

# CITY OF HOUSTON

MAYOR'S OFFICE

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## BUSINESS OPPORTUNITY

### Pay or Play Program Report

FY2013

July 1, 2012 – June 30, 2013



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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.

### ***Recent Changes***

The Office of Business Opportunity remains focused on cultivating a program that promotes a level playing field between covered contractors who choose to provide health benefits to employees and those who do not. In light of the impending full implementation of the Affordable Care Act (ACA) which strives to ensure that healthcare is provided nationwide, OBO, in FY 2013, embarked upon an analysis of the ACA in order to determine to what extent the City's administration of the POP program may be affected by its implementation, particularly regarding larger employers. While a final decision has not been made about how the City's program will change, the City's focus will remain on ensuring that the objectives of the POP program are not compromised.

## 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 the 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.

## **Summary**

In FY2013, 805 clients were referred to the Care Houston Program from HFD and 679 clients (84% of the total referred for the first six months of FY2013) were diverted from 911 services. Care Houston also received 34 priority cases in FY2013. These are cases that were referred to HDHHS by HFD station captains for immediate attention and required contact with the client within 24 hours followed by a home visit. This saved an estimated \$998,130 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 94 small business owners and 421 employees to take advantage of this low-cost health benefit program. In addition, in the first half of FY2013 there were 460 patients referred to the Alternative Transportation Program, 355 of whom were diverted from emergency transportation resulting in an estimated net savings of \$563,040.00. Over the past five years, according to Harris County Health Care Alliance, ATP has realized net savings of \$6.1 million for the City of Houston.

In the first half of the fiscal year \$400,000 was allocated to the Care Houston Program and \$138,000 was expensed to the TexHealth Harris County 3 Share Plan. In the second half of FY 2013 OBO allocated \$248,300 funding in support of the TexHealth Harris County 3 Share Plan a total of \$786,300.



**Pay of Play Program Annual Report Fiscal Year 2013**

This Summary provides an analysis of the Pay or Play Program for fiscal year 2013. 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 2013 the total funds collected from contractors participating in the pay option was \$709,244.

**Pay or Play Funds Collected FY2013 Jul-Jun**



MONTH	AMOUNT COLLECTED
July	\$ 0.00
August	\$122,043.00
September	\$141,441.00
October	\$46,487.00
November	\$23,724.00
December	\$28,556.00
January	\$49,980.00
February	\$81,912.00
March	\$35,852.00
April	\$32,958.00
May	\$59,647.00
June	\$89,546.00
<b>Total</b>	<b>\$704,244.00</b>





