



Legislation Text

File #: 18-0016, **Version:** 2

Ordinance No. 18-6 amending Ordinance No. 17-116 (2018 Budget Appropriation Ordinance) for a Supplemental Appropriation to the Memorial Health System Enterprise Fund in the amount of \$4,207,756 for transfer to the Colorado Springs Health Foundation

Presenter:

Charae McDaniel, Chief Financial Officer

Summary:

On December 27, 2017, the City received \$4,207,756 from Mountain States Healthcare Reciprocal Retention Group (MSHRRG), the former medical liability insurance carrier for MHS. The City's share of the group, or subscriber savings allocation, was required to be returned five years following the City's withdrawal as a result of the 2012 transaction with the University of Colorado Health. The City's Memorial Health System Enterprise Fund requires a supplemental appropriation to accomplish the transfer of these funds to the Colorado Springs Health Foundation (CSHF).

The attached ordinance is a supplemental appropriation to increase the 2018 budget and appropriate funds in the amount of \$4,207,756 for the Memorial Health System Enterprise Fund to transfer funds to the CSHF.

Previous Council Action:

On October 1, 2012, the City of Colorado Springs executed the Memorial Health System (MHS) Operating Lease Agreement and the Integration and Affiliation Agreement by and among the City of Colorado Springs, University of Colorado Health, Poudre Valley Health Care, Inc., and UCH-MHS.

City Council authorized and directed that such funds and monies from the lease be 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.

On September 23, 2014, City Council approved Resolution No. 92-14 approving revisions to the Articles of Incorporation, and Bylaws of the CSHF and approving the investment and grant making policies developed by the Board of Trustees of the CSHF.

On September 23, 2014, the City and the Public Employees' Retirement Association executed a settlement agreement resolving pending litigation. Escrow funds were released pursuant to this agreement and residual funds were sent to the CSHF on October 3, 2014. City Council approved Resolution No. 99-14, which authorized the transfer of \$10 million from the MHS Enterprise Fund to

CSHF.

On November 10, 2015, City Council adopted Resolution No. 109-15 approving the Memorial Health System/Colorado Springs Health Foundation Funds Management Agreement. The agreement provides greater clarity as to how lease proceeds will be transferred to the CSHF and how the CSHF will invest funds.

On January 12, 2016, City Council approved Ordinance No. 15-101 for a supplemental appropriation to the MHS Enterprise Fund in the amount of \$1,345,000 to transfer the revenue sharing payment received by the City to the CSHF.

On April 12, 2016, City Council approved Ordinance No. 16-37 for a supplemental appropriation to the MHS Enterprise Fund in the amount of \$5,264,000 for a transfer received by the City from UCH-MHS. Of that, \$298,000 was used to pay a contract audit firm that assisted MHS with audits of a number of third-party cost reports that resulted in positive settlements. The balance of \$4,966,000 was then transferred to CSHF.

On September 26, 2016, City Council was notified of the intent to reduce the Funds Administration Target to \$2.5 million. The original target, established by the Memorial Health System/Colorado Springs Health Foundation Funds Management Agreement approved by City Council on November 10, 2015, was \$5.0 million. The City transferred the excess funds to CSHF the following day.

On December 12, 2017, City Council approved Ordinance No. 17-110 for a supplemental appropriation to the MHS Enterprise Fund in the amount of \$1,214,210 to transfer the revenue sharing payment received by the City to the CSHF.

Background:

N/A

Financial Implications:

The supplemental appropriation increases the 2018 Memorial Health System Enterprise Fund expense budget by \$4,207,756 and does not affect the General Fund balance. The source of these funds is the distribution received in 2017 from Mountain States Healthcare Reciprocal Retention Group (MSHRRG).

Board/Commission Recommendation:

N/A

Stakeholder Process:

N/A

Alternatives:

N/A

Proposed Motion:

Move approval of the Ordinance amending Ordinance No. 17-116 (2018 Budget Appropriation Ordinance) for a Supplemental Appropriation to the Memorial Health System Enterprise Fund in the Amount of \$4,207,756 for transfer to the Colorado Springs Health Foundation

An Ordinance Amending Ordinance No. 17-116 (2018 Budget Appropriation Ordinance) for a Supplemental Appropriation to the Memorial Health System Enterprise Fund in the Amount of \$4,207,756 for transfer to the Colorado Springs Health Foundation