

Memorial Health System Enterprise

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2017 Goals

City Council authorized and directed that funds and monies 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, at the appropriate time, transfer funds to the foundation as required and directed in the Funds Management Agreement.

All Funds Summary

All Funds	Source of Funds	2015 Actual	2016 Original Budget	* 2016 Amended Budget	2017 Budget	2017 Budget - * 2016 Amended Budget
	Memorial Enterprise	\$10,102,896	\$5,712,112	\$10,976,112	\$5,664,112	(\$5,312,000)
Total	\$10,102,896	\$5,712,112	\$10,976,112	\$5,664,112	(\$5,312,000)	
Use of Funds						
Memorial Enterprise	\$2,131,261	\$5,712,112	\$10,976,112	\$5,664,112	(\$5,312,000)	
Total	\$2,131,261	\$5,712,112	\$10,976,112	\$5,664,112	(\$5,312,000)	

* 2016 Amended Budget as of 8/4/2016

Significant Changes vs. 2016

- Net decrease of \$5.3 million mainly due to the third-party cost report settlements received and paid in 2016 for audit services and transfer of settlements to Colorado Springs Health Foundation

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 2016, and changes occurring as part of the 2017 Memorial Health System Enterprise budget.

Memorial Health System Enterprise Fund	Source of Funds	2014 Actual	2015 Actual	2016 Original Budget	* 2016 Amended Budget	2017 Budget	2017 Budget - * 2016 Amended Budget	
	Rental	\$3,265,384	\$3,191,932	\$5,612,112	\$5,612,112	\$5,612,112	\$0	
	Interest	620,537	93,883	100,000	100,000	52,000	(48,000)	
	Gain/Loss on Investment	(432,737)	163,120	0	0	0	0	
	Miscellaneous	1,015,216	5,308,961	0	5,264,000	0	(5,264,000)	
	MHS UCH Margin Share	0	1,345,000	0	0	0	0	
	Total	\$4,468,400	\$10,102,896	\$5,712,112	\$10,976,112	\$5,664,112	(\$5,312,000)	
	Use of Funds	2014 Actual	2015 Actual	2016 Original Budget	* 2016 Amended Budget	2017 Budget	2017 Budget - * 2016 Amended Budget	
	Salary/Benefits/Pensions	\$715,267	\$77,948	\$7,000	\$7,000	\$1,000	(\$6,000)	
Operating †	270,904,039	2,053,313	5,705,112	10,969,112	5,663,112	(5,306,000)		
Capital Outlay	0	0	0	0	0	0		
Total	\$271,619,306	\$2,131,261	\$5,712,112	\$10,976,112	\$5,664,112	(\$5,312,000)		
† Funds in excess of operational needs will be transferred to the Foundation per the Funds Management Agreement.								

* 2016 Amended Budget as of 8/4/2016

Funding Changes	During 2016	* 2016 Amended - 2016 Original Budget
	Increase for payment to audit firm contracted to assist with Memorial Health System audits of third-party cost reports (offset by settlement of third-party cost reports received by UCH-MHS)	\$298,000
	Increase for transfer to the Colorado Springs Health Foundation for settlements of third-party cost reports (offset by settlement of third-party cost reports received by UCH-MHS)	4,966,000
	Total During 2016	\$5,264,000
	For 2017	2017 Budget - * 2016 Amended Budget
	Salaries/Benefits/Pensions	
	Decrease due to reduced projected salary expenditure for City finance support	(\$6,000)
	Total Salaries/Benefits/Pensions	(\$6,000)
	Operating	
	Decrease due to removal of 2016 third-party cost report settlements and related audit services	(\$5,264,000)
	Decrease due to reduced expenditures for claims and legal defense costs	(1,066,826)
	Increase due to projected excess funds transfers to Colorado Springs Health Foundation	1,024,826
	Total Operating	(\$5,306,000)
	Capital Outlay	
	None	\$0
	Total Capital Outlay	\$0
	Total For 2017	(\$5,312,000)

