



CITY OF HOUSTON

OFFICE
of

BUSINESS OPPORTUNITY

Pay or Play Program Annual Report

FY2016

July 1, 2015 – June 30, 2016



Carlecia D. Wright
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 and related subcontracts over \$200,000. However the Program is not applicable to contracts whose primary purpose is for the procurement of property, goods, supplies and/or equipment, inter-governmental contracts, intergovernmental agreements or cooperative purchasing agreements.

A contract may qualify for an exemption from the POP program 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) if it is an intergovernmental /Inter-local agreement. Requests for exemption are submitted by the contracting department for approval through the Office of Business Opportunity (OBO).

Program Enhancements

In an effort to maximize efficiency in managing the deposits made to the POP Program Contractor’s Responsibility Fund, in April 2015 the Office of Business Opportunity implemented additional deposit options through the Automated Clearing House (ACH) method. Contractors now have the ability to deposit funds electronically into the City of Houston JP Morgan Chase Master Account via ACH.

In an effort to maximize efficiency in managing the POP Program on July 1st 2015 OBO partnered with Public Works and Engineering Department to introduce the Pay or Play Management System v.3.0 (POPMS). POPMS was previously used exclusively for PWE. It was later rolled-out Citywide and gives each Department Liaison access to monitor and track all POP eligible department Contracts. It also allows Contractors access to upload all POP requirements through the database which helps to create efficiencies throughout the program.

Currently Funded Initiatives

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

The currently funded initiatives, 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. Each program's specific services are discussed in detail on page 4.

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 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, Houston Fire Department, Houston Department of Health, 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. The ETHAN focuses on diverting from the emergency medical system those patients who do not need emergency care and can benefit more from primary care services.

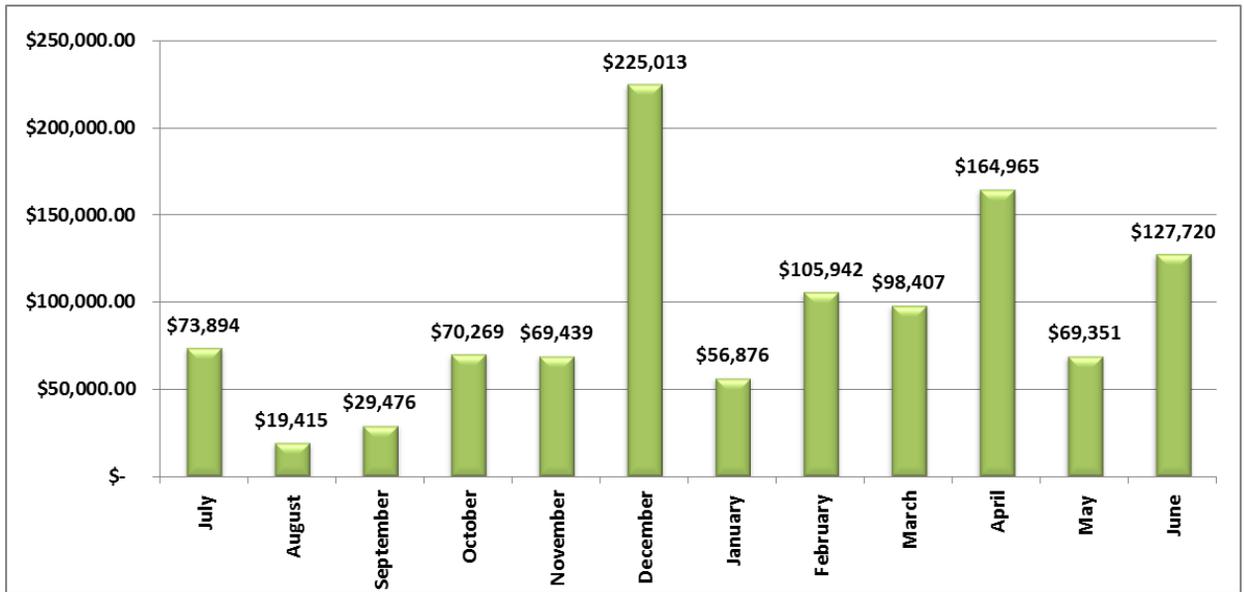
*Formally known as Alternative Transportation Program.



