



462 Grider Street * Buffalo, New York * 14215 * 716-898-3000 * www.ecmc.edu

**ERIE COUNTY LEGISLATURE
FINANCE & MANAGEMENT COMMITTEE**

Joseph C. Lorigo

Chair

Edward A. Rath, III

Vice-Chair

Members:

Kevin R. Hardwick, Barbara Miller-Williams, Peter J. Savage, III

Karen M. McCarthy

Clerk

Meeting No. 17 – November 10, 2016

Erie County Medical Center Corporation

Re: ECMCC Capital Borrowing: Frequently Asked Questions

Why is ECMC Corporation Borrowing?

Emergency Department and Trauma

ECMC has seen 20% growth over the last five years in almost every area. This growth is expected to continue especially in the area of emergency medicine. ECMC's current footprint was designed for only 45,000 patients. ECMC currently sees approximately 70,000 patients and this is expected to grow. The new department with the latest Trauma capability will improve the quality of care and create state-of-the-art facilities and technology to match the care being provided by our clinicians. This is critical as ECMC stays current with the latest advancements, and competes in the marketplace as the region's final emergency department to be modernized.

Infrastructure

In 2018, ECMC will celebrate 40 years on the Grider street campus. The generators, boilers, and chillers are original to the facility and reaching the end of their useful life; they must be replaced.

Other capital

ECMC has been able to attract elective business and begin new departments with upgrades to its facilities. Various on-going capital is needed to renovate areas to keep up with physician and patient expectations.

Why does ECMC need to refinance its 2011 bonds with this transaction?

ECMC would like to refinance the 2011 bond for the Terrace View long term care facility from 15 years to 30 years to keep the debt payments on its existing and new debt similar to its current level. While ECMC could afford to keep the bond at 15 years, we would have to cut expenses to meet budget that creates a small surplus. These cuts would definitely affect “mission” areas that do not create the margin for the organization, but are important to the community.

Can ECMC afford these payments?

Our financing plan is designed so that the debt service payments are at current levels. ECMC has a 5-year financial plan, incorporating this financing plan and its investments as well as a track record of aggressively managing both the revenue and expenses of the organization. While 2016 saw growth, we have effectively managed operations and will have an approximately \$1 million surplus. If you exclude a onetime grant ECMC received in 2015 for Medicaid reform, this represents an \$8 million turnaround year over year. ECMC will continue to manage its finances responsibly and collaborate in the community to provide better, less expensive care for the residents of Erie County.

Why does ECMC need the County to borrow these dollars?

ECMC could borrow these dollars on a standalone basis at a higher interest rate, like other hospitals in the area, but is afforded the opportunity to borrow through the County because of its status. Healthcare organizations typically have a lower rating due to the volatility of the business. ECMC recently received a preliminary analysis that was essentially the same as Westchester Hospital, another Public Benefit Corporation hospital that is regarded as a well-managed institution.

How does this transaction create a “credit” for Erie County with regard to IGT?

Since Erie County can borrow at a lower rate, ECMC has agreed to pay the effective rate it would otherwise pay on a standalone basis by paying the County “points” similar to a home mortgage. The points paid by ECMC to Erie County form the basis for the “credit”. The County has decided it will use these dollars to offset its IGT obligation of greater than \$16.2 million per year until such time as the “credit” has been exhausted. ECMC has agreed to pay these dollars as they are needed. It is expected these dollars will be able to be used over the next 4 to 5 years. It is important to note that while this is being called a “credit”, this is a source of cash for the County that ECMC has agreed to pay.

Is this a “credit card”?

No. This is not a loan that the county will need to repay. This is ECMC agreeing to pay the County actual dollars and represents funds retained in our community.

Will the debt impact the County debt ceiling?

ECMC has agreed to issue “mirror bonds” so that, in the opinion of Erie County bond council, this debt will not impact the County debt ceiling.

Is the County backing these bonds?

The county ultimately backs ECMC, as part of its creation as a PBC in 2004. This does not mean that it backs any losses; it is only currently responsible for IGT. This means that the County is the ultimate guarantor for ECMC, but ECMC will be paying all debt payments. ECMC has a history of sound fiscal management, is currently in a financially healthy position, and has budgeted for surplus in 2017 and beyond.

Can the Control Board borrow these dollars?

According to the Control Board Charter, they cannot borrow beyond their existence. These bonds would be for 30 years and the control Board is only in existence for 23 more years.

ABOUT ERIE COUNTY MEDICAL CENTER (ECMC) CORPORATION: The ECMC Corporation was established as a New York State Public Benefit Corporation and since 2004 has included an advanced academic medical center with 602 inpatient beds, on- and off-campus health centers, more than 30 outpatient specialty care services and Terrace View, a 390-bed long-term care facility. ECMC is Western New York's only Level 1 Adult Trauma Center, as well as a regional center for burn care, behavioral health services, transplantation, medical oncology and head & neck cancer care, rehabilitation and a major teaching facility for the University at Buffalo. Most ECMC physicians, dentists and pharmacists are dedicated faculty members of the university and/or members of a private practice plan. More Western New York residents are choosing ECMC for exceptional patient care and patient experiences—*the difference between healthcare and true care*TM.

Trauma Center / ED Project		45
Land Acquisition and Parking		3
Energy Projects		
Energy Controls / Management	13	
Boilers and Chillers	15	
Generators	<u>10</u>	
Total Energy Projects		38
Building Envelope		15
Elevators		3
Clinics		5
Education Center		1
Nursing Unit Renovations		<u>10</u>
Total Capital Requirements		120
Capital Campaign Funding		<u>(20)</u>
Net Capital Requirements		<u><u>100</u></u>

