Approved by the Board of Trustees

September 23, 2021

**25**

Board Meeting

September 23, 2021

ROLL CALL

## PURCHASE RECOMMENDATIONS

Following are purchase contracts proposed by each university and the System Office. The purchases are to be funded from State appropriations or institutional funds as appropriate. Unless otherwise specified or indicated, purchases are based on the lowest acceptable bid. The Interim Vice President, Chief Financial Officer and Comptroller has approved all purchases to be funded from State appropriations in accordance with the Bylaws of the Board of Trustees and the *General Rules Concerning University Organization and Procedure.*

The Board action recommended in this item complies in all material respects with applicable State and Federal laws, University of Illinois *Statutes, The General Rules Concerning University Organization and Procedure*, the Bylaws of the Board of Trustees, and Board of Trustees policies and directives.

The President of the University concurs.

**PURCHASES RECOMMENDED**

**University of Illinois at Chicago**

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| 1 | Unit | UI Hospital and Clinics |
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|  | Item | Purchase of Transfusion Medicine Services and Blood Components |
|  | Cost | $55,000,000 (estimated) |
|  | Vendor | Vitalant Scottsdale, Arizona  Exempt from competitive selection procedures in accordance with the Illinois Procurement Code (30ILCS 500/1-13).  Transfusion medicine services, including blood bank storage, laboratory and therapeutic apheresis, are critical for a healthcare institution which provides stem cell transplant, solid organ transplant, obstetrics and fetal/maternal medicine, and other surgical and critical care medical services. Therapeutic apheresis services are used in the treatment of sickle cell and other hematologic diseases, neurologic diseases, rejection of renal transplant and preparation for transplant in previously alloimmunized patients, and for obtaining hematopoietic progenitor cells for transplant.  Blood transfusion is the most commonly performed procedure in U.S. hospitals. In fiscal 2021, UI Hospital transfused a total of 24,845 total blood components and a total of 1,378 apheresis treatments. Nationwide, the demand for blood products remains very high while the donation of blood and blood products are reaching all-time lows.  Vitalant has been providing services to UI Hospital since 2014, and has been able to meet our needs regardless of national and local blood donor shortages. They are the only organization that provides both blood components and transfusion-related services in the Chicago area. In addition, they provide and manage these services on-site in order to provide blood components timely to patients in the Hospital, Emergency Department and Surgery. Currently, the Hospital spends approximately $821,000 per month on transfusion medicine services. The cost of the blood products and associated services from Vitalant was negotiated and vetted with our group purchasing organization and found to be comparative.  Business Enterprise Program (BEP) goals are not established for contracts which are exempt from the requirements of the IL Procurement Code. |
|  |  | **CHANGE ORDER RECOMMENDED** |
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| **University of Illinois at Urbana-Champaign** |

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| 2 | Unit | Office of the Provost |
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|  | Item | Change order to increase Marketing and Delivery Services for Large-Scale, Low-Cost Online Degree Programs for the period September 1, 2020 through August 31, 2022. |
|  | Cost | $12,000,000.00 (estimated)  Original Amount Change Order New Total  (estimated) (estimated) (estimated)  $40,000,000 $12,000,000 $52,000,000 |
|  | Vendor | Coursera Inc., Mountain View, California    An initial award was approved by the Board of Trustees on September 8, 2016 for an estimated $5,000,000 for the period October 1, 2016 through August 31, 2018. Additionally, 2 two-year renewals were approved by the Board of Trustees on May 17, 2018 and May 21, 2020. This purchase is a sole source in that the vendor has a proprietary learning management system which readily handles well of 100,000 learners per course and has the expertise in market data analytics to better identify students interested in degree programs.  Coursera’s system has provided significant economies of scale, which allows the University to offer these programs at prices far below those of conventional degrees. The increase is required to accommodate the rapid growth in electronic course delivery due to COVID-19 pandemic. Programs offered through the system have seen a 30% increase then what was originally anticipated at the start of the FY21 contract renewal. Original estimates were based on the annual growth of the program prior to the pandemic. Students enrolled in these programs will benefit directly through the low tuition rates, and other University students will also benefit as the revenues from these programs help support other activities on our campus. |

