

AMEND BOARD REPORT 07-1219-PR16
APPROVE EXERCISING THE SECOND OPTION TO RENEW THE AGREEMENT
WITH CAREMARK INC., CAREMARK LLC FOR PHARMACY BENEFIT MANAGEMENT SERVICES

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the second option to renew the agreement with ~~Caremark, Inc.~~ Caremark LLC to provide pharmacy benefit management services for the Board's self-insured medical plan at a cost for the option period not to exceed ~~\$4,000,000.00~~ \$3,500,000.00. 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.

This amendment is necessary in order to i.) add the following scope of services: Wellness service provisions including but not necessarily limited to, new call center to be provided by Caremark for telephone outreach to employees and dependents regarding prescriptions or following recommendations of their medical doctors; biometric screening of employees and dependents at newly established locations throughout Chicagoland to identify possible undiagnosed conditions and inclusion in outreach described above; smoking cessation program; obesity management program ii.) increase the maximum compensation amount by two million five hundred thousand dollars (\$2,500,000.00) in order to compensate Caremark for these added services; and iii.) reflect Consultant's conversion from a corporation to a limited liability company. A written amendment to the agreement is currently being negotiated. No payment for these additional wellness services shall be made prior to execution of the written amendment. The authority granted in this amended Board Report shall automatically rescind in the event a written amendment is not executed within 90 days of the date of this amended Board Report.

Specification No.: 04-250040

CONSULTANT: Caremark Inc. Caremark LLC, formerly known as Caremark, Inc.
2211 Sanders Road
North Brook, IL 60062
Contract: Mark P. Ciamarra
(847) 559-5256
Vendor No.: TBD

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 agreement was renewed (authorized by Board Report 06-1220-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.

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: 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 include:

- Prospective, concurrent and retrospective review to identify, prevent and/or reduce medically or procedurally inappropriate dispensing activity, and to inform physicians of medically equivalent prescriptions where cost effective.
- Professional consulting services to the Board about employee prescription drug benefits to insure compliance with all laws and provide advice regarding design and communication.
- Wellness initiatives, including health screening, consultation, and outreach to employees and dependents.
- 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.
- Wellness service provisions: outreach to employees and dependents regarding prescriptions or following recommendations of their medical doctors; counseling and information; biometric screening of employees and dependents to identify possible undiagnosed conditions and inclusion in outreach; smoking cessation program; obesity management program.

DELIVERABLES: Consultant will continue to provide access to discounted pharmaceutical networks, provide claims adjudication, administrative services for the self insured prescription drug program, and will provide programs to increase cost effectiveness, medical appropriateness, and wellness.

OUTCOMES: Consultant's services will result in savings for the self-insured program through negotiated discounts and rebates from pharmacy manufacturers, more appropriate use of pharmaceuticals and reduced medical and pharmaceutical costs. Consultant's services will allow CPS to monitor results and provide information for future strategies through quarterly reports on savings and claims activities at the pharmacy level, and advice to CPS on latest drug trends. Consultant's wellness services will result in reduced medical claims due to better compliance with doctor's orders, instructions for use of prescription medications, better healthcare, reduced smoking and reduced obesity.

COMPENSATION: Consultant shall be paid during this option period as follows: based on enrolled employees, not to exceed the sum of ~~\$1,000,000.00~~ \$3,500,000.00.

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

AFFIRMATIVE ACTION: The Remedial program goals for this contract is 35% total MBE and 5% total WBE based on the scope of work that presents opportunities for minority and WBE participation (with a contract value of \$415,247.00).

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

Total MBE – 64.4%

Minor's Unique Printing 505 Harvester Court – Unit K Wheeling, IL 60090	\$ 200,000.00 or 48%
DDI Printing 7830 Quincy St. Willowbrook, IL 60527	60,000.00 or 14.4 %

Research Explorers 1111 New Trier Wilmette, IL 60091	10,000.00 or 2%
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Risk Management Solutions 208 S. LaSalle – Suite 1410 Chicago, IL 60603	1,650.00 or 0.4 %
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Total WBE – 5.4%

Consolidated Printing 5942 N. Northwest Highway Chicago, IL 60631	15,000.00 or 4%
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In-a-Bind 35 Chancellor Dr. Roselle, IL 60172	6,000.00 or 1.4%
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Research Explorers 1111 New Trier Wilmette, IL 60091	10,000.00 or 2%
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LSC REVIEW: Local School Council approval is not applicable to this report.

FINANCIAL: Charge to the Department of Human Resources: ~~\$1,000,000.00~~ \$3,500,000.00
 Fiscal Year: 2008-2009
 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.

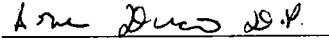
Contingent Liability – The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:



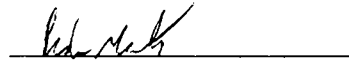
**Heather A. Obora
Chief Purchasing Officer**

Approved:



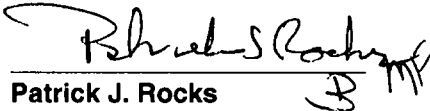
**Arne Duncan
Chief Executive Officer**

Within Appropriation:



**Pedro Martinez
Chief Financial Officer**

Approved as to legal form:



**Patrick J. Rocks
General Counsel**