Erie County Medical Center
Historical Volumes by DSH Category

	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
Medicaid										
Inpatient	8,165	8,074	8,645	8,872	10,150					
Outpatient	109,892	113,367	118,053	110,143	114,500					
Total	118,057	121,441	126,698	119,015	124,650	5.6%	5.4%	5.5%	6.0%	6.9%
Uninsured						75.0%	75.9%	74.7%	74.8%	78.3%
Inpatient	611	607	670	745	361	80.6%	81.3%	80.2%	80.9%	85.2%
Outpatient	16,690	16,708	17,910	17,411	11,052	0.4%	0.4%	0.4%	0.5%	0.2%
Total	17,301	17,315	18,580	18,156	11,413	11.4%	11.2%	11.3%	11.8%	7.6%
Underinsured						11.8%	11.6%	11.8%	12.3%	7.8%
Inpatient	108	66	115	69	73	0.1%	0.0%	0.1%	0.0%	0.0%
Outpatient	11,075	10,600	12,650	9,939	10,189	7.6%	7.1%	8.0%	6.8%	7.0%
Total	11,183	10,666	12,765	10,008	10,262	7.6%	7.1%	8.1%	6.8%	7.0%
Total Cases	146,541	149,422	158,043	147,179	146,325	100.0%	100.0%	100.0%	100.0%	100.0%
Total UCC for IGT	40,581,379	45,854,268	54,602,256	61,385,286	56,571,601					
Cost per Case	277	314	345	417	387					
Total Uncompensated Care / DSH Cases	146,541	149,422	158,043	147,179	146,325	71.2%	68.7%	69.8%	68.7%	68.9%
Medicare (Non Dual Eligible) FFS & MC	18,239	21,018	22,568	21,752	21,522	8.9%	9.7%	10.0%	10.2%	10.1%
Workers' Comp and No Fault	6,966	8,953	7,200	9,082	8,134	3.4%	4.1%	3.2%	4.2%	3.8%
Commercial Insurance	2,711	3,073	3,191	3,394	4,366	1.3%	1.4%	1.4%	1.6%	2.1%
Other	31,287	34,980	35,560	32,824	32,054	15.2%	16.1%	15.7%	15.3%	15.1%
Total Cases	205,744	217,446	226,562	214,231	212,401	100.0%	100.0%	100.0%	100.0%	100.0%

Erie County Medical Center

Medicaid, Uninsured & Underinsured Historic Uncompensated Losses

	2010	2011	2012	2013	2014
	FINAL AUDIT	FINAL AUDIT	FINAL AUDIT	Filed Cost Report	Filed Cost Report
MEDICAID					
Total Cases:					
Inpatient	8,165	8,074	8,645	8,872	10,150
Outpatient	109,892	113,367	118,053	110,143	114,500
TOTAL	118,057	121,441	126,698	119,015	124,650
UCC Calculation:					
Payments	\$ 133,180,427	\$ 136,777,216	\$ 150,631,399	\$ 149,523,584	\$ 168,927,175
Cost	164,632,242	173,409,181	190,033,269	195,240,846	215,329,462
Uncompensated Loss	\$ (31,451,815)	\$ (36,631,965)	\$ (39,401,870)	\$ (45,717,262)	\$ (46,402,287)
UNINSURED					
Total Cases:					
Inpatient	611	607	670	745	361
Outpatient	16,690	16,708	17,910	17,411	11,052
TOTAL	17,301	17,315	18,580	18,156	11,413
UCC Calculation:					
Payments	\$ 634,568	\$ 577,259	\$ 586,836	\$ 677,405	\$ 648,239
Cost	9,764,132	10,799,562	11,964,164	13,122,230	7,253,488
Uncompensated Loss	\$ (9,129,564)	\$ (10,222,303)	\$ (11,377,328)	\$ (12,444,825)	\$ (6,605,249)
Total UCC for IGT	\$ (40,581,379)	\$ (46,854,268)	\$ (50,779,198)	\$ (58,162,087)	\$ (53,007,536)
UNDERINSURED					
Total Cases:					
Inpatient	108	66	115	69	73
Outpatient	11,075	10,600	12,650	9,939	10,189
TOTAL	11,183	10,666	12,765	10,008	10,262
UCC Calculation:					
Payments	\$ 298,394	\$ 411,777	\$ 410,083	\$ 383,232	\$ 447,021
Cost	3,349,492	2,824,698	4,233,141	3,606,431	4,011,086
Uncompensated Loss	\$ (3,051,098)	\$ (2,412,921)	\$ (3,823,058)	\$ (3,223,199)	\$ (3,564,065)
Total UCC for IGT with Underinsured	(43,632,477)	(49,267,189)	(54,602,256)	(61,385,286)	(56,571,601)
EXCHANGE PLANS (Non-Medicaid/Primary Insurance)					
Total Cases:					
Inpatient					137
Outpatient					758
TOTAL					895
Payments:					
Inpatient					\$ 2,240,917
Outpatient					849,587
TOTAL					\$ 3,090,504
Cost					
					2,356,636
Uncompensated Loss					\$ 733,868

NOTE: 2010 UCC does not reflect additional UCC of \$25.1 million received due to cost reporting methodology differences between New York State and CMS.

Erie County Medical Center
Medicaid DSH Projection Assumptions

2015 2016 2017 2018 2019 2020

Volume Changes:

Medicaid Expansion and Demographics	5%	5%	5%	5%	5%	5%
Medicaid DSRIP Reduction	0%	-1%	-2%	-3%	-4%	-5%
Uninsured Reduction	-15%	-15%	-15%	0%	0%	0%
Underinsured	0%	0%	0%	0%	0%	0%

Rate Increases

Medicaid Primary Payer	-2%	-2%	-2%	-2%	3%	3%
Medicaid Secondary Payer	1%	1%	1%	1%	1%	1%
Blended Rate Increase	-1%	-1%	-1%	-1%	2%	2%

Expense Increases

	3%	3%	3%	3%	3%	3%
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America's Essential Hospitals DSH Reductions

Total CMS DSH Payments (Billions)	11	11	11	11	11	11
Current Scheduled Reductions	-	-	-	2	3	4
Percentage Reduction In DSH Funding	0%	0%	0%	18%	27%	36%

