

August 24, 2016

AUTHORIZE A NEW AGREEMENT WITH BLUE CROSS BLUE SHIELD OF ILLINOIS FOR MEDICAL AND ANCILLARY MEDICAL SERVICES

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Authorize a new agreement with Blue Cross Blue Shield of Illinois to provide administrative services for CPS medical plans and ancillary medical plans at an estimated annual cost set forth in the Compensation Section of this report. Vendor was selected on a competitive basis pursuant to Board Rule 7-2. A written agreement for Vendor's services is currently being negotiated. No services shall be provided by Vendor and no payment shall be made to Vendor prior to the execution of their written agreement. The authority granted herein shall automatically rescind in the event a written agreement is not executed within 90 days of the date of this Board Report. Information pertinent to this agreement is stated below.

Specification Number : 16-350024

Contract Administrator : Hubbard, Ms. Carisa Ann / 773-553-2280

VENDOR:

- 1) Vendor # 36410
HEALTH CARE SERVICE CORPORATION
D/B/A BLUE CROSS BLUE SHIELD OF ILLINOIS
300 E. RANDOLPH
CHICAGO, IL 60601
Miles Dean
312 653-4581

Ownership: Mutual Legal Reserve Company
(Hcsc) There Are No Owners With Greater Than 10% Ownership

USER INFORMATION :

Project
Manager: 11010 - Talent Office
42 West Madison Street
Chicago, IL 60602
Lyons, Mr. Matthew A

PM Contact:
11010 - Talent Office
42 West Madison Street
Chicago, IL 60602
Fairhall, Ms. Gail A

TERM:

The term of this agreement shall commence on January 1, 2017 and shall end December 31, 2019. This agreement shall have three (3) options to renew for periods of twelve (12) months each.

EARLY TERMINATION RIGHT:

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

SCOPE OF SERVICES:

Vendor will provide the administrative services for the following CPS medical plans and ancillary medical plans in support of Board employees and their families: Preferred Provider Organization (PPO), Health Maintenance Organization (HMO), Health Savings Plan (HSA), Wellness Program, Disease Management, Utilization Management, Mental Health, Substance Abuse, and Employee Assistance Program (EAP).

DELIVERABLES:

Vendor will provide the administrative services for the following CPS medical plans and ancillary medical plans in support of Board employees and their families: Preferred Provider Organization (PPO), Health Maintenance Organization (HMO), Health Savings Plan (HSA), Wellness Program, Disease Management, Utilization Management, Mental Health, Substance Abuse, and Employee Assistance Program (EAP).

OUTCOMES:

Vendor's services will result in comprehensive and affordable healthcare for the Board's self-insured medical benefits program for Chicago Public Schools employees. By consolidating CPS' medical and healthcare provider pool, it will provide cost-savings on administrative fees and lower the costs for the district while maintaining "best in class" healthcare services for CPS employees and their families. Since the implementation of the Affordable Healthcare Act (ACA), medical insurance carriers are mandated to provide mental health parity and utilization services. Hence, medical insurance carriers now have the expertise in providing ancillary plans at a reduced cost which are bundled with medical insurance plans.

COMPENSATION:

Vendor shall be paid as follows: Estimated annual costs for the three (3) year term are set forth below:

\$37,160,092 FY17

\$74,320,184 FY18

\$74,320,184 FY19

\$37,160,092 FY20

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 Chief Officer of Talent to execute all ancillary documents required to administer or effectuate this agreement.

AFFIRMATIVE ACTION:

Pursuant to the Remedial Program for Minority and Women Owned Business Enterprise Participation in Goods and Services Contracts, the Per Contract method for M/WBE participation will be utilized. Thus, vendor will adhere to the required goals of 30% MBE and 7% WBE participation.

LSC REVIEW:

Local School Council approval is not applicable to this report.

FINANCIAL:

Fund 115 Pension & Liability-City Wide, Unit 12470

\$37,160,092 FY17

\$74,320,184 FY18

\$74,320,184 FY19

\$37,160,092 FY20

Future year funding is contingent upon appropriation and approval.

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:



LESLIE NORGREN
Acting Chief Procurement Officer

Approved:



FORREST CLAYPOOL
Chief Executive Officer

Approved as to Legal Form:



RONALD L. MARMER
General Counsel