

**APPROVE EXERCISING THE FIRST OPTION TO RENEW THE AGREEMENT  
WITH CAREMARK, INC. FOR PHARMACY BENEFIT MANAGEMENT SERVICES**

**THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:**

Approve exercising the first option to renew the agreement with Caremark, Inc. to provide pharmacy benefit management services for the Board's self-insured medical plan at a cost for the option period not to exceed \$1,000,000.00. A written document exercising this option is currently being negotiated. No payment shall be made to Consultant during the option period prior to the execution of the written document. The authority granted herein shall automatically rescind in the event a written document is not executed within 90 days of the date of this Board Report. Information pertinent to this option is stated below.

**Specification No.: 04-250040**

**CONSULTANT:** Caremark, Inc  
2211 Sanders Road  
North Brook, IL 60062  
Contract: Mark P. Ciamarra  
(847) 559-5256  
Vendor No.: 39559

**USER:** Department of Human Resources  
Bureau of Compensation and Benefits Management  
125 South Clark Street  
Chicago, IL 60603  
Contact: Dale Moyer, Director  
(773) 553-2818

**ORIGINAL AGREEMENT:** The original Agreement (authorized by Board Report 04-0324-PR25) in the amount of \$5,000,000.00 is for a term commencing July 1, 2004 and ending December 31, 2006, with the Board having two options to renew for one year terms. The original agreement was awarded on a competitive basis pursuant to Board Rule 5-4.1.

**OPTION PERIOD:** The term of this agreement is being extended for one year commencing January 1, 2007 and ending December 31, 2007.

**OPTION PERIODS REMAINING:** There is one option period for one year remaining.

**SCOPE OF SERVICES:** Consultant will continue to provide access to pharmacy benefit management services for the Board's self-insured medical 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:** Consultant will continue to provide access to discounted pharmaceutical networks, provide claims adjudication, and administrative services for self insured prescription drug program.

**OUTCOMES:** Consultant's services will result in 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.

**COMPENSATION:** Consultant shall be paid during this option period as follows: based on enrolled employees, including a tiered rebate sharing arrangement, not to exceed the sum of \$1,000,000.00.

**AUTHORIZATION:** Authorize the General Counsel to include other relevant terms and conditions in the written option document. Authorize the President and Secretary to execute the option document. Authorize The Chief Human Resources Officer to execute all ancillary documents required to administer or effectuate this option agreement.

**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, and 5% total WBE.

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

**MBE 35%**

Computer Resource Solutions  
One Pierce Place  
Itasca, IL 60143

Precise Staffing Service  
645 N. Michigan Ave  
Chicago, IL 60611

Research Explores  
1111 New Trier Court  
Wilmette, IL 60091

Tolbert Packaging  
1020 W. Fullerton Ave  
Addison, IL 60101

**Hispanic**

United Building Maintenance  
165 Easy Street  
Carol Stream, IL 60188

**Asian**

Systems Unlimited  
1350 W. Bryn Mawr  
Itasca, IL 60143

**WBE 5%**

VEE SEE Construction Co.  
4100 W. 105<sup>th</sup> Street  
Oak Lawn, IL 60455

Arrow Messenger Service  
1322 W. Walton St.  
Chicago, IL 60622

Bailey Edward Design  
900 N. Franklin  
Chicago, IL 60610

Consolidated Printing Company  
4042 N. Nashville Ave  
Chicago, IL 60634

In-A-Bind Assembly and Fulfillment  
35 Chancellor Drive  
Roselle, IL 60172

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

**FINANCIAL:** Charge to the Department of Human Resources: \$1,000,000.00 Fiscal Years: 2007-2008  
Budget Classification: Charge to sundry units, all operating funds, sundry programs, hospital insurance (account 57305)

**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 member during the one year period following expiration or other termination of their terms of office.

Indebtedness – The Board's Indebtedness Policy adopted June 26, 1996 (96-0626-PO3), as amended from time to time, shall be incorporated into and made a part of the agreement.

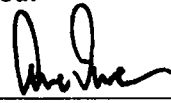
Ethics – The Board's Ethics Code adopted June 23, 2004 (04-0623-PO4), as amended from time to time, shall be incorporated into and made a part of the agreement.

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

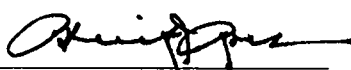
**Approved:**

  
Arne Duncan  
Chief Executive Officer

**Within Appropriation:**

  
John Malorca  
Chief Financial Officer

**Approved as to legal form:**

  
Patrick J. Rocks  
General Counsel