

Memorial Health System Enterprise

Kara Skinner, Chief Financial Officer | (719) 385-5224 | kskinner@springsgov.com

2016 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	2014 Actual	2015 Original Budget	* 2015 Amended Budget	2016 Budget	2016 Budget - * 2015 Amended Budget
	Memorial Enterprise	\$4,468,400	\$5,712,112	\$5,712,112	\$5,712,112	\$0
Total	\$4,468,400	\$5,712,112	\$5,712,112	\$5,712,112	\$0	
Use of Funds						
Memorial Enterprise	\$271,617,806	\$5,712,112	\$5,712,112	\$5,712,112	\$0	
Total	\$271,617,806	\$5,712,112	\$5,712,112	\$5,712,112	\$0	

* 2015 Amended Budget as of 8/31/2015

Significant Changes vs. 2015

None

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 2015, and changes occurring as part of the 2016 Memorial Health System Enterprise budget.

Memorial Health System Enterprise Fund	Source of Funds	2013 Actual	2014 Actual	2015 Original Budget	* 2015 Amended Budget	2016 Budget	2016 Budget - * 2015 Amended Budget
	Rental	\$3,336,607	\$3,265,384	\$5,612,112	\$5,612,112	\$5,612,112	\$0
	Interest	431,196	620,537	100,000	100,000	100,000	0
	Gain/Loss on Investment	224,352	(432,737)	0	0	0	0
	Miscellaneous	154,782	1,015,216	0	0	0	0
	Total	\$4,146,937	\$4,468,400	\$5,712,112	\$5,712,112	\$5,712,112	\$0
	Use of Funds	2013 Actual	2014 Actual	2015 Original Budget	* 2015 Amended Budget	2016 Budget	2016 Budget - * 2015 Amended Budget
	Salary/Benefits/Pensions	\$1,160,755	\$715,267	\$10,000	\$10,000	\$7,000	(\$3,000)
	Operating †	6,346,974	270,902,539	5,702,112	5,702,112	5,705,112	3,000
Total	\$7,507,729	\$271,617,806	\$5,712,112	\$5,712,112	\$5,712,112	\$0	
† Funds in excess of operational needs will be transferred to the Foundation per the Funds Management Agreement.							

Funding Changes	During 2015	* 2015 Amended - 2015 Original Budget
	None	\$0
	Total During 2015	\$0
	For 2016	2016 Budget - * 2015 Amended Budget
	Salaries/Benefits/Pensions	
	Decrease due to reduced projected salary expenditure for City finance support	(\$3,000)
	Total Salaries/Benefits/Pensions	(\$3,000)
	Operating	
	Net increase for projected expenditures	\$3,000
	Total Operating	\$3,000
Capital Outlay		
None	\$0	
Total Capital Outlay	\$0	
Total For 2016	\$0	

* 2015 Amended Budget as of 8/31/2015

**City of Colorado Springs
Budget Detail Report**

430 MEMORIAL HEALTH SYSTEM
MEMORIAL HEALTH SYSTEM

Account #	Description	2013 Actuals	2014 Actuals	2015 Budget	2016 Budget	2015 Budget to	2015 Budget to
						2016 Budget	2016 Budget
						\$ Change	% Change
51205	CIVILIAN SALARIES	16,397	5,214	10,000	7,000	(3,000)	-30.00%
51210	OVERTIME	9	0	0	0	0	0.00%
51299	SALARIES REIMBURSEMENTS	837,992	648,460	0	0	0	0.00%
51615	WORKERS COMPENSATION	49	9	0	0	0	0.00%
51675	UNEMPLOYMENT INSURANCE	80,886	0	0	0	0	0.00%
51695	CITY EPO MEDICAL PLAN	225,422	61,584	0	0	0	0.00%
Total Salaries and Benefits		1,160,755	715,267	10,000	7,000	(3,000)	-30.00%
52105	MISCELLANEOUS OPERATING	15,885	0	0	0	0	0.00%
52110	OFFICE SUPPLIES	156	0	0	0	0	0.00%
52165	LICENSES AND TAGS	0	225	0	0	0	0.00%
52405	ADVERTISING SERVICES	35	0	0	0	0	0.00%
52408	SETTLEMENT COSTS	5,484,547	190,000,000	0	0	0	0.00%
52431	CONSULTING SERVICES	0	2,739	0	0	0	0.00%
52465	MISCELLANEOUS SERVICES	0	42,877	0	0	0	0.00%
52568	BANK AND INVESTMENT FEES	23,766	3,326	15,000	5,000	(10,000)	-66.67%
52575	SERVICES	71,701	13,714	32,000	32,000	0	0.00%
52576	AUDIT SERVICES	6,996	26,230	25,000	0	(25,000)	-100.00%
52590	TEMPORARY EMPLOYMENT	3,908	13,987	18,000	0	(18,000)	-100.00%
52615	DUES AND MEMBERSHIP	2,500	0	0	0	0	0.00%
52625	MEETING EXPENSES IN TOWN	51	0	0	0	0	0.00%
52630	TRAINING	667	0	0	0	0	0.00%
52655	TRAVEL OUT OF TOWN	33	128	0	0	0	0.00%
52740	GENERAL INSURANCE-CITY	2,996	0	0	0	0	0.00%
52859	INSURANCE OTHER	27,271	0	0	0	0	0.00%
60113	MISCELLANEOUS	0	2,771	0	0	0	0.00%
60140	MEDICAL CLAIMS EXPENSES	519,735	(17,608)	0	0	0	0.00%
60241	DENTAL CLAIM EXPENSES	126,409	0	0	0	0	0.00%
60286	UTILIZATION MGMT	0	150	0	0	0	0.00%
65051	ADM FEE	2,833	550	0	0	0	0.00%
65127	CLAIMS AND DAMAGES MEMORIAL	897,149	158,375	405,000	450,000	45,000	11.11%
65133	INSURED LIAB CLAIMS MEMORIAL	101,987	113,628	200,000	495,000	295,000	147.50%
65150	LEGAL DEFENSE	2,244,748	1,150,945	1,000,000	441,000	(559,000)	-55.90%
65181	RESIDUAL EQUITY TRANSFER OUT	0	80,200,919	4,007,112	4,282,112	275,000	6.86%
65210	ADJUST RESERVE	(3,186,399)	(810,417)	0	0	0	0.00%
Total Operating Expenses		6,346,974	270,902,539	5,702,112	5,705,112	3,000	0.05%
Total Capital Outlay		0	0	0	0	0	0.00%
Total Expenses		7,507,729	271,617,806	5,712,112	5,712,112	0	0.00%
40113	MISCELLANEOUS	8,720	133,203	0	0	0	0.00%
42750	CITY INS EXCESS	77,751	0	0	0	0	0.00%
42760	CITY SUBROGATION	454	0	0	0	0	0.00%
44020	MISCELLANEOUS GENERAL	67,857	882,013	0	0	0	0.00%
44060	GAIN LOSS ON INVESTMENT	224,352	(432,737)	0	0	0	0.00%
45905	RENTAL INCOME	3,336,607	3,265,384	5,612,112	5,612,112	0	0.00%
46025	INTEREST	431,196	620,537	100,000	100,000	0	0.00%
Total Revenue		4,146,937	4,468,400	5,712,112	5,712,112	0	0.00%

Totals may differ from narrative due to rounding.