



# CITY OF HOUSTON

OFFICE  
*of*

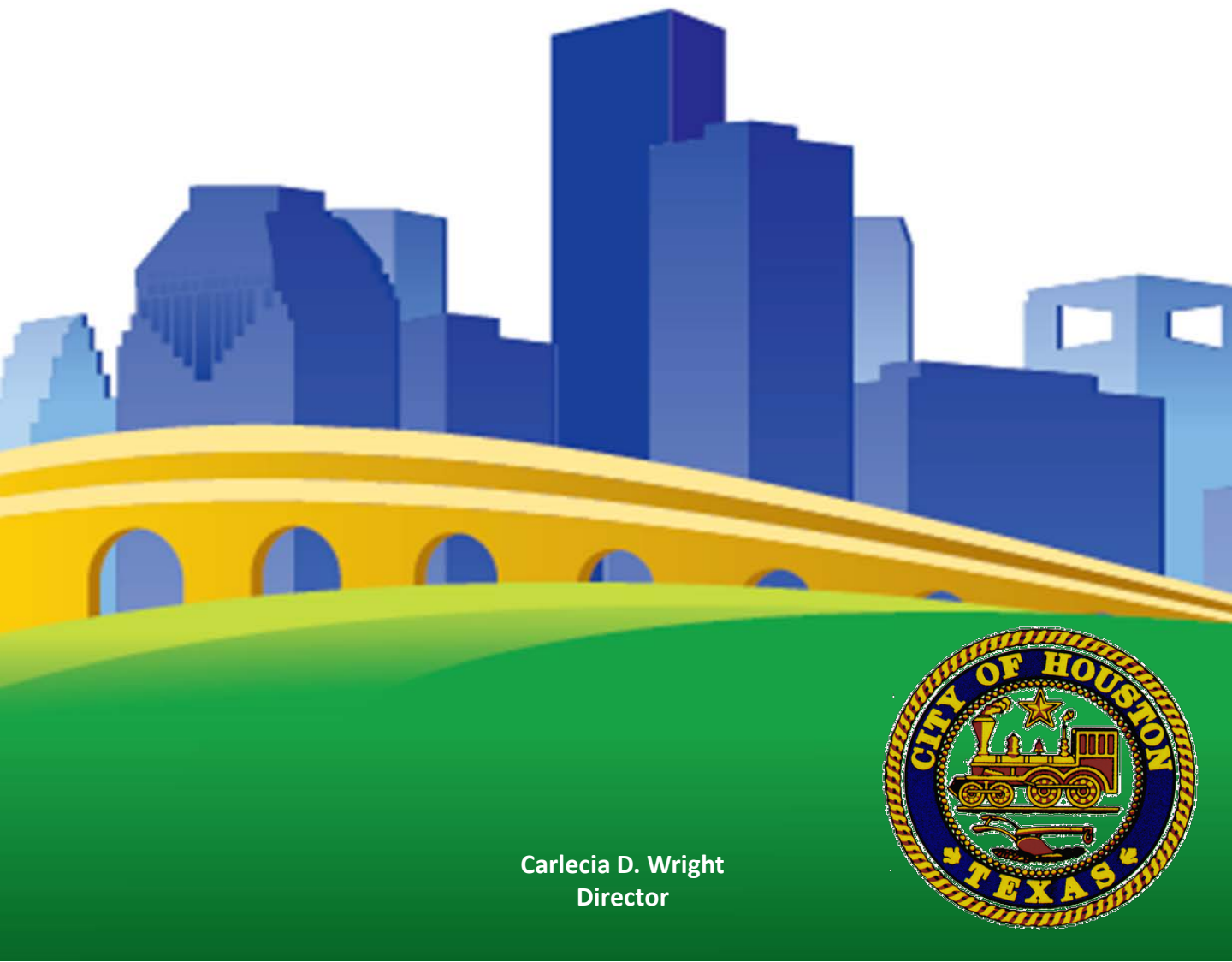
---

## BUSINESS OPPORTUNITY

## Pay or Play Program Report

FY2014

July 1, 2013 – June 30, 2014



Carlecia D. Wright  
Director



## Table of Contents

<b><u>Pay or Play Program FY-2014 Summary</u></b>	<b>pg 3-5</b>
<b>Background</b> .....	pg 3
<b>Contractor Responsibility Funded: Currently Funded Initiatives</b> .....	pg 3
<i>Care Houston Program</i> .....	pg 4
<i>TexHealth 3 Share Plan</i> .....	pg 4
<i>Alternative Transportation Program</i> .....	pg 4
<b>Program Impact Summary</b> .....	pg 4
<b>Pay or Play Program Annual Report</b> .....	pg 5
Pay or Play Funds Collected.....	pg 5
 <b><u>Contractor Responsibility Fund Analysis</u></b>	 <b>pg 6-7</b>
Funds Collected by Department.....	pg 6
Funds Collected and Disbursed.....	pg 7
 <b><u>POP Participation Analysis</u></b>	 <b>pg 8-9</b>
Options Selected by Contractors.....	pg 8
POP Participation by Department .....	pg 9

### 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 contract, intergovernmental agreement or purchasing cooperative.

A contract may qualify for an exemption from the POP program requirements if it meets one of the following criteria in order to qualify for an exemption: (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).

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 Alternative Transportation Program as well as costs associated with administering the POP Program.

