

AMEND BOARD REPORT 06-0524-PR15
APPROVE EXERCISING THE OPTION TO RENEW THE AGREEMENT WITH
CAMBRIDGE INTEGRATED SERVICE GROUP, INC. D/B/A MARTIN BOYER COMPANY
FOR CLAIMS ADMINISTRATION SERVICES AND AUTHORIZE FUNDING OF ESCROW ACCOUNTS
ASSOCIATED WITH THESE SERVICES

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the option to renew the agreement with Cambridge Integrated Service Group, Inc. d/b/a Martin Boyer Company (MBC) for claims administration services for the Board's liability, interscholastic and workers' compensation programs, at a cost not to exceed \$1,207,237.00 for administrative fees, and authorize funding of escrow accounts associated with these services in an amount not to exceed ~~\$47,775,658~~ \$25,500,000 for a 12 month term. A written document exercising this option is currently being negotiated. No payment shall be made to vendor during the option period prior to the execution of a written renewal agreement. The authority granted herein shall automatically rescind in the event a written renewal agreement is not executed within 120 days of this Board Report. Information pertinent to this renewal agreement is stated below.

This amendment is necessary to increase the workers' compensation escrow account by \$7,724,342.00 to meet projected expenditures. No amendment to the renewal agreement is required.

Specification Number: 03-250060

Contract Administrator: Nanzi Flores (773) 553-2273

VENDOR: Cambridge Integrated Service Group, Inc.
d/b/a Martin Boyer Company
175 West Jackson, 10th Floor
Chicago, IL 60604
(312) 381-8213
~~Robert Vanselow~~ John Walsh, Senior, Vice President
Vendor# 20908

USER: School Financial Services
125 South Clark-14th Floor
Chicago, Illinois 60603
John Maiorca, Chief Financial Officer
(773) 553-2700
Eileen Ryan, Assistant Risk Manager
(773) 553-2828

Department of Human Resources
125 South Clark-2nd Floor
Chicago, Illinois 60603
Ascencion V. Juarez, Chief Human Resources Officer
(773) 553-1000
Dale Moyer, Director of Employee Benefits
(773) 553-2818

ORIGINAL AGREEMENT: The original agreement (authorized by Board Report #03-0625-PR24) in the amount of \$3.6 million also authorized funding of escrow accounts associated with these services in the amount not to exceed \$16.5 million per year for a term commencing July 1, 2003 and ending June 30, 2006, with the Board having two options to renew the agreement for 12-month 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 a 12 month period commencing July 1, 2006 and ending June 30, 2007.

OPTION PERIODS REMAINING: There is one option period for 12 months remaining.

DESCRIPTION OF SERVICES: MBC will continue to receive all reports of accidents to students, visitors and employees, and process them appropriately under the agreed guidelines. MBC shall pay claims and settlements through established escrow accounts. The funds will be encumbered and the escrow accounts will be funded by periodic invoicing. The invoicing amounts are determined by the prior period volume and expected future losses. The escrow accounts will be funded annually through the following budget lines:

Escrow Accounts	Maintenance of Escrow Accounts	
	Budget Line	
General Liability	Budget Line: 0963-215-000-7064-5490	\$2,000,000.00 maximum
Interscholastic	Budget Line: 0963-215-000-7250-5490	\$500,000.00 maximum
Workers' Compensation	Budget Line: 0963-215-000-6010-5650	\$15,276,658.00 maximum \$23,000,000.00 maximum
Total Amount		\$17,775,658.00 \$25,500,000.00 maximum

MBC's overall claims management will include the following services:

Liability Claims Administration

- Receive and review the Report of Accident/Injury to Student/Visitor forms for general liability claims;
- Provide access to a risk management information system for student/visitor accidents and claims;
- Adjust general liability claims and disburse funds (medical, expense and settlements) from the Board's escrow account.
- Provide the Bureau of Risk Management with a journal of check register reports, and current data reflecting insurance liability loss information.

