

# PAY OR PLAY PROGRAM OVERVIEW

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The Pay or Play (POP) Program was established with Ordinance 2007- 534 on July 1, 2007 and is governed by Executive Order 1-7. The POP Program creates a more level playing field and enhances fairness in the bidding process between competing contractors that offer healthcare benefits to their workforce and those who do not.

The program also recognizes and accounts for the fact that there is a cost associated with healthcare for the uninsured citizens of the Houston and Harris County area.

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# PAY OR PLAY (POP) PROGRAM GUIDE

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# PAY OR PLAY PROGRAM

## WHAT IS IT?

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The City of Houston (COH) established Ordinance 2007-534 (July 2007) and is governed by Executive Order 1-7 (2007) that mandates and applies to all “covered” Pay or Play (POP) contracts that consist of professional service, construction, or service contracts and exceeds \$100,000 (prime) or \$200,000 (subcontractor) through the life of the contract. The POP Program applies to all “covered employees” that are over 18 years of age, and work at least 30 hours per week on City projects. POP is required for certain Housing and Community Development (HCD) contracts, including public service contracts.

## PLAY OPTION

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If the COH contractor chooses to “**Play,**” they must provide “covered employees” working on POP contracts with health insurance coverage that must meet or exceed the following standards.

- The employer contributes no less than 75% of the monthly premium towards the total premium cost covered employee per month.
- The employee contribution, if any amount, will be no greater than 25% of the monthly premium cost.

Vendors will complete quarterly workforce audits in the B2Gnow Database by uploading and submitting a POP 7 form listing all active and covered employees and providing proof of insurance for all active and covered employees for the previous three (3) months in each quarter.



## PAY OPTION

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If the COH contractor chooses to “**Pay,**” they are required to create a Workforce Employee list showcasing all active employees working on the City Project and completed weekly workforce audits by the end of each month in the B2GNOW database. Contractors must provide the Total Hours Worked and individual Hours Worked by each covered employee as part of the weekly workforce audit.

- Total Hours Worked = Total number of Hours Employee worked for Employer.
- Hours Worked= Total number of Hours Employee worked on COH Project.

Invoices are created from the monthly workforce Audit reports. Payments are due to the contracting department no less than 30 business days after receipt of the invoice. Payment may be made through the Pay Connexion.

Contractors will “**PAY**” by contributing \$1.00 per covered employee per regular hour for work performed under the contract with the City, not to exceed \$40.00 per employee per week. **POP will not accept partial payments. Invoices must be paid in full.**

# PAY OPTION EXAMPLE

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If an employee works 30 hours during the week for COH Contractor A, and 15 hours are on POP contract B, the fee assessed to Contractor A for that employee is \$15 for that contract.

## POP EXEMPTION

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A contractor’s “covered employee” can be considered exempt from POP if that employee has healthcare insurance through Medicaid/Medicare or through their spouse or employees who refuse to company health insurance that meets the minimum POP requirements. The employee will be required to submit a completed and notarized POP 8 (exemption) form with a copy of their health insurance (if applicable) to the POP Coordinator for review and approval.

## POP FORMS REQUIRED PRIOR TO CONTRACT START DATE

- **POP-1** Pay or Play Acknowledgment Form (Prime contractor only)
- **POP-2** Certification of Compliance with POP (Prime and “covered” subcontractors)
- **POP-3** POP List of Subcontractors (Prime contractor only)