

Memorial Health System Enterprise

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2019 Initiatives

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	2017 Actual	2018 Original Budget	* 2018 Amended Budget	2019 Budget	2019 Budget - * 2018 Amended Budget
	Memorial Enterprise	\$6,851,195	\$5,677,312	\$5,677,312	\$5,694,112	\$16,800
Total	\$6,851,195	\$5,677,312	\$5,677,312	\$5,694,112	\$16,800	
Uses of Funds						
Memorial Enterprise	\$6,851,195	\$5,677,312	\$9,885,068	\$5,694,112	(\$4,190,956)	
Total	\$6,851,195	\$5,677,312	\$9,885,068	\$5,694,112	(\$4,190,956)	

* 2018 Amended Budget as of 9/6/2018

Significant Changes vs. 2018

- Net decrease of approximately \$4.2 million due mainly to the closeout of Memorial Health Systems' prior obligations to the Mountain States Healthcare Reciprocal Retention Group (MSHRRG) in 2017 and the one-time distribution of that reserved funding to the Colorado Springs Health Foundation in 2018.

Memorial Health System Enterprise

Since 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 citizens.

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 2018, and changes occurring as part of the 2019 Memorial Health System Enterprise budget.

Health System Enterprise Fund	Source of Funds	2016 Actual	2017 Actual	2018 Original Budget	* 2018 Amended Budget	2019 Budget	2019 Budget - * 2018 Amended Budget
	Rental	\$3,116,181	\$3,038,060	\$5,612,112	\$5,612,112	\$5,612,112	\$0
	Interest	62,124	45,893	65,200	65,200	82,000	16,800
	Gain/Loss on Investment	(2,054,808)	0	0	0	0	0
	Miscellaneous	11,216	2,553,032	0	0	0	0
	MHS UCH Margin Share	1,216,832	1,214,210	0	0	0	0
	Total	\$2,351,545	\$6,851,195	\$5,677,312	\$5,677,312	\$5,694,112	\$16,800
	Use of Funds	2016 Actual	2017 Actual	2018 Original Budget	* 2018 Amended Budget	2019 Budget	2019 Budget - * 2018 Amended Budget
	Salary/Benefits/Pensions	(\$76,942)	\$0	\$0	\$0	\$0	\$0
Operating	2,428,488	6,851,195	5,677,312	9,885,068	5,694,112	(4,190,956)	
Capital Outlay	0	0	0	0	0	0	
Total	\$2,351,546	\$6,851,195	\$5,677,312	\$9,885,068	\$5,694,112	(\$4,190,956)	
Funds in excess of operational needs will be transferred to the Foundation per the Funds Management Agreement.							

Funding Changes	During 2018	* 2018 Amended - 2018 Original Budget
	Increase for one-time distribution to the Colorado Springs Health Foundation of amounts related to the close out of obligations to MSHRRG in 2017	\$4,207,756
	Total During 2018	\$4,207,756
	For 2019	2019 Budget - * 2018 Amended Budget
	Salaries/Benefits/Pensions	
	None	\$0
	Total Salaries/Benefits/Pensions	\$0
	Operating	
	Decrease due to the one-time distribution to the Colorado Springs Health Foundation in 2018 of amounts related to the close out of obligations to MSHRRG	(\$4,207,756)
	Increase due to projected excess funds transfers to Colorado Springs Health Foundation	14,972
Increase for projected 2019 bank and investment fees	1,828	
Total Operating	(\$4,190,956)	
Capital Outlay		
None	\$0	
Total Capital Outlay	\$0	
Total For 2019	(\$4,190,956)	

* 2018 Amended Budget as of 9/6/2018

City of Colorado Springs Budget Detail Report

430 - MEMORIAL HEALTH SYSTEM FUND

Acct # - Description	2016 Actual	2017 Actual	2018 Original Budget	* 2018 Amended Budget	2019 Budget	2019 Budget - * 2018 Amended Budget
Salaries/Benefits/Pensions						
51299 - SALARIES REIMBURSEMENTS	(76,942)	0	0	0	0	0
Salaries/Benefits/Pensions Total	(76,942)	0	0	0	0	0
Operating						
52568 - BANK AND INVESTMENT FEES	4,120	2,662	7,172	7,172	9,000	1,828
52575 - SERVICES	18	40	32,000	32,000	32,000	0
52576 - AUDIT SERVICES	0	125,233	0	0	0	0
60140 - MEDICAL CLAIMS EXPENSES	(14,241)	(373)	0	0	0	0
65051 - ADM FEE	550	550	0	0	0	0
65127 - CLAIMS AND DAMAGES MEMORIAL	17,673	18,373	10,000	10,000	12,000	2,000
65133 - INSURED LIAB CLAIMS MEMORIAL	0	34,038	25,000	25,000	37,000	12,000
65150 - LEGAL DEFENSE	222,320	104,168	142,000	142,000	128,000	(14,000)
65181 - RESIDUAL EQUITY TRANSFER OUT	2,619,715	6,547,298	5,461,140	9,668,896	5,476,112	(4,192,784)
65210 - ADJUST RESERVE	(421,667)	19,206	0	0	0	0
Operating Total	2,428,488	6,851,195	5,677,312	9,885,068	5,694,112	(4,190,956)
Grand Total	2,351,546	6,851,195	5,677,312	9,885,068	5,694,112	(4,190,956)
Revenue						
40113 - MISCELLANEOUS	5,238	16,582	0	0	0	0
43180 - GAIN LOSS INV MKT VALUE	(2,836)	(47,988)	0	0	0	0
44030 - ACCT REC COLLECTION	8,814	3,359	0	0	0	0
44060 - GAIN LOSS ON INVESTMENT	(2,054,808)	0	0	0	0	0
45901 - MISCELLANEOUS	0	2,581,079	0	0	0	0
45905 - RENTAL INCOME	3,116,181	3,038,060	5,612,112	5,612,112	5,612,112	0
46025 - INTEREST	62,124	45,893	65,200	65,200	82,000	16,800
46040 - MHS UCH MARGIN SHARE	1,216,832	1,214,210	0	0	0	0
Total Revenue	2,351,545	6,851,195	5,677,312	5,677,312	5,694,112	16,800

* 2018 Amended Budget as of 9/6/2018