



CITY OF HOUSTON

OFFICE
of
BUSINESS OPPORTUNITY

Pay or Play Program Annual Report

FY2017

July 1, 2016 – June 30, 2017



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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 applicable to City of Houston prime contracts over \$100,000.00 and related subcontracts over \$200,000.00. Contracts where the primary purpose is the procurement of property, goods, supplies and/or equipment, inter-governmental contracts, intergovernmental agreements or cooperative purchasing agreements are not subject to the POP provisions.

Contracts may qualify for exemption from the POP requirements if it meets one of the following criteria: 1) it is a response to an emergency that endangers public health or safety; (2) it is an essential contract to the City or public that has no other qualified responsive bidders which meet the POP requirements; (3) 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; (4) it is a bulk purchase; or (5) it is an intergovernmental, interlocal agreement. Requests for exemption are submitted by the contracting department for approval through the Office of Business Opportunity (OBO).

Currently Funded Initiatives

In FY2017, the funds collected through the POP Program were deposited into the CRF. The revenue was used to support health programs such as the Care Houston Program, the TexHealth Harris County 3 Share Plan, and the ETHAN Program. Additionally, revenue was used to support costs associated with administering the POP Program.

These initiatives contribute to alleviating the burden on emergency medical resources, providing subsidy to small businesses for providing health benefits to their employees and offering assistance with finding social and medical services for the uninsured public. Each program's specific services are discussed in detail below.

Care Houston Program

The Care Houston Program is a collaboration between the Houston Fire Department (HFD) and the Houston Health Department (HHD) 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 the residents' contact information to HHD. HHD 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 case manager or 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 CRF to subsidize insurance premiums for low income individuals employed by small businesses who have been unable to provide health coverage to their employees due to high premiums and associated administrative costs.

ETHAN Program

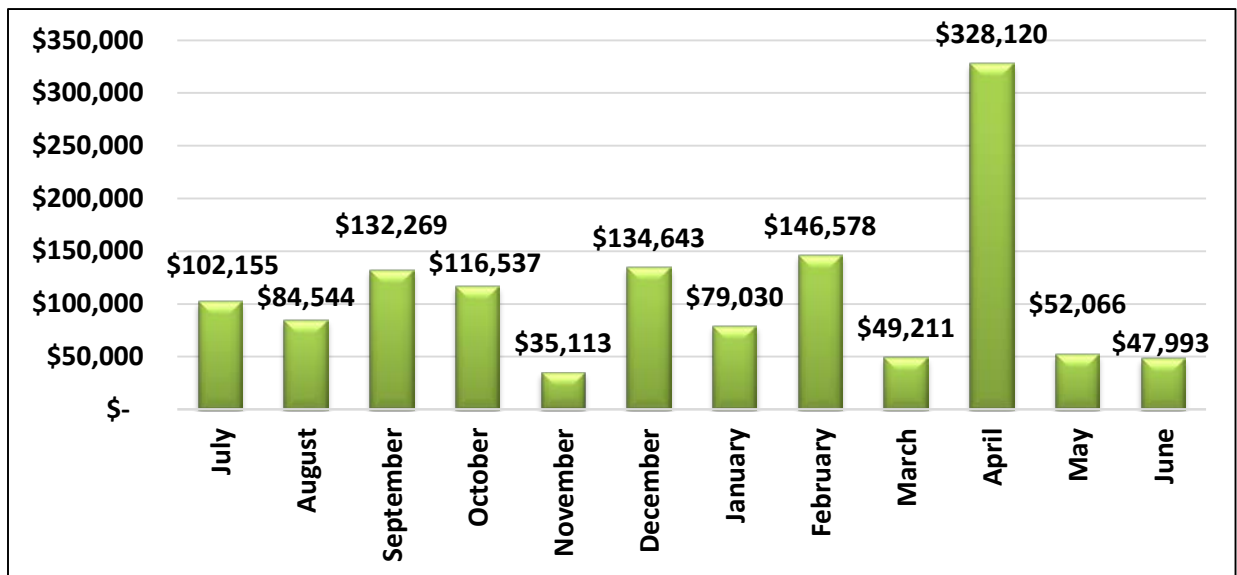
The Emergency Telehealth and Navigation Program (ETHAN) is a collaboration between Harris County Healthcare Alliance, HFD, HHD, Harris County RIDES, Greater Houston HealthConnect, The Clinton Foundation and Community Health Centers. This program provides non-emergent 911 callers with the option of a 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. Recently, over 10,000 Houston 911 EMS patients were triaged by Emergency Medical Physicians for alternate prehospital transportation and destination within the ETHAN mobile integrated healthcare program.



