

**APPROVE ENTERING INTO AN AGREEMENT WITH
UNITED HEALTH CARE OF ILLINOIS FOR HEALTH CARE ADMINISTRATIVE SERVICES,
BEHAVIORAL HEALTH AND FLEXIBLE SPENDING ACCOUNT SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into an agreement with United Health Care of Illinois to provide network access, claims administration, utilization review, medical management oversight, a health maintenance organization, behavioral health services, and flexible spending accounts for the Board's self-funded medical plan at a cost not to exceed \$30,000,000.00 for a period of 30 months. United Health Care was selected on a competitive basis pursuant to a duly advertised Request for Proposal (Specification No. 03-250288). A written Agreement is currently being negotiated. No payment shall be made to vendor prior to the execution of the written agreement. The authority granted herein shall automatically rescind in the event a written agreement is not executed within 120 days of the date of this Board Report. Information pertinent to this agreement is stated below.

Specification No.: 03-250288

VENDOR: United Health Care of Illinois
233 North Michigan Avenue
Shannon Taylor
Chicago, Illinois 60601
(312) 424-6581
Vendor No.: Pending

USER: Bureau of Risk and Benefits Management
125 South Clark – 14th Floor
Chicago, IL 60603
Georgette Hampton, Director
(773) 553-2818

TERM: The term of this agreement shall commence on July 1, 2004 and shall end December 31, 2006. This agreement shall have (2) two options to renew for 12 months each.

DESCRIPTION OF SERVICES: United Health Care will provide network access, claims administrative services, health maintenance organization, behavioral health and flexible spending accounts for a self-insured health plan.

DELIVERABLES: United Health Care will provide access to a network of medical and behavioral health providers, provide claims administration services, conduct utilization review and management services, and administer flexible spending accounts, including monthly experience reports.

OUTCOMES: United Health Care will provide comprehensive and affordable healthcare coverage through contracted discount and prepaid provider arrangements for the Board's self-insured medical program for Chicago Public School employees.

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

COMPENSATION: United Health Care shall be paid an annual network access/administration fees not to exceed \$12,000,000.00; total cost not to exceed \$30,000,000.00 for the 30 month term.

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% WBE.

However, the Wavier Review Committee recommends that a partial waiver of the M/WBE participation goals for this contract as required by the Revised Remedial Plan be granted because the contract scope is not further divisible.

Total MBE 22.8%

Total African American 9.4%

Angel Flight Marketing \$250,000 3.7%
222 S. Morgan Ave.
Chicago, IL. 60607

Merchandise Distributors \$350,000 5.2%
4253 N. Kedzie
CHICAGO ,IL. 60618

Corfran \$30,000 .5%
P.O. Box 498-495
Chicago IL. 60649

Total Hispanic 13.4%

Psychealth
922 Davis #1
Chicago, IL.13.4%

Total WBE .6%

Double Image Press \$41,756 .6%
151 N. Brandon Drive
Glendale Heights

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

FINANCIAL: Charge \$12,000,000.00 for Fiscal Year 2005
 Charge \$12,000,000.00 for Fiscal Year 2006
 Charge \$6,000,000.00 for Fiscal Year 2007

Budget Classification: Charge to sundry units, 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.

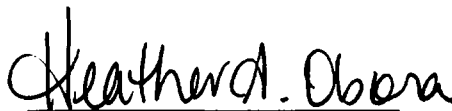
Conflicts – The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one-year period following expiration or other termination of their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

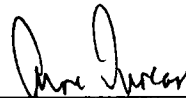
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:



Heather A. Obora
Chief Purchasing Officer

Approved:



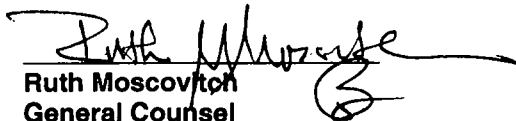
Arne Duncan
Chief Executive Officer

Within Appropriation:



John Maiorca
Chief Financial Officer

Approved as to legal form: 



Ruth Moscovitch
General Counsel