



City of Houston Pay or Play Program Requirements



I. Pay or Play Program Overview

A. Purpose

The Pay or Play Program was established with Ordinance 2007-534 on July 1, 2007 and is governed by Executive Order 1-7. The Pay or Play Program (POP Program) creates a more level playing field and enhances fairness in the bid process between competing contractors that choose to offer health benefits to their workforce and those who do not. The program also recognizes and accounts for the fact that there are costs associated with health care of the uninsured citizens of the Houston and Harris County area.

B. Program Elements

1. Covered contracts:

- I.) Advertised after July 1, 2007 or which is executed on or after the effective date of this Executive Order.
- II.) Contracts valued at or above \$100,000.00 (contract) and \$200,000.00 (sub-contract) including contingencies, amendments, supplemental terms and/or change orders.
- III.) Professional Service, Construction, and Service type contracts.

2. Contracts not covered:

- I.) Any contract in which the primary purpose is procurement of property, goods, supplies, and or equipment.
- II.) An inter-governmental contract, inter-governmental agreement or purchasing cooperative.

3. Covered employees: This program applies to employees of a covered contractor or subcontractor, including contract labor, who are over age 18, work at least 30 hours per week and work any amount of time under a covered city contract or subcontract.

4. Pay or Play Option:

- I.) "Pays" by contributing \$1.00 per covered employee per regular hour for work performed under the contract with the City; or
- II.) "Plays" by providing health benefits to covered employees. Health benefits must meet or exceed the following standards:
 - The **employer will contribute no less than \$150 per covered employee per month** toward the total premium cost.
 - The **employee contribution, if any amount, will be no greater than 50% of the monthly premium cost and no more than \$150 per month.**

****Note: (1)A contractor is deemed to have complied with section 5.4 of E.O. 1-7 with respect to a covered employee who is not provided health benefits if the employee refuses the benefits and the employee's contribution to the premium is no more than \$40 per month. (2) If applicable the contractor has the option to both Pay and Play.***



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5. **Exemptions/Waivers:** The City of Houston will award a contract to a contractor that neither Pays nor Plays only if the contractor has received an approved waiver (Form POP-4 requested by City departments only).
6. **Administration:** Contractor performance in meeting Pay or Play program requirements will be managed by the contracting department. The Office of Business Opportunity (OBO) has administrative oversight of the program, including audit responsibilities (department compliance). Questions about the program should be referred to the Department POP Liaison an updated contact list is available on <http://www.houstontx.gov/obo/popforms.html> or call Gracie Orr with the Office of Business Opportunity at 832-393-0633.

II. Documentation and Reporting Requirements

A. Document that must be signed and returned to administering department with the bid/proposal.

- 1.) City of Houston Pay or Play Program Acknowledgment Form (Form POP-1) acknowledges bidder/proposers' knowledge of the program and its requirements, and the intention to comply.

B. Documents that must be signed and returned to administering department within a period designated by the department's Contract Administrator, upon notification of low bidder or successful proposer status:

- 1.) Certification of Compliance with Pay or Play Program (Form POP-2)

****Note - Contractors that opt to "play" must provide proof of coverage, including document from insurance provider, and names of covered employees.***

- 2.) List of Subcontractors (Form POP-3)

****Note- Review the affidavit statement at the bottom of this form for further important POP Compliance information.***

C. Contractors reporting requirements:

- 1.) Contractors that opt to Pay
Provide monthly reports to administering department, detailing names of employees, hours worked, exemptions (if any) and amount owed. (Form POP-5)
- 2.) Contractors that opt to Play
Provide periodic reports to the contract administrator showing proof of coverage (insurance premium invoice or insurance card) reporting schedule will be determined by administering department based on length of contract. (Form POP-7)



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3.) Employee Waiver Request

Contractor may request POP program waiver by submitting the request on POP-8 if the employee is less than 18 years old, employee has other health coverage such as through spouse or parents, or Medicare/Medicaid.

****Note proof of coverage must be provided in the form of a copy of the employee's insurance card. (Remove social security numbers if applicable)***

- 4.) Contractors shall submit an initial report with the second invoice to the department. Payments based on monthly reports are due to the contracting department with submission of the following month's invoice. Payments may be made out to the City of Houston preferably via cashier check or business check.

III. Compliance and Enforcement

The Office of Business Opportunity will audit program compliance. Contractors willfully violating or misrepresenting POP program compliance will be subject to corrective and/or punitive action, including but not limited to the assessment of fines and penalties and/or debarment. The Pay or Play Program Requirements Form and all other POP Forms are available for downloading from the City of Houston's Website at <http://www.houstontx.gov/obo/popforms.html>