**Contractor Responsibility Fund Analysis**

**Funds Collected by Department (Pay Option)**



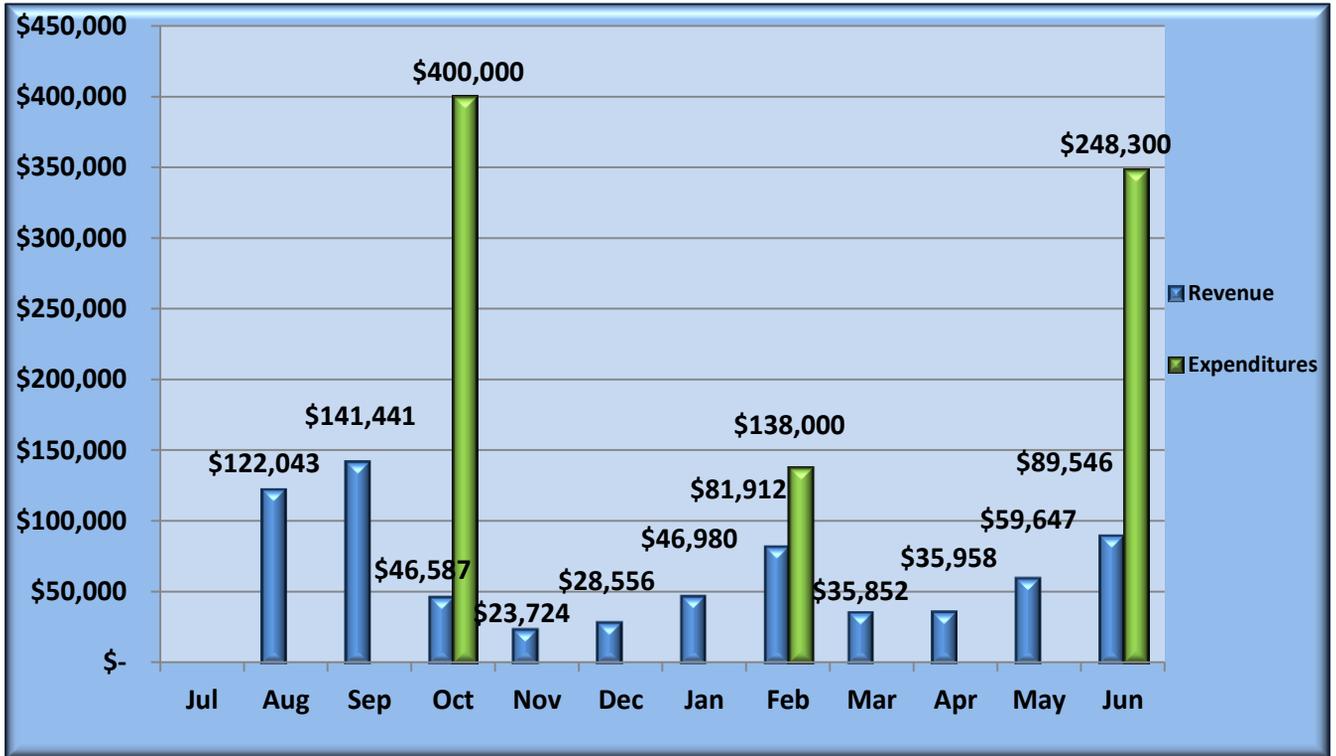
Note: Dollar value represented does not include interest

Department	Dollar Amount Collected	Number of Pay Option Contracts	Percent of All Pay Option Contracts
Public Works and Engineering	\$ 452,807.85	85	54%
Houston Airport System	\$ 101,612.50	29	18%
General Service Department	\$ 54,533.00	19	12%
Houston Information Technology	\$ 37,497.25	1	1%
Convention and Entertainment Facility	\$ 24,024.80	5	3%
Human Resources	\$ 15,847.25	2	1%
Health and Human Services	\$ 10,656.25	6	4%
Houston Police Department	\$ 6,456.10	2	1%
City Wide	\$ 5,809.00	10	6%
<b>Total:</b>	<b>\$ 709,244.00</b>	<b>159</b>	<b>100%</b>





**Pay or Play Funds Collected and Disbursed**



Note: Dollar value collected includes interest

**Revenue**

In FY 2013 there was a total of \$709,244.00 collected for the Contractors Responsibility Fund.

**Expenditure**

In the second quarter of FY 2013 \$400,000.00 was expended to Care Houston Program followed by \$138,000.00 in the third quarter and in the fourth quarter \$248,300.00 was expended to the TexHealth Harris County 3 Share Plan for a total of \$786,300.00 for the fiscal year.