Erle County Medical Center
Medicaid DSH Projections

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Medicaid						
Payments						
Prior Year	168,927,175	176,486,666	182,628,402	187,166,718	189,955,502	195,692,158
Composite Volume Change	5%	4%	3%	2%	1%	0%
Composite Rate Adjustment	-1%	-1%	-1%	-1%	2%	2%
Current Year Projected	<u>176,486,666</u>	<u>182,628,402</u>	<u>187,166,718</u>	<u>189,955,502</u>	<u>195,692,158</u>	<u>199,606,001</u>
Cost						
Prior Year	215,329,462	232,878,813	249,459,785	264,651,886	278,043,271	289,248,415
Composite Volume Change	5%	4%	3%	2%	1%	0%
Expense Inflation	3%	3%	3%	3%	3%	3%
Current Year Projected	<u>232,878,813</u>	<u>249,459,785</u>	<u>264,651,886</u>	<u>278,043,271</u>	<u>289,248,415</u>	<u>297,925,867</u>
Uncompensated Care Loss for IGT	<u>(56,392,147)</u>	<u>(66,831,383)</u>	<u>(77,485,168)</u>	<u>(88,087,769)</u>	<u>(93,556,257)</u>	<u>(98,319,866)</u>
Uninsured						
Payments						
Prior Year	648,239	551,003	551,003	551,003	551,003	551,003
Volume Change	-15%	-15%	-15%	0%	0%	0%
Rate Adjustment	0%	0%	0%	0%	0%	0%
Current Year Projected	<u>551,003</u>	<u>551,003</u>	<u>551,003</u>	<u>551,003</u>	<u>551,003</u>	<u>551,003</u>
Cost						
Prior Year	7,253,488	6,350,429	5,559,800	4,867,605	5,013,633	5,164,042
Composite Volume Change	-15%	-15%	-15%	0%	0%	0%
Expense Inflation	3%	3%	3%	3%	3%	3%
Current Year Projected	<u>6,350,429</u>	<u>5,559,800</u>	<u>4,867,605</u>	<u>5,013,633</u>	<u>5,164,042</u>	<u>5,318,964</u>
Uncompensated Care Loss	<u>(5,799,426)</u>	<u>(5,008,797)</u>	<u>(4,316,602)</u>	<u>(4,462,630)</u>	<u>(4,613,039)</u>	<u>(4,767,960)</u>
Underinsured						
Payments						
Prior Year	447,021	447,021	447,021	447,021	447,021	447,021
Volume Change	-	-	-	-	-	-
Composite Rate Adjustment	0%	0%	0%	0%	0%	0%
Current Year Projected	<u>447,021</u>	<u>447,021</u>	<u>447,021</u>	<u>447,021</u>	<u>447,021</u>	<u>447,021</u>
Cost						
Prior Year	4,011,086	4,131,419	4,255,361	4,383,022	4,514,513	4,649,948
Volume Change	-	-	-	-	-	-
Composite Rate Adjustment	3%	3%	3%	3%	3%	3%
Current Year Projected	<u>4,131,419</u>	<u>4,255,361</u>	<u>4,383,022</u>	<u>4,514,513</u>	<u>4,649,948</u>	<u>4,789,446</u>
Uncompensated Care Loss	<u>(3,684,398)</u>	<u>(3,808,340)</u>	<u>(3,936,001)</u>	<u>(4,067,492)</u>	<u>(4,202,927)</u>	<u>(4,342,425)</u>
Total Uncompensated Care	<u>(65,875,970)</u>	<u>(75,648,520)</u>	<u>(85,737,771)</u>	<u>(96,617,891)</u>	<u>(102,372,223)</u>	<u>(107,430,252)</u>
Projected Change In IGT Funding						
Percentage Reduction	0%	0%	0%	18%	27%	36%
Dollar Reduction	-	-	-	<u>(17,566,889)</u>	<u>(27,919,697)</u>	<u>(39,065,546)</u>
Total Expected Uncompensated Care	<u>(65,875,970)</u>	<u>(75,648,520)</u>	<u>(85,737,771)</u>	<u>(79,051,002)</u>	<u>(74,452,526)</u>	<u>(68,364,706)</u>

Erie County Medical Center Corporation
Projected IGT Payments and Erie County Responsibility

		2016	2017	Calendar Year 2018	2019	2020	Settlements Pd. In Future	Total
HOSPITAL MEDICAID DSH CAP								
State Fiscal Year								
2013 / 2014								
Audited 2012 Cost Report	54,602,256							
Indigent Care / SLIPA Pools	(8,552,493)							
Estimated Final	46,049,823							
Preliminary Payment 1	(36,070,451)							
Preliminary Payment 2	(7,614,200)							
Net Due	2,365,172	2,365,172						2,365,172
2014 / 2015								
Filed 2013 Cost Report	61,385,286							
Indigent Care / SLIPA Pools	(12,789,548)							
Estimated Final	48,595,738							
Preliminary Payment	(38,545,147)							
Net Due	10,050,591	10,050,591						10,050,591
2015 / 2016								
Filed 2014 Cost Report	56,571,601							
Indigent Care / SLIPA Pools	(12,789,548)							
Estimated Final	43,782,053							
Preliminary Payment	39,403,848	39,403,848						43,782,053
Settlement	4,378,205		4,378,205					
2016 / 2017								
Projected 2015 Cost Report	65,875,970							
Indigent Care / SLIPA Pools	(12,789,548)							
Estimated Final	53,086,422							
Preliminary Payment	47,777,780		47,777,780					53,086,422
Settlement	5,308,642			5,308,642				
2017 / 2018								
Projected 2016 Cost Report	75,648,520							
Indigent Care / SLIPA Pools	(12,789,548)							
Estimated Final	62,858,972							
Preliminary Payment	56,573,075			56,573,075				62,858,972
Settlement	6,285,897				6,285,897			
2018 / 2019								
Projected 2017 Cost Report	85,737,771							
Indigent Care / SLIPA Pools	(12,789,548)							
Estimated Final	72,948,223							
Preliminary Payment	65,653,401				65,653,401			72,948,223
Settlement	7,294,822					7,294,822		
2019 / 2020								
Projected 2018 Cost Report	79,051,002							
Indigent Care / SLIPA Pools	(12,789,548)							
Estimated Final	66,261,454							
Preliminary Payment	59,635,309					59,635,309		66,261,454
Settlement	6,626,145	-	-	-	-	-	6,626,145	-
TOTAL HOSPITAL PAYMENTS	311,352,887	51,819,611	52,155,985	61,881,717	71,939,298	66,930,131	6,626,145	311,352,887
NURSING HOME UPPER PAYMENT LIMIT								
State Fiscal Year								
2014 / 2015								
	6,267,231							6,267,231
2015 / 2016								
	9,840,458	3,280,153						13,120,611
2016 / 2017								
		11,323,959	3,774,653					15,098,612
2017 / 2018								
			11,663,578	3,887,893				15,551,571
2018 / 2019								
				12,013,589	4,004,530			16,018,119
2019 / 2020								
	-	-	-	-	12,373,997	4,124,664		16,498,661
TOTAL NURSING HOME PAYMENTS	16,107,689	14,604,112	15,438,331	15,901,482	16,378,527	4,124,664		82,554,805
TOTAL PROJECTED IGT PAYMENTS	67,927,300	66,760,097	77,320,048	87,840,780	83,308,658	10,750,809		393,907,692
Erie County Percentage Responsibility	50%	50%	50%	50%	50%	50%	50%	50%
ERIE COUNTY PORTION OF PROJECTED IGT	33,963,650	33,380,049	38,660,024	43,920,390	41,654,329	5,375,405		196,953,846
MAXIMUM COUNTY CASH REQUIREMENT	18,200,000	18,200,000	18,200,000	18,200,000	18,200,000	-		91,000,000
ADDITIONAL EOS CREDIT REQUIREMENT	15,763,650	15,180,049	20,460,024	25,720,390	23,454,329	5,375,405		105,953,846
CUMULATIVE ADDITIONAL EOS CREDIT	26,000,000	41,763,650	56,943,698	77,403,722	103,124,112	126,578,441	131,953,846	