Pay of Play Program Annual Report Fiscal Year 2016

This summary provides an analysis of the Pay or Play Program for fiscal year 2016. 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 2016 the total funds collected from contractors participating in the pay option was \$1,110,768.02.

Pay or Play Funds Collected FY2016 Jul-Jun

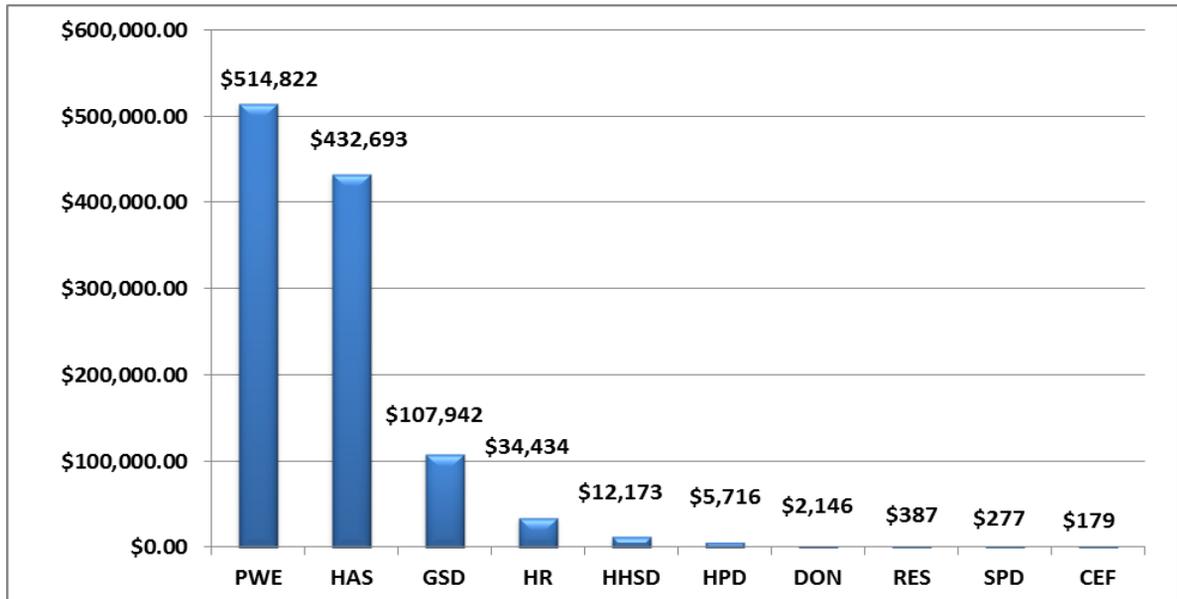


Month	Amount Collected
July	\$ 73,894.18
August	\$ 19,415.00
September	\$ 29,475.50
October	\$ 70,269.38
November	\$ 69,438.67
December	\$ 225,013.38
January	\$ 56,876.16
February	\$ 105,941.73
March	\$ 98,407.00
April	\$ 164,965.13
May	\$ 69,351.46
June	\$ 127,720.43
Total	\$ 1,110,768.02



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	\$514,822.45	75	51%
Houston Airport System	\$432,692.56	35	24%
General Service Department	\$107,942.36	15	10%
Human Resources	\$34,433.50	1	1%
Health and Human Services	\$12,173.13	9	6%
Houston Police Department	\$5,715.55	2	1%
Department of Neighborhoods	\$2,146.00	5	3%
Restitution Payments **	\$386.90	0	0%
Strategic Purchasing Department	\$277.00	1	1%
Convention and Entertainment Facility	\$178.57	1	1%
Parks and Recreation Department	\$0.00	1	1%
Solid Waste	\$0.00	1	1%
Total:	\$1,110,768.02	146	100%