**University of Illinois Chicago**

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| 3 | Unit | | University of Illinois Physicians Group- Managed Care / Campus Care | |
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|  | Item | | Change Order request to the existing agreement for Innovista Health Solutions to increase the award amount, to include payment of out-of-network claims. | |
|  | Cost | | $18,963,836 (estimated)  Change order request to increase the total award amount to $18,963,836, which includes:   * Increase to initial term (effective through November 30, 2021) from $7,513,836 to $10,713,836. * Increase to renewal amount (December 1, 2021 - November 30, 2022) from $2,053,096 to $8,250,000. | |
|  | Vendor | | Innovista Health Solutions Oakbrook, Illinois  In 2018, the Office of Campus Care/Managed Care awarded Innovista Health Solutions to provide administrative and management services for Campus Care, a full risk self-funded student health plan, and for the Managed Care Blue Cross and Blue Shield HMOs (BCBS HMOs) Risk Agreements.  The initial award, including the renewal term, did not include sufficient payments to Innovista to process and pay out-of-network member claims. Such claims had increased due to COVID-19 since students were sent home and unable to use in-network providers at UI Health, which caused an exhaustion of awarded funds. The University is required to process all clean claims timely or pay interest per the State of Illinois Prompt Payment Act. In addition to the administrative and management services, Innovista is receiving dollars for payment of out-of-network claims. In this function, Innovista is merely passing through 100% of those dollars to the provider of service. An emergency purchase was issued under JMG898 to cover outstanding out-of-network claims; however, this emergency expires on September 28, 2021 (which leaves about a 2-month gap between the emergency that is in place and the renewal term that begins on December 1, 2021). The Office of Managed Care/Campus Care is requesting an increase from $7,513,836 to $9,113,836 for the initial term to cover the out-of-network claim services until the renewal period begins.  The Office of Managed Care/Campus Care is requesting an increase for the 1-year renewal term from $2,053,096 to $8,250,000 for the period of December 1, 2021- November 30, 2022. These additional funds will allow for payment of both the administrative and management and the out-of-network pass through claims, the operational means for these services through the expiration of the contract.  The University of Illinois Physicians Group (UIPG) entered into an agreement with Blue Cross and Blue Shield (BCBS) of Illinois to facilitate the provision of covered services to Members in the BCBS HMOs and assigned to the UIPG. This agreement generates ~$20 Million dollars in revenue to the University annually (from BCBS, in the form of capitation costs to cover all primary and specialty care services provided to the insureds; incentives for implementing various clinical quality Improvement initiatives intended to close care gaps; and reinsurance for excess coverage provided above standard coverages per member per year).  Campus Care is the University of Illinois Chicago self-funded student health benefit plan which provides comprehensive healthcare benefits to eligible enrolled students and their covered dependents. The plan is funded by the member’s premium dollars only.  In Fiscal Year 2018, the University issued a Request for Proposal for Administrative and Management Services under RFP# MEC218. The Administrative and Management Services include health plan compliance; eligibility/enrollment services; customer service; claims/encounter administration, information technology systems; utilization management; financial oversight; provider relations; and network management. Innovista Health Solutions was awarded the contract for a four-year period from December 1, 2017 through November 30, 2021 with the option to renew for one, 12-month term.  The original award to Innovista was in the amount of $7,513,836 for the initial 4-year term, with one, 12-month renewal term. The awarded amount did not include the pass through of dollars for the increased out-of-network health insurance claims which are being requested through this change order.  The goal for BEP participation under RFP# MEC218 was 25% BEP and 0% Veteran-Owned Small Business Participation. Innovista Health Solutions identified and has been working with MXOTech, Inc. which qualifies for BEP certification, however, Innovista was unaware that the sub-contractor was not actually BEP certified in the state of Illinois. The UIC Office of Procurement Diversity is currently working with Innovista and MXOTech, Inc. to complete the BEP certification requirements for the State of Illinois so that this spend can be captured in the upcoming renewal term. | |
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| **SUMMARY OF PURCHASES** | |
| University of Illinois at Chicago | $ 55,000,000 |
| Recommended from Institutional Funds  Grand Total | $ 55,000,000 |
| **SUMMARY OF CHANGE ORDER** |  |
| University of Illinois at Urbana-Champaign | $ 12,000,000 |
| University of Illinois at Chicago | $ 18,963,836 |
| Recommended from Institutional Funds Grand Total | $ 30,963,836 |