

CITY OF HOUSTON

MAYOR'S OFFICE

of

BUSINESS OPPORTUNITY

Pay or Play Program Report

FY2012

July 1, 2011 – June 30, 2012



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Director



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BACKGROUND

In July 2007, the Pay or Play Program was established under Article VI, Section 7a of the City Charter and City of Houston Code of Ordinance, Chapter 15 to level the playing field and defray costs associated with caring for uninsured citizens in Houston and Harris County. The program is governed by Executive Order 1-7 (EO 1-7) which mandates that contractors, on covered contracts, either contribute a prescribed amount to the "Contractor Responsibility Fund" (CRF) for their uninsured employees (Pay) or provide a minimum level of health care coverage to their employees (Play). The Pay or Play Program (POP) is only applicable to City of Houston prime contracts over \$100,000 and related subcontracts over \$200,000 *unless* the primary purpose of the contract is for the procurement of property, goods, supplies and/or equipment, inter-governmental contract, intergovernmental agreement or purchasing cooperative. Certain contracts may also qualify for an exemption from the POP program. Request for exemption are submitted by the contracting department for approval through the Office of Business Opportunity (OBO). The contract must meet one of the following criteria in order to qualify for an exemption; a response to an emergency that endangers public health or safety; an essential contract to the City or public that has no other qualified responsive bidders which meet the POP requirements; compliance with the program would cause an adverse impact on the City's ability to obtain services or an adverse financial impact on the City; a bulk purchase; or if it is an intergovernmental /Inter-local agreement.

Contractor Responsibility Fund

The funds collected through the POP Program are deposited into the Contractor Responsibility Fund. The revenue is then used to support health programs such as the Care Houston Program, the TexHealth Harris County 3 Share Plan, and the Alternative Transportation Program as well as costs associated with administering the POP Program.

Program Changes

On January 3, 2012, the program's Executive Order was revised to clarify the program's requirements and ensure their uniform application Citywide. This revision led to substantial progress being made towards ensuring the success of the program. The Office of Business Opportunity continues to strive to meet the objectives of the Pay or Play program while addressing the operational and practical issues of the City departments and the contracting community. Throughout the remainder of FY2012, the Office of Business Opportunity, in collaboration with all City Departments, focused primarily on the following areas:

- Reporting, improving communication, and facilitating related training
- Identifying revisions to current processes and revision of all POP documents
- Improving the accuracy and timeliness of the fund collection process
- Improving communication between the City and the contracting community which included creating a monthly newsletter with salient information and revamping the POP Program's page of OBO's website
- Implementing an auditing system to ensure compliance with the program



CURRENTLY FUNDED INITIATIVES OF CRF

In an effort to offset the cost of the uninsured citizens of the Houston and Harris County area there are three programs that the Contractor Responsibility Fund supports, the Care Houston Program, TexHealth Harris County 3 Share Plan, and the Alternative Transportation Program. These programs contribute to alleviating the burden on emergency medical resources, providing subsidy to small businesses for health benefits to their employees and offering assistance with finding social and medical services for the uninsured public.

Care Houston Program

The Care Houston Program is a collaboration between the Houston Fire Department (HFD) and the Houston Department of Health and Human Services (HDHHS) with the express purpose of decreasing the volume of non-emergency calls for emergency medical services (EMS) and reducing the use of HFD personnel for non-emergency responses. This program requires that EMS identify residents who have made more than five emergency calls in a 90 day period and provide residents' contact information to HDHHS. HDHHS staff then reaches out to each resident to determine whether she/he agrees to participate in the Care Houston Program. If the resident agrees to participate, a nurse case manager makes a home visit, conducts a needs assessment, assists the resident in devising a service plan, and provides social and medical referrals as needed.

TexHealth Harris County 3-Share Plan

The TexHealth Harris County 3-Share Plan uses the Contractor Responsibility Fund to subsidize insurance premiums for small business owners who have been unable to provide health coverage to their employees due to high premiums and associated administrative costs.