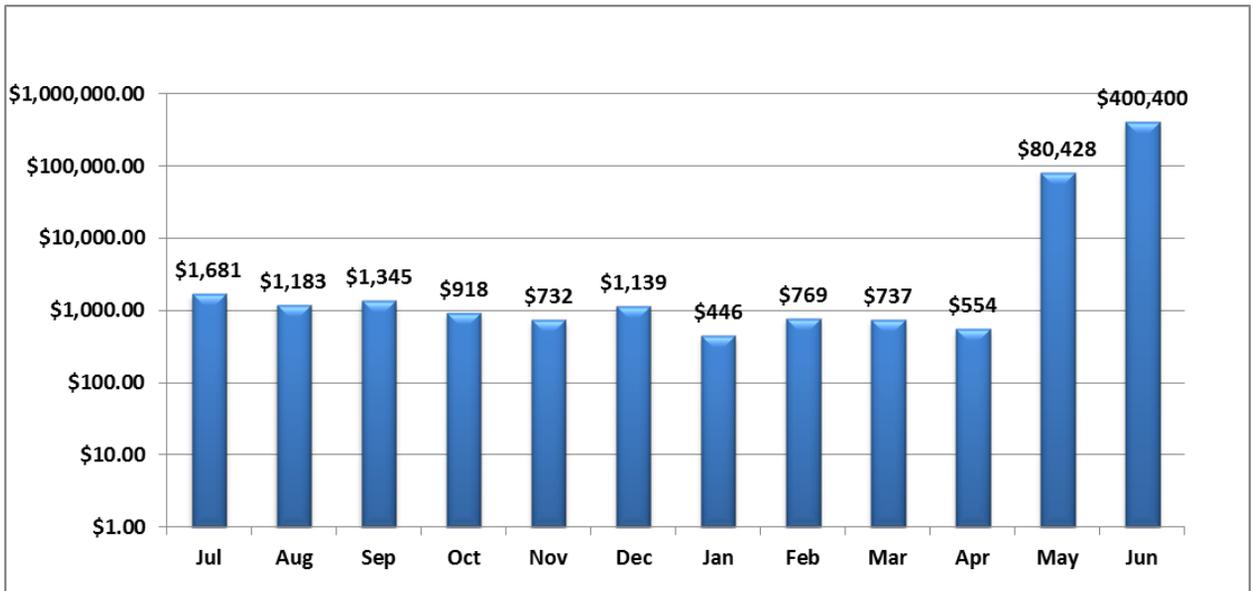
**\$386.90 in restitution payments have been made to repay \$48,500 diverted from the Pay or Play fund during FY2014.



Pay or Play Funds Disbursed

Expenditures

In FY 2016 \$400,000.00 was expended to Care Houston Program , followed by \$80,000 to the Emergency Telehealth Navigation Program and \$10,332 was expended to the TexHealth Harris County 3 Share Plan, for expenses that total of \$490,332.00 for these three programs for the year.



Month	ETHAN	3 Share Plan	Care Houston Program	Total Expenditures
Jul	\$0	\$1,681	\$0	\$1,681
Aug	\$0	\$1,183	\$0	\$1,183
Sep	\$0	\$1,345	\$0	\$1,345
Oct	\$0	\$918	\$0	\$918
Nov	\$0	\$732	\$0	\$732
Dec	\$0	\$1,139	\$0	\$1,139
Jan	\$0	\$446	\$0	\$446
Feb	\$0	\$769	\$0	\$769
Mar	\$0	\$737	\$0	\$737
Apr	\$0	\$554	\$0	\$554
May	\$80,000	\$428	\$0	\$80,428
Jun	\$0	\$400	\$400,000	\$400,400
Total Disbursed	\$80,000	\$10,333	\$400,000	\$490,333



Pay or Play Funds Disbursed

Expenditures

Currently Funded Initiatives:

Care Houston

In FY2016, 1,934 clients were referred to the Care Houston Program from HFD and 715 clients were contacted and provided necessary referrals to divert them from 911 services. This saved an estimated \$1,528,000 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), as well as the many 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 problem. Additionally in FY2016, Care Houston received 240 priority cases, that were referred by HFD field personnel for immediate intervention within 72 hours by a combine HFD and HHD staffed team.

ETHAN

In FY2016 there were 7,235 patients served by the Emergency Telehealth and Navigation Program, 5,718 of whom were diverted from emergency transportation. In a recent study that began on December 1, 2014 by UT Health School of Biomedical Informatics, significant differences in the cost of care and productivity were discovered when ETHAN was utilized, with 44-minute median reduction in total response time per incident. This equates to approximately 2x greater utilization (turns) per day for the EMS unit than the standard EMS control group. An HFD unit response cost an average of \$1,600. Improving the units productivity can lead to a great financial savings to the city and its residents.