Statement of Revenues and Expenses – Projected

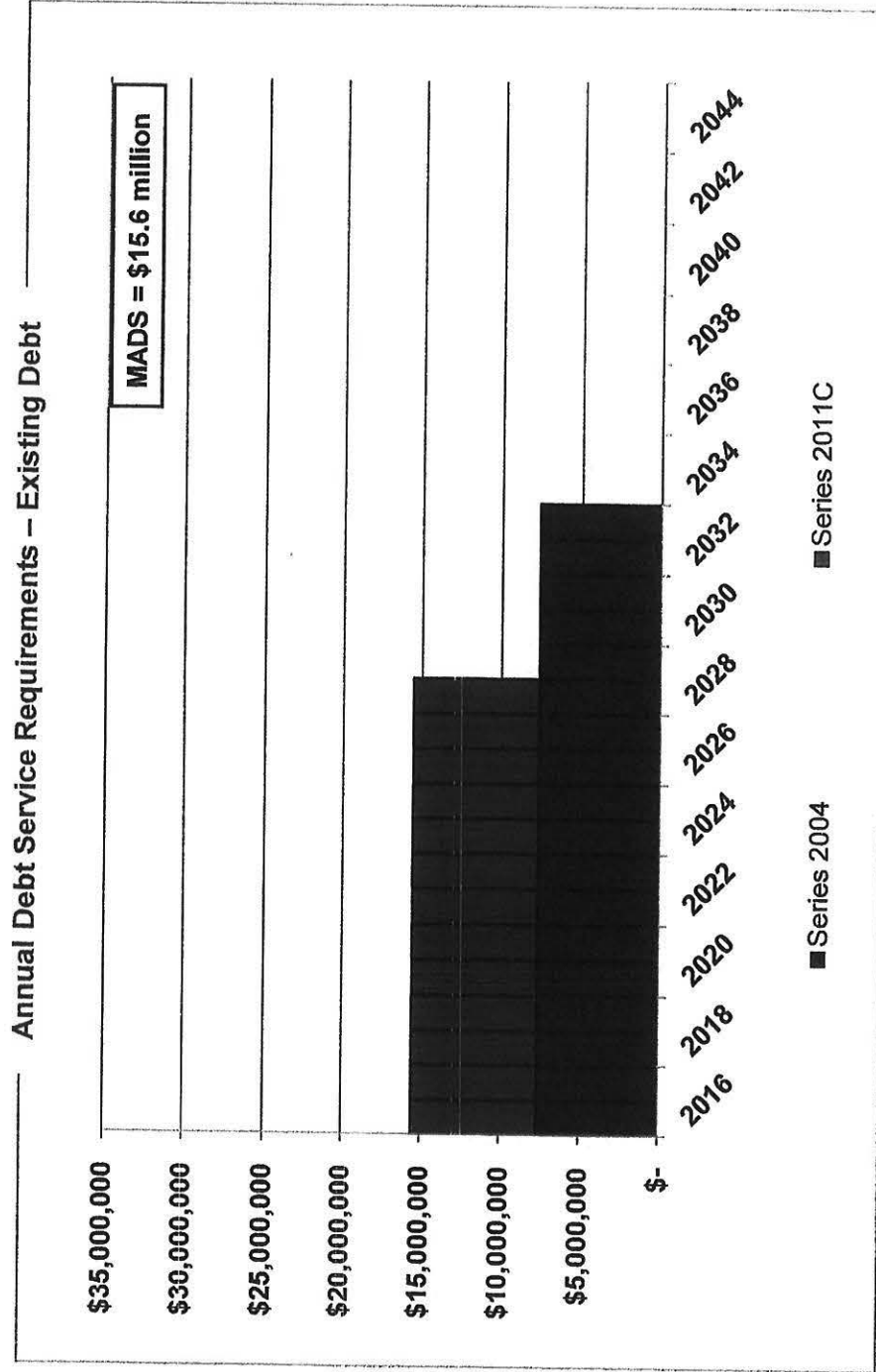
(Thousands)

	Audited	Projected	Budget	Projected				
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Net Patient Service Revenue	465,083	484,856	509,502	521,189	542,830	563,311	581,134	594,086
Disproportionate Share, IGT and UPL Revenue	59,237	63,717	63,717	69,582	73,218	76,892	80,602	84,341
Other Operating Revenue	26,089	35,499	42,751	41,734	39,898	38,062	36,226	34,390
Total Operating Revenue	<u>550,409</u>	<u>584,072</u>	<u>615,970</u>	<u>632,505</u>	<u>655,946</u>	<u>678,265</u>	<u>697,962</u>	<u>712,817</u>
Operating Expenses								
Salaries and Benefits	296,405	314,459	326,687	338,858	351,711	367,329	382,340	391,434
Physician Fees and Professional Services	113,509	108,885	117,142	120,071	123,072	126,149	129,303	132,535
Supplies	73,762	78,798	79,895	83,749	87,738	92,048	96,017	99,250
Other Expenses	29,863	44,523	50,663	49,909	48,611	47,274	45,896	44,477
Depreciation and Amortization	27,906	28,371	28,087	26,363	26,406	26,849	26,446	27,383
Interest	8,233	8,036	12,496	11,974	16,440	16,241	15,167	14,530
Total Operating Expenses	<u>549,678</u>	<u>583,072</u>	<u>614,970</u>	<u>630,924</u>	<u>653,978</u>	<u>675,891</u>	<u>695,170</u>	<u>709,609</u>
Income From Operations	731	1,000	1,000	1,581	1,968	2,374	2,792	3,208
Operating Margin %	0.13%	0.17%	0.16%	0.25%	0.30%	0.35%	0.40%	0.45%

Erie County Medical Center Corporation

EXISTING DEBT

Erie County Medical Center Corporation ("ECMCC") currently has two outstanding series of long-term debt with a Maximum Annual Debt Service ("MADS") of \$15.6 million. A schedule of the current annual debt service requirements is shown below.

