

**APPROVE EXERCISING THE OPTION TO RENEW THE ADMINISTRATIVE AGREEMENT WITH
MAGELLAN BEHAVIORAL HEALTH TO PROVIDE MENTAL HEALTH AND SUBSTANCE
ABUSE SERVICES PROGRAM**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the option to renew the Administrative Services Agreement with Magellan Behavioral Health to continue providing mental health/substance abuse services for the Board of Education's self-funded medical plan, at a cost not to exceed \$871,200.00 per year. A written renewal agreement is currently being negotiated. No payment shall be made to vendor during the option period prior to the execution of the written renewal agreement. The authority granted herein shall automatically rescind in the event a written renewal agreement is not executed within 120 days of the date of this Board Report. Information pertinent to this renewal agreement is stated below.

Specification No.: 99-25041

VENDOR: Magellan Behavioral Health Marjorie Ackerman 6920 Columbia Gateway Drive Columbia, MD (312)279-4000	USER: Bureau of Risk and Benefits Management 125 South Clark – 14 th Floor Georgette Hampton, Director (773) 553-2818
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ORIGINAL AGREEMENT The original agreement (authorized by Board Report #99-1215-PR37) is for a term commencing January 1, 2000, and ending December 31, 2001, with the Board having two options to renew for 12-month periods. Renewal option costs shall not exceed \$871,200.00 per year. Magellan Behavioral Health was selected pursuant to a Request for Proposals as a "carve-out" for the administration of the Board's mental health/substance abuse program in the self-funded health plan, Blue Cross/Blue Shield in 1998.

RENEWAL TERM: The Administrative Agreement shall be renewed for a term commencing on January 1, 2002, and ending December 31, 2003. Both additional one year options are hereby being rolled into one 2 year renewal term by mutual agreement of the parties. By doing so, the Board receives the benefit of a guaranteed rate quotation for a two year period.

RENEWAL OPTIONS: There are no renewal options remaining.

DESCRIPTION OF SERVICES: Magellan will continue to provide behavioral health services to Chicago Public School employees who elect to participate in the Blue Cross Blue Shield POS insurance program. The Magellan Service Center network includes practitioner's offices, psychologists, social workers, and other licensed behavioral healthcare professionals in inpatient facilities, partial day hospitals intensive outpatient programs, outpatient rehabilitation programs, and other community-based ambulatory centers, and the members home.

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

COMPENSATION: Magellan Behavioral Health shall be paid an annual administration fee not to exceed \$871,200.00 per year.

AFFIRMATIVE ACTION: The vendor has agreed to maintain the originally proposed participation and has identified the following firms and percentages.

Contract amount \$871,200.00 31% M/WBE Goal: \$270,000
Waiver Approved 06/22/01.

16% African American:

(i) Green Gallery Plus 1541 W. Division Chicago, IL 60622 \$3,000 - .02%

7.5% Hispanic :

(i) Canal Port Vending 2635 So. Wabash Chicago, IL 60616 \$5,000 - .06%

2% Asian:

(i) David Mee-Lee M.D. 4228 Boxelder Place/Davis California 95616 \$1,800 - .04%

5% Women Owned:

i) Remedy Staffing 6 No. Michigan Ave. Chicago, IL 60606 \$60,000 - .68%

ii) Banner Personnel 122 So. Michigan Ave. Suite 1510 Chicago, IL 60603 \$55,000 - .64%

iii) Arrow Messenger Service 1322 West Walton Chicago, IL 60622 \$3,500 - .04%

Each identified firm is certified by the Chicago/Department of Purchases, Contracts and Supplies. The identified firms are subject to change upon approval from the division of Compliance and Vendor Services in the Procurement and Contracts Department without further Board approval.

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

FINANCIAL: Charge to Risk and Benefits Management: \$871,200.00 per year
Fiscal Years: 2002/2003 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.

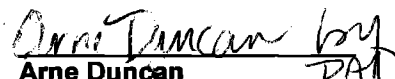
Ethics – The Board's Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the agreement.

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:


Natalye Paquin
Chief Purchasing Officer

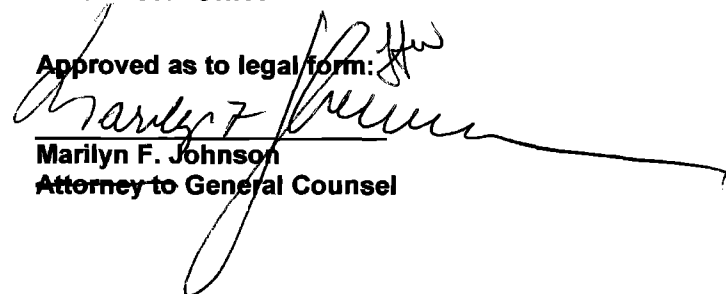
Approved:


Arne Duncan
Chief Executive Officer

Within Appropriation:


Kenneth C. Gotsch
Chief Fiscal Officer

Approved as to legal form:


Marilyn F. Johnson
Attorney to General Counsel