

Memorial Health System Enterprise

Charae McDaniel, Chief Financial Officer | (719) 385-5919 | Charae.McDaniel@coloradosprings.gov

Purpose

City Council authorized and directed that funds from the Health System Operating Lease Agreement or the Integration and Affiliation Agreement with University of Colorado Health are placed into an appropriate segregated account and shall be spent only to satisfy obligations specifically provided for in the agreements. Funds remaining after satisfying the obligations shall be transferred directly into the City controlled non-profit foundation, Colorado Springs Health Foundation, as provided for under IRS Sections 501(c)(3) and 509(a) and authorized by City Council and the Mayor pursuant to Resolution No. 89-12.

The goal of the Memorial Health System Enterprise is to satisfy those obligations and transfer funds to the foundation as required and directed in the Funds Management Agreement.

All Funds Summary

All Funds	Source of Funds	2020 Actual	2021 Original Budget	* 2021 Amended Budget	2022 Budget	2022 Budget - * 2021 Amended Budget
	Memorial Enterprise	\$7,316,172	\$5,659,212	\$5,659,212	\$5,645,412	(\$13,800)
Total	\$7,316,172	\$5,659,212	\$5,659,212	\$5,645,412	(\$13,800)	
Uses of Funds						
Memorial Enterprise	\$7,316,172	\$5,659,212	\$9,571,792	\$5,645,412	(\$3,926,380)	
Total	\$7,316,172	\$5,659,212	\$9,571,792	\$5,645,412	(\$3,926,380)	

* 2021 Amended Budget as of 8/13/2021

Significant Changes vs. 2021

- Decrease of \$13,800 in projected interest revenue
- Net decrease of approximately \$3.9 million due to the transfer of funds received from the periodic reconciliation with UC Health to the Colorado Springs Health Foundation during 2021

Memorial Health System Enterprise

Beginning in 1949, the City of Colorado Springs owned and operated Memorial Health System, dedicated to being a regional leader in providing high quality healthcare services to all residents.

Upon careful consideration, City Council considered the option of leasing the assets of Memorial Health System to an outside independent operator to ensure the best possible healthcare for the entire community. The Memorial Health System Task Force, created by City Council, recommended that City Council select the University of Colorado Health System as the exclusive bidder to be considered for this strategic partnership.

On August 28, 2012, voters approved the proposed operating lease agreement and the integration and affiliation agreement with the University of Colorado Health System. The transaction was finalized on October 1, 2012.

The Memorial Health System Enterprise remains primarily as a leasing entity. The Memorial Health System Enterprise collects lease payments and continues to incur expenditures related to excluded liabilities, such as the run-out on medical claims and workers' compensation claims incurred prior to October 1, 2012.

The sections below provide a summary of the Budget, changes that occurred after the budget was implemented for 2021, and changes occurring as part of the 2022 Memorial Health System Enterprise budget.

Memorial Health System Fund: Summary and Funding Changes

Memorial Health System Enterprise Fund	Source of Funds	2019 Actual	2020 Actual	2021 Original Budget	* 2021 Amended Budget	2022 Budget	2022 Budget - * 2021 Amended Budget
	Rental	\$2,874,404	\$2,788,714	\$5,612,112	\$5,612,112	\$5,612,112	\$0
	Interest	61,798	68,341	47,100	47,100	33,300	(13,800)
	Miscellaneous	61,217	4,459,117	0	0	0	0
	MHS UCH Margin Share	1,384,091	0	0	0	0	0
	Total	\$4,381,510	\$7,316,172	\$5,659,212	\$5,659,212	\$5,645,412	(\$13,800)
	Use of Funds	2019 Actual	2020 Actual	2021 Original Budget	* 2021 Amended Budget	2022 Budget	2022 Budget - * 2021 Amended Budget
	Salary/Benefits/Pensions	\$78,255	(\$3,173)	\$0	\$0	\$0	\$0
	Operating	4,303,255	7,319,345	5,659,212	9,571,792	5,645,412	(3,926,380)
	Total	\$4,381,510	\$7,316,172	\$5,659,212	\$9,571,792	\$5,645,412	(\$3,926,380)
Funds in excess of operational needs will be transferred to the Foundation per the Funds Management Agreement.							

Funding Changes	During 2021	* 2021 Amended - 2021 Original Budget
	Supplemental appropriation to transfer funds received from the periodic reconciliation with UC Health to the Colorado Springs Health Foundation	\$3,912,580
	Total During 2021	\$3,912,580
	For 2022	2022 Budget - * 2021 Amended Budget
	Operating	
	Decrease due to the one-time transfer of funds received from the periodic reconciliation with UC Health to the Colorado Springs Health Foundation	(\$3,912,580)
	Net decrease in projected operating costs	(13,800)
	Total Operating	(\$3,926,380)
Total For 2022	(\$3,926,380)	

* 2021 Amended Budget as of 8/13/2021

City of Colorado Springs Budget Detail Report

430 - MEMORIAL HEALTH SYSTEM FUND

Memorial Health System Enterprise

Acct # - Description	2019 Actual	2020 Actual	2021 Original Budget	* 2021 Amended Budget	2022 Budget	2022 Budget - * 2021 Amended Budget
Salaries/Benefits/Pensions						
51299 - SALARIES REIMBURSEMENTS	78,255	(3,173)	0	0	0	0
Salaries/Benefits/Pensions Total	78,255	(3,173)	0	0	0	0
Operating						
52568 - BANK AND INVESTMENT FEES	1,373	2,222	5,181	5,181	3,663	(1,518)
52575 - SERVICES	0	0	32,000	32,000	32,000	0
52576 - AUDIT SERVICES	1,809	0	0	0	0	0
60235 - MHS DEATH BENEFIT	0	(4,500)	0	0	0	0
65127 - CLAIMS AND DAMAGES MEMORIAL	19,022	65,045	14,000	14,000	14,000	0
65133 - INSURED LIAB CLAIMS MEMORIAL	0	4,493	0	0	0	0
65150 - LEGAL DEFENSE	113,100	110,622	160,000	160,000	160,000	0
65181 - RESIDUAL EQUITY TRANSFER OUT	4,172,339	7,189,992	5,448,031	9,360,611	5,435,749	(3,924,862)
65210 - ADJUST RESERVE	(4,388)	(48,529)	0	0	0	0
Operating Total	4,303,255	7,319,345	5,659,212	9,571,792	5,645,412	(3,926,380)
Grand Total	4,381,510	7,316,172	5,659,212	9,571,792	5,645,412	(3,926,380)
Revenue						
40113 - MISCELLANEOUS	6,752	2,404	0	0	0	0
43180 - GAIN LOSS INV MKT VALUE	51,211	88,040	0	0	0	0
44020 - MISCELLANEOUS GENERAL	0	455,910	0	0	0	0
44030 - ACCT REC COLLECTION	3,254	182	0	0	0	0
45901 - MISCELLANEOUS	0	3,912,581	0	0	0	0
45905 - RENTAL INCOME	2,874,404	2,788,714	5,612,112	5,612,112	5,612,112	0
46025 - INTEREST	61,798	68,341	47,100	47,100	33,300	(13,800)
46040 - MHS UCH MARGIN SHARE	1,384,091	0	0	0	0	0
Total Revenue	4,381,510	7,316,172	5,659,212	5,659,212	5,645,412	(13,800)

* 2021 Amended Budget as of 8/13/2021