### CONTRACTOR RESPONSIBILITY FUND: CURRENTLY FUNDED INITIATIVES

The currently funded initiatives, Care Houston Program, TexHealth Harris County 3 Share Plan, and the Alternative Transportation Program 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 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 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.

## **PROGRAM IMPACT SUMMARY**

In FY2014, 714 clients were referred to the Care Houston Program from HFD and 318 clients (44% of the total referred for FY2014) were diverted from 911 services. Care Houston also received 38 priority cases in FY2014. 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 \$105,944 in Emergency Medical Services transportation, as reported by the HDHHS. 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 problems. The TexHealth Harris County 3 Share Plan has afforded 97 small business owners and 448 employees to take advantage of this low-cost health benefit program. In addition, in FY2014 there were 869 patients referred to the Alternative Transportation Program, 640 of whom were diverted from emergency transportation resulting in an estimated net savings of \$808,565.00. Over the past six years, according to Harris County Health Care Alliance, ATP has realized net savings of \$6.9 million for the City of Houston.

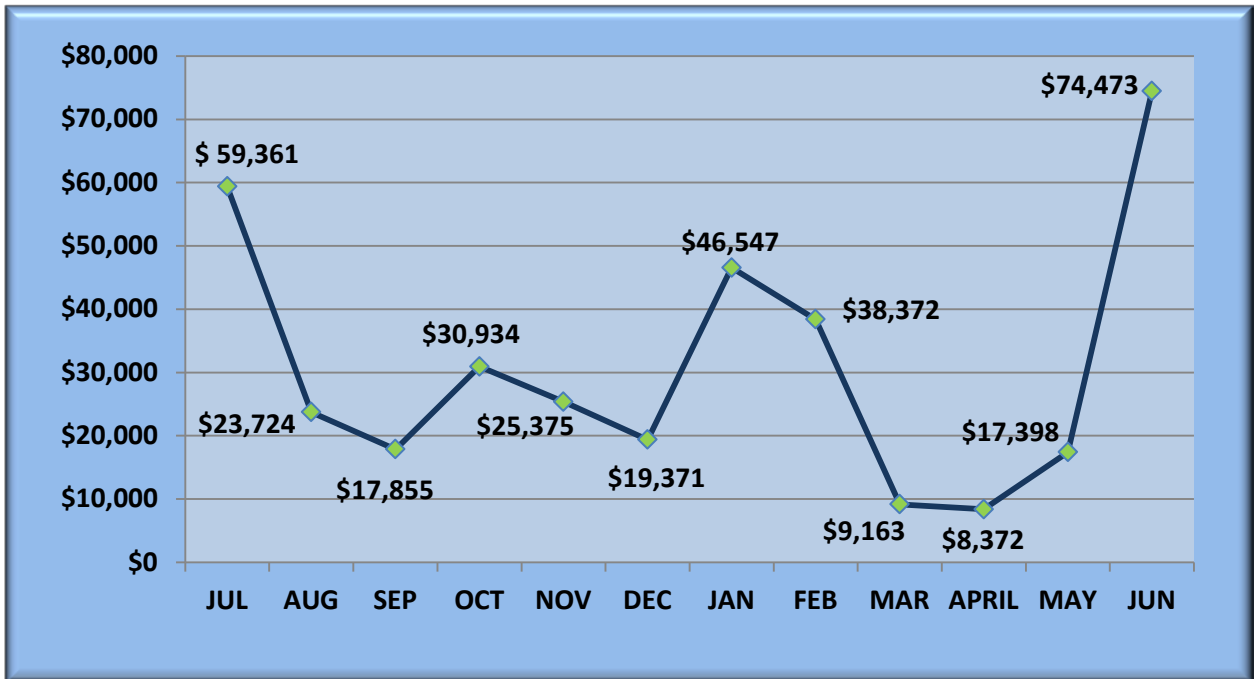
There was total of \$899,880 allocated to the three program in FY2014. In the first half of the fiscal year, \$400,000 was allocated to the Care Houston Program. Throughout the course of FY2014, \$299,879 was expensed to the TexHealth Harris County 3 Share Plan and \$200,000 was allocated in support of the Alternative Transportation Program.



