

**AMEND BOARD REPORT 20-1118-PR5
 AUTHORIZE THE SECOND RENEWAL AGREEMENT WITH HEALTH CARE SERVICE
 CORPORATION (HCSC), A MUTUAL LEGAL RESERVE COMPANY FOR HMO AND PPO
 HEALTHCARE ADMINISTRATIVE SERVICES MEDICAL AND ANCILLARY MEDICAL SERVICES
 AND AUTHORIZE FUNDING OF HEALTH SAVINGS ACCOUNTS AND AGREEMENT WITH
 WEBSTER BANK, N.A. (HSA BANK, A DIVISION OF WEBSTER BANK, N.A.)**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Authorize the second renewal agreement with Health Care Service Corporation (HCSC), A Mutual Legal Reserve Company to provide HMO and PPO healthcare administrative services for CPS medical plans and ancillary medical plans and authorize funding of health savings accounts and agreement with Webster Bank, N.A. (HSA Bank, a Division of Webster Bank, N.A.) at an estimated annual cost set forth in the Compensation Section of this report. A written agreement for HCSC's services is currently being negotiated. No services shall be provided by HCSC and no payment shall be made to HCSC prior to the execution of their written agreement. The authority granted herein shall automatically rescind in the event a the written agreement is not executed within 90 days of the date of this Board Report. Information pertinent to the agreements is stated below.

This October 2021 amendment is necessary to ratify language in the authorization section to indemnify HCSC, in relation to the retiree program.

Specification Number : 16-350024

Contract Administrator : Banks, Amy / 773-553-2280

VENDOR:

- 1) Vendor # 36410
 HEALTH CARE SERVICE CORPORATION
 (HCSC), A MUTUAL LEGAL RESERVE
 COMPANY
 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

- 2) Vendor # 17792
 WEBSTER BANK N.A.
 605 N. 8TH ST
 SHEBOYGAN, WI 53081
 Sarah Oomen
 920 803-4197

Ownership: Owned by Webster Bank

USER INFORMATION :

Project 11010 - Talent Office
Manager: 42 West Madison Street
Chicago, IL 60602
Kirkling, Miss Karla Rae
773-553-1892

ORIGINAL AGREEMENT:

The original Agreement (authorized by Board Report 16-1026-PR12) in the amount of \$222,960,552 is for a term commencing January 1, 2017 and ending December 31, 2019, with the Board having three (3) options to renew for periods of twelve (12) months each. The first renewal agreement (authorized by Board Report 19-1120-PR12) was for a one (1) year term commencing January 1, 2020 and ending December 31, 2020. The original agreement was awarded on a competitive basis pursuant to former Board Rule 7-2.

OPTION PERIOD:

The term of this agreement is being renewed for one (1) year commencing January 1, 2021 and ending December 31, 2021.

OPTION PERIODS REMAINING:

There is one (1) option period for one (1) year remaining.

SCOPE OF SERVICES:

Vendor will continue to 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 continue to 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:

Vendors shall be paid during this option period as follows: The amounts below are aggregate amounts for all contracts with the Vendors. Webster Bank, N.A. (HSA Bank, a Division of Webster Bank, N.A.) will provide services at no cost to the Board. Webster Bank, N.A. (HSA Bank, a Division of Webster Bank, N.A.) will be paid fees from participating employee savings accounts.

\$37,500,000 FY21

\$37,500,000 FY22

AUTHORIZATION:

Authorize the General Counsel to include other relevant terms and conditions in the written agreement with HCSC, including any indemnification to be provided to HCSC and Webster Bank, N.A (HSA Bank, a Division of Webster Bank, N.A.). Authorize the President and Secretary to execute the option document. Authorize Chief Officer of Talent to execute all ancillary documents required to administer or effectuate the agreements.

AFFIRMATIVE ACTION:

Pursuant to the Remedial Program for Minority and Women Owned Business Enterprise Participation in Goods and Services contract (M/WBE Program), the goals for this contract are 30% MBE and 7% WBE. The Office of Business Diversity has granted a partial waiver and Health Care Service Corporation dba Blue Cross Blue Shield of Illinois has committed to the participation goals of 30% MBE and 7% WBE of applicable spend and Webster Bank NA, is a no cost agreement to the Board.

LSC REVIEW:

Local School Council approval is not applicable to this report.

FINANCIAL:

Fund 115 Pension Liability-City Wide, Unit 12470

\$37,500,000 FY21

\$37,500,000 FY22

Not to exceed \$75,000,000.00 in the aggregate for the one (1) year term.

Future year funding is contingent upon budget 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:




CHARLES E. MAYFIELD
Interim Chief Procurement Officer

Approved:



PEDRO MARTINEZ
Chief Executive Officer

Approved as to Legal Form: 



JOSEPH T. MORIARTY
General Counsel