TexHealth County 3-Share Plan

The TexHealth Harris County 3-Share Plan uses the Contractor Responsibility Fund 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. The TexHealth Harris County 3 Share Plan has afforded 21 small business owners and 57 employees to take advantage of this low-cost health benefit program.

There was total of \$490,332.85 allocated to the three programs in FY2016: \$400,000 was allocated to the Care Houston Program, \$10,332 was expensed to the TexHealth Harris County 3 Share Plan and \$80,000 was allocated in support of the Emergency Telehealth Navigation Program (ETHAN).

POP Participation Analysis

FY 2016 Pay or Play Options Selected by Prime Contractors and Subcontractors



POP Options Selected

FY 2016 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. A total of 4 City of Houston contracts have been approved by OBO for exemption from the program. Two of the contracts were approved for GSD under “adverse impact”, the other two were PWE and HHS and were approved under “intergovernmental agreement”. Overall, more contractors continue to provide insurance to their employees.

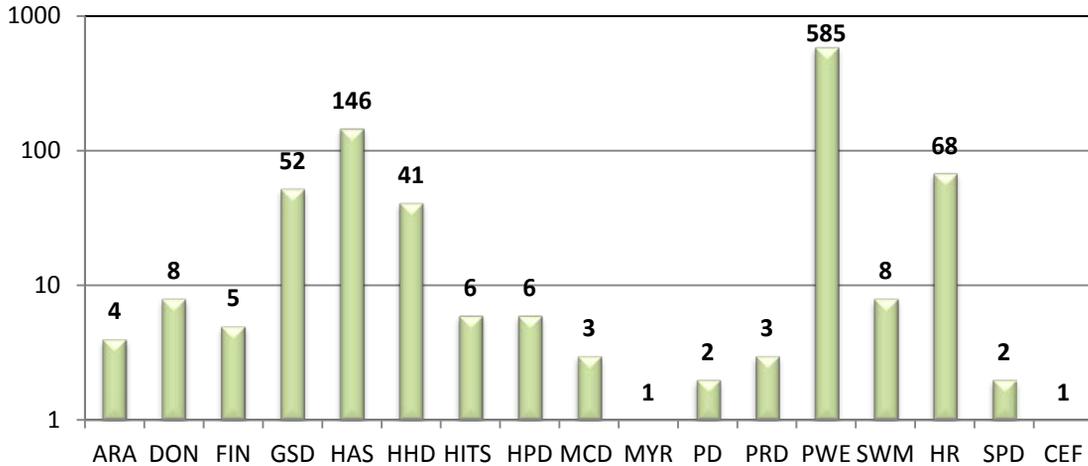
This data illustrates the impact of the program’s efforts to promote a workforce that is offering healthcare options to offset the burden of uninsured citizens in the covered areas.



POP Participation

In FY 2016, there was record of 937 COH POP eligible contracts with POP requirements. There were 4 exemption/waivers and over 1,000 prime and subcontractors participating in the POP program, some participating 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	Waived	Total
ARA	0	4	0	0	4
DON	5	1	2	0	8
FIN	0	5	0	0	5
GSD	15	31	4	2	52
HAS	35	61	50	0	146
HDD	9	29	2	1	41
HITS	0	6	0	0	6
HPD	2	4	0	0	6
MCD	0	3	0	0	3
MYR	0	1	0	0	1
PD	0	2	0	0	2
PRD	1	2	0	0	3
PWE	75	407	102	1	585
SWM	1	6	1	0	8
HR	1	64	3	0	68
SPD	1	0	1	0	2
CEF	1	0	0	0	1
Total	146	626	165	4	941





Educate. Connect. Grow.

Report Created by: Gracie Orr, Pay or Play Contract Administrator
POP Program Managed by : Katrina Williams, Administration Manager

Co-Produced by:
Carlecia D. Wright, Office of Business Opportunity Director
Marsha E. Murray, Office of Business Opportunity Deputy Director
Patsy Jackson, Chief Financial Officer and Data Analyst