

**Resolution of the Board of Directors  
Supporting “Pay or Play” Policies**


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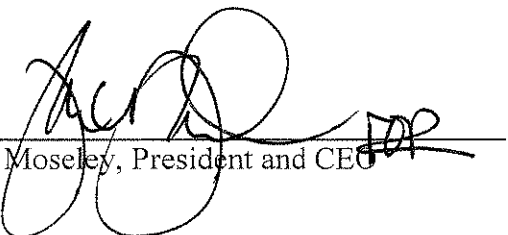
The Greater Houston Partnership supports the use of “pay or play” policies in regional businesses, including state and local governments, to promote a healthy workforce. By requiring contractors to provide a minimal level of health benefits or contribute toward a fund that covers the cost of services for persons without health insurance, regional businesses can acknowledge and account for the costs of providing care to the uninsured.

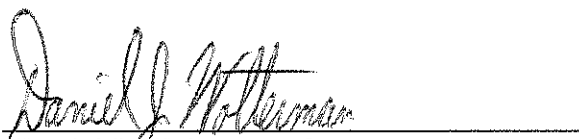
The Greater Houston Partnership supports the premise that “pay or play” policies:

- Promote fairness in the awarding of contracts.
- Promote work environments that support a quality workforce.
- Account for the costs of healthcare for the uninsured, which currently are shifted to businesses that do insure their employees.

The Greater Houston Partnership urges regional businesses to adopt “pay or play” programs and in so doing establish this region as one of the leaders in addressing the costs of the uninsured.

  
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John D. Hofmeister, Chairman

  
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Jeff Moseley, President and CEO

  
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Daniel J. Wolterman, Secretary



**MEMORANDUM**

**DATE:** September 5, 2007

**TO:** Greater Houston Partnership Board of Directors

**FROM:** Jim Edmonds, Chairman  
Healthcare Issues Advisory Committee

**SUBJECT:** Resolution of the Board of Directors in Supporting “Pay or Play” Policies

**RECOMMENDATION:**

The Greater Houston Partnership supports the use of “pay or play” policies in regional businesses, including state and local governments, to promote a healthy workforce. By requiring contractors to provide a minimal level of health benefits or contribute toward a fund that covers the cost of services for persons without health insurance, regional businesses can acknowledge and account for the costs of providing care to the uninsured.

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**BACKGROUND:**

“Pay or Play” policies have been adopted across the county. These programs require designated contractors to provide a minimal level of health care benefits or otherwise contribute toward cost of services for persons without health insurance. These policies serve two objectives: (1) to establish a level playing field for purposes of considering bids for contracts and (2) to enable companies to contract for services with firms who can attract and retain good employees.

On May 2, 2007, the City of Houston passed a “pay or play” policy in an effort to reduce an estimated 1.2 million area residents without health insurance. The City of Houston’s program works as follows:

**Designated Vendors:**

“Pay or Play” Policy applies to firms that enter into contracts valued at or above \$100,000 for the provision of professional and non-professional services to the City. Firms meeting these criteria will agree to one of the following options.

**Option One - Pay:**

A city contractor may opt to contribute \$1 per hour performed by a full-time (thirty or more hours each week) employee under the contract with the city. Paid to the City, the money will exist in a fund purposed to finance medical care for uninsured persons residing in Houston and Harris County.

**Option Two - Play:**

A city contractor may opt to offer a health benefit to full-time employees who work any number of hours on a contract with the city. The policy does not dictate the content of the health benefit. Rather, the policy requires that the health benefit consist of a plan that meets or exceeds the following standards: (1) the employer contributes no less than \$150 per employee per month toward the total premium cost; and (2) the employee contributes (if any amount) no more than 50 percent of the total monthly premium cost. Compliance with the agreement to "play" does not depend upon the number of employees that choose to participate in the health plan selected and offered by the employer.

**PROS:**

- Promotes fairness in the bidding process for contracts.
- Promotes work environments that will support a quality workforce.
- The "pay or play" policies engage the business community as partners in the challenge to support the workforce in the local community.

**CONS:**

- Opponents state that increased costs could drive some businesses under and raise prices for consumers.
- Could be perceived as a business mandate.

**FISCAL IMPACT:**

If "pay or play" policies are implemented by regional businesses, significant reduction in the public healthcare costs will be realized.

**KNOWN OPPOSITION:**

There is no known opposition to this initiative.

**RESOURCES REQUIRED:**

This recommendation can be implemented with available Greater Houston Partnership staff and within current operating budget.