

AMEND BOARD REPORT 05-1026-PR12
AMEND BOARD REPORT 04-0324-PR20
**APPROVE ENTERING INTO AN AGREEMENT WITH BLUE CROSS BLUE SHIELD OF ILLINOIS
FOR HEALTH CARE ADMINISTRATIVE SERVICES**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into an agreement with Blue Cross Blue Shield of Illinois to provide network access, claims administration, medical management oversight and a health maintenance organization for the Board's self-funded medical plan, at a cost not to exceed ~~\$50,000,000.00~~ \$70,000,000.00 ~~for a period of 54 months.~~ Blue Cross Blue Shield of Illinois 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 amended Board Report. Information pertinent to this agreement is stated below.

This amendment is necessary to change the original term of the health maintenance organization agreement, commencing July 1, 2004 and ending December 31, 2006, to end December 31, 2008. This extension will allow the Board to take advantage of guaranteed rates for calendar years 2007 and 2008.

This second amendment is necessary to change the ending date of the written agreement regarding the health maintenance organization (HMO) services to December 31, 2010, and to increase the dollar amount from \$50,000,000.00 to \$70,000,000.00 for all services. This extension is needed in order to provide sufficient time to complete a comprehensive RFP. A written amendment to this agreement is required. The authority granted herein shall automatically rescind in the event a written amendment is not executed within 120 days of this amended Board Report.

Specification No.: 03-250288

Contract Administrator: Pamela Seanior – (773)553-2254

VENDOR: Blue Cross Blue Shield
of Illinois
300 East Randolph Street
Chicago, Illinois 60601
Paul S. Boulis
(312) 653-7921
Vendor No. 36410

USER: Department of Human Resources
125 S. Clark Street, 2nd Floor
Chicago, Illinois 60603
Dale Moyer, Director
(773) 553-2818
~~Ascencion v. Juarez, Chief Human Resources Officer~~
~~(773) 553-4070~~

TERM: The term of each agreement shall commence on July 1, 2004 and shall end December 31, ~~2008~~ 2010 for the health maintenance organization agreement, and shall end on December 31, ~~2006~~ 2008 for any remaining agreement. Each agreement shall have (2) options to renew for 12 months each.

DESCRIPTION OF SERVICES: Blue Cross Blue Shield will provide network access and administrative services and provide a health maintenance organization for the Board's self-insured health plan.

DELIVERABLES: Blue Cross Blue Shield will provide access to a network of medical providers, and a prepaid health maintenance organization, including monthly experience reports.

OUTCOMES: Blue Cross Blue Shield will provide 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.

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

COMPENSATION: Blue Cross Blue Shield shall be paid ~~a fee~~ at the fees set forth in the written agreements for the entire term not to exceed ~~\$50,000,000.00~~ \$70,000,000.00.

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/MBE Plan). The M/WBE Participation goals for the contract include: 35% total MBE, 10% total Hispanic, 2% total Asian.

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

Total 22% African American:

Community Insurance Center \$1,176,000
526 E. 87th Street
Chicago, Illinois 60619

Minor's Unique Printing \$2,940,000
333 W. Hintz Road
Wheeling, Illinois 60090

Sayers Computer Source \$1,176,000
1150 Feehanvill Drive
Mt. Prospect, Illinois 60615

Tri-Tech Solutions Kam, Inc. \$882,000
5415 S. Ingleside
Chicago, Illinois 60615

Total Hispanic 10%

A&R Janitorial Services \$1,764,000
5234 W. 25th Street
Cicero, Illinois 60804

Magic Lantern Studios \$588,000
11381 Allison Ct.
Huntley, Illinois 60142

MTG Productions \$588,000
1580 N. Northwest Highway Ste. 312
Park Ridge Illinois 60068

Total 3% Asian

Innovative Systems \$882,000
799 Roosevelt Road
Glen Ellyn, Illinois

Total 5% WBE

Terrance Electric \$1,176,000
1015 South Route 83
Elmhurst, Illinois

MICRO III \$294,000
1102 N. Garfield
Lombard, Illinois

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

FINANCIAL: Charge \$10,000,000.00 for Fiscal Year 2005
Charge \$10,000,000.00 for Fiscal Year 2006
Charge \$10,000,000.00 for Fiscal Year 2007
Charge \$10,000,000.00 for Fiscal Year 2008
Charge \$10,000,000.00 for Fiscal Year 2009
Charge \$10,000,000.00 for Fiscal Year 2010
Charge \$10,000,000.00 for Fiscal Year 2011

Budget Classification: Charge to sundry units, all operating funds, 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 – Any 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.

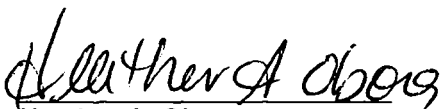
Indebtedness – The Board's Indebtedness Policy adopted July 26, 1996 (96-0626-PO3), as amended from time to time, shall be incorporated into and made a part of the agreement.

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 – Any 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:


Pedro Martinez
Chief Financial Officer

Approved as to legal form:


Patrick J. Rocks
General Counsel