

**APPROVE EXERCISING THE SECOND 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 second 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 a 12 month period. CompDent of Illinois, Inc. has been rendering these services to the Board for the past seven 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, 9<sup>th</sup> Floor  
Chicago, Illinois 60606  
(312) 261-6212  
Vendor No. 29404

**USER:** Bureau of Risk and Benefits Management  
125 South Clark – 14<sup>th</sup> 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. The first renewal agreement was extended for one year commencing January 1, 2003 and ending December 31, 2003 (authorized by Board Report 02-0724-PR29). Renewal option costs shall not exceed \$10,000,000.00 per year. Compdent was selected on a competitive basis pursuant to a Request for Proposals (Specification# 00-250218).

**RENEWAL TERM:** The term of this agreement is being extended for one year commencing January 1, 2004 and ending December 31, 2004. During the renewal term, The Board shall have the option to terminate the 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 are no option periods 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 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.

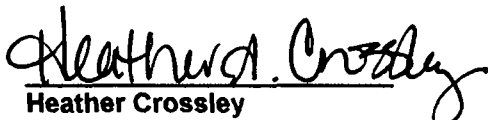
Indebtedness – The Board's Indebtedness Policy adopted July 26, 1995 (95-0726-EX3), as amended from time to time, shall be incorporated into and made a part of the agreement.

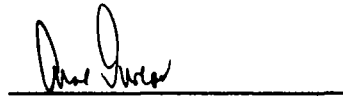
Ethics – The Board's Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the agreement.

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:**


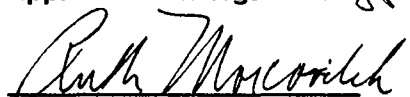
**Approved:**

  
Heather Crossley  
Chief Purchasing Officer

  
Arne Duncan  
Chief Executive Officer

**Within Appropriation:**

  
John Maiorca  
Chief Fiscal Officer

Approved as to legal form:   
  
Ruth Moscovitch  
General Counsel