

**APPROVE ENTERING INTO AN AGREEMENT WITH PAYFLEX SYSTEMS USA, INC. FOR COBRA AND DIRECT BENEFITS BILLING ADMINISTRATIVE SERVICES**

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

Approve entering into an agreement with PayFlex Systems USA, Inc. to provide COBRA and Direct Benefits Billing Administrative Services to the Talent Office at a total cost not to exceed \$500,000.00. Vendor was selected on a competitive basis pursuant to Board Rule 7-2. A written agreement for Vendor's services is currently being negotiated. No services shall be provided by Vendor and no payment shall be made to Vendor prior to execution of the written agreement. The authority granted herein shall automatically rescind in the event a written agreement is not executed within 90 days of the date of this Board Report. Information pertinent to this agreement is stated below.

**VENDOR:**

- 1) Vendor # 96731  
PAYFLEX SYSTEMS USA, INC  
10802 FARNAM DRIVE., STE 100  
OMAHA, NE 68154  
Shay Butler  
630 892-7550

**USER INFORMATION :**

Project  
Manager: 11010 - Office of Human Capital  
  
125 S Clark St - 2nd Floor  
  
Chicago, IL 60603  
  
Wolter, Mr. William R.  
  
773-553-1070

**TERM:**

The term of this agreement shall commence on August 1, 2013 and shall end July 31, 2015. This agreement shall have one option to renew for a period of 12 months, with the cost of the option not-to-exceed \$250,000.00.

**EARLY TERMINATION RIGHT:**

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

**SCOPE OF SERVICES:**

Vendor will provide comprehensive COBRA and Direct Benefits Billing administrative services as follows:

- Send via first class mail all required COBRA notices to eligible members and qualified beneficiaries including, but not limited to, initial notification letters, qualifying events notices, election forms, cancellation notices, rate notices, and billing statements
- Process elections
- Receive, record, and maintain all applicable forms
- Maintain COBRA member eligibility
- Billing, collection, and reconciliation

- Compliance support and resolution
- Exchange member level data among CPS and health plan carriers
- Remit COBRA and Direct Benefits Billing premiums to CPS with reconciliation reporting
- Establish a toll-free number with 24/7 interactive voice response (IVR)
- Accept online premium payments and offer online account access to qualified beneficiaries and Direct Benefits Billing eligible members
- Offer online client portal to CPS staff for COBRA and Direct Benefits Billing reporting and program administration capabilities
- Maintain HIPAA, EDI and Privacy compliance on behalf of Chicago Public Schools plans
- Maintain disaster recovery procedures for eligibility, billing and accounts receivable records which include but are not limited to; daily data backups maintained at an off-site facility; and documentation to support regulatory compliance
- Send all required Direct Benefits Billing statements and notices including, but not limited to initial notifications, monthly premium billing notices, cancellation notices, late-premium due notices, rate change notices, open enrollment packets, and conversion notices
- Maintain eligibility for employees on leave

**DELIVERABLES:**

Vendor will provide regular COBRA and Direct Benefits Billing activity reports including, but not limited to, reports detailing quantity and types of all notices distributed, enrolled/eligibility reports, reconciliation reports for all premiums collected, and other ad-hoc reports as requested. Vendor will provide CPS staff access to an online portal where reporting info can be accessed on demand.

**OUTCOMES:**

Vendor's services will result in best-practice administration and higher COBRA and Direct Benefits Billing service levels for the Board, qualified beneficiaries, and employees utilizing these services.

**COMPENSATION:**

Vendor shall be paid based on the fee schedule as specified in the written agreement; total not to exceed the sum of \$500,000.00.

**REIMBURSABLE EXPENSES:**

None

**AUTHORIZATION:**

Authorize the General Counsel to include other relevant terms and conditions in the written agreement. Authorize the President and Secretary to execute the agreement. Authorize Chief Talent Officer to execute all ancillary documents required to administer or effectuate this agreement.

**AFFIRMATIVE ACTION:**

The MBE/WBE goals for this agreement include 25% total MBE and 15% total WBE participation. However, the Office of Business Diversity recommends that a full waiver of the goals required by the Remedial Program for Minority and Women Owned Business Enterprise Participation in Goods and Services Contracts, be granted due to the scope of service being not further divisible.

**LSC REVIEW:**

Local School Council approval is not applicable to this report.

**FINANCIAL:**

Charge to the Talent Office, U11010, Fund 115:  
FY2014 - \$250,000.00  
FY2015 - \$250,000.00

**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:



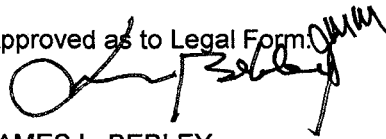
SÉBASTIEN de LONGEAUX  
Chief Procurement Officer

Approved:



BARBARA BYRD-BENNETT  
Chief Executive Officer

Approved as to Legal Form:



JAMES L. BEBLEY  
General Counsel