

BOARD OF TRUSTEES OF COMMUNITY COLLEGE DISTRICT NO. 508
County of Cook and State of Illinois

**CONTRACT RENEWAL
BLUECROSS BLUESHIELD OF ILLINOIS:
DECREASE IN ADMINISTRATIVE FEES FOR PPO MEDICAL PLAN**

THE CHANCELLOR

REPORTS

that BlueCross BlueShield of Illinois has been the administrator for the Preferred Provider Organization (PPO) Medical Plan for the City Colleges of Chicago since 2002; and

that the contract with BlueCross BlueShield of Illinois expires on December 31, 2006; that a 66.3% decrease in the monthly administrative fee for medical claim payments has been negotiated through the City Agency Healthcare Coalition, retroactive to July 1, 2006; and

that current and proposed BlueCross BlueShield of Illinois monthly administrative fees for medical claim payments per participating employee/retiree are as follows:

Current Rate: \$40.03 per PPO plan participant
Proposed Rate (7/1/06 - 12/31/06): \$13.85 per PPO plan participant
Proposed Rate (1/1/07 - 12/31/07): \$13.32 per PPO plan participant

that the total dollars expended for the period January 1, 2006 through June 30, 2006 were \$411,628.49; that the estimated expenditure for the period July 1, 2006 through December 31, 2006 will not exceed \$143,859.95, and the estimated expenditure for the period January 1, 2007 through December 31, 2007 will not exceed \$280,519.20; and

that the City Colleges of Chicago wishes to continue its relationship with BlueCross BlueShield of Illinois to offer PPO medical coverage to its employees and retirees under the reduced fees until the City Agency Healthcare Coalition solicitation of competitive bids for healthcare is completed in 2007; and

that the Office of M/WBE Contract Compliance has reviewed the above referenced contract renewal opportunity and BlueCross BlueShield of Illinois is in compliance with the Board approved Participation Plan.

THE CHANCELLOR

RECOMMENDS

that the Board of Trustees hereby authorize the Chairman to ratify the reduced Administrative Fees of \$143,859.95 for the period July 1, 2006 through December 31, 2006, and to enter into the contract renewal with BlueCross BlueShield of Illinois for the PPO Plan administrative services for the period January 1, 2007 through December 31, 2007 at administrative fees not to exceed \$280,519.20.

FINANCIAL

Educational Fund 00003-0025006-00084-10001-0000000-521100
Not to exceed \$143,859.95 July 1, 2006-December 31, 2006 (Ratification of Reduced Fee)
Not to exceed \$140,259.60 January 1, 2007-June 30, 2007 (FY 07)
Not to exceed \$ 140,259.60 July 1, 2007 - December 31, 2007 (FY 08)

Respectfully submitted,

Wayne D. Watson
Chancellor