

**APPROVE EXERCISING THE SECOND OPTION TO RENEW THE AGREEMENT  
WITH BLUE CROSS BLUE SHIELD OF ILLINOIS FOR HEALTH CARE  
ADMINISTRATIVE SERVICES (PPO)**

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

Approve exercising the second and final option to renew the preferred provider organization (PP) agreement with Blue Cross Blue Shield of Illinois to provide network access, claims administration, medical management oversight and health maintenance organization (HMO) to the Department of Human Resources at cost for the option period not to exceed \$10,000,000.00. 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.: 03-250288**

**CONSULTANT:** Blue Cross Blue Shield of Illinois  
300 E. Randolph  
Chicago, IL 60601  
Contact: Miles Dean  
(312) 653-4581  
Vendor No.: 36410

**USER:** Department of Human Resources  
Compensation and Benefits Management  
125 S. Clark Street, 14<sup>th</sup> floor  
Chicago, IL 60603  
Contact: Dale Moyer  
(773) 553-1070

**ORIGINAL AGREEMENT:** Two agreements were authorized under Board Report 04-0324-PR20: one agreement to provide network access, claims administration and medical management oversight as encompassed in the PPO agreement and another agreement to provide a health maintenance organization (HMO). The original PPO Agreement (authorized by Board Report 04-0324-PR20) 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 agreement was renewed (authorized by Board Report 06-115-PR18) for a term commencing January 1, 2007 and ending December 31, 2007. The original agreement was awarded on a competitive basis pursuant to Board Rule 5-4.1. The Board Report was amended (Board Report 05-1026-PR12) to change the end date of the health maintenance organization (HMO) agreement to December 31, 2008.

**OPTION PERIOD:** The term of this agreement is being extended for one year commencing January 1, 2008 and ending December 31, 2008.

**OPTION PERIODS REMAINING:** There are no option periods remaining.

**SCOPE OF SERVICES:** Blue Cross Blue Shield will continue to provide network access and administrative services for the Board's self-insured health plan.

**DELIVERABLES:** Blue Cross Blue Shield will continue to provide access to a network of medical providers, and monthly experience reports.

**OUTCOMES:** Blue Cross Blue Shield's services will result in comprehensive and affordable healthcare coverage through contracted discounts and prepaid provider arrangements for the Board's self-insured medical program for Chicago Public School employees.

**COMPENSATION:** Blue Cross Blue Shield shall be paid an annual network access/administration fee for the PPO agreement not to exceed a total of \$10,000,000.00 for the 12 month term.

**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, 22% total African American, 10% total Hispanic, 2% total Asian and 5% total WBE.

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

**Total MBE – 35%**

Sayers 40, Inc. (AA)  
1150 Feehanville Drive  
Mount Prospect, IL 60056  
Contact: Peggy Kerber certified through 12/31/2007

A&R Janitorial (H)  
5234 West 25<sup>th</sup> Street  
Cicero, IL 60804  
Contact: Kim Pintor certified through 01/01/2009

Innovative Systems Group, Inc. (A)  
799 Roosevelt Road, Bldg. A, Suite 109  
Glen Ellyn, IL 60137  
Contact: Joselito Salas certified through 09/07/2007

**Total WBE – 5%**

Perez & Associates, Inc.  
13930 S. Kildare Ave.  
Crestwood, IL 60445  
Contact: Monica Perez certified through 04/01/2008

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

**FINANCIAL:** Charge to the Department of Human Resources: \$10,000,000.00 Fiscal Year: 2008-2009  
Budget Classification: Charge to sundry units, all operating funds, sundry programs, hospital insurance (object 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.

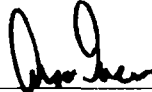
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

**Approved for Consideration:**



**Heather A. Obora**  
**Chief Purchasing Officer**

**Approved:**



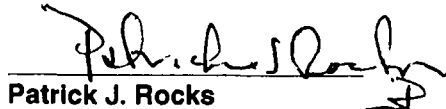
**Arne Duncan**  
**Chief Executive Officer**

**Within Appropriation:**



**Pedro Martinez**  
**Chief Financial Officer**

**Approved as to legal form.** 



**Patrick J. Rocks**  
**General Counsel**