

08-0827-PR31

APPROVE ENTERING INTO AN AGREEMENT WITH UNITED HEALTH CARE INSURANCE COMPANY TO PROVIDE PREFERRED PROVIDER ORGANIZATION (PPO) SERVICES

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve entering into an agreement with United Health Care Insurance Company ("Vendor") to provide Preferred Provider Organization (PPO) services for the Board's self-funded health plan at a cost not to exceed \$6,000,000.00. Vendor was selected on a competitive basis pursuant to Board Rule 5-4.1. A written agreement for Vendor's services 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 Board Report. Information pertinent to this agreement is stated below.

VENDOR:

1)
United Health Care Insurance Co.
233 N. Michigan Avenue
Chicago, IL 60601
Steven Miller
312-424-6581
Vendor # 23320

USER:

Office of Human Resources
125 S Clark St - 2nd Floor
Chicago, IL 60603
Dale Moyer
773-553-2818

TERM:

The term of this agreement shall commence on January 1, 2009 and shall end December 31, 2011. This agreement shall have two options to renew for periods of one year each with the cost of each option not to exceed \$2,000,000.00.

EARLY TERMINATION RIGHT:

The Board shall have the right to terminate this agreement with 30 days written notice.

SCOPE OF SERVICES:

Vendor will provide preferred provider organization services for the Board's self-insured health plan.

DELIVERABLES:

Vendor will provide access to a PPO network of medical providers, claims administration services, conduct utilization review and management services.

OUTCOMES:

Vendor's services will result in comprehensive and affordable health care coverage through contracted discount PPO provider arrangements for the Board's self-insured health plan for Chicago Public School and Board enrollees.

COMPENSATION:

Vendor shall be paid as follows: in accordance with the compensation schedule set forth in the written agreement, with total compensation not to exceed \$6,000,000.00 for initial term and \$2,000,000.00 for each one year option period.

REIMBURSABLE EXPENSES:

None.

AUTHORIZATION:

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

AFFIRMATIVE ACTION:

This contract is in full compliance with the required goals of the Remedial Program for Minority and Women Owned Business Enterprise Participation (M/WBE Plan). The M/WBE participation goals for this contract include: 10% total MBE and 22% total WBE. The vendor has identified the following :

Total MBE = 10%

Merchandise Distributors, Inc.
4253 Kedzie
Chicago, IL 60618

Cora Fran
P.O. Box 498-495
Chicago, IL 60649

The Blackstone Group
360 N. Michigan Ave.
Chicago, IL 60601

Hernandez & Garcia
7366 N. Lincoln Ave.
Linconwood, IL 60712

Total WBE = 22.3%

411 Computerw, Inc.
6160 S. East Ave.
LaGrange, IL 60525

LSC REVIEW:

Local School Council approval is not applicable to this report.

FINANCIAL:

Charge to the Department of Human Resources: \$6,000,000.00
Contract Year 1 (FY09-FY10): \$2,000,000.00
Contract Year 2 (FY10-FY11): \$2,000,000.00
Contract Year 3 (FY11-FY12): \$2,000,000.00

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 members 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

Within Appropriation:



PEDRO MARTINEZ
Chief Financial Officer

Approved:



ARNE DUNCAN
Chief Executive Officer

Approved as to Legal Form:



PATRICK J. ROCKS
General Counsel