Interscholastic Medical Claims Administration

- Provide medical expense, disability income and accidental death benefits of up to \$1,000,000 per student in exchange for a waiver and release of all liability claims against the Board of Education
- Review and apply PPO discount to all related medical bills;
- Investigate and determine whether claims are in the category defined as an athletic injury, Reserve Officers and Training Core and Student Travel.
- Investigate other insurance agencies involved with the claims process and subrogate benefits;
- Maintain an escrow account for liability claims, and
- A separate escrow may be established to manage any catastrophic losses incurred in the contract period.

Workers' Compensation Claims Administration

- Receive and review for compensability all employee accident claims;
- Review and apply PPO discount to all related medical bills;
- Pay all compensable indemnity and medical claims;
- Review all indemnity claims to determine the need for case management;
- Provide claim statistics to establish safety initiatives; and
- Maintain Board's escrow account.

DELIVERABLES: MBC shall continue to provide monthly, quarterly, and annual reports, indicating the names of claimants, types of injuries sustained, and total amounts incurred, monthly management meetings with the claims staff, case management staff, prepare comprehensive investigative reports as requested and prepare assessments of the Board liability's in light of statutory and judicial requirements, copies of liens and complaints, and respond to all claimants in writing within 30-45 working days upon receipt of a claim.

OUTCOMES: Consultant's services will result in an affordable, comprehensive claims administration program for Chicago Public Schools students, employees and visitors.

AUTHORIZATION: Authorize the General Counsel to include other relevant terms and conditions in the written renewal agreement. Authorize the President and Secretary to execute the renewal agreement. Authorize the Chief Financial Officer and Chief of Human Resources to execute all ancillary documents required to administer or effectuate this agreement, and to fund the escrow accounts in the amounts stated.

COMPENSATION: MBC shall be paid an administrative fee not to exceed \$1,207,237.00 for a 12 month term.

AFFIRMATIVE ACTION: The M/WBE goals for this contract include 35% total MBE, 22% African American, 10% Hispanic, 2% Asian and 5% WBE.

The firm is currently in compliance and is utilizing the following firms:

Total African American 23.3%

Corfran, Inc. 2.8%
6922 S. Jeffery
Chicago, IL 60649

Risk Management 14.5%
216 W. Jackson
Chicago, IL 60606

Insurers Review 5.0%
225 N. Michigan Ave
Chicago, IL 60601

RLW Financial 1.0%
9336 South Parnell

Total Hispanic 10%

Rolei Financial 10%
737 N. Michigan
Chicago, IL 60611

Total WBE 1.7%

Computer Package 1.7%
69 Hawkins Circle
Wheaton, IL 60187

FINANCIAL: Charge to Risk Management: \$1,207,237.00 for Administrative Fees-Fiscal Year: 2007

0963-215-000-7060-5490 LB/AA \$ 482,894.80

0963-215-000-6010-5650-WC \$ 724,342.20

Charge to Risk Management: ~~\$17,775,658~~ \$25,500,000.00 fund the Escrow Accounts-Fiscal year: 2007

0963-215-000-7064-5490 LB \$ 2,000,000.00

0963-215-000-7250-5490 AA \$ 500,000.00

0963-215-000-6010-5650 WC ~~\$15,275,658.00~~ \$23,000,000.00

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.

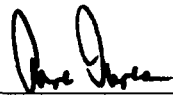
Ethics – The Board's Ethics Code adopted June 23, 2004 (04-0623-PO4), as amended from time to time, shall be incorporated into and made a part of the agreement.

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:


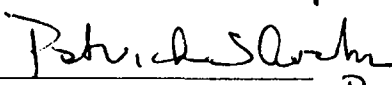
Approved:


Heather A. Obora
Chief Purchasing Officer


Arne Duncan
Chief Executive Officer

Within Appropriation:


John Maiorca
Chief Financial Officer

Approved as to legal form 

Patrick J. Rocks
General Counsel