

APPROVE EXERCISING THE FIRST OPTION TO RENEW THE AGREEMENT WITH CAREMARK PCS HEALTH LLC FOR CONSULTING, PHARMACY BENEFITS MANAGEMENT, AND OTHER SERVICES**THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:**

Approve exercising the first option to renew the agreement with Caremark PCS Health LLC to provide pharmacy benefit management and other services for the Board's medical plans for employees at a cost for the option period not to exceed \$63,000,000. A written document exercising this option is currently being negotiated. No payment shall be made to Caremark PCS Health LLC during the option period prior to 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 Number : 09-250066

Contract Administrator : Seanior, Miss Pamela Dorcas / 773-553-2280

CONSULTANT:

- 1) Vendor # 96371
CAREMARKPCS HEALTH LLC
2211 SANDERS RD.
NORTHBROOK, IL 60062
Jim Hogan
847 559-5792

USER INFORMATION :**Contact:**

11010 - Office of Human Capital

125 S Clark St - 2nd Floor

Chicago, IL 60603

Wolter, Mr. William R.

773-553-3807

ORIGINAL AGREEMENT:

The original Agreement (authorized by Board Report 10-0428-PR32) in the amount of \$240,000,000 is for a three year term commencing July 1, 2010 and ending June 30, 2013, with the Board having two options to renew for one year terms, at a cost not to exceed \$95,000,000 for the first option and \$100,000,000 for the second option. 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 from July 1, 2013 to June 30, 2014 by this exercise of the first renewal option.

OPTION PERIODS REMAINING:

There is one option period remaining.

SCOPE OF SERVICES:

Consultant will continue to provide access to pharmacy benefit management and other services for the Board's medical plan(s) for employees, providing cost-effective access to prescription drugs by Board employees and their eligible dependents enrolled in the plan, disease management and other ancillary programs. Service will include:

Prospective, concurrent and retrospective review to identify, prevent and/or reduce medically or procedurally inappropriate dispensing activity.

Professional consulting services to the Board about employees' prescription drug benefits to ensure compliance with all laws and provide advice regarding design and communication.

Establishment, maintenance and control of network of fully licensed and insured retail pharmacies available to provide prescription drugs.

Designation and provision of mail-order pharmacy as the network mail order pharmacy able to dispense maintenance medications.

Disease management program including consultation and outreach to employees and dependents, outreach to employees and dependents regarding prescriptions or following recommendations of their medical doctors or other healthcare professionals, consultation and information and ancillary programs.

DELIVERABLES:

Consultant will provide access to discounted pharmaceutical networks, provide claims adjudication and administrative services for the self-insured prescription drug program of the medical plan, disease management and ancillary programs.

OUTCOMES:

Consultant's services will result in savings for the self-insured program through negotiated discounts and rebates from pharmacy manufacturers, quarterly reports on savings and claims activity at the pharmacy level, and advice to the Board on latest drug trends and disease management.

COMPENSATION:

Consultant shall be paid during this option term as follows: based on enrolled employees and claims incurred, including a rebate sharing arrangement; total not to exceed sum of \$63,000,000.

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 Chief Talent 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 Remedial Program for Minority and Women Owned Business Enterprise Participation in Goods and Services Contracts. The MBE/WBE goals for this contract are: 35% total MBE and 15% total WBE participation.

The Vendor has identified the following:

Total MBE - 35%

Angel Flight Marketing
679 N. Milwaukee
Chicago, IL 60622
Contact: Gabriel Mitchell

Computer Resource Solutions
1 Pierce Place, Suite 325W
Itasca, IL 60143
Contact: Michael Gains

The Global Resource Group
155 N. Michigan Ave., Suite 700
Chicago, IL 60601
Contact: Jared Bobo

Planned Packaging of Illinois
8940 W. 192nd Street, Suite #1
Mokena, IL 60445
Contact: Jason Robertson

Risk Management Solutions
208 S. LaSalle Street, Suite 1410
Chicago, IL 60604
Contact: Bennie Jones

South Side Silc
306 Dogwood Place
Park Forest, IL 60466
Contact: Alfredo Gordillo

Systems Unlimited
1350 W. Bryn Mawr
Itasca, IL 60143
Contact: Russell Omuro

Total WBE - 15%

Arem Container & Supply
6153 W. Mulford St.
Niles, IL 60714
Contact: Rosalind Schwartz

Arrow Messenger Services
1322 W. Walton St.
Chicago, IL 60622
Contact: Phyllis Apelbaum

Consolidated Printing
5942 N. Northwest Highway
Chicago, IL 60631
Contact: Marilyn Jones

DDI Printing
7830 Quincy Street
Willowbrook, IL 60521
Contact: Darmi Parikh

In-A-Bind Assembly
35 Chancellor Drive
Roselle, IL 60172
Contact: Michelle Greco

Research Explorers
1111 New Trier Court
Wilmette, IL 60091
Contact: Lisa McDonald

LSC REVIEW:

Local School Council approval is not applicable to this report.

FINANCIAL:

Charge to the Talent Office: \$63,000,000.

Fiscal Year 2014

Expense as allocated to all positions through account 57305 (Hospitalization and Dental Insurance) across all operating funds, units, programs, and grants.

CFDA#: Not Applicable

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 May 25, 2011 (11-0525-PO2), 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:



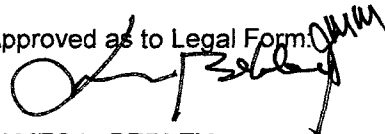
SÉBASTIEN de LONGEAUX
Chief Procurement Officer

Approved:



BARBARA BYRD-BENNETT
Chief Executive Officer

Approved as to Legal Form:



JAMES L. BEBLEY
General Counsel