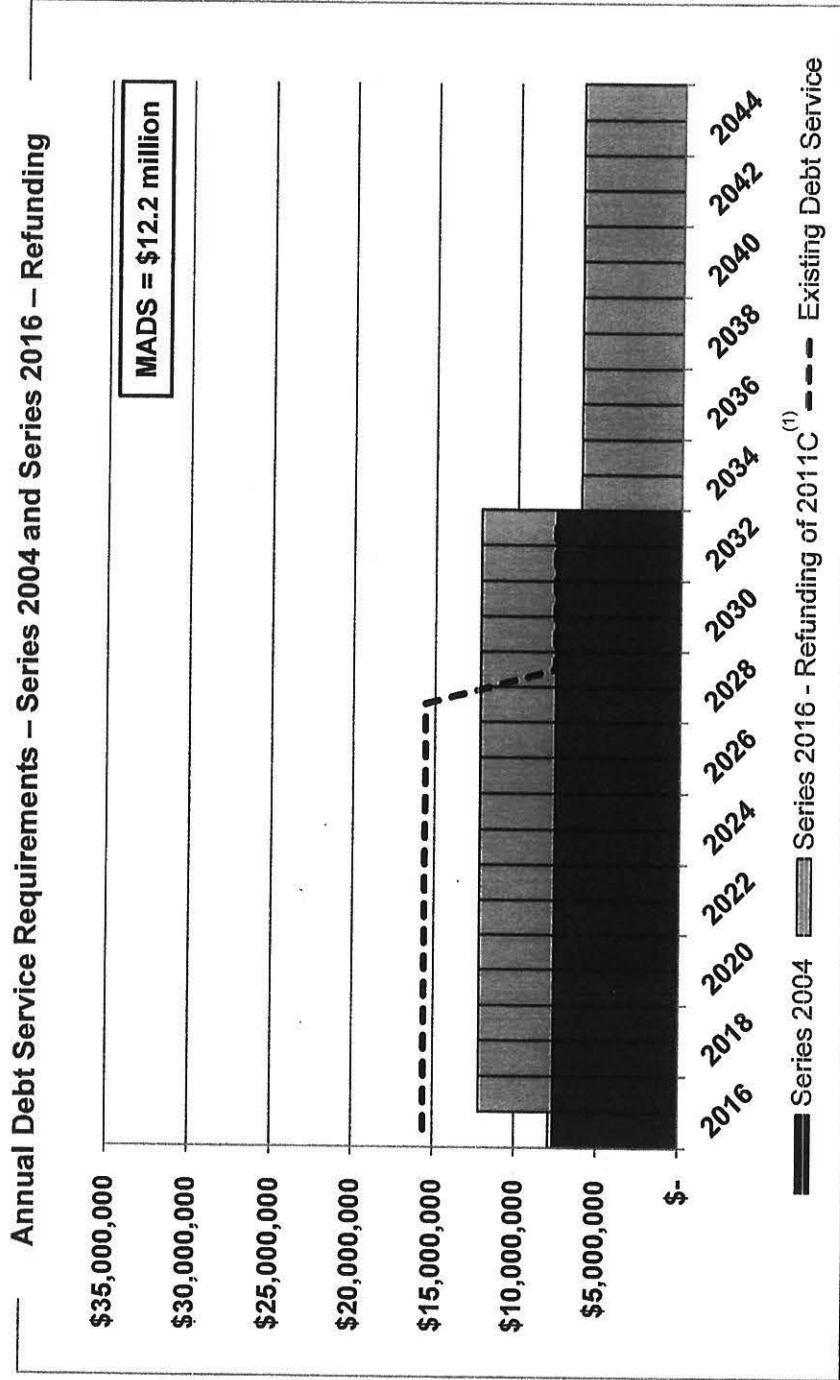


Note: Does not include capital lease obligations. Debt Service on the Series 2011C reflects the debt service associated with the Series 2011C Bonds issued by Erie County and not the related Series 2011 loan payable to Erie County from ECMCC, which does not significantly impact MADS.

Erie County Medical Center Corporation

SERIES 2004 AND SERIES 2016 – REFUNDING

The graph below highlights the potential decrease in MADS that could be achieved through a refunding of the Series 2011C Bonds. In the analysis shown below, the refunding debt service is extended to a 30-year final maturity and is wrapped around the existing Series 2004 Bonds, reducing MADS to \$12.2 million.



⁽¹⁾ Series 2016 – Refunding of 2011C Bonds includes the additional proceeds necessary for repayment of the difference in principal outstanding between the 2011 Loan payable to Erie County and the 2011C Bonds, which is \$1.7 million as of 11/3/2016.
 Note: Does not include capital lease obligations.

SERIES 2016 – REFUNDING OF 2011C BONDS SAVINGS ANALYSIS

On a 30-year extended maturity basis, an advance refunding of ECMCC's 2011C Bonds currently generates \$376,653 in net present value savings.

2011C Refunding Analysis

FYE	2011C Debt		Series 2016 Refunding		Cash Flow		PV at 5.0%
	Service	Debt	Debt	Service	Savings		
12/01/2016	\$ 6,074,125	\$ 293,992	\$ 5,780,133	\$ 5,758,240			
12/01/2017	7,937,750	4,614,900	3,322,850	3,152,633			
12/01/2018	7,936,750	4,616,500	3,320,250	3,000,158			
12/01/2019	7,939,750	4,613,000	3,326,750	2,862,887			
12/01/2020	7,936,000	4,617,500	3,318,500	2,719,797			
12/01/2021	7,940,250	4,614,500	3,325,750	2,595,942			
12/01/2022	7,936,500	4,614,250	3,322,250	2,469,724			
12/01/2023	7,939,500	4,611,500	3,328,000	2,356,189			
12/01/2024	7,938,250	4,616,250	3,322,000	2,239,944			
12/01/2025	7,937,250	4,613,000	3,324,250	2,134,725			
12/01/2026	7,935,750	4,617,000	3,318,750	2,029,708			
12/01/2027	7,938,000	4,617,750	3,320,250	1,933,929			
12/01/2028	7,938,000	4,615,250	3,322,750	1,843,224			
12/01/2029	-	4,614,500	(4,614,500)	(2,437,899)			
12/01/2030	-	4,620,250	(4,620,250)	(2,324,702)			
12/01/2031	-	4,617,000	(4,617,000)	(2,212,444)			
12/01/2032	-	4,615,000	(4,615,000)	(2,106,177)			
12/01/2033	-	4,614,000	(4,614,000)	(2,005,448)			
12/01/2034	-	6,133,750	(6,133,750)	(2,539,046)			
12/01/2035	-	6,133,000	(6,133,000)	(2,417,844)			
12/01/2036	-	6,138,750	(6,138,750)	(2,304,867)			
12/01/2037	-	6,130,250	(6,130,250)	(2,192,072)			
12/01/2038	-	6,137,750	(6,137,750)	(2,090,242)			
12/01/2039	-	6,135,000	(6,135,000)	(1,989,815)			
12/01/2040	-	6,132,000	(6,132,000)	(1,894,135)			
12/01/2041	-	6,133,250	(6,133,250)	(1,804,306)			
12/01/2042	-	6,138,000	(6,138,000)	(1,719,717)			
12/01/2043	-	6,135,500	(6,135,500)	(1,637,159)			
12/01/2044	-	6,135,500	(6,135,500)	(1,559,199)			
12/01/2045	-	6,137,250	(6,137,250)	(1,485,375)			
Total	\$ 101,327,875	\$ 152,376,142	\$ (51,048,267)	\$ 376,653			