Pay of Play Program Annual Report Fiscal Year 2017

This summary provides an analysis of the Pay or Play Program for fiscal year 2017. 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 the program. Overall, in FY 2017, the total funds collected from contractors participating in the pay option was \$1,308,259.04.

Pay or Play Funds Collected FY2017 Jul-Jun



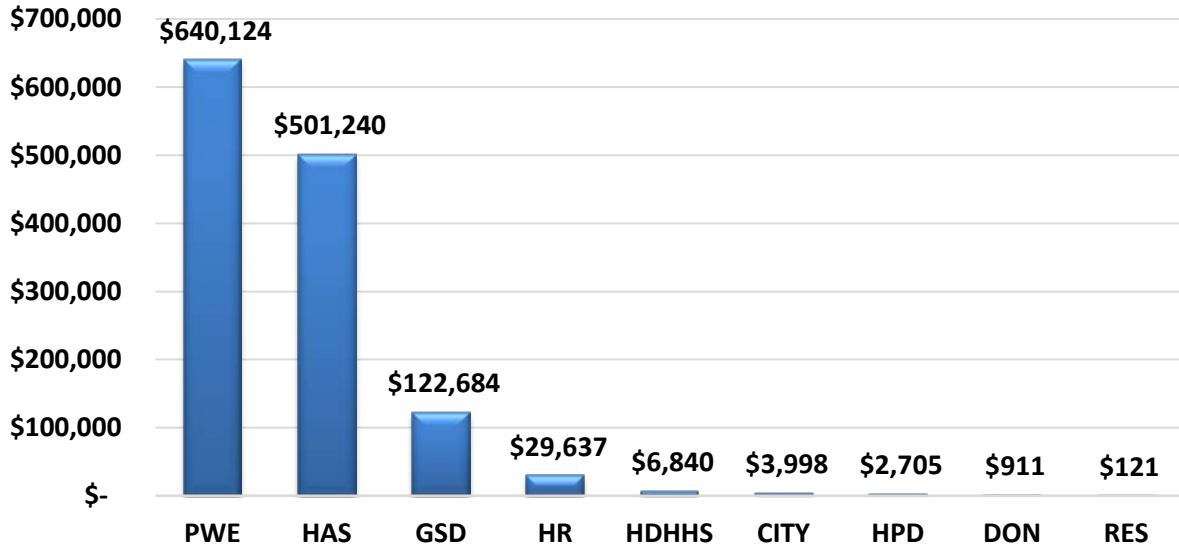
Month	Amount Collected
July	\$ 102,154.84
August	\$ 84,543.59
September	\$ 132,269.35
October	\$ 116,536.50
November	\$ 35,113.35
December	\$ 134,642.82
January	\$ 79,030.18
February	\$ 146,577.91
March	\$ 49,211.34
April	\$ 328,120.17
May	\$ 52,065.90
June	\$ 47,993.09
Total	\$ 1,308,259.04





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	\$640,123.60	234	74%
Houston Airport System	\$501,240.07	18	6%
General Services Department	\$122,683.88	31	8%
Human Resources	\$29,637.47	1	1%
Houston Health Department	\$6,840.49	14	5%
Strategic Procurement Division	\$3,997.53	1	1%
Houston Police Department	\$2,704.50	2	1%
Department of Neighborhoods	\$910.50	9	3%
Restitution Payments **	\$121.00	0	0%
Solid Waste Management	\$0.00	1	1%
Total:	\$1,308,259.04	311	100%

**\$121.00 in restitution payments have been made in FY2017 to repay \$48,500 diverted from the Pay or Play fund during FY2014.