**Pay of Play Program Annual Report Fiscal Year 2014**

This Summary provides an analysis of the Pay or Play Program for fiscal year 2014. 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 2014 the total funds collected from contractors participating in the pay option was \$370,945.

**Pay or Play Funds Collected FY2014 Jul-Jun**



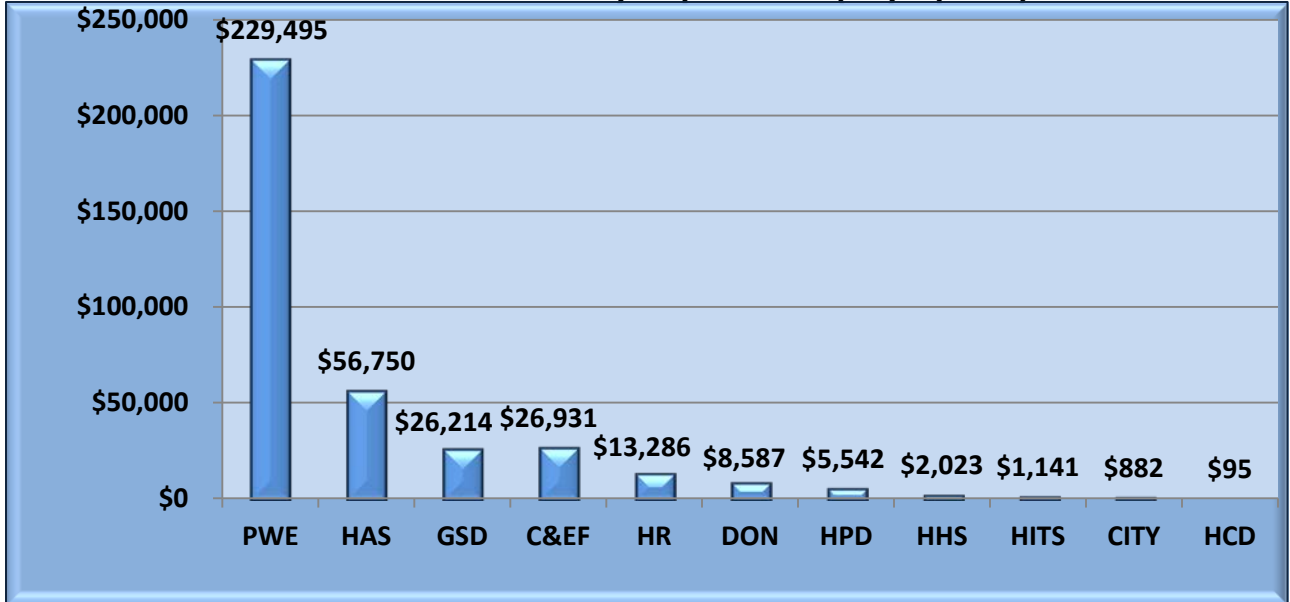
MONTH	AMOUNT COLLECTED
July	\$ 59,361.00
August	\$23,724.00
September	\$17,855.00
October	\$30,934.00
November	\$25,375.00
December	\$19,371.00
January	\$46,547.00
February	\$38,372.00
March	\$9,163.00
April	\$8,372.00
May	\$17,398.00
June	\$74,473.00
<b>Total</b>	<b>\$370,945.00</b>





