APPROVE EXERCISING THE SECOND OPTION TO RENEW THE AGREEMENTS WITH UNITED HEALTH CARE INSURANCE COMPANY AND UNITED BEHAVIORAL HEALTH FOR HEALTH CARE ADMINISTRATIVE SERVICES, BEHAVIORAL HEALTH AND FLEXIBLE SPENDING ACCOUNT SERVICES

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve exercising the second option to renew the agreements with United Health Care Insurance Company to provide network access claims administration, utilization review, medical management oversight, a health maintenance organization, and flexible spending accounts for the Boards self-funded medical plan. Approve exercising the second option to renew the agreement with United Behavioral Health to provide mental health and substance abuse management services under the Board's healthcare program. The total cost for both vendors for this option period shall not exceed $6,000,000.00. Written documents exercising these options are currently being negotiated. No payment shall be made to either vendor during the option period prior to the execution of the written documents. The authority granted herein shall automatically rescind as to each vendor in the event a written document for each vendor is not executed within 90 days of the date of this Board Report. Information pertinent to these options is stated below.

Specification No.: 03-250288

VENDOR:

1. United Health Care Insurance Company
233 North Michigan Avenue
Chicago, IL 60601
Contact: Shannon Taylor
(312) 424-6581
Vendor No.: 23320

2. United Behavioral Health
425 Market Street – 27th Floor
San Francisco, CA 94105
Contact: Steven D. Prepelica, M.S.W.
(847) 585-4878
Vendor No.:12796

USER:
Department of Human Resources
Compensation and Benefits Management
125 S. Clark Street, 14th Floor
Chicago, IL 60603
Contact: Dale Moyer, Director
(773) 553-2818

ORIGINAL AGREEMENT: The original Agreements (authorized by Board Report 04-0324-PR21 as amended by Board Report 04-0728-PR44) in the amount of $30,000,000.00 are for terms commencing July 1, 2004 and ending December 31, 2006, with the Board having two options to renew for one year terms. The agreements were renewed (authorized by Board Report 06-1220-PR21) for a period commencing January 1, 2007 and ending December 31, 2007. The original agreements were awarded on a competitive basis pursuant to Board Rule 5-4.1.

OPTION PERIOD: The term of each agreement is being extended for one year commencing January 1, 2008 and ending December 31, 2008.

OPTION PERIODS REMAINING: There are no option periods remaining.

SCOPE OF SERVICES: United Health Care will continue to provide network access, claims administrative services, health maintenance organization, and flexible spending accounts for a self-insured health plan. United Behavioral Health will continue to provide mental and substance abuse management services and access to their network of mental health providers.

DELIVERABLES: United Health Care will continue to provide access to a network of medical providers, who will provide claims administration services, conduct utilization review and management services, and administer flexible spending accounts, including monthly experience reports. United Behavioral Health will continue to provide access to a network of behavioral health providers and will conduct utilization review, and management services, including monthly experience reports.

OUTCOMES: United Health Care and United Behavioral Health services will result in comprehensive and affordable healthcare coverage through contracted discount and prepaid provider arrangements for the Board's self-insured medical program for Chicago Public School employees.

COMPENSATION: Vendors shall be paid during this option period as follows: in accordance with the compensation schedule set forth in each agreement, total cost not to exceed $6,000,000.00 for both vendors for the one year option period.

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 Human Resources Officer to execute all ancillary documents required to administer or effectuate this option agreement.

AFFIRMATIVE ACTION: The M/WBE goals for this contract include: 35% total MBE and 5% WBE. However, the Waiver Review Committee recommends that a partial waiver of the MBE/WBE participation goals for this contract as required by the Revised Remedial Plan be granted because the contract scope is not further divisible.

Total MBE 8.7%

Merchandise Distributor - AA 4253 N. Kedzie Chicago, IL 60618	$ 50,000.00 or 1.7%
Hernandez & Garcia - H 7366 N. Lincoln Ave. Lincolnwood, IL 60712	100,000.00 or 3.4%
Corafran - AA P.O. Box 498-495 Chicago, IL 60649	20,000.00 or .2%
The Blackstone Group – A 360 N. Michigan Chicago, IL 60601	100,000.00 or 3.4%

Total WBE – 22.3%

411 Computers, Inc.- 6160 S. East Ave. LaGrange, IL 60525	665,000.00 or 22.3%

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

FINANCIAL: Charge to the Department of Human Resources: $6,000,000.00 Fiscal Year: 2008-2009
Budget Classification: Charge to sundry units, all operating funds, sundry programs, hospital insurance (account 57305)

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 member 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 June 23, 2004 (04-0623-PO4), 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:

Heather A. Obora
Heather A. Obora
Chief Purchasing Officer

Approved:

Arne Duncan
Chief Executive Officer

Within Appropriation:

Pedro Martinez
Chief Financial Officer

Approved as to legal form:

mk
Patrick J. Rocks
General Counsel