Alternative Transportation Program

The Alternative Transportation Program (ATP) is a collaboration between Harris County Healthcare Alliance, Houston Fire Department, Harris County RIDES, and Community Health Centers. This program provides non-emergent 911 callers with the option of a no-cost taxi ride to an emergency room or a community health center. It also provides the option of scheduling an appointment at a community health center at no charge to the caller. The ATP focuses on diverting from the emergency medical system those patients who do not need emergency care and can benefit more from primary care services.

A report commissioned by the Houston Fire Department revealed that the department was able to save \$4.5 million annually in additional cost because of the Care Houston Program. In FY2012, 1872 clients were referred to the Care Houston Program from HFD and 598 clients (32% of the total referred for FY2012) were diverted from 911 services. This saved an estimated \$1.7 million in Emergency Medical Services transportation and emergency room visits, as reported by the Houston Department of Health and Human Services. The TexHealth Harris County 3 Share Plan has afforded 78 small business owners and 475 employees to take advantage of this low-cost health benefit program. In addition, in FY2012, 869 patients were referred to the Alternative Transportation Program, 640 of whom were diverted from emergency transportation resulting in an estimated net savings of \$808,565. Over the past four years, according to Harris County Health Care Alliance, ATP has realized net savings of \$5.5 million for the City of Houston.

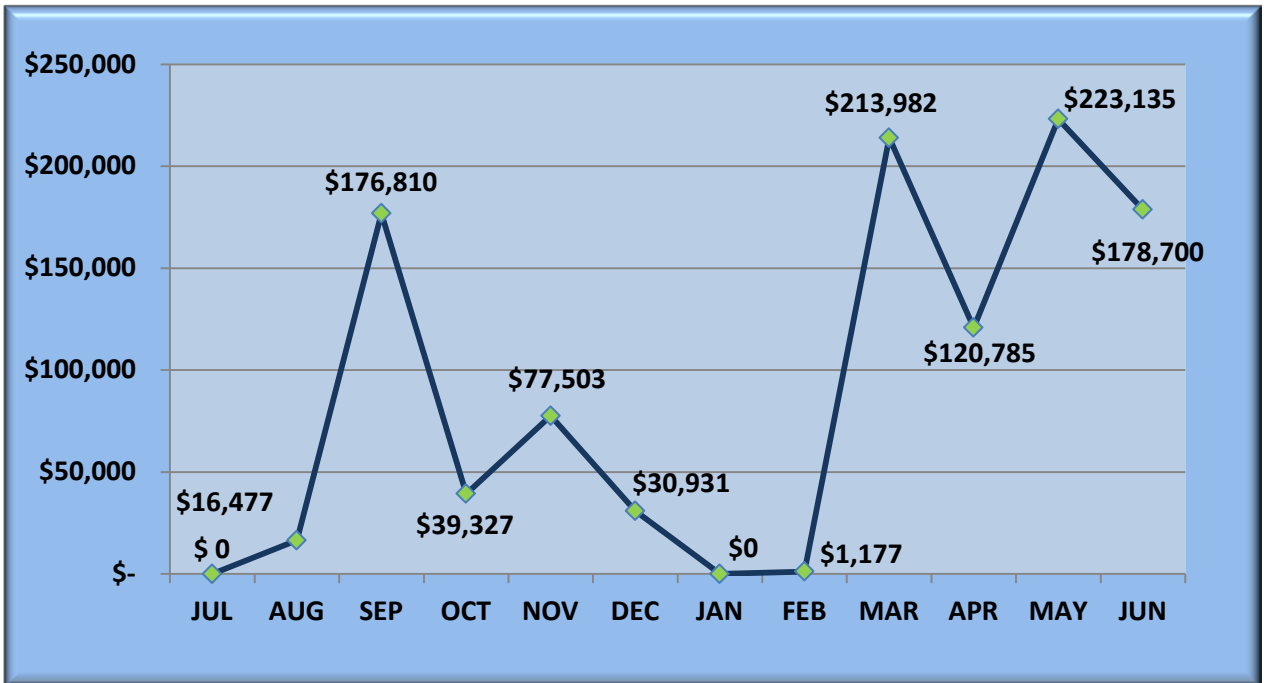




Pay of Play Program Annual Report Fiscal Year 2012

This Summary provides an analysis of the Pay or Play Program for fiscal year 2012. In an effort to provide the highest level of transparency, this report contains information on funds collected, funds dispersed and an analysis of contractors' participation in program. Overall in FY 2012 the total funds collected from contractors participating in the pay option was \$1,078,827.