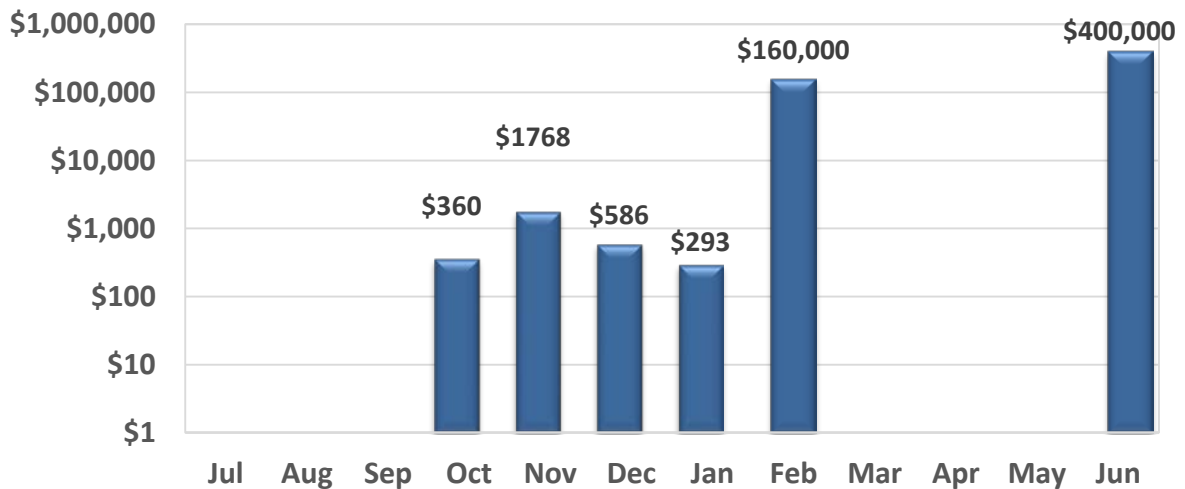




Pay or Play Funds Collected and Disbursed

Expenditures

In FY 2017, \$400,000.00, was expended to the Care Houston Program, \$160,000.00 to the ETHAN Program, and \$3,007.58 to the TexHealth Harris County 3 Share Plan. Expenses for the three programs totaled \$563,007.58 for the fiscal year.



Month	3 Share Plan	ETHAN	Care Houston Program	Total Expenditures
Jul	\$0	\$0	\$0	\$0
Aug	\$0	\$0	\$0	\$0
Sep	\$0	\$0	\$0	\$0
Oct	\$360.16	\$0	\$0	\$360
Nov	\$1,768.27	\$0	\$0	\$1,768
Dec	\$586.10	\$0	\$0	\$586
Jan	\$293.05	\$0	\$0	\$293
Feb	\$0	\$160,000	\$0	\$160,000
Mar	\$0	\$0	\$0	\$0
Apr	\$0	\$0	\$0	\$0
May	\$0	\$0	\$0	\$0
Jun	\$0	\$0	\$400,000	\$400,000
Total Disbursed	\$3,007.58	\$160,000	\$400,000	\$563,007.58





Pay or Play Funds Collected and Disbursed

Expenditures

Currently Funded Initiatives:

Care Houston

In FY2017, 5,039 clients were referred to the Care Houston Program from HFD and 3,641 clients were contacted and provided necessary referrals to divert them from 911 services. This saved an estimated \$1,528,000.00 in Emergency Medical Services transportation, as reported by the HHD. Additional savings would include all direct costs currently incurred to pay for ambulance transportation and emergency department evaluation (potentially unnecessary X-rays, laboratory testing, physician, and nursing care costs). It would also include indirect costs that result from the patients being non-compliant with the overall care plan when they choose to utilize emergency services instead of primary care for primary care problems.

Additionally, in FY2017, Care Houston received 38 priority cases that were referred by HFD field personnel for immediate intervention within 72 hours by a combined HFD and HHD staffed team.

ETHAN

In FY2017, there were 10,971 patients served by the ETHAN Program. Out of the patients that were served, 9,423 were diverted from emergency transportation. Of all the ETHAN diverted patients, roughly 17% were processed to non-emergency destinations. According to HFD, no major shifts have occurred in the specific data reported in the past HFD utilization, incident response-times, cost savings, etc. Therefore, the ETHAN program continues to significantly reduce the number of unnecessary low-acuity EMS transports and successfully decreased emergency visits in the City of Houston. Improving the units productivity can lead to great financial savings to the city and its residents.

