

**APPROVE THE RENEWAL OF THE EXISTING AGREEMENT WITH
BLUE CROSS BLUE SHIELD OF ILLINOIS FOR HEALTH CARE ADMINISTRATIVE SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve the renewal of the existing Administrative Services Agreement with Blue Cross Blue Shield of Illinois to continue providing network access, claims administration, utilization review and medical management oversight for the Board of Education's self-funded medical plan, at a cost not to exceed \$6,000,000.00 for a period of 6 months. A written renewal agreement is currently being negotiated. No payment shall be made to vendor during the renewal 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 agreement is stated below.

Specification No.: 00-250164

VENDOR: Blue Cross Blue Shield
300 East Randolph Street
Chicago, Illinois 60601
Paul S. Boulis
(312) 653-7921
Vendor No. 36410

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 99-1027-PR25) is for a term commencing January 1, 2000, and ending December 31, 2001, with the Board having the option to renew for 2 additional one year periods. Renewal option costs shall not exceed \$12,000,000.00 per year. Both one-year options to renew were exercised for a term commencing January 1, 2002 and ending December 31, 2003, in the amount of \$12,000,000 per year (authorized by Board Report 01-0926-PR26). Blue Cross Blue Shield was selected pursuant to a Request for Proposals for an administrator for the Board's modified fee-for-service health plan in 1998.

RENEWAL TERM: The Administrative Services Agreement shall be renewed for a term commencing on January 1, 2004, and ending June 30, 2004. The six month renewal is needed to complete a Request for Proposal for the Boards Self-Insurance Medical Program to accommodate the re-design of the Program.

SCOPE OF SERVICES: Blue Cross Blue Shield will continue to provide network access and administrative services for the Board's modified fee-for-service health plan. The modified plan provides the standard Blue Cross Blue Shield Preferred Provider Organization (PPO), standard out-of-network option, and a point-of-service (POS) option. The POS is a subset network of the PPO network offering a higher level of benefits.

DELIVERABLES: Blue Cross Blue Shield will provide access to discounted Provider Network, monthly experience reports, claims adjudication, and administrative services for self insured medical program.

OUTCOMES: Blue Cross Blue Shield will continue to provide savings in health insurance cost.

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 renewal agreement.

COMPENSATION: Blue Cross Blue Shield shall be paid a network access/administration fee not to exceed \$6,000,000.00.

AFFIRMATIVE ACTION: This contract is in full compliance with the goals required by the Revised Remedial Plan for Minority and Women Business Enterprise Contract Participation (M/WBE Plan). The M/WBE participation goals for the contract include: 35% total MBE, 22% total African American, 10% total Hispanic, 2% total Asian and 5% total WBE.

The vendor has identified and scheduled the following firms and percentages:

22% African American:

(i) Community Ins. Ctr.	526 E. 87 th St., Chgo., IL 60619	\$225,000.00/4.5%
(ii) Minor's Unique Print.	486 Diens Dr., Chgo., IL 60690	\$625,000.00/12.5%
(iii) Ready Computer	2040 N. Ashland Ave., Chgo., IL 60614	\$50,000.00/1%
(iv) Sayer's Computer	1150 Feehanville, Chgo., IL 60056	\$200,000.00/4%

10% Hispanic:

(i) A & R Janitorial	5234 W. 25 th St., Cicero, IL 60804	\$150,000.00/3%
(ii) Magic Lantern	11381 Allison Ct., Huntly, IL 60124	\$100,000/2%
(iii) Kopico	1444 W. 37 th St., Chgo., IL 60609	\$250,000.00/5%

2% Asian:

(i) Innovative Systems 799 Roosevelt Rd., Bldg. 4, Glen Ellyn, IL 60137
\$150,000.00/3%

5% Woman Owned:

(i) Micro III 1102 N. Main St., Lombard, IL 60148
\$100,000.00/2%

(ii) Suburban Keypunch 3166 Des Plaines Ave., #43, Des Plaines, IL 60018
\$150,000.00/3%

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

FINANCIAL: Charge to Risk and Benefits Management: \$6,000,000.00 for Fiscal Year 2004.
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.

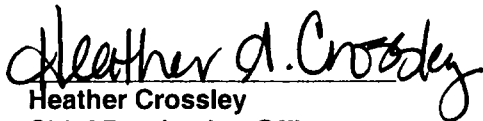
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one-year period following expiration or other termination of their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

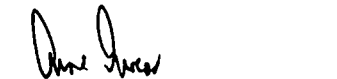
Ethics – The Board's Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the agreement.

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:


Heather Crossley
Chief Purchasing Officer

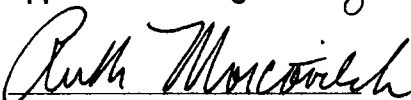
Approved:


Arne Duncan
Chief Executive Officer

Within Appropriation:


John Maiorca
Chief Financial Officer

Approved as to legal form: 


Ruth Moscovitch
General Counsel