

October 26, 2016

AMFND BOARD REPORT 16-0874-PR13

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AUTHORIZE A NEW AGREEMENTS WITH BLUE CROSS BLUE SHIELD OF ILLINOIS FOR  
HMO AND PPO HEALTHCARE ADMINISTRATIVE SERVICES MEDICAL AND ANCILLARY MEDICAL  
SERVICES AND FUNDING OF HEALTHCARE ACCOUNTS AGREEMENT WITH  
WEBSTER BANK N.A. (USA BANK A DIVISION OF WEBSTER BANK N.A.)

Authorize a new agreements with Blue Cross Blue Shield of Illinois (BCBSIL) to provide HMO and PPO  
healthcare administrative services for CPS medical plans and ancillary medical plans and authorize funding

of these services with Webster Bank (USA Bank a Division of Webster  
Bank N.A.) at an estimated annual cost set forth in the Compensation Section of this report. Vendor was  
selected on a competitive basis pursuant to Board Resolution 16-0874-PR13. Vendor's services  
are 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 agreements. The authority granted herein shall automatically

Report. Information pertinent to this the agreements is stated below.

This October 2016 amendment is necessary to clarify that there are separate contracts for the PPO and  
HMO administrative services and to authorize funding of employee health savings accounts at Webster  
Bank N.A. (USA Bank a Division of Webster Bank N.A.)

Contract Administrator: Hubbard, Mo. Coring Area 772-552-2280

**VENDOR:**

- 1) Vendor # 36410  
HEALTHCARE SERVICE CORPORATION  
D/B/A BLUE CROSS BLUE SHIELD OF  
ILLINOIS  
300 E. RANDOLPH  
CHICAGO, IL 60601  
Miles Dean  
312 653-4581  
Ownership: Mutual Legal Reserve Company  
(Hcsc) There Are No Owners With Greater  
Than 10% Ownership

- Vendor # 17792
- 2) WEBSTER BANK NA HSA BANK A  
DIVISION OF WEBSTER BANK NA  
SHEBOYGAN, WI 53081  
Sarah Oomen  
920 803-4197  
Ownership: Owned By Webster Bank

**USER INFORMATION:**

Project 11010 - Talent Office  
Manager: 42 West Madison Street  
Chicago, IL 60602  
Lyons, Mr. Matthew A

PM Contact: 11010 - Talent Office  
42 West Madison Street  
Chicago, IL 60602  
Fairhall, Ms. Gail A

**TERM:**

The term of this ~~each BCBSIL~~ agreement shall commence on January 1, 2017 and shall end December 31, 2019. ~~This The BCBSIL agreements shall have three (3) options to renew for periods of twelve (12) months each. The agreement with Webster Bank, N.A. (HSA Bank, a Division of Webster Bank, N.A.) will be for a term to be negotiated.~~

**EARLY TERMINATION RIGHT:**

The Board shall have the right to terminate this ~~each~~ agreement with 30 days upon written notice.

**SCOPE OF SERVICES:**

Vendor will provide the administrative services for the following CPS medical plans and ancillary medical ~~benefits~~ ~~services~~ ~~for~~ ~~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 the 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 Chicago Public Schools employees. By 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 now required to provide mental health parity and utilization services. Hence, medical insurance carriers now have the expertise in providing ancillary plans at a reduced cost which are bundled with medical insurance plans.

**COMPENSATION:**

Vendor shall be paid as follows: Estimated annual costs for the three (3) year term are set forth below. The amounts below are aggregate amounts for all contracts with Vendor. 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 Bank, a Division of Webster Bank, N.A.) will be paid fees from participating employee savings accounts.

\$37,160,092 FY17  
\$74,320,184 FY18  
\$74,320,184 FY19  
\$37,160,092 FY20

**REMEMBERABLE EXPENSES**

None

**AUTHORIZATION:**

Authorize the General Counsel to include other relevant terms and conditions in the written agreements, including any indemnification to be provided to Webster Bank, N.A. (HSA Bank, a Division of Webster Bank, N.A.). Authorize the President and Secretary to execute the agreements. Authorize Chief Officer of Talent to execute all ancillary documents required to administer or effectuate this the agreements.

**AFFIRMATIVE ACTION:**

Pursuant to the Remedial Program for Minority and Women Owned Business Enterprise Participation in vendor will adhere to the required goals of 30% MBE and 7% WBE participation.

**LSC REVIEW:**

Local School Council approval is not applicable to this report.

**FINANCIAL:**

Fund 115 Pension & Liability-City Wide, Unit 12470  
\$37,160,092 FY17  
\$74,320,184 FY18  
\$74,320,184 FY19  
\$37,160,092 FY20

Future year funding is contingent upon appropriation and approval.

**CFDA#:** Not Applicable

**GENERAL CONDITIONS:**

Inspector General - The Board hereby acknowledges that in accordance with 105 ILCS 5/0-10-4, 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 5/24-21-3 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 (196-0026) POB, as amended from time to time, shall apply to the agreement.

Ethics - The Board's Ethics Code adopted May 25, 2011 (11-0525-PO2), as amended from time to time shall apply to the agreement.

Contingent Liability - The agreement shall contain the provision that the agreement shall be a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:

Approved:

Chief Procurement Officer

ESLIE NORGRÉN

Chief Executive Officer

FORREST CLAY

Approved as to Legal Form *g*

*Ronald E. Marmor*

*Ronald E. Marmor*  
RONALD E. MARMER  
General Counsel