Pay or Play Funds Collected FY2012 Jul-Jun



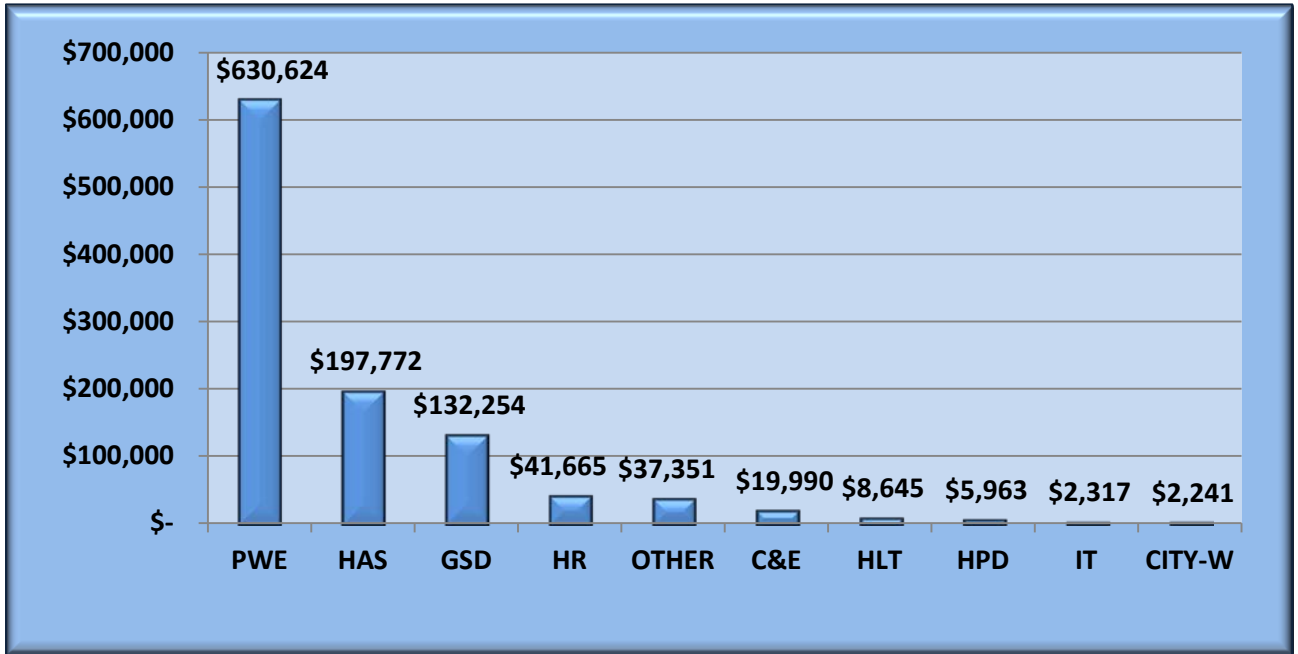
MONTH	AMOUNT COLLECTED
July	\$ 0.00
August	\$16,477.00
September	\$176,810.00
October	\$39,327.00
November	\$77,503.00
December	\$30,931.00
January	\$0.00
February	\$1,177.00
March	\$213,982.00
April	\$120,785.00
May	\$223,135.00
June	\$178,700.00
Total	\$1,078,827.00





Contractor Responsibility Fund Analysis

Funds Collected by Department (Pay Option)



