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City of Houston Pay or Play Program Updates

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Presented by: Gracie Orr, POP Administrator
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Annise D. Parker

Mayor

Carlecia D. Wright

Director

611 Walker, 7th Floor
Houston, TX 77002
www.houstontx.gov/obo

T. 832.393.0600 F. 832.393.0646

Overview



- ❖ **Principles of the Pay or Play (POP) Program**
- ❖ **Program Elements**
- ❖ **Programs Supported by POP**
- ❖ **POP Compliance Review**
- ❖ **Enhancements to POP Program**





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Principles of POP





When was the Pay or Play Program Established?

- A. 2007
- B. 2012
- C. 2014



Principles of POP



The Pay or Play program was established by Ordinance 2007-534 on July 1, 2007 and is governed by Executive Order 1-7 which mandates contractors to the following:

- ❖ Contribute prescribed amounts to the “Contractor’s Responsibility Fund” to defray associated cost of uninsured citizens of the Houston and Harris County area (**Pay**) OR;
- ❖ Provide a minimum level of healthcare coverage to their employees. (**Play**)

Principles of POP Contd.



- ❖ Create a more level playing field among competing Contractors.
- ❖ Enhance fairness in the competition for Contracts between bidders that choose to offer health benefits to their workforce and those who do not.
- ❖ Recognize and account for the fact that there are costs associated with the health care of the uninsured.



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Program Elements



POP Quiz



What is the dollar threshold that a Prime and Sub have to meet in order to be subject to POP?

- A. \$1 Million for Prime and \$200,000 for Sub
- B. \$100,000 for Prime and \$200,000 for Sub
- C. \$200,000 for Prime and \$500,000 for Sub



Covered Contracts



- ❖ Contracts advertised after July 1, 2007
- ❖ Professional Services Contracts
- ❖ Construction Contracts
- ❖ Service Contracts
- ❖ Contracts valued at or above \$100K including contingencies, amendments, and supplemental terms
- ❖ Subcontracts valued at or above \$200K including contingencies, amendments, and supplemental terms

Contracts Not Covered



Any Contract in which the primary purpose is procurement of:

- ❖ Property
- ❖ Goods
- ❖ Supplies
- ❖ Equipment OR;
- ❖ Inter-governmental contract, inter-governmental agreement or purchasing cooperative

Waiver for POP Contracts



The City of Houston will award a Contract to a Contractor that neither Pays nor Plays if the Contractor has received an approved waiver (Form POP-4 only City departments can request). Contract or Subcontract is appropriate for a waiver based on the following:

- ❖ Emergency
- ❖ Essential
- ❖ Adverse Impact
- ❖ Bulk Purchasing
- ❖ Intergovernmental/Inter-local Agreement/Purchasing Cooperative

Covered Employees



Employees of a covered Contractor or Subcontractor, including contract labor must meet the following:

- ❖ Over the age of 18
- ❖ Work at least 30 hours per week
- ❖ Work any amount of time under a covered city Contract or Sub-contract

Pay Contracts



- ❖ Contribute \$1.00 per regular hour of work performed per covered employee under the Contract with the City.
- ❖ Provide monthly report on the POP-5 Form listing the names of employees, hours worked, exemptions and amount owed to City.
- ❖ Submit an initial report with the second invoice to the department.

Pay Option Example



John Smith, Smith Construction

First Week: John worked 45 hours for his company.
John worked 10 hours on the City project.
Smith Construction would owe \$10.00 for that week.

Second Week: John worked 45 hours for his company.
All 45 hours worked were on the City Project.
Smith Construction would owe \$40.00 for that week.

Third week: John worked 25 hours for his company.
John worked 5 hours on the City project.
Smith Construction would owe \$0.00 for that week.

