNDING OF ESCROW ACCOUNTS**  
**ASSOCIATED WITH THESE SERVICES**

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

Approve entering into an agreement Martin Boyer Company for claims administration services for the Board's liability, interscholastic and workers' compensation programs, at a cost not to exceed \$3.6 million for a 36 month term, and authorize the funding of escrow accounts associated with these services in the amount not to exceed ~~\$16.5 million~~ \$23,732,716.00 annually. Consultant was selected pursuant to a duty advertised Request for Proposal (Specification No. 03-250060). The preceding Martin Boyer has provided and continues to maintain efficient, cost effective, comprehensive claims management services for the last 25 years. A written agreement for vendor's services is currently being negotiated. No payments 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.

This amendment is necessary to increase the dollar amount of the workers compensation escrow account by \$7,232,716.00 and to reflect vendor's change in ownership and corresponding name change. Assumption of the consulting agreement by Cambridge Integrated Services Group Inc. d/b/a Martin Boyer Company, was authorized by Board Report 06-0426-PR22. Wherever the term "Martin Boyer Company" is used herein below, it shall be construed as meaning Cambridge Integrated Services Group Inc. d/b/a Martin Boyer Company, successor in interest of Martin Boyer Company. A written amendment to the agreement is currently being negotiated. The authority granted in this amended Board Report shall automatically rescind in the event a written amendment is not executed within 60 days of the date of this amended Board Report.

**Specification Number: 03-250060**

**Contract Administrator: Nanzi Flores**  
**(773) 553-2273**

**VENDOR:** Cambridge Integrated Services Group,  
Inc. d/b/a Martin Boyer Company successor in interest of Martin Boyer Company  
 175 West Jackson  
 10<sup>th</sup> Floor  
 Chicago, Illinois 60604  
 (312) 381-8213  
 Contact Person: ~~John Rittenhouse~~ Robert Vanselow  
Vendor # 20908

<p><b>USER:</b> <u>School Financial Services</u>  <u>125 South Clark -14<sup>th</sup> Floor</u>  <u>Chicago, Illinois 60603</u>  <u>John Majorca, Chief Financial Officer</u>  <u>(773) 553-2700</u>  <u>Eileen Ryan, Assistant Risk Manager</u>  <u>(773) 553-2828</u></p>	<p><del>Bureau of Risk and Benefits Management</del>  <u>Department of Human Resources</u>  <u>125 South Clark – 14<sup>th</sup> Floor 2<sup>nd</sup> Floor</u>  <u>Chicago, Illinois 60603</u>  <u>Ascencion V. Juarez, Chief Human Resources Officer</u>  <u>(773) 553-1070</u>  <del>Georgette Hampton</del> <u>Dale Moyer, Director</u>  <u>Compensation and Benefits Management</u>  <u>(773) 553-2818</u></p>
---	---

**TERM:** The term of this agreement shall commence on July 1, 2003 and shall end June 30, 2006. This agreement shall have (2) two options to renew for periods of 12 months each.

**DESCRIPTION OF SERVICES:** Martin Boyer Company will receive all reports of accidents to students, visitors and employees, and process them appropriately under the guidelines of each self-insured plan. Martin Boyer Company shall pay claims and settlements through established escrow accounts. The funds will be encumbered annually, and the escrow accounts will be funded by periodic invoicing. The invoicing amounts are determined by the prior period

volume and expected future losses. The amount transferred to the escrow account for each invoice shall not exceed \$300,000.00 for General Liability, \$55,000.00 for interscholastic and \$500,000.00 for Workers' compensation. The escrow accounts will be funded annually through the following budget lines:

**Maintenance of Escrow Accounts**

<b>ESCROW ACCUNTS</b>	<b>BUDGET LINE</b>	<b>AMOUNT</b>
General Liability	0963-215-000-7064-5490	\$ 2,000,000.00 maximum
Interscholastic	0963-215-000-7250-5490	\$ 500,000.00 maximum
Workers' Compensation	0963-215-000-6010-5650	<del>\$14,000,000.00</del> maximum \$21,232,716.00
Total Amount		<del>\$16,500,000.00</del> \$23,732,716.00 maximum

Martin Boyer's overall claims management will include the following services:

**Liability Claims Administration**

- Receive and review the Report of Accident/injury to Student/Visitor forms for general liability claims;
- Provide a risk management information system for student/visitor accidents and claims;
- Adjust general liability claims and disburse funds (medical, expense and settlements) from the Board's escrow account; and
- Provide the Bureau of Risk Management with a journal of check register reports, and current data reflecting insurance liability loss information.