Note: Dollar value represented does not include interest

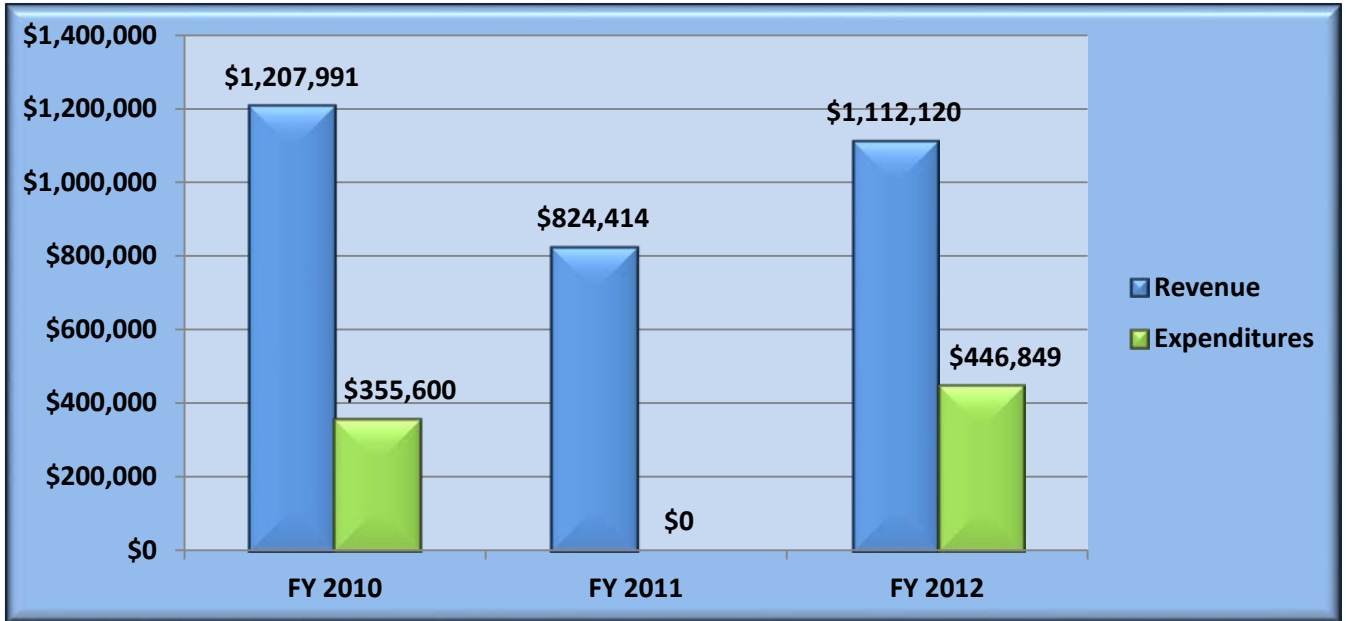
Department	Dollar Amount Collected	Number of Pay Option Contracts	Percent of All Pay Option Contracts
Public Works and Engineering	\$630,624.70	80	54%
Houston Airport System	\$197,772.70	28	19%
General Service Department	\$132,254.94	23	15%
Human Resources	\$41,665.25	2	1%
Other	\$37,350.69	-	-
Convention and Entertainment Facility	\$19,990.47	4	3%
Health and Human Services	\$8,645.50	7	5%
Houston Police Department	\$5,963.88	1	1%
Information Technology	\$2,317.75	1	1%
City Wide	\$2,241.50	2	1%
Total:	\$1,078,827.38	148	100%

[\[1\]](#) Dollar value represents collections from multiple departments.





Pay or Play Funds Collected and Disbursed FY2010-FY2012



Funds Collected and Disbursed

Expenses

There was a total of \$355,600 expenditures in FY2010. This includes \$250,000 allocated to the Alternative Transportation Program and \$105,600 allocated to the TexHealth Harris County 3 Share Plan. In FY2011, the programs were still using the funds allocated from the previous fiscal year, therefore there were no expenditures during this year. However, in FY2012 an additional \$400,000 was spent to assist with the Care Houston Program for the purpose of decreasing non-emergent phone calls and providing additional services to residents without healthcare. A total of \$802,449 was disbursed to the Care Houston Program, TexHealth Harris County 3 Share Plan and the Alternative Transportation Program between FY2010 to FY2012.

Revenue

The revenue collected fluctuates based on the number of companies that choose to pay or play each year. There was a total amount of \$1,207,991 collected in FY2010, \$824,414 collected in FY2011 and \$1,112,120 in FY2012. From the revenue received, there is a remaining balance of \$2,835,058 in FY2012. The remaining funds are disbursed, by program request, in accordance with the contract terms. However, the funding requested from the Pay or Play fund is anticipated to increase due to the terms of the contract and the amount of allocation split per year.