Pay Contracts



Funds Collected by Department (Pay Option)

Department	Dollar Amount Collected	Number of Pay Option Contracts	Percent of All Pay Option Contracts
Public Works and Engineering	\$ 455,754.05	99	57%
Houston Airport System	\$ 329,823.74	26	16%
General Service Department	\$ 122,175.91	28	15%
Human Resources	\$ 10,608.00	2	1%
Convention and Entertainment Facility	\$ 7,481.65	2	1%
Department of Neighborhoods	\$ 6,303.25	5	1%
Houston Police Department	\$ 4,685.50	1	1%
Health and Human Services	\$ 2,822.50	9	5%
Restitution Payments **	\$ 689.00	1	1%
City Wide	\$ 439.50	1	1%
Housing and Community Development	\$ 65.00	1	1%
Total:	\$ 940,848.10	177	100%

Play Contracts



- ❖ Play Contracts provide health benefits to covered employees.
- ❖ The employer contributes no less than \$150 per covered employee per month toward the total premium cost.
- ❖ The covered employee contributed, if any amount, no more than \$150, and no greater than 50% of the total monthly premium cost (single coverage only).
- ❖ Provide quarterly reports to the POP Liaison showing continued proof of coverage on POP-7 form.



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Programs Supported by POP



POP Quiz



How many programs are supported by POP Funds?

A. 1

B. 4

C. 3



Programs Supported by POP



Care Houston Program (HLT/HFD)

- ❖ Collaboration between HFD & HHD
- ❖ EMS Identifies repetitive non-emergent 911 callers
- ❖ 1,964 Clients referred to HHD in FY2015, 910 diverted from 911 Service
- ❖ Saved an estimated \$2.5 Million

Programs Supported by POP



Alternative Transportation Program (EMS)

- ❖ Collaboration between Harris County Healthcare Alliance, Houston Fire Department, Houston Health Department, Harris County RIDES, Greater Houston HealthConnect and Community Health Centers.
- ❖ 946 patients referred to the ATP, 785 of whom were diverted from emergency transportation.
- ❖ Estimated net savings of \$991,755.00 and over the past seven years, ATP has realized net savings of \$8 million for the City of Houston.

