

July 24, 2002

**APPROVE EXERCISING THE FIRST OPTION TO RENEW THE AGREEMENT WITH COMPDENT
OF ILLINOIS, INC. FOR DENTAL MAINTENANCE ORGANIZATION AND ADMINISTRATIVE SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the first option to renew the agreement with CompDent of Illinois, Inc. to provide dental maintenance organization and administrative services on behalf of Chicago Public School employees, at a cost not to exceed \$10,000,000.00 for 12 month period. CompDent of Illinois, Inc. has been rendering these services to the Board for the past six years. A written renewal agreement is currently being negotiated. No payment shall be made to vendor during the renewal term 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.: 00-250218

VENDOR: CompDent of Illinois, Inc.
Phyllis A. Klock, FLMI
President & Chief Operating Officer
200 W. Jackson, 9th Floor
Chicago, Illinois 60606
(312) 261-6212
Vendor No. 29404

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

ORIGINAL AGREEMENT The original agreement (authorized by Board Report 00-0927-PR41) is for a 24 month term, commencing January 1, 2001 and ending December 31, 2002, with the Board having the option to renew for 2 additional one year periods. Renewal option costs shall not exceed \$10,000,000.00 per year. Compdent was selected pursuant to a Request for Proposals (Specification# 00-250218).

RENEWAL PERIOD: The term of this agreement is being extended for one year commencing January 1, 2003 and ending December 31, 2003. During the renewal term, The Board shall have the option to terminate this Agreement upon 30 days notice in whole or in part as to any services designated by The Board at the time of notice.

OPTION PERIODS REMAINING: There is one option period for 12 months remaining.

SCOPE OF SERVICES: CompDent of Illinois, Inc. will continue to provide managed care dental network(s) (including all administrative, utilization review and dental services) and administrative services for the indemnity plan (IP) for employees and their dependents who elect to participate in the dental insurance program. The CompDent of Illinois, Inc. managed care dental networks include dentists, specialists, and other licensed dental care professionals who will provide services to employees and their dependents in offices throughout the Chicago area.

DELIVERABLES: CompDent of Illinois, Inc. will continue to provide all necessary tasks to properly administer both the IP and managed care dental program(s), send communications, brochures, pamphlets and materials to the Board and Board employees, respond to telephone inquires and direct employees to appropriate use of managed care dental benefits and services, provide management reports to ensure that all services are rendered in a prompt and fair manner to all eligible employees and their dependents, and ensure that all claims are accurately processed according to the contract.

OUTCOMES: CompDent's services will result in an efficient and successful managed care dental and IP administrative services program.

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 the Director of Risk and Benefits Management to execute all ancillary documents required to administer or effectuate this agreement.

COMPENSATION: The total cost of the program for this 12 month renewal period shall not exceed \$10,000,000. Compdent shall be paid a monthly amount based upon enrollment and the rates specified in the renewal agreement.

AFFIRMATIVE ACTION: Retention amount \$3,600,000.00 M/WBE Goal 31%:
Compdent was granted a waiver for 35% MBE on January 25, 2001:

- (1) Harvest Graphics \$227,000 6%-WBE
1086 Francis Drive
Streamwood Illinois 60607

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

FINANCIAL: Charge \$10,000,000.00 Fiscal year 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.

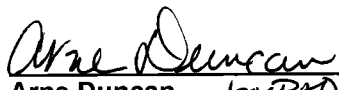
Ethics – The Board's Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the agreement.

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:

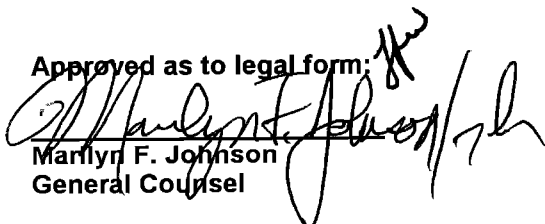
Approved:


Anita Rocha
Acting Chief Purchasing Officer


Arne Duncan *by PAD*
Chief Executive Officer

Within Appropriation:


Kenneth C. Gotsch
Chief Fiscal Officer

Approved as to legal form: 
Marilyn F. Johnson
General Counsel