

# Memorial Health System Enterprise

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## 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	2021 Actual	2022 Original Budget	* 2022 Amended Budget	2023 Budget	2023 Budget - * 2022 Amended Budget
	Memorial Enterprise	\$4,252,098	\$5,645,412	\$5,645,412	\$5,679,412	\$34,000
<b>Total</b>	<b>\$4,252,098</b>	<b>\$5,645,412</b>	<b>\$5,645,412</b>	<b>\$5,679,412</b>	<b>\$34,000</b>	
Uses of Funds						
Memorial Enterprise	\$4,252,099	\$5,645,412	\$7,280,289	\$5,649,152	(\$1,631,137)	
<b>Total</b>	<b>\$4,252,099</b>	<b>\$5,645,412</b>	<b>\$7,280,289</b>	<b>\$5,649,152</b>	<b>(\$1,631,137)</b>	

\* 2022 Amended Budget as of 8/31/2022

## Significant Changes vs. 2022

- Increase of \$34,000 in projected interest revenue
- Net decrease in expenditures of approximately \$1.6 million due to the supplemental appropriation to transfer UC Health margin share proceeds which were received in November 2021 to the Colorado Springs Health Foundation during 2022

## Memorial Health System Enterprise

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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 2022, and changes occurring as part of the 2023 Memorial Health System Enterprise budget.

## Memorial Health System Fund: Summary and Funding Changes

Memorial Health System Enterprise Fund	Source of Funds	2020 Actual	2021 Actual	2022 Original Budget	* 2022 Amended Budget	2023 Budget	2023 Budget - * 2022 Amended Budget
	Rental	\$2,788,714	\$2,700,343	\$5,612,112	\$5,612,112	\$5,612,112	\$0
	Interest	68,341	43,081	33,300	33,300	67,300	34,000
	Miscellaneous	4,459,117	(126,203)	0	0	0	0
	MHS UCH Margin Share	0	1,634,877	0	0	0	0
	<b>Total</b>	<b>\$7,316,172</b>	<b>\$4,252,098</b>	<b>\$5,645,412</b>	<b>\$5,645,412</b>	<b>\$5,679,412</b>	<b>\$34,000</b>
	Use of Funds	2020 Actual	2021 Actual	2022 Original Budget	* 2022 Amended Budget	2023 Budget	2023 Budget - * 2022 Amended Budget
	Salary/Benefits/Pensions	(\$3,173)	\$2,569	\$0	\$0	\$0	\$0
	Operating	7,319,345	4,249,530	5,645,412	7,280,289	5,649,152	(1,631,137)
	<b>Total</b>	<b>\$7,316,172</b>	<b>\$4,252,099</b>	<b>\$5,645,412</b>	<b>\$7,280,289</b>	<b>\$5,649,152</b>	<b>(\$1,631,137)</b>
Funds in excess of operational needs will be transferred to the Foundation per the Funds Management Agreement.							

Funding Changes	During 2022	* 2022 Amended - 2022 Original Budget
	Supplemental appropriation to transfer UC Health margin share proceeds which were received in November 2021 to the Colorado Springs Health Foundation	\$1,634,877
	<b>Total During 2022</b>	<b>\$1,634,877</b>
	For 2023	2023 Budget - * 2022 Amended Budget
	Operating	
	Decrease to remove the 2022 supplemental appropriation to transfer UC Health margin share proceeds which were received in November 2021 to the Colorado Springs Health Foundation	(\$1,634,877)
	Net increase in projected operating costs	3,740
	<b>Total Operating</b>	<b>(\$1,631,137)</b>
	<b>Total For 2023</b>	<b>(\$1,631,137)</b>

\* 2022 Amended Budget as of 8/31/2022

# City of Colorado Springs Budget Detail Report

430 - MEMORIAL HEALTH SYSTEM FUND

Memorial Health System Enterprise

Acct # - Description	2020 Actual	2021 Actual	2022 Original Budget	* 2022 Amended Budget	2023 Budget	2023 Budget - * 2022 Amended Budget
<b>Salaries/Benefits/Pensions</b>						
51299 - SALARIES REIMBURSEMENTS	(3,173)	2,569	0	0	0	0
<b>Salaries/Benefits/Pensions Total</b>	<b>(3,173)</b>	<b>2,569</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Operating</b>						
52408 - SETTLEMENT COSTS	0	24,000	0	0	0	0
52568 - BANK AND INVESTMENT FEES	2,222	2,322	3,663	3,663	7,403	3,740
52575 - SERVICES	0	0	32,000	32,000	32,000	0
60235 - MHS DEATH BENEFIT	(4,500)	(9,000)	0	0	0	0
65127 - CLAIMS AND DAMAGES MEMORIAL	65,045	0	14,000	14,000	14,000	0
65133 - INSURED LIAB CLAIMS MEMORIAL	4,493	4,164	0	0	0	0
65150 - LEGAL DEFENSE	110,622	144,702	160,000	160,000	160,000	0
65181 - RESIDUAL EQUITY TRANSFER OUT	7,189,992	4,083,342	5,435,749	7,070,626	5,435,749	(1,634,877)
65210 - ADJUST RESERVE	(48,529)	0	0	0	0	0
<b>Operating Total</b>	<b>7,319,345</b>	<b>4,249,530</b>	<b>5,645,412</b>	<b>7,280,289</b>	<b>5,649,152</b>	<b>(1,631,137)</b>
<b>Grand Total</b>	<b>7,316,172</b>	<b>4,252,099</b>	<b>5,645,412</b>	<b>7,280,289</b>	<b>5,649,152</b>	<b>(1,631,137)</b>
<b>Revenue</b>						
40113 - MISCELLANEOUS	2,404	913	0	0	0	0
43180 - GAIN LOSS INV MKT VALUE	88,040	(127,116)	0	0	0	0
44020 - MISCELLANEOUS GENERAL	455,910	0	0	0	0	0
44030 - ACCT REC COLLECTION	182	0	0	0	0	0
45901 - MISCELLANEOUS	3,912,581	0	0	0	0	0
45905 - RENTAL INCOME	2,788,714	2,700,343	5,612,112	5,612,112	5,612,112	0
46025 - INTEREST	68,341	43,081	33,300	33,300	67,300	34,000
46040 - MHS UCH MARGIN SHARE	0	1,634,877	0	0	0	0
<b>Revenue Total</b>	<b>7,316,172</b>	<b>4,252,098</b>	<b>5,645,412</b>	<b>5,645,412</b>	<b>5,679,412</b>	<b>34,000</b>

\* 2022 Amended Budget as of 8/31/2022