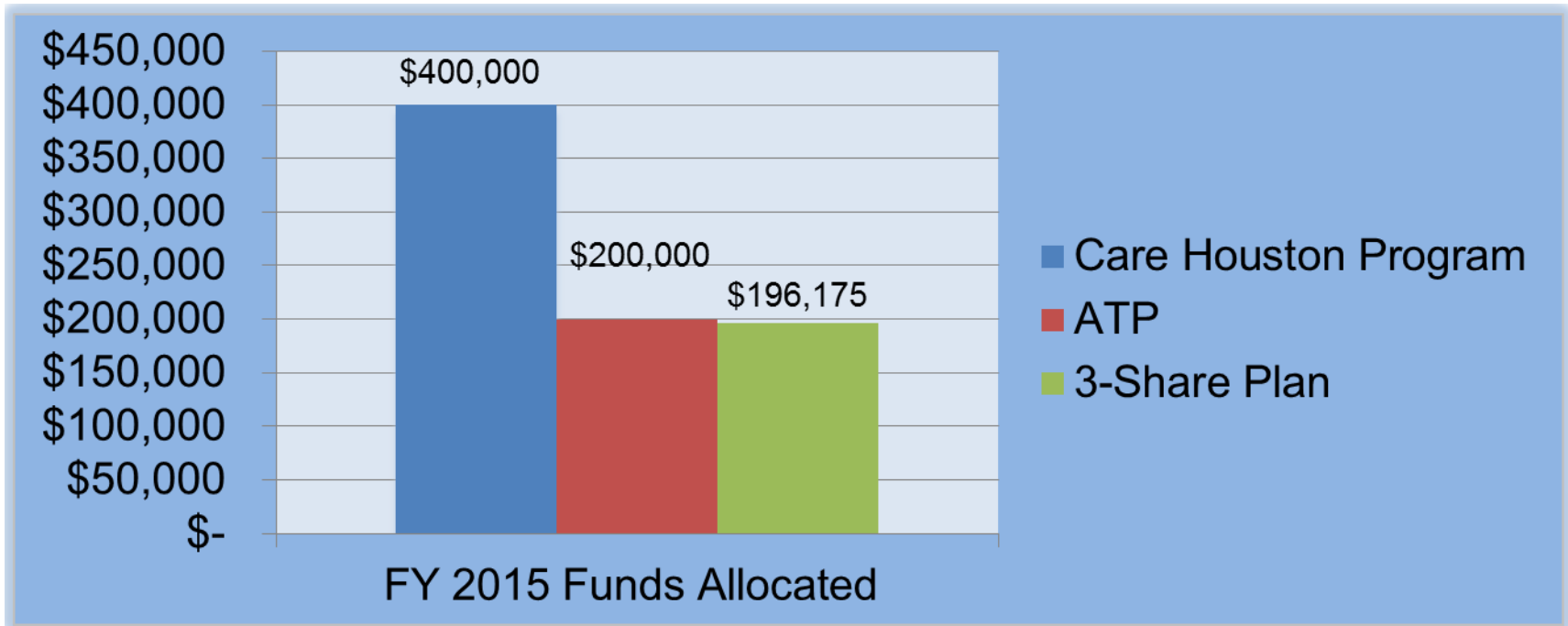
Programs Supported by POP



TexHealth Harris County 3 Share Plan

- ❖ Uses the Contractor Responsibility Fund to subsidize insurance premiums for low income individuals employed by small businesses.
- ❖ Afforded 51 small business owners and 261 employees to take advantage of this low-cost health benefit program.

Programs Supported by POP





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POP Compliance Review



Internal



Performed on a Department level, city wide by the POP Administrator and addresses:

- ❖ Methods of reporting
- ❖ Management of data received by contractor
- ❖ Effectiveness of methods utilized to monitor compliance of POP
- ❖ Review accounting and record keeping procedures

Contractor Onsite



Contractor onsite compliance reviews are performed on Contracts that have been flagged as non-compliant and analyze the following:

- ❖ Contractors and Subcontractors internal controls used to establish compliance with the POP program in accordance with program requirements
- ❖ Methods of reporting
- ❖ Management of data
- ❖ Review accounting and record keeping procedures

Employee Audit (Contractor)



Performed through visiting construction jobsite and conducting an interview with employees of a Contractor or Subcontractor subject to POP compliance, the interview assesses the following:

- ❖ If the employee works at least 30 hours per week
- ❖ If the employee has been offered health insurance
- ❖ How much the monthly premium is
- ❖ If the employee accepted the benefits



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Enhancements to POP Program



POP Quiz



What does POPMS Stand for?

- A. People Organizing People Management System
- B. Pay or Play Management System
- C. Payment of POP Management System

Pay or Play Program Management System (POPMS)

The POPMS gives each Department Liaison access to monitor and track all POP eligible department specific Contracts. It also allows Contractor access to input POP requirements. The POPMS provides the following benefits:

- ❖ Access to a dashboard that flags non-compliant Contractors
- ❖ Access to Contracts, vendors, pop forms and reports
- ❖ Track invoice payments and submission of POP forms
- ❖ Streamlines efforts and provides transparency

ACH Deposit Benefits



Contractors now have the option to deposit funds in City's masters account using the Automated Clearing House (ACH) method. Benefits include:

- ❖ Maximization of the efficiency and management of POP deposits in CRF
- ❖ Streamlining of the deposit process
- ❖ Decrease in risk of fraud
- ❖ Efficiency in tracking the funds through POPMS

OBO Pay or Play Online Resource Center

OBO provides POP related assistance, POP forms, and all POP related updates through our website

www.houstontx.gov/obo/

Form	Description
POP-1	City of Houston Pay or Play Acknowledgement
POP-2	City of Houston Certification of Compliance with Pay or Play Program
POP-3	City of Houston Pay or Play Program List of Subcontractors
POP-4	City of Houston Pay or Play Program Contractor/Subcontractor Waiver Request
POP-5	City of Houston Pay or Play Program Contractor/Subcontractor Reporting Form (Pay Option)
POP-6	City of Houston Pay or Play Program Monthly Department Report
POP-7	City of Houston Pay or Play Program Contractor/Subcontractor Reporting Form (Play Option)
POP-8	City of Houston Pay or Play Program Employee Waiver Request
POP-9	City of Houston Pay or Play Self-Insured Request



Questions?

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Thank You.

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