

**APPROVE THE RENEWAL OF THE EXISTING AGREEMENT WITH
WALGREENS HEALTH INITIATIVES, INC. FOR PHARMACY BENEFIT MANAGEMENT SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve the renewal of the existing agreement with Walgreens Health Initiatives, Inc. (Walgreens) to provide pharmacy benefit management services at all Walgreens and Dominicks stores for the Board's self-insured Blue Cross Blue Shield Medical Plan, at a cost not to exceed \$13,000,000 for a period of 6 months. A written renewal agreement for vendor's services 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: 00-250570

VENDOR: Walgreens Health Initiatives, Inc. 106 Wilmont Road Deerfield, IL 60015 Contact Person: Tony Bono (847) 940-5600 Vendor # 43099	USER: Bureau of Risk and Benefits Management 125 South Clark Street-14 th Floor Georgette Hampton, Director (773) 553-2818
---	---

ORIGINAL AGREEMENT: The original agreement (authorized by Board Report 00-0628-PR43) is for a term commencing January 1, 2001 and ending December 31, 2001, with the Board having two options to renew for periods of 12 months each. Fees and rates for each renewal shall be renegotiated based upon volume, claims experience and cost. The agreement was renewed (authorized by Board Report 01-1219-PR33) in the amount not to exceed \$20,000,000.00, for a term commencing January 1, 2002 and ending December 31, 2002. The agreement was further renewed for a one-year period commencing January 1, 2003 and ending December 31, 2003 (authorized by Board Report# 02-1023-PR15). Walgreens was selected on a non-competitive basis because it has maintained an efficient, cost effective pharmacy benefit management service for the Board's self-funded insurance program for the past five years, without any rate increases.

RENEWAL TERM: The agreement shall be renewed for a term commencing 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: Walgreens Health Initiatives, Inc. will continue to provide access to pharmacy benefit management services for the Board's indemnity insurance plan, insuring cost-effective access to prescription drugs by CPS employees and their eligible dependents enrolled in the plan. Services will continue to include:

- ◆ Prospective, concurrent and retrospective review to identify, prevent and/or reduce medically or procedurally inappropriate dispensing activity.
- ◆ Professional consulting services to the Board about employee prescription drug benefits to insure compliance with all laws and provide advice regarding design and communication.
- ◆ Establishment, maintenance and control of a network of fully licensed and insured retail pharmacies available to provide prescription drugs.
- ◆ Designation of a mail-order pharmacy as the network mail order pharmacy able to dispense maintenance medications.

DELIVERABLES: Walgreens will provide access to discounted pharmaceutical networks, provide claims adjudication, and administrative services for self insured prescription drug program.

OUTCOMES: Walgreens will continue to provide savings for self-insured program through negotiated discounts and rebates from pharmacy manufactures, quarterly reports on savings and claims activities at the pharmacy level, advise CPS on latest drug trends.

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

COMPENSATION: Not to exceed \$13,000,000.00 dependent upon enrolled employees, including an agreed upon reduced per claim administrative fee from, \$.040 to \$0.29 per member, per month, and a tiered rebate sharing arrangement.

AFFIRMATIVE ACTION: The M/WBE 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 participation goals for this contract as required by the Revised Remedial Plan For Minority and Women Business Enterprise Contract Participation (M/WBE Plan) be waived because the vendor has achieved substantial compliance.

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

Total MBE 35%

- Total 13% Black:
 - Continental Painting
22555 S. Wabash
Chicago 60616 IL. 60616 \$7,735.50 4.35% Certified 8/1/03
 - Danielle Ashley
1900 S. Clark \$7,736.50 4.35% Certified 10/1/02
Chicago, IL.60616
 - Damron Corp \$7,736.50 4.35% Certified 6/5/02
4433 W. Ohio
Chicago IL. 60624

Total 5% Hispanic

- Raf Haddock Consulting
1307 N. Harlem
Oak Park, IL. 60302 \$8,891.50 5.0% Certified 8/6/02

Total WBE 8.7%

- JSR Enterprise
P.O. Box 146
Matteson,IL. 60443 \$7,736.50 4.35% Certified4/1/03

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

FINANCIAL: Charge to Risk and Benefits Management: \$13,000,000.00 Fiscal Year: 2004

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.

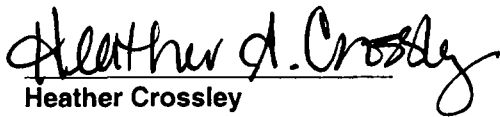
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their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