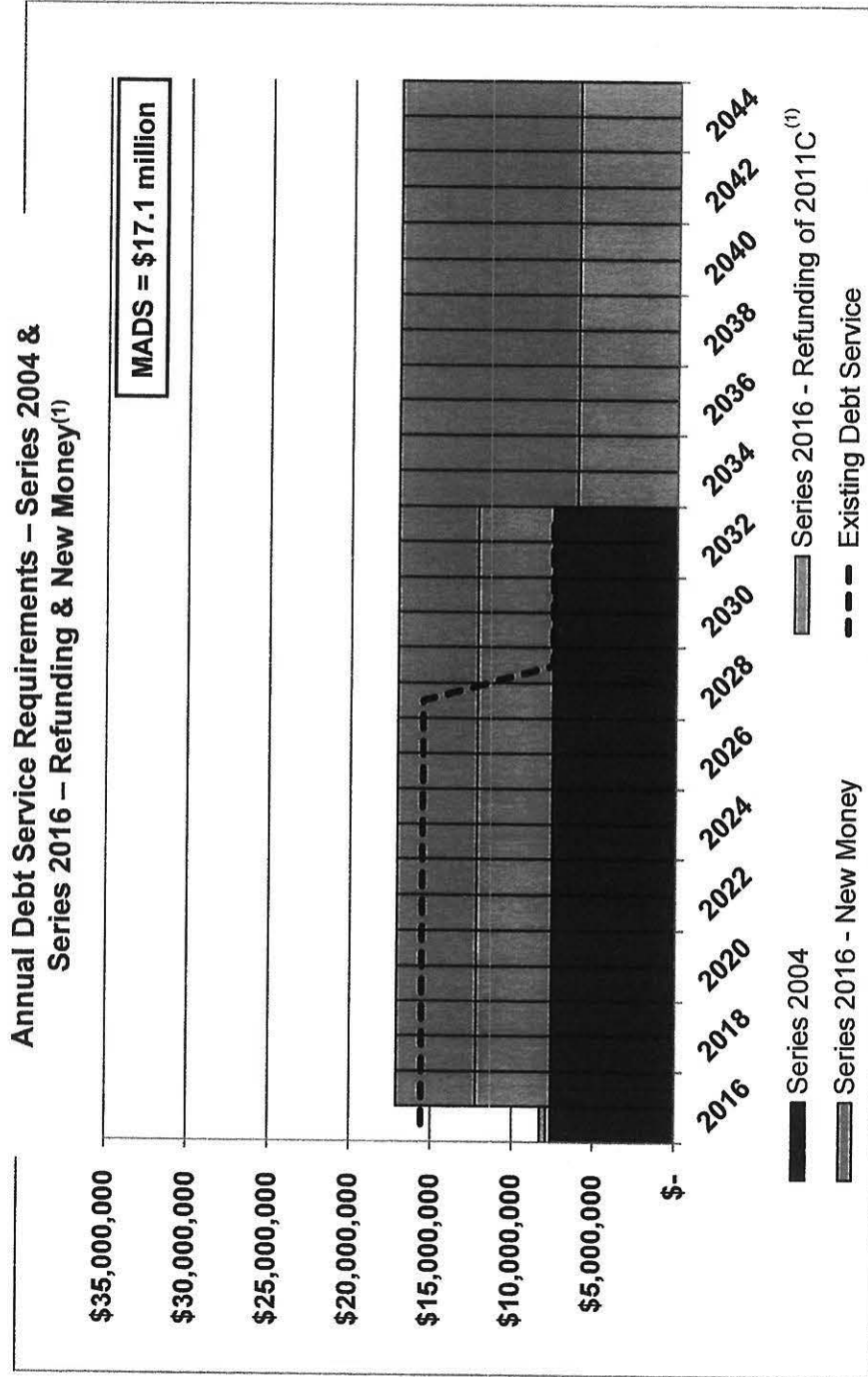
Sources of Funds	
Par Amount	\$ 75,765,000
Premium	14,893,907
Total Sources of Funds	\$ 90,658,907
Uses of Funds	
Series 2011C Refunding Escrow	\$ 87,847,721
Costs of Issuance	1,141,317
2011C Bonds vs. 2011 Loan Principal Mismatch ⁽¹⁾	1,669,870
Total Uses of Funds	\$ 90,658,907

Savings Summary:	
Net PV Savings (@ 5.0%)	\$ 376,653
NPV as a % of Refunded Par	0.5%
Average Annual Cash Flow Savings	\$ (1,701,609)

(1) Series 2016 – Refunding of 2011C Bonds includes the additional proceeds necessary for repayment of the difference in principal outstanding between the 2011 Loan payable to Erie County and the 2011C Bonds, which is \$1.7 million as of 11/3/2016.

SERIES 2004 AND SERIES 2016 – REFUNDING AND NEW MONEY

The graph below includes the New Money component as well as a refinancing of the 2011C Bonds. In this scenario, the New Money component also has a 30-year maturity and is wrapped around existing and refinanced debt to create level debt service and minimize MADS.



⁽¹⁾ Series 2016 – Refunding of 2011C Bonds includes the additional proceeds necessary for repayment of the difference in principal outstanding between the 2011 Loan payable to Erie County and the 2011C Bonds, which is \$1.7 million as of 11/3/2016.
 Note: Does not include capital lease obligations.