**Contractor Responsibility Fund Analysis**

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



Note: Dollar value represented does not include interest

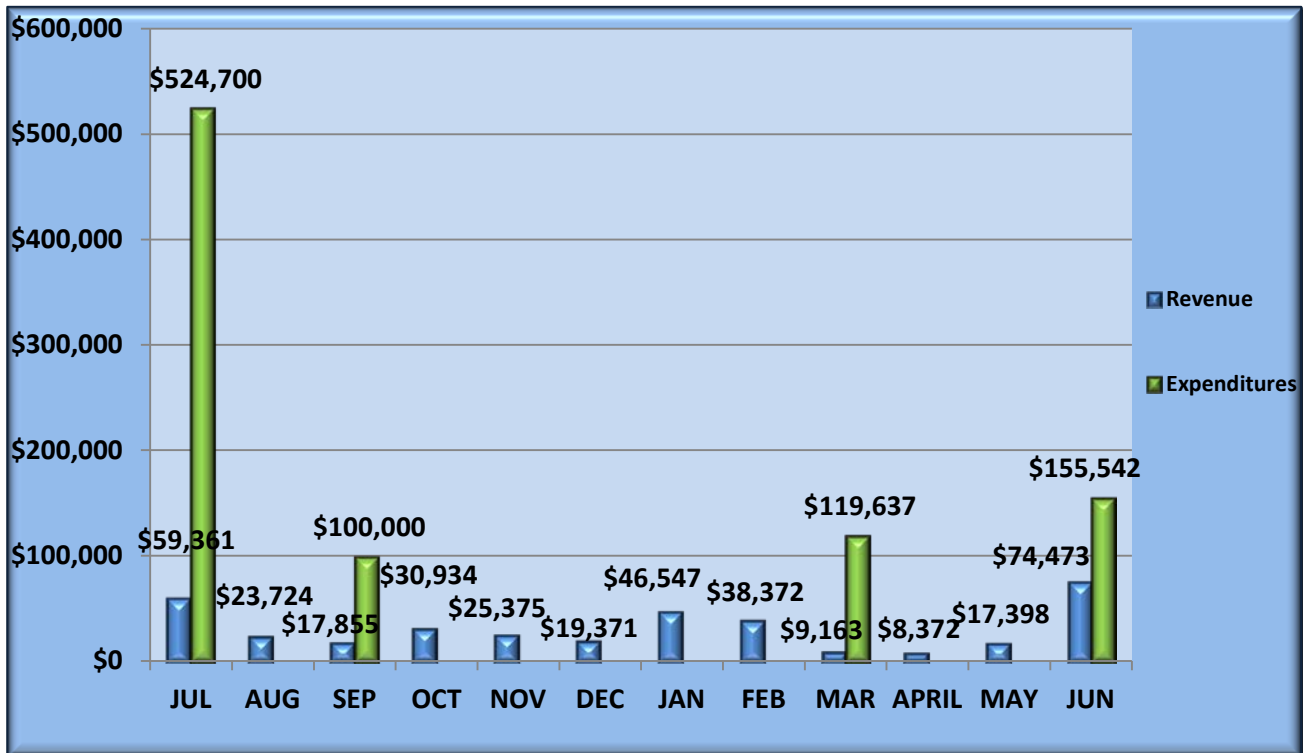
Department	Dollar Amount Collected	Number of Pay Option Contracts	Percent of All Pay Option Contracts
Public Works and Engineering	\$ 229,494.86	70	45%
Houston Airport System**	\$ 56,749.75	33	22%
General Service Department	\$ 26,214.25	24	19%
Convention and Entertainment Facility	\$ 26,930.66	6	3%
Human Resources	\$ 13,285.50	2	1%
Department of Neighborhoods	\$ 8,586.83	2	1%
Houston Police Department	\$ 5,542.40	1	1%
Health and Human Services	\$ 2,023.00	7	5%
Houston Information Technology Services	\$ 1,141.00	1	1%
City Wide	\$ 881.75	2	1%
Housing and Community Development	\$ 95.00	1	1%
<b>Total:</b>	<b>\$ 370,945.00</b>	<b>149</b>	<b>100%</b>

\*\*After an HPD investigation, a Court determined that a City employee diverted \$48,500 (4 contracts impacted) from the Pay or Play fund during FY2014 to a non-City account. The Court has ordered the employee to repay the funds. In an effort to safeguard future funds collected, the City is implementing an electronic deposit process which will enable contractors to directly deposit POP funds into a designated City account, to which only approved City employees will have access. In addition, the City will strengthen program accountability and reporting by leveraging a citywide database that will be used by all City departments for monitoring purposes.





