

**APPROVE EXERCISING THE OPTION TO RENEW THE AGREEMENT WITH  
BLUE CROSS BLUE SHIELD OF ILLINOIS FOR HEALTH CARE ADMINISTRATIVE SERVICES**

**THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:**

Approve exercising the option to renew the Administrative Services Agreement with Blue Cross Blue Shield of Illinois to continue providing network access, claims administration, utilization review and medical management oversight for the Board of Education's self-funded medical plan, at a cost not to exceed \$12,000,000.00 per year for a period of 24 months. A written renewal agreement is currently being negotiated. No payment shall be made to vendor during the option period prior to the execution of the written renewal agreement. The authority granted herein shall automatically rescind in the event a written renewal agreement is not executed within 120 days of the date of this Board Report. Information pertinent to this agreement is stated below.

**Specification No.:** 00-250164

**VENDOR: Blue Cross Blue Shield**  
300 East Randolph Street  
Chicago, Illinois 60601  
Paul S. Boulis  
(312)653-7921

**USER: Bureau of Risk and Benefits Management**  
125 South Clark – 14<sup>th</sup> Floor  
Georgette Hampton, Director  
(773) 553-2818

**ORIGINAL AGREEMENT:** The original agreement (authorized by Board Report # 99-1027-PR25) is for a term commencing January 1, 2000, and ending December 31, 2001, with the Board having the option to renew for 2 additional one year periods. Renewal option costs shall not exceed \$12,000,000.00 per year. Blue Cross Blue Shield was selected pursuant to a Request for Proposals for an administrator for the Board's modified fee-for-service health plan in 1998.

**RENEWAL TERM:** The Administrative Services Agreement shall be renewed for a term commencing on January 1, 2002, and ending December 31, 2003. Both additional one year options are hereby being rolled into one 2-year renewal term by mutual agreement of the parties. By doing so, the Board receives the benefit of a guaranteed rate quotation for a two year period.

**RENEWAL OPTIONS:** There are no renewal options remaining.

**DESCRIPTION OF SERVICES:** Blue Cross Blue Shield will continue to provide network access and administrative services for the Board's modified fee-for-service health plan. The modified plan provides the standard Blue Cross Blue Shield Preferred Provider Organization (PPO), standard out-of-network option, and a point-of-service (POS) option. The POS is a subset network of the PPO network offering a higher level of benefits.

**AUTHORIZATION:** Authorize the General Counsel to include other relevant terms and conditions in the renewal agreement. Authorize the President and the Secretary to execute the renewal agreement. Authorize Director of Risk and Benefits Management to execute all ancillary documents required to administer or effectuate this renewal agreement.

**COMPENSATION:** Blue Cross Blue Shield shall be paid an annual network access/administration fee not to exceed \$12,000,000.00.

**AFFIRMATIVE ACTION:** The vendor has proposed full M/WBE compliance for the renewal period and has identified the following firms and percentages:

**22% African American:**

- (i) Community Insurance Center, Inc. 526 E. 87<sup>th</sup> Street Chicago, IL 60619 \$1,020,600/2 yrs. – 4.5%
- (ii) Minor's Unique Printing 486 Diens Drive Wheeling, IL 60690 \$\$2,835,000/2 yrs. – 12.5%
- (iii) Ready Computer Source 2040 No. Ashland Ave. Chicago, IL 60614 \$226,800/2 yrs. – 1.0%
- (iv) Sayers Computer Source 1150 Feehanville Mount Prospect, IL 60056 \$907,200/2 yrs. – 4.0%

**10% Hispanic/Female:**

- (i) A&R Janitorial 5234 W. 25<sup>th</sup> Street Cicero, IL 60804 \$680,400/2 yrs. - 3.0%
- (ii) Magic Lantern 11381 Allison Court Huntly, IL 60142 \$453,600/2 yrs. – 2.0%
- (iii) Kopico, Inc. 1444 W. 37<sup>th</sup> Street Chicago, IL 60609 \$1,134,000/2 yrs. – 5.0%

**2% Asian:**

- (i) Innovative Systems Group, Inc. 799 Roosevelt Rd. Bldg. 4 Glen Ellyn IL 60137 \$680,400/2 yrs. – 3.0%

**5% Women Owned:**

- (i) MICRO III 1102 No. Main Street Lombard, IL 60148 \$453,600/2 yrs. – 2.0%
- ii) Suburban Keypunch Service, Inc. 3166 Des Plaines Ave. #43 Des Plaines, IL 60018 \$680,400/2 yrs. – 3.0%

Each identified firm is certified by the City of Chicago/Department of Purchases Contracts and Supplies. The identified firms are subject to change upon approval from the division of Compliance and Vendor Services in the Procurement and Contracts Department without further Board approval.

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

**FINANCIAL:** Charge to Risk and Benefits Management: \$12,000,000.00. Fiscal Year: 2003  
Budget Classification: Charge to sundry units, all operating funds, sundry programs, hospital insurance (object 5680)

**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 July 26, 1995 (95-0726-EX3), as amended from time to time, shall be incorporated into and made a part of the agreement.

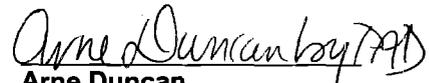
Ethics – The Board's Ethics Code adopted September 27, 1995 (95-0927-RU3), as amended from time to time, shall be incorporated into and made a part of the agreement.

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).

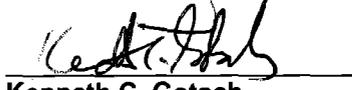
**Approved for Consideration:**

  
Natalye Paquin  
Chief Purchasing Officer

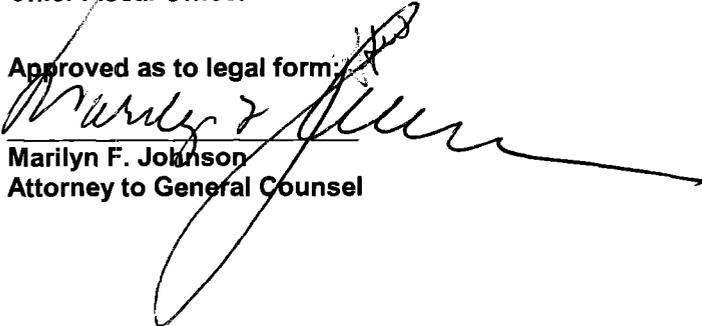
**Approved:**

  
Arne Duncan  
Chief Executive Officer

**Within Appropriation:**

  
Kenneth C. Gotsch  
Chief Fiscal Officer

**Approved as to legal form:**

  
Marilyn F. Johnson  
Attorney to General Counsel