

October 26, 2022

AUTHORIZE A NEW AGREEMENT WITH HEALTH CARE SERVICE CORPORATION, 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 a new 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. Vendor was selected on a competitive basis pursuant to Board Rule 7-3. 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 : 22-080

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
312 653-8069

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: 100% Owned by Webster Bank

USER INFORMATION :

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

TERM:

The term of this agreement shall commence on January 1, 2023 and shall end December 31, 2025. This agreement shall have three (3) options to renew for periods of one (1) year 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 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 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 CPS employees. 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 expertise in providing ancillary plans at a reduced cost which are bundled with medical insurance plans.

COMPENSATION:

Vendor shall be paid as follows: 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, a Division of Webster Bank, N.A.) will be paid fees from participating employee savings accounts, with those fee-based payments being facilitated directly by HCSC. HCSC shall be paid in accordance with the Agreement in a not to exceed amount as follows:

\$420,000,000 FY23
\$420,000,000 FY24
\$420,000,000 FY25

REIMBURSABLE EXPENSES:

Vendor shall be reimbursed for the following expenses: None

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 agreement. Authorize Chief Talent Officer 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, (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 Services Corporation dba Blue Cross Blue Shield of Illinois has committed to the indirect participation goals of 30% MBE and 7% WBE of applicable spend and Webster Bank, N.A., 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

\$420,000,000 FY23

\$420,000,000 FY24

\$420,000,000 FY25

Not to exceed \$1,260,000,000 for the agreement 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:



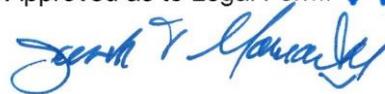
PATRICIA HERNANDEZ
Acting Chief Procurement Officer

Approved:



PEDRO MARTINEZ
Chief Executive Officer

Approved as to Legal Form: **VM**



JOSEPH T. MORIARTY
General Counsel