Pay or Play Funds Collected and Disbursed



Note: Dollar value collected includes interest

**Revenue**

In FY 2014 there was a total of \$370,945.00 collected for the Contractors Responsibility Fund.

**Expenditures**

In the first quarter of FY 2014 \$400,000.00 was expended to Care Houston Program followed by \$124,700 to the TexHealth Harris County 3 Share Plan and \$100,000.00 was expended to the Alternative Transportation Program . In the third quarter \$119,637 was allocated to the TexHealth Harris County 3 Share Plan and finally in the fourth quarter \$55,542 was expended to TexHealth Harris County 3 Share Plan and \$100,000 to the Alternative Transportation Program for a total of \$899,879.00 for the fiscal year.

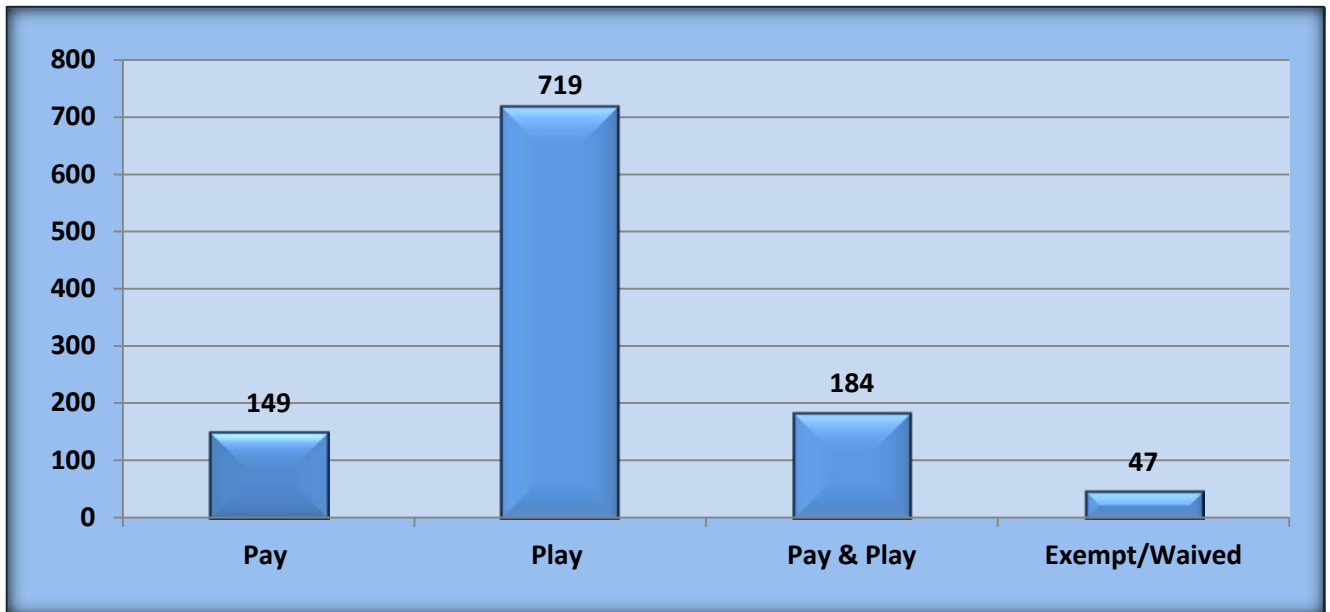




## POP Participation Analysis

FY 2014

Pay or Play Options Selected by Prime Contractors and Subcontractors



### POP Options Selected

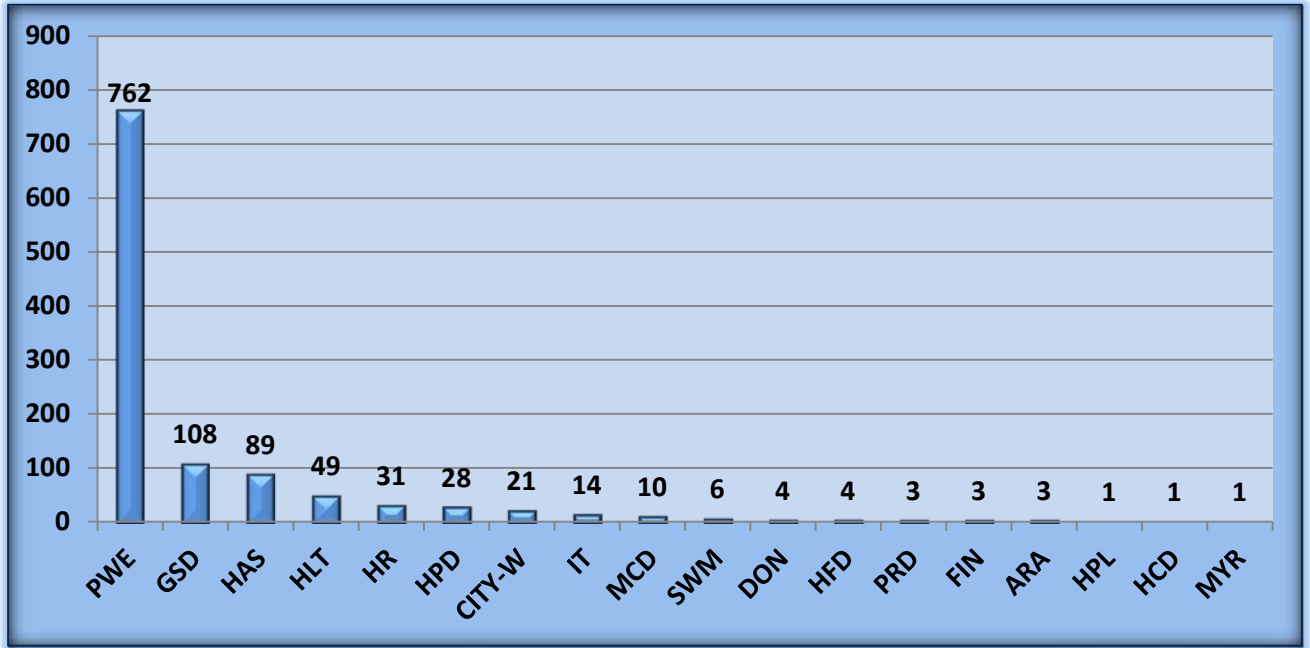
FY 2014 data indicated that more prime contractors and subcontractors chose to participate in the “play option” (providing insurance) of the program rather than the “pay option” (paying into the CRF). Also, more contractors opted to both “pay” on behalf of some employees and “play” on behalf of others rather than simply paying into the Contractors Responsibility Fund. Only 47 City of Houston contracts have been approved by OBO for exemption from the program. 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.