**Interscholastic Medical Claims Administration**

- Provide medical expense, disability income and accidental death benefits of up to \$1,000,000 per student in exchange for a wavier and release of all liability claims against the Board of Education;
- Review and apply PPO discount to all related medical bills;
- Investigate and determine whether claims are in the category defined as an athletic injury, Reserve Officers and Training Core and Student Travel;
- Investigate other insurance agencies involved with the claims process and subrogate benefits;
- Maintain an escrow account for liability claims; and
- Should a catastrophic loss occur, a separate payment will be created and processed to meet the student's specific needs to avoid impairment of the escrow account.

**Workers' Compensation Claims Administration**

- Receive and review for compensability all employee accident claims;
- Review and apply PPO discount to all related medical bills;
- Pay all compensable indemnity and medical claims;
- Review all indemnity claims to determine the need for case management;
- Provide claim statistics and establish safety initiatives; and
- Maintain Board's escrow account.

**DELIVERABLES:** Martin Boyer shall provide monthly, quarterly, and annual reports, indicating the names of claimants, types of injuries sustained, and total amounts incurred, monthly management meetings with the claims staff, case management staff, prepare comprehensive investigative reports as requested and prepare assessments of the Board liability's in light of statutory and judicial requirements, copies of liens and complaints, and respond to all claimants in writing within 30-45 working days upon receipt of a claim.

**OUTCOMES:** Consultant's services will result in an affordable, comprehensive claims administration program for Chicago Public Schools students, employees and visitors.

**AUTHORIZATION:** Authorize the General Counsel to include other relevant terms and conditions in the written agreement and amendment. Authorize the President and Secretary to execute the agreement and Amendment. Authorize the ~~Director of Risk and Benefits Management~~ Chief Human Resources Officer and Chief Financial Officer to execute all ancillary documents required to administer or effectuate this agreement. Authorize the Chief Human Resources Officer or Chief Financial Officer to fund the escrow accounts in the amounts stated.

**COMPENSATION:** Martin Boyer company shall be paid an administrative fee not to exceed \$3.6 million for the 36 month term.

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

However, the Waiver Review Committee recommends that a partial waiver of the M/WBE participation goals for this contract as required by the Revised Remedial Plan be granted because the contract scope is not further divisible.

The vendor has, however, identified and scheduled the following firms and percentages.

**TOTAL MBE 33%**

**Total 23.3% African American**

Corfran, Inc. 6922 S. Jeffery Chicago, Illinois 60649	\$33,700 (2.8%) Certification period 08/31/03
---	--

Risk Management 216 W. Jackson Chicago, Illinois 60606	\$175,000 (14.5%) Certification period 07/31/03
--	--

Insurers Review 225 N. Michigan Ave. Chicago, Illinois 60601	\$64,250 (5.0%) Certification period 06/01/03
--	--

RLW Financial 9336 S. Parnell Chicago, Illinois 60620	\$12,000 (1.0%) Certification period 08/31/03
---	--

**Total 10% Hispanic**

Rolei Financial 737 N. Michigan Chicago, Illinois 60611	\$109,500 (10%) Certification period 07/31/03
---	--

**Total 1.7% WBE**

Computer Package 69 Hawkins Circle Wheaton, Illinois 60187	\$21,050 (1.7%) Certification period 11/30/03
--	--

**FINANCIAL:** Charge to Risk and Benefits Management: \$1,200,000.00 for Administrative Fees-Fiscal Year: 2004

0963-215-000-7060-5490	\$ 540,000.00
0963-215-000-6010-5650	\$ 660,000.00

Charge to Risk and Benefits Management: \$15,900,000.00 fund the Escrow Accounts – Fiscal year: 2004

0963-215-000-7064-5490	\$ 2,000,000.00
0963-215-000-7250-5490	\$ 200,000.00
0963-215-000-6010-5650	\$13,700,000.00

**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.

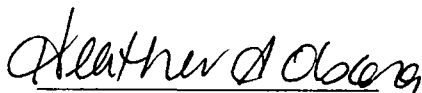
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their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




**Heather A. Obora**  
**Chief Purchasing Officer**

**Approved:**



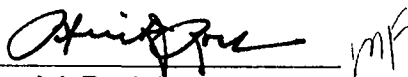
**Arne Duncan**  
**Chief Executive Officer**

**Within Appropriation:**



**John Maiorca**  
**Chief Financial Officer**

**Approved as to legal form:**



**Patrick Rocks**  
**General Counsel**