

AUTHORIZE THE FIRST AND SECOND (FINAL) RENEWAL AGREEMENT WITH CVS PHARMACY INC DBA CAREMARKPCS HEALTH, L.L.C. FOR PHARMACY BENEFIT MANAGEMENT SERVICES

THE SUPERINTENDENT/CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Authorize the first and second (final) renewal agreement with CVS Pharmacy Inc DBA 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 Financial Section of this report. A written document exercising this option is currently being negotiated. No payment shall be made to CVS Pharmacy Inc DBA CaremarkPCS Health, L.L.C during the option period prior to execution of the 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 option is stated below.

Specification Number : Cbo-2018-01
Contract Administrator : Pearson, Karen / 773-553-2280

VENDOR:

- 1) Vendor # 96371
CVS Pharmacy Inc DBA CAREMARKPCS
HEALTH LLC
ONE CVS DRIVE
WOONSOCKET, RI 02895
James Hogan
847 559-5792

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

USER INFORMATION :

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

ORIGINAL AGREEMENT:

The original Agreement (authorized by Board Report 23-1025-PR18) in the amount of \$300,000,000 is for a term commencing January 1, 2024 and ending December 31, 2026, with the Board having two (2) options to renew for one (1) year terms. The original agreement was awarded on a competitive basis pursuant to Board Rule 7-3.

OPTION PERIOD:

The term of this agreement is being renewed for two (2) years commencing January 1, 2027 and ending December 31, 2028.

OPTION PERIODS REMAINING:

There are no option periods remaining.

SCOPE OF SERVICES:

Vendor will continue to 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 continue to 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.

AUTHORIZATION:

Authorize the General Counsel to include other relevant terms and conditions in the written option document. Authorize the President and Secretary to execute the option document. Authorize the Chief Talent Officer to execute all ancillary documents required to administer or effectuate this option agreement.

BUSINESS ENTERPRISE PARTICIPATION:

Pursuant to the Remedial Policy for Minority-Owned Business Enterprise (MBE) and Women-Owned Business Enterprise (WBE) policy participation in Goods and Services contracts, with aspirational goals of 30% MBE and 7% WBE, the vendor provides services that are niche and the industry has limited market share to participate in the aspirational goals. This agreement is an employee and medical benefits-based contract and congruent with the marketplace for this category of products and services, the MBE and WBE Policy is an excluded transaction. Said exclusion to the aspirational goals are warranted and merited by the Business Enterprise Development unit.

LSC REVIEW:

Local School Council approval is not applicable to this report.

FINANCIAL:

Fund 115, Unit 11010 - Talent Office,

FY27 - \$105,652,625

FY28 - \$211,305,250

FY29 - \$105,652,625

Not to exceed \$422,610,500 for the two (2) year term. Future year funding is contingent upon budget appropriation and approval.

Approved Category Code for this Board Report
953.00000 - Insurance and Insurance Services

Category Codes may be modified by the Chief Procurement Officer as needed to support the Scope of Services

GENERAL CONDITIONS:

The agreement shall contain general conditions including but not limited to the following: Inspector General provision, in accordance with 105 ILCS 5/34-13.1; Conflicts provision, in accordance with 105 ILCS 5/34-21.3; Indebtedness provision, in accordance with the Board's Indebtedness Policy Section 404.2; Ethics provision, in accordance with the Board's Ethics Code as amended, and a Contingent Liability provision.

Approved for Consideration:



PATRICIA HERNANDEZ
Chief Procurement Officer

Approved:



MACQUELINE KING, Ed.D
Superintendent/Chief Executive Officer

Approved: 



ELIZABETH K. BARTON
General Counsel