AUTHORIZE A NEW AGREEMENT WITH CAREMARKPCS HEALTH, L.L.C. FOR PHARMACY BENEFIT MANAGEMENT SERVICES

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Authorize a new agreement with CaremarkPCS Health, L.L.C., to provide pharmacy benefits management and other services to the Talent Office at an estimated annual cost set forth in the Compensation Section of this report. Vendor was selected pursuant to Board Rule 7-3, which authorizes the Board to make purchases based on contracts between another governmental entity and its respective vendors. 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.

Reference: City of Chicago RFP Spec # CBO-2018-01

Contract Administrator : Pearson, Karen / 773-553-2280

VENDOR:

1) Vendor # 96371
CAREMARKPCS HEALTH, L.L.C.
ONE CVS DRIVE
WOONSOCKET, RI 02895

James Hogan
847 559-5792

Ownership: CaremarkPCS, L.L.C. - 100%,
and it is member managed

USER INFORMATION :

Project Manager: 11010 - Talent Office

42 West Madison Street

Chicago, IL 60602

Kirkling, Karla Rae

773-553-1892

TERM:
This is a new agreement for three (3) years that shall commence on January 1, 2024 and shall end December 31, 2026. This agreement shall have two (2) 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 pharmacy benefits 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, and other ancillary programs. Services shall 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.

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

OUTCOMES:
Vendor'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.

COMPENSATION:
Vendor shall be paid during this option period as set forth in the agreement; total not to exceed $300,000,000.

Estimated annual costs for this option period are set forth below:

$50,000,000, FY24
$100,000,000, FY25
$100,000,000, FY26
$50,000,000, FY27

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 the 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), this contract is in full compliance as the Prime vendor has committed to the participation goals of 30% MBE and 7% WBE with indirect spend. The vendor has scheduled the following firm(s):

Total MBE: 30%

Angel Flight Marketing Services
1006 S. Michigan Ave.
Chicago, IL 60605
Ownership: Gabriel Mitchell

Planned Packaging of Illinois
19558 S. Harlem Avenue, Suite 5
Frankfurt, IL 60423
Ownership: Jason Robertson

Risk Management Solutions of America
309 N. Washington Street, Suite 200
Chicago, IL 60606
Ownership: Bennie Jones

Total WBE: 7%

Universal Printing Company
1205 O'Neill
Dunmore, PA 18512
Ownership: Margi McGrath

LSC REVIEW:
Local School Council approval is not applicable to this report.

FINANCIAL:
Fund 115, Unit 11010 - Talent Office
Not to exceed $300,000,000 for the three (3) year term.

$50,000,000, FY24
$100,000,000, FY25
$100,000,000, FY26
$50,000,000, FY27

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:

RUCHI VERMA
General Counsel