Number of Prime and Subcontractor Participants by Department



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

Dpt.	PWE	GSD	HAS	HLT	HR	HPD	CITY	IT	MCD	SWM	DON	HFD	PRD	FIN	ARA	HPL	HCD	MYR	TOT
Pay	70	30	34	7	2	0	2	0	0	1	1	0	1	0	0	0	1	0	149
Play	529	61	18	25	23	13	15	11	4	4	2	4	2	3	3	1	0	1	719
Both	123	0	37	2	5	13	3	0	0	0	1	0	0	0	0	0	0	0	184
Exmp Waived	1	17	0	15	1	2	1	3	6	1	0	0	0	0	0	0	0	0	47
<b>Total</b>	<b>723</b>	<b>108</b>	<b>89</b>	<b>49</b>	<b>31</b>	<b>28</b>	<b>21</b>	<b>14</b>	<b>10</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1099</b>

**POP Participation**

Currently there is record of over 900 COH POP eligible contracts that were valued at more than \$3.5 billion. There were 47 exemption/waivers and over 1,000 prime and subcontractors participating in the POP program.





Educate. Connect. Grow.

**Created by: Gracie Orr, Pay or Play Contract Administrator**

**Co Produced by: Carlecia D. Wright, Office of Business Opportunity Director  
Marsha E. Murray, Office of Business Opportunity Assistant Director  
Morris Scott, Contract Compliance Division Manager  
Patsy Jackson, Chief Financial Officer and Data Analyst**