## POP Participation Analysis

FY 2013

Pay or Play Options Selected by Prime Contractors and Subcontractors

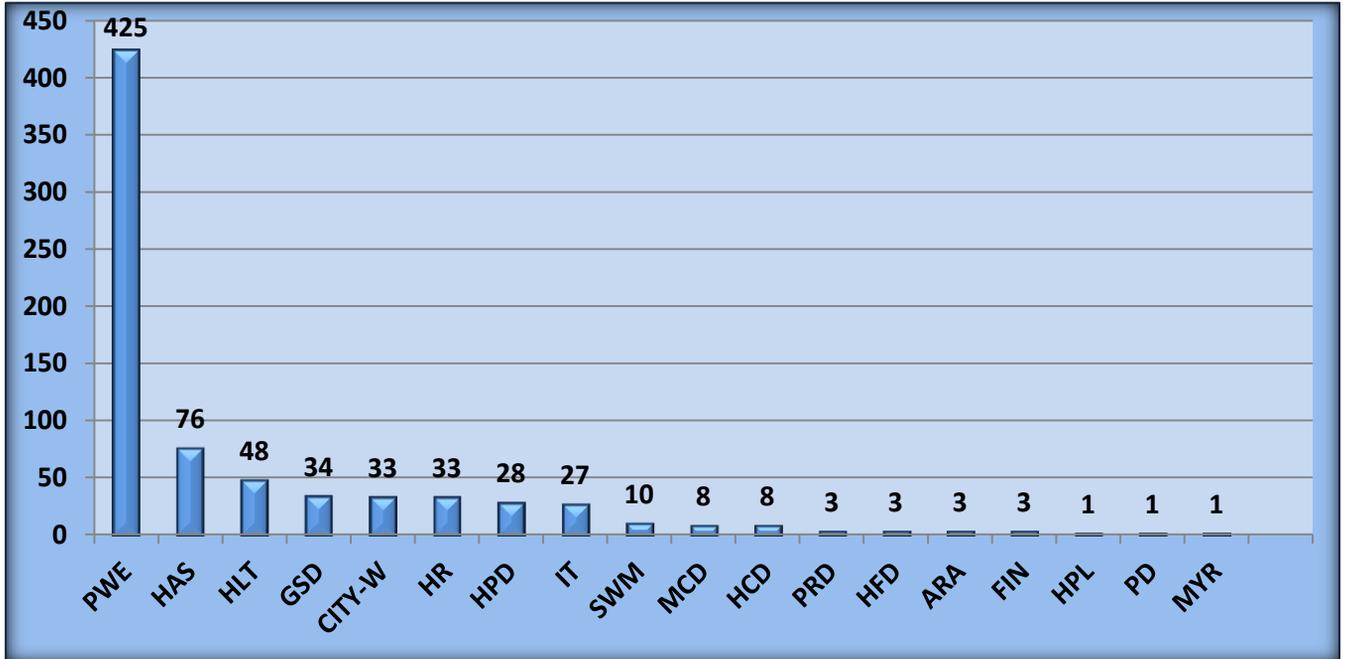


### POP Options Selected

FY 2013 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). Also, more contractors opted to both “pay” on behalf of some employees and “play” on behalf of others rather than simply paying into the Contractors Responsibility Fund. Only 34 City of Houston contracts have been approved by OBO for exemption from the program. That is down by 12 from FY 2012. Overall, more contractors continue 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.



**Number of Prime and Subcontractor Participants by Department**



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

Dept.	PWE	HAS	HLT	GSD	CITY	HR	HPD	IT	SWM	MCD	HCD	PRD	HFD	ARA	FIN	HPL	PD	MYR	TOT	
Pay	85	29	6	19	10	2	0	0	1	0	1	0	0	0	0	0	0	0	0	153
Play	129	42	21	12	19	26	12	24	6	5	6	3	3	3	4	1	1	1	1	318
Both	209	4	2	3	3	5	12	1	0	0	1	0	0	0	0	0	0	0	0	240
Exempt Waiver	2	1	19	0	1	0	4	2	2	3	0	0	0	0	0	0	0	0	0	34
<b>Total</b>	<b>425</b>	<b>76</b>	<b>48</b>	<b>34</b>	<b>33</b>	<b>33</b>	<b>28</b>	<b>27</b>	<b>9</b>	<b>8</b>	<b>8</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>745</b>

**POP Participation**

Currently there is record of approximately 745 COH POP eligible contracts that were valued at more than \$2.1 billion. There were 34 exemption/waivers and over 700 prime and subcontractors participating in the POP program.





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