



Legislation Text

File #: 21-1287, Version: 1

**Finance Item/Grant Request Template**

**Date Submitted:** 10-22-21

**Requesting Agency:** Finance  
**Division:**

**Subject Matter Expert Name:**

Name:	Rachel Bardin
Email:	Rachel.Bardin@denvergov.org

**Item Title & Description:**

*(Do not delete the following instructions)*

*These appear on the Council meeting agenda. Initially, the requesting agency will enter a 2-3 sentence description. Upon bill filling, the City Attorney's Office should enter the title above the description (the title should be in **bold** font).*

*Both the title and description must be entered between the red "title" and "body" below. Do **not** at any time delete the red "title" or "body" markers from this template.*

**A bill for an ordinance establishing a new Fund in the Internal Service Fund Series for the "Medical Self-Insurance" program and authorizing appropriations and cash transfers.**

Establishes the Medical Self Insurance Fund (66100) in the Internal Services Fund Series to administer the City's Medical Self Insurance Program; authorizes an appropriation in the current Medical Self-Insurance Fund (59700) to make a cash transfer to the new Medical Self Insurance Internal Services Fund; and authorizes closing the current Medical Self-Insurance Fund (59700). The Committee approved filing this item at its meeting on 11-2-21.

**Affected Council District(s) or citywide?** Citywide

**Executive Summary with Rationale and Impact:**

*Detailed description of the item and why we are doing it. This can be a separate attachment.*

Starting in 2020, the City converted part of its medical insurance benefits to self-insured through the City's contract with United Healthcare. Ordinance No. 1197, Series of 2019, a companion ordinance to the 2020 Long Bill, established the Medical Self-Insurance fund, 59700, to administer this program. This Fund is set up in the Payroll Clearing Fund Series, 59000, which is included in 50000, the Trust and Agency Fund Series, which is intended to account for assets held by the city and county as trustee or agent for individuals, private organizations and/or

governmental units.

Due to feedback from the City's outside auditor and after subsequent review by the Controller's Office and the City Attorney's Office, the City has determined that this program and fund does not meet the definition of holding funds in trust and instead serves an internal services function for City employees. As such, it is better situated in the Internal Services section of the Fund Plan, 60000, which accounts for operations of agencies that provide service to other departments or agencies of the City government on a cost-reimbursement basis.

This bill request establishes a new Internal Services Fund, the Medical Self-Insurance Fund, No. 66100, to administer the City's self-insurance program starting in 2022. Fund 66100 will be appropriated and lapsing. It will be administered by the Personnel Director.

This bill request also authorizes an appropriation of the cash balance in the current Medical Self Insurance Fund, 59700, currently estimated at \$18 million, to make a cash transfer to the new Medical Self-Insurance Fund in the Internal Services Fund. The actual amount of the appropriation and cash transfer will be adjusted to reflect the final cash balance in fund 59700 after year-end close. Fund 59700 will be closed after the balance is transferred to fund 66100. The appropriation in Fund 66100 will be authorized in the 2022 Long Bill.

**Type (choose one: Grant; Supplemental; Fund Creation; Fund Rescission; Fund Transfer; Appropriation; Other):**

**Amount:**

**Budget Year:**

**Fund and Funding Source (Fund/Org/Grant Number, if applicable):**

**Grantor (if applicable):**

**Fund Matching Requirements (if applicable):**

**Fiscal Impact:**