

ECMC CORPORATION
2015 ANNUAL REPORT AS REQUIRED BY
NEW YORK PUBLIC AUTHORITIES LAW SECTIONS 2800 AND 3642

ANNUAL REPORT:

New York State Governor Andrew M. Cuomo
Senate Finance Committee Chairman Catharine Young
Senate Finance Committee Ranking Minority Member Liz Krueger
Assembly Ways and Means Committee Chairman Herman D. Farrell, Jr.
Assembly Ways and Means Committee Ranking Minority Member Bob Oaks
New York State Comptroller Thomas P. DiNapoli
Erie County Legislature Chair John J. Mills
Erie County Executive Mark C. Poloncarz
Erie County Comptroller Stefan I. Mychajliw
Erie County Audit Committee Chairman Scott W. Kroll
Erie County Legislature Clerk Karen McCarthy
Erie County Clerk Christopher L. Jacobs

REPORT OF SUBSIDIARIES / PROCUREMENT CONTRACTS:

New York State Governor Andrew M. Cuomo
New York State Temporary President of the Senate John J. Flanagan
New York State Speaker of the Assembly Carl E. Heastie
New York State Comptroller Thomas P. DiNapoli
Erie County Executive Mark C. Poloncarz
Clerk of the Erie County Legislature Karen McCarthy
Copies available to the public upon reasonable request

BOND SALE REPORT:

New York State Comptroller Thomas P. DiNapoli
Senate Finance Committee Chairman Catharine Young
New York State Assembly Ways and Means Committee Chair Herman D. Farrell Jr.
Copies available to the public upon reasonable request

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 - 5.) A compensation schedule, in addition to the report described in section twenty-eight hundred six of this title, that shall include, by position, title and name of the person holding such position or title, the salary, compensation, allowance and/or benefits provided to any officer, director or employee in a decision making or managerial position of such authority whose salary is in excess of one hundred thousand dollars; (5-a) biographical information, not including confidential personal information, for all directors and officers and employees for whom salary reporting is required under subparagraph five of this paragraph
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**II. ANNUAL REPORT TO: 1.) STATE; 2.) LOCAL AUTHORITIES:
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- 1.) Name, Principal Business Address, Principal Business Activities of Each Subsidiary of the Corporation
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- 5.) A financial statement, income statement, and balance sheet prepared by an independent certified public accountant, all in accordance with generally accepted accounting principles applicable to the corporation and each of its subsidiaries

Message from the Leadership of ECMC Corporation

The year 2015 has been the busiest year in our history. Five years ago, the ECMCC leadership team (comprised of board members, physicians and administrators) laid out a strategic plan to grow and expand the Corporation's services. Since then, every ECMC medical specialty, particularly Orthopaedics, Transplantation, and Behavioral Health, has grown significantly. In addition, ECMCC has added new services such as Oncology, Head and Neck Surgery, Bariatrics, and Dental Oncology. ECMC expanded surgical capacity by adding four new operating rooms (for a total of 16), expanding our Emergency Department, renovating patient floors (Transplantation and Orthopaedics), and expanding outpatient dialysis and medical office space.

The volume numbers tell part of the story. Over the past five years, growth in the following key areas has been impressive: Inpatient Discharges increased by 22 percent; Surgeries increased by 20 percent; Emergency Room Visits increased by 16 percent; and Outpatient Visits recorded a 20 percent increase. Along with expanded clinical capabilities and an increase in services performed, ECMC has maintained a passionate commitment to the mission of high quality patient care and satisfaction.

ECMCC's commitment to high quality care was recognized in 2015 by several distinguished state and national medical organizations, including:

- Level I Trauma Verification from the American College of Surgeons with no deficiencies and Level I Trauma Designation from the New York State Department of Health.
- Recognition from the New York Department of Health in 2015 for reducing Central Line-Associated Bloodstream Infections going to zero in the Medical ICU.
- The second-best score in the region from the federal Centers for Medicare & Medicaid Services for preventing hospital-acquired conditions.
- The Gold Plus award from the American Heart Association for the diagnosis and treatment of heart failure patients.
- Recognition with one of six National Nursing Excellence Awards.

Regarding patient experience and patient satisfaction, ECMCC's survey scores improved in every area in 2015. Much of this success was inspired by the strategic plan decision to raise awareness of the importance of the patient experience to match the importance of clinical excellence.

While clinical quality and safety are always of the highest importance, another important part of the ECMCC experience includes the "hotel" aspects of patient care – the cleanliness, food, customer service, response time – all these services are as important to patients as the clinical care they receive.

ECMCC works to improve patient satisfaction through the patient advocate program at the hospital. The patient advocates talk to patients, allowing clinicians to focus on clinical care. Advocates address any patient concerns, comments or needs that the patients may have about their rooms, care, food, the accessibility of doctors and nurses, or any other subject that may arise in the course of a visit.

The success in implementing the existing strategic plan has sent ECMCC back to planning for the future, to continue growing, continue improving what we do, and to prepare for the inevitable changes on the healthcare horizon.

More immediately, ECMCC will continue working with our partners at Millennium Collaborative Care to improve care and save costs through the Delivery System Reform Incentive Payment (DSRIP) program. We also will continue to link emergency room patients to primary care providers (PCP) or specialists and recruit physicians in Psychiatry, Primary Care, Orthopaedics, Bariatrics, Plastics, Internal Medicine, and Hospitalists. ECMCC recruitment extends throughout the entire Corporation and at over 3,000 members of the ECMC family, we are one of the region's largest employers.

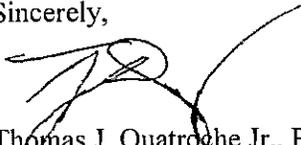
**ECMC Corporation Annual Report as required by New York Public
Authorities Law – Sections 2800 and 3642**

In 2016, ECMCC will continue to improve and renovate patient areas and improve the ability for referring physicians and rural hospitals to send their patients to ECMC. To strengthen our connection to the community, we are looking to invest in businesses and create partnerships such as our Care Network with MASH Urgent Care. We also will continue to pursue physician led collaborations between ECMC, Kaleida Health, and the University at Buffalo to improve quality of care, teaching, research, and to drive down costs and create efficiencies.

We are pleased to serve the community with an outstanding staff that provides exceptional, compassionate care every day, one patient at a time.

Our record of success along with advocacy from our community leadership will enable us to meet the challenges ahead. We thank you for upholding our mission and ask for your continued support.

Sincerely,


Thomas J. Quatroche Jr., PhD
President & Chief Operating Officer


Sharon L. Hanson
Chair, Board of Directors


Samuel Cloud, DO
President, Medical Executive Committee

CERTIFICATION

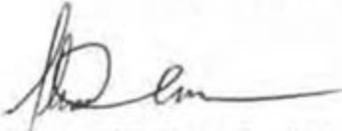
The financial reports submitted in this Annual Report have been approved by the Board of Directors of the Erie County Medical Center Corporation and are hereby certified, as indicated by signatures below, by the Chief Executive Officer and Chief Financial Officer.

Specifically, the undersigned certify, based on our knowledge and information provided to us that the financial reports and the information provided therein (1) are accurate, correct and do not contain any untrue statement of material fact; (2) do not omit any material fact which, if omitted, would cause the financial statements to be misleading in light of the circumstances under which such statements are made; and (3) fairly present, in all material respects, the financial condition and results of operations of the Erie County Medical Center Corporation as of, and for, the year ended December 31, 2015.

Respectfully submitted,



Thomas J. Quattoche, Ph.D.
President and Chief Executive Officer



Stephen M. Gary, Sr. CPA, CGMA
Chief