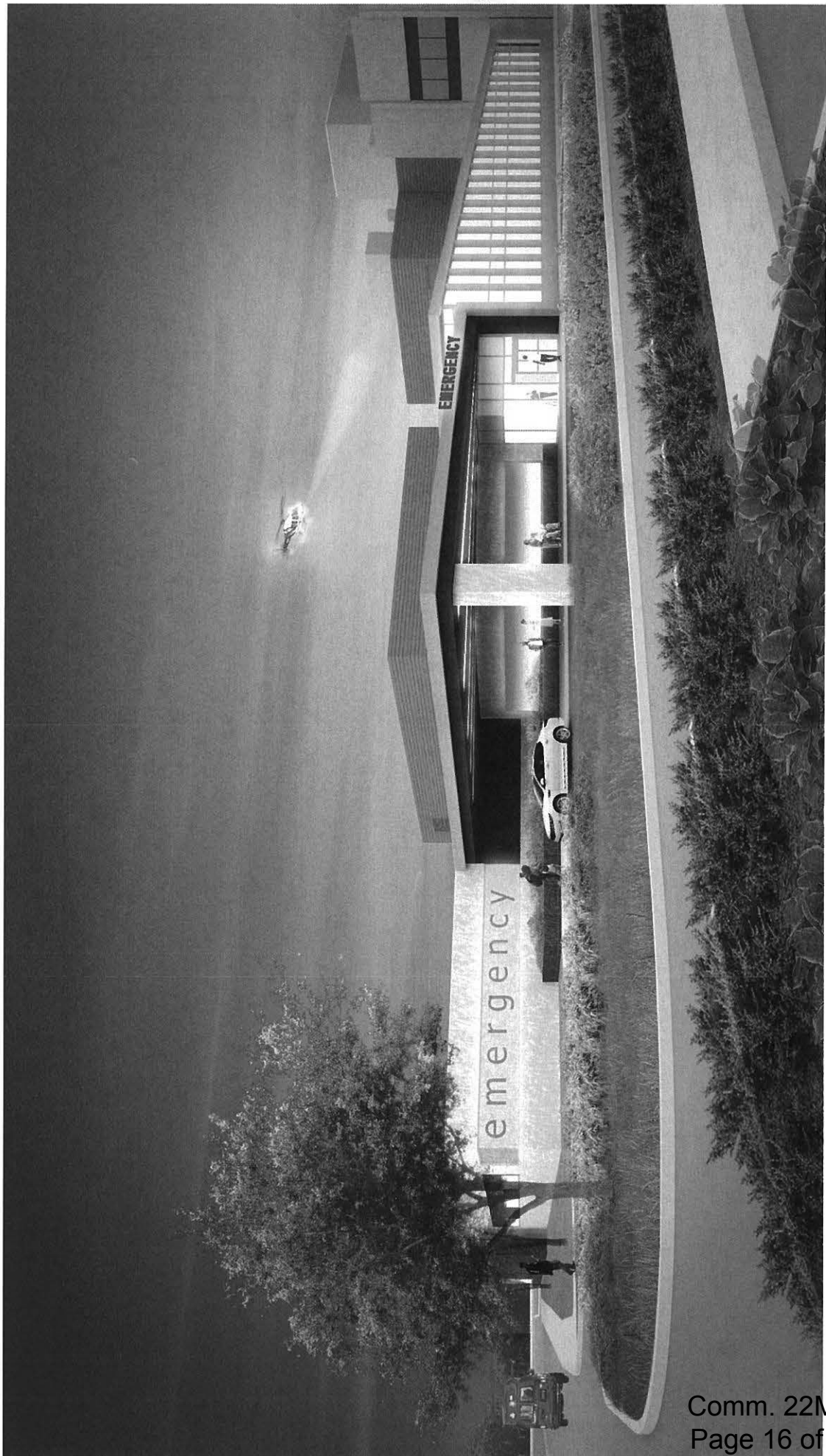
SERIES 2004 AND SERIES 2016 – REFUNDING AND NEW MONEY (CONT'D)

The Sources & Uses and Bond Summary Statistics for the Aggregate Refunding and New Money Series 2016 Bonds scenario outlined on the previous slide are shown in the chart below.

Series 2016 – Refunding and New Money Statistics

Sources of Funds	
Par Amount	\$ 173,020,000
Premium	33,719,708
Total Sources of Funds	\$206,739,708
Uses of Funds	
Project Fund	\$ 99,720,694
Series 2011C Refunding Escrow	87,847,721
Capitalized Interest Fund	14,899,922
Costs of Issuance	2,601,501
2011C Bonds vs. 2011 Loan Principal Mismatch ⁽¹⁾	1,669,870
Total Uses of Funds	\$206,739,708
Key Assumptions	
Delivery Date	11/3/2016
Final Maturity	12/1/2045
Key Statistics	
Arbitrage Yield	2.72%
TIC	3.69%
All-In TIC	3.78%
Average Life	22.43 years

⁽¹⁾ Series 2016 – Refunding of 2011C Bonds includes the additional proceeds necessary for repayment of the difference in principal outstanding between the 2011 Loan payable to Erie County and the 2011C Bonds, which is \$1.7 million as of 11/3/2016.
 Note: Does not include capital lease obligations.



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NEWS

For Immediate Release

November 10, 2016

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ECMCC AWARDED HOSPITAL ACCREDITATION FROM THE JOINT COMMISSION

Outcome reflects ECMCC's commitment to providing safe and effective patient care

BUFFALO, NEW YORK—Erie County Medical Center Corporation (ECMCC) today announced it has earned The Joint Commission's Gold Seal of Approval® for its full Hospital Accreditation for a three-year period by demonstrating continuous compliance with its performance standards. The Gold Seal of Approval® is a symbol of quality that reflects an organization's commitment to providing safe and effective patient care.

ECMC underwent a rigorous, unannounced onsite survey in late July. During the review, a team of Joint Commission expert surveyors evaluated compliance with hospital standards related to several areas, including emergency management, environment of care, infection prevention and control, leadership, and medication management. Surveyors also conducted onsite observations and interviews.

The Joint Commission has accredited hospitals for more than 60 years. More than 4,000 general, children's, long-term acute, psychiatric, rehabilitation and specialty hospitals currently maintain accreditation from The Joint Commission, awarded for a three-year period. In addition, approximately 360 critical access hospitals maintain accreditation through a separate program.

ECMCC Chair Sharon L. Hanson said, "The Board of Directors at ECMC always has quality care and safety as it's number one priority, and this accreditation demonstrates that the leadership team and all of its physicians, nurses, and staff assures the very best care every day, one patient at a time. ECMC is the community's hospital, and the community should be comforted that their Adult Trauma Center is among the best in the nation."

- MORE -

Comm. 22M-8
Page 17 of 22

ECMCC President and CEO Thomas J. Quatroche Jr., Ph.D., said, “Joint Commission accreditation is known throughout the country as the national standard of excellence. This accreditation affirms the quality of care at Western New York’s only Adult Trauma Center. I commend the entire ECMC family for their incredible dedication and commitment, ensuring that our patients receive the highest quality care and their families and loved ones are treated with dignity and respect to help ensure that ECMC continues as the region's hospital of choice.

The Joint Commission Chief Operating Officer, Division of Accreditation and Certification Operations, Mark G. Pelletier, RN, MS, said, “Joint Commission accreditation provides hospitals with the processes needed to improve in a variety of areas from the enhancement of staff education to the improvement of daily business operations. In addition, our accreditation helps hospitals enhance their risk management and risk reduction strategies. We commend Erie County Medical Center for its efforts to become a quality improvement organization.”

