

**AUTHORIZE THE EXTENSION OF THE AGREEMENT WITH SEDGWICK CLAIMS MANAGEMENT SERVICES INC FOR CLAIMS ADMINISTRATION SERVICES AND AUTHORIZE FUNDING OF ESCROW ACCOUNTS ASSOCIATED WITH THESE SERVICES**

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

Authorize the extension of the agreement with Sedgwick Claims Management Services, Inc ("Vendor") to provide claims administration services for the Board's workers' compensation programs, to the Talent Office, at an estimated annual cost set forth in the Compensation Section of this report and authorize funding of escrow accounts associated with these services. A written extension document is currently being negotiated. No payment shall be made to Vendor during this extension period prior to execution of their 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 extension is stated below.

Contract Administrator : Kamberos, Ms. Sophia / 773-553-2280

**VENDOR:**

- 1) Vendor # 79006  
SEDGWICK CLAIMS MANAGEMENT  
SERVICES, INC  
1100 RIDGEWAY LOOP RD.  
MEMPHIS, TN 38120  
Kevin Kaiser  
312 542-0069

Ownership: Sedgwick Holdings, Inc-100%

**USER INFORMATION :**

Contact:  
11010 - Talent Office  
42 West Madison Street  
Chicago, IL 60602  
Kirkling, Miss Karla Rae

**ORIGINAL AGREEMENT:**

The original Agreement (authorized by Board Report 08-0423-PR16) in the amount of \$4,200,000.00 for administrative fees and \$105,000,000 for claims payments via an escrow account was for a term commencing July 1, 2008 and ending June 30, 2011 with the Board having two (2) options to renew for 2 year terms. The first renewal option was authorized by Board Report 11-0427-PR40 and amended by Board Report 12-0425-PR17, for a term commencing July 1, 2011 and ending June 30, 2013. The second renewal option was authorized by Board Report 13-0626-PR45 for a term commencing July 1, 2013 and ending June 30, 2015. The original agreement was awarded on a competitive basis pursuant to Board Rule 7-2.

**EXTENSION PERIOD:**

The term of this agreement is being extended for six (6) months commencing July 1, 2015 and ending December 31, 2015.

**SCOPE OF SERVICES:**

Vendor will continue to provide all aspects of workers' compensation claims management services, including, but not limited to, claims investigation, adjustment, benefits administration, medical management, PPO, bill review, utilization review, litigation management, settlement negotiation, subrogation recovery, information management, management reporting, OSHA compliance services and daily contact with Board staff. Vendor will continue to provide certain services, or arrange and administer certain services in addition to Vendor administration services, which shall be additional allocated expense charges to the claim file. Such services to be included as allocated expense(s) to the claim file may include, but are not limited to, medical management, PPO, bill review, utilization review surveillance, field investigations, expert consulting and testimony. Vendor shall pay claims, settlements and awards through established escrow accounts. The escrow accounts will be funded at intervals agreed to by the Director.

**DELIVERABLES:**

Vendor will continue to attend monthly meetings with the Board management personnel, provide quarterly stewardship reports to the Director and annual "State of Account" meetings with the Board Senior management.

**OUTCOMES:**

Vendor's services will result in a comprehensive claims administration program for the Board of Education and Chicago Public School employees, and OSHA compliance services.

**COMPENSATION:**

Vendor shall be paid during this extension period as follows: Estimated six (6) month extension term is \$700,000 FY16 for administrative fees paid directly to Vendor and an additional \$12,300,000 is estimated to be for payments of worker's compensation claims through an escrow account managed by Vendor.

**AUTHORIZATION:**

Authorize the General Counsel to include other relevant terms and conditions in the written extension document. Authorize the President and Secretary to execute the extension 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 (M/WBE Plan). The M/WBE participation for the contract include: 30% MBE and 7% total WBE.

The vendor has identified and scheduled the following firms:

Total MBE: 30%  
The Owens Group  
19 South LaSalle St.- Suite 500  
Chicago, IL 60603

Total WBE: 7%  
Peggy Steuben Associated Agency, Inc  
2040 W. Hopkins Place  
Chicago, IL 60620

**LSC REVIEW:**

Local School Council approval is not applicable to this report.

**FINANCIAL:**

Fund 210, Talent Office, Unit 12470  
FY16: \$13,000,000

**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.

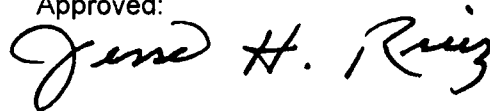
Contingent Liability - The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:



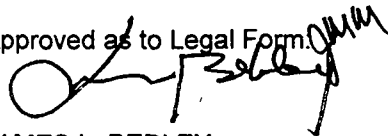
**SÉBASTIEN de LONGEAUX**  
Chief Procurement Officer

Approved:



**JESSE H. RUIZ**  
Interim Chief Executive Officer

Approved as to Legal Form.



**JAMES L. BEBLEY**  
General Counsel