* 2016 Amended Budget as of 8/4/2016

City of Colorado Springs Budget Detail Report

430 - MEMORIAL HEALTH SYSTEM FUND

Acct # - Description	2014 Actual	2015 Actual	2016 Orig. Budget	2016	2017 Budget	2017 Budget -
				Amended Budget		2016 Amended Budget
Salaries/Benefits/Pensions						
51205 - CIVILIAN SALARIES	5,214	972	7,000	7,000	1,000	(6,000)
51210 - OVERTIME	0	33	0	0	0	0
51299 - SALARIES REIMBURSEMENTS	648,460	76,942	0	0	0	0
51615 - WORKERS COMPENSATION	9	1	0	0	0	0
51695 - CITY EPO MEDICAL PLAN	61,584	0	0	0	0	0
Salaries/Benefits/Pensions Total	715,267	77,948	7,000	7,000	1,000	(6,000)
Operating						
52165 - LICENSES AND TAGS	225	0	0	0	0	0
52408 - SETTLEMENT COSTS	190,000,000	0	0	0	0	0
52431 - CONSULTING SERVICES	2,739	0	0	0	0	0
52465 - MISCELLANEOUS SERVICES	42,877	0	0	0	0	0
52568 - BANK AND INVESTMENT FEES	3,326	10,133	5,000	5,000	5,000	0
52574 - LEGAL SERVICES	0	0	0	0	0	0
52575 - SERVICES	13,714	29	32,000	32,000	32,000	0
52576 - AUDIT SERVICES	26,230	297,399	0	298,000	0	(298,000)
52590 - TEMPORARY EMPLOYMENT	13,987	0	0	0	0	0
52625 - MEETING EXPENSES IN TOWN	0	0	0	0	0	0
52655 - TRAVEL OUT OF TOWN	128	0	0	0	0	0
60113 - MISCELLANEOUS	2,771	0	0	0	0	0
60140 - MEDICAL CLAIMS EXPENSES	(17,608)	(3,530)	0	0	0	0
60235 - MHS DEATH BENEFIT	1,500	7,500	0	0	0	0
60286 - UTILIZATION MGMT	150	0	0	0	0	0
65051 - ADM FEE	550	550	0	0	0	0
65127 - CLAIMS AND DAMAGES MEMORIAL	158,375	339,981	450,000	450,000	10,000	(440,000)
65133 - INSURED LIAB CLAIMS MEMORIAL	113,628	146,611	495,000	495,000	75,000	(420,000)
65150 - LEGAL DEFENSE	1,150,945	316,373	441,000	441,000	234,174	(206,826)
65181 - RESIDUAL EQUITY TRANSFER OUT	80,200,919	1,345,000	4,282,112	9,248,112	5,306,938	(3,941,174)
65210 - ADJUST RESERVE	(810,417)	(406,733)	0	0	0	0
65250 - LEGAL AND ADMIN GEN COSTS	0	0	0	0	0	0
Operating Total	270,904,039	2,053,313	5,705,112	10,969,112	5,663,112	(5,306,000)
Grand Total	271,619,306	2,131,261	5,712,112	10,976,112	5,664,112	(5,312,000)
Revenue						
40113 - MISCELLANEOUS	133,203	16,205	0	0	0	0
44020 - MISCELLANEOUS GENERAL	882,013	0	0	0	0	0
44030 - ACCT REC COLLECTION	0	14,010	0	0	0	0
44055 - REIMBURSEMENT ACCT	0	14,844	0	0	0	0
44060 - GAIN LOSS ON INVESTMENT	(432,737)	163,120	0	0	0	0
45901 - MISCELLANEOUS	0	5,263,902	0	5,264,000	0	(5,264,000)
45905 - RENTAL INCOME	3,265,384	3,191,932	5,612,112	5,612,112	5,612,112	0
46025 - INTEREST	620,537	93,883	100,000	100,000	52,000	(48,000)
46040 - MHS UCH MARGIN SHARE	0	1,345,000	0	0	0	0
Total Revenue	4,468,400	10,102,896	5,712,112	10,976,112	5,664,112	(5,312,000)

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