The Joint Commission’s hospital standards are developed in consultation with health care experts and providers, measurement experts and patients. The standards are informed by scientific literature and expert consensus to help hospitals measure, assess and improve performance.

-30-

The Joint Commission: Founded in 1951, The Joint Commission seeks to continuously improve health care for the public, in collaboration with other stakeholders, by evaluating health care organizations and inspiring them to excel in providing safe and effective care of the highest quality and value. The Joint Commission accredits and certifies nearly 21,000 health care organizations and programs in the United States. An independent, nonprofit organization, The Joint Commission is the nation’s oldest and largest standards-setting and accrediting body in health care. Learn more about The Joint Commission at www.jointcommission.org.

ABOUT ERIE COUNTY MEDICAL CENTER (ECMC) CORPORATION: The ECMC Corporation was established as a New York State Public Benefit Corporation and since 2004 has included an advanced academic medical center with 602 inpatient beds, on- and off-campus health centers, more than 30 outpatient specialty care services and Terrace View, a 390-bed long-term care facility. ECMC is Western New York’s only Level 1 Adult Trauma Center, as well as a regional center for burn care, behavioral health services, transplantation, medical oncology and head & neck cancer care, rehabilitation and a major teaching facility for the University at Buffalo. Most ECMC physicians, dentists and pharmacists are dedicated faculty members of the university and/or members of a private practice plan. More Western New York residents are choosing ECMC for exceptional patient care and patient experiences—*the difference between healthcare and true care*™.

The difference between
healthcare and true care™



AMERICAN COLLEGE OF SURGEONS
Verified Trauma Center

NEWS: For Immediate Release

NEWS CONTACT: Tom Quatroche at 716-898-5503 -or- tquatroc@ecmc.edu

ECMC Receives National Verification for Trauma Center *American College of Surgeons confers elite status on medical center*

BUFFALO, NY – June 12, 2015 – The national Committee on Trauma of the American College of Surgeons (ACS) this week named Erie County Medical Center a Level I Trauma Center, only the fifth in New York.

The ACS Committee on Trauma – from which two designees visited ECMC March 10-11 for an on-site review – provides confirmation that a trauma center has demonstrated its commitment to providing the highest-quality trauma care for all injured patients. The ACS notification specifically indicated that absolutely no deficiencies were found in the review and evaluation process. Achieving verification means that the hospital voluntarily met criteria that improve the standard of care as outlined by the American College of Surgeons' Committee on Trauma's current Resources for Optimal Care of the Injured Patient manual.

Established by the American College of Surgeons in 1987, the designation program promotes development of trauma centers in which participants provide not only the hospital resources necessary for trauma care, but also the entire spectrum of care to address the needs of all injured patients from the prehospital phase through the rehabilitation process.

“Clearly, this is a confirmation of ECMC’s commitment to the highest quality trauma care,” said ECMC CEO Richard C. Cleland. “Today, we recognize all of the doctors, nurses, and first responders who have made this Trauma Center system one of the best in the nation.”

There are five separate categories of verification in the program. Each category has specific criteria that must be met by a facility seeking that level of verification. Each hospital has an on-site review by a team of experienced site reviewers, who use the current Resources for the Optimal Care of the Injured Patient manual as a guideline in conducting the survey.

*FAQ, American College of Surgeons Committee on Trauma
Consultation/Verification Program for Hospitals*

What is the Committee on Trauma?

The Committee on Trauma (COT), a standing committee of the American College of Surgeons (ACS), works to improve all phases of care of the injured patient and to prevent injuries before they occur. The COT promotes leadership and cooperation of all participants in a trauma center so that the best possible care will be provided to injured patients. The COT also requires the commitment of each facility's surgeons to the improvement of trauma care. Recognizing that trauma is a surgical disease that demands surgical leadership, the ACS established the Committee on Trauma, its oldest standing committee, in 1922.

What is the Consultation/Verification Program?

Established by the ACS Committee on Trauma in 1987, the Consultation/Verification Program is designed to promote the development of trauma centers in which participants provide the hospital resources necessary to address the trauma needs of all injured patients. The Consultation Program is designed to help hospitals and their personnel prepare for this endeavor. The Verification Program confirms that all the criteria have been met.

What is Resources for Optimal Care of the Injured Patient?

This document is the resource manual of the COT. First published in 1976 as Optimal Hospital Resources for Care of the Injured Patient, the manual established guidelines for the care of injured patients. Subsequent revisions have continued the COT's commitment to ensuring that resources and personnel for providing optimal care for injured patients are in place in trauma programs. In 1990, the name of this manual was changed to Resources for Optimal Care of the Injured Patient to reflect a change in trauma care and to complement an important and abiding principle of the Committee on Trauma: To ensure that the needs of all injured patients are addressed wherever they are injured and wherever they receive care.

How did the verification program begin?

An obvious outgrowth of the establishment of the COT's guidelines for optimal care was the development of a verification process through which a hospital could be evaluated by ACS

trauma surgeons to determine whether the criteria for optimal care of injured patients were being met. Thus, the Verification/Consultation Program for Hospitals was established in 1987.

How many categories of verification does the program have?

There are five separate categories of verification in the COT's program (Level I Trauma Center, Level II Trauma Center, Level III Trauma Center, Level I Pediatric Trauma Center and Level II Pediatric Trauma Center), each with specific criteria that must be met by a facility seeking that level of verification.

How does a hospital or clinic receive verification?

The level of verification is requested by the hospital. An on-site review of the hospital is conducted by a team of reviewers experienced in the field of trauma. Using the current Resources for Optimal Care of the Injured Patient manual as a guideline, this team will determine if the criteria for the requested level have been met.

THIRD QUARTER RESULTS

	<u>September 30</u>		Increase	
	<u>2016</u>	<u>2015</u>	<u>(Decrease)</u>	<u>%</u>
Discharges	14,158	13,793	365	2.6%
Average Length of Stay	<u>7.6</u>	<u>8.0</u>	<u>(0.4)</u>	<u>-5.2%</u>
Acute Case Mix Index	1.85	1.74	0.11	6.5%
Surgeries				
Inpatient	4,289	4,136	153	3.7%
Outpatient	<u>5,267</u>	<u>4,964</u>	<u>303</u>	<u>6.1%</u>
Total	<u>9,556</u>	<u>9,100</u>	<u>456</u>	<u>5.0%</u>
Emergency Room Visits	52,574	50,799	1,775	3.5%
Outpatient Visits	231,013	219,367	11,646	5.3%