POP Participation Analysis

FY2012 Pay or Play Options Selected by Prime Contractors and Subcontractors



POP Options Selected

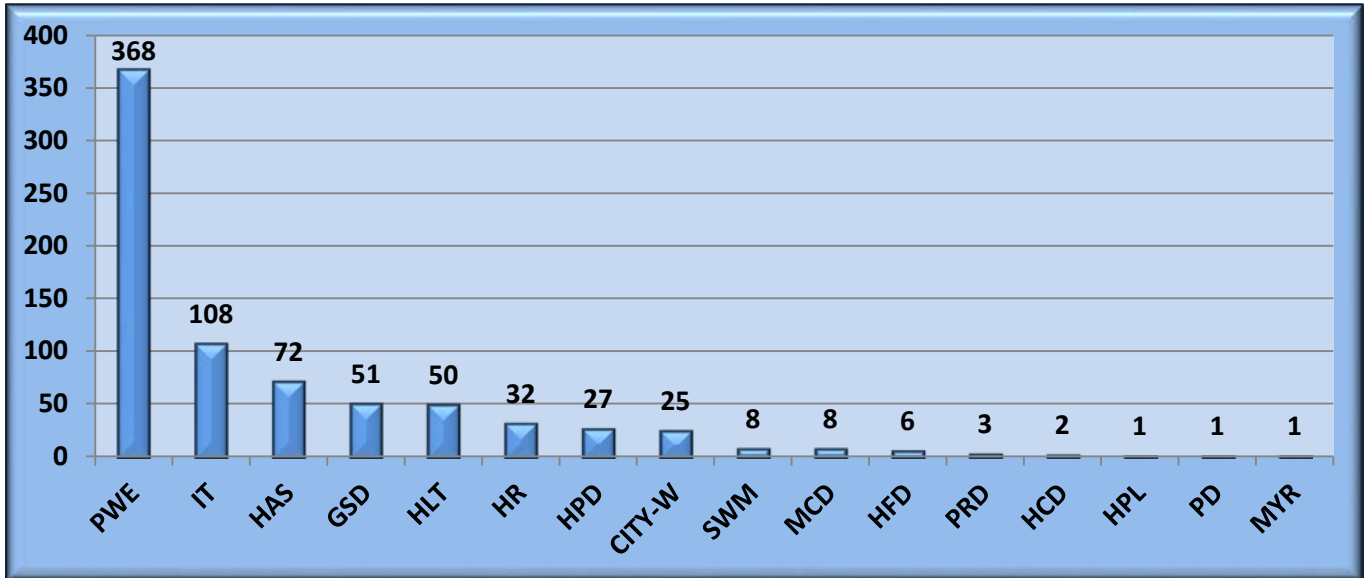
FY2012 data indicated that more contractors and subcontractors chose to participate in the “play option” of the program rather than the “pay option”. Only 46 City of Houston contracts were approved by OBO for exemption from the program. Overall, more contractors are choosing to provide insurance to their employees. This data illustrates the impact of the program’s efforts to promote a workforce that is offering quality healthcare options and offset the burden of uninsured citizens on the covered areas.





POP Participation Analysis

Number of Prime Contractor and Subcontractor Participants by Department



Pay/Play/Both/Exempt Prime and Subcontractor Participation by Department

Department	PWE	IT	HAS	GSD	HLT	HR	HPD	CITY	SWM	MCD	HFD	PRD	HCD	HPL	PD	MYR	TOT
Pay	80	0	28	23	7	2	1	6	1	0	0	0	0	0	0	0	148
Play	125	97	32	20	22	25	9	14	3	6	6	3	2	1	1	1	367
Both	161	3	11	5	2	5	11	4	0	0	0	0	0	0	0	0	202
Exempt/ Waiver	2	8	1	3	19	0	6	1	4	2	0	0	0	0	0	0	46
Total	368	108	72	51	50	32	27	25	8	8	6	3	2	1	1	1	763

POP Participation

In FY2012 there were reportedly over 500 COH POP eligible contracts that were valued at more than \$2.5 billion. There were 46 exemption/waivers and 763 prime and subcontractors that participated in the POP Program.





Educate. Connect. Grow.

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