TexHealth County 3-Share Plan

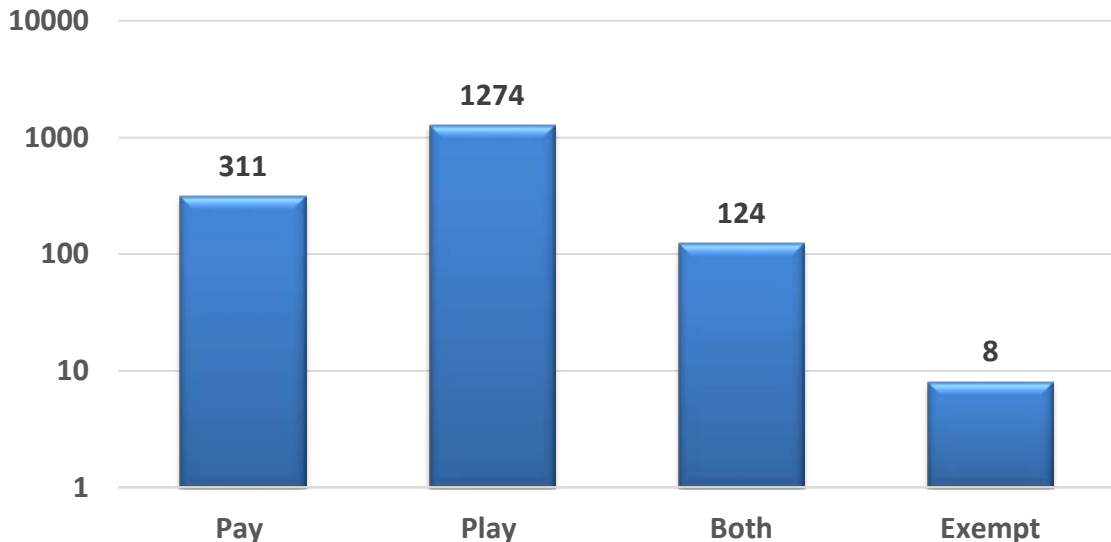
The TexHealth Harris County 3-Share Plan uses the CRF to subsidize insurance premiums for low income individuals employed by small businesses who have been unable to provide health coverage to their employees due to high premiums and associated administrative costs. For the first half of FY2017, the TexHealth Harris County 3 Share Plan afforded 20 small business owners and 39 employees the advantage of this low-cost health benefit program.

There was a total of \$563,007.58 allocated to the three programs in FY2017: \$400,000.00 was allocated to the Care Houston Program, \$3,007.58 was expensed to the TexHealth Harris County 3 Share Plan, and \$160,000.00 was allocated in support of the ETHAN Program.



POP Participation Analysis

FY 2017 Pay or Play Options Selected by Prime Contractors and Subcontractors



POP Options Selected

FY 2017 data indicated that more prime contractors and subcontractors chose to participate in the “play option” (providing insurance) of the program rather than the “pay option” (paying into the CRF). This data illustrates the impact of the program’s efforts to promote a workforce that is offering healthcare options to offset the burden of uninsured citizens in the covered areas.

A total of eight City of Houston contracts have been approved by OBO for exemption from the program. The chart below illustrates the contracts that were approved for exemption in FY 2017.

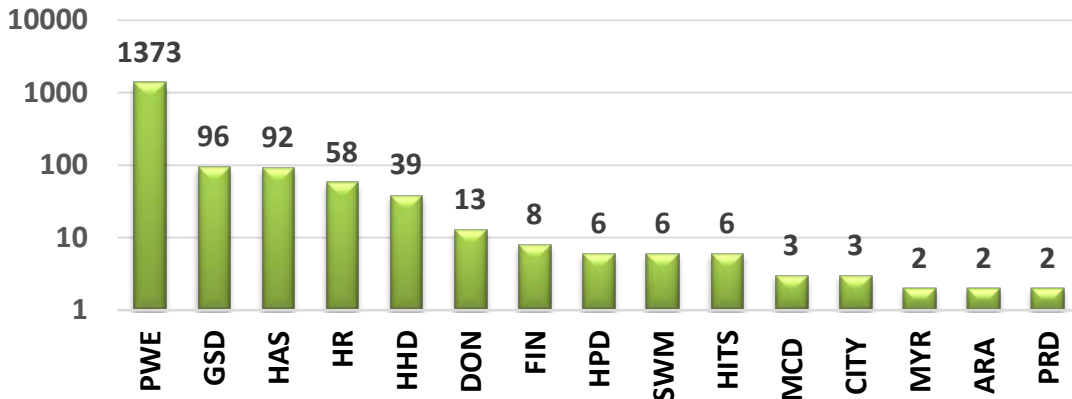
Department	Intergovernmental Agreement	Essential	Total Exempt Contracts
DON	0	1	1
HITS	1	0	1
PRD	2	0	2
PWE	3	1	4
Total	6	2	8



POP Participation

In FY 2017, a total of 1,161 City of Houston eligible contracts with POP requirements were recorded. There were eight exemption/waivers and over 700 prime and subcontractors participating in the POP program. Some of them participated in more than one contract.

Number of Prime and Subcontractor Participants by Department



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

Dept.	Pay	Play	Both	Exempt
PWE	234	1038	101	4
GSD	31	61	4	0
HAS	18	65	9	0
HR	1	53	4	0
HHD	14	21	4	0
DON	9	3	1	1
FIN	0	8	0	0
HPD	2	4	0	0
SWM	1	5	0	0
HITS	0	6	0	1
MCD	0	3	0	0
CITY	1	1	1	0
MYR	0	2	0	0
ARA	0	2	0	0
PRD	0	2	0	2
Total	311	1274	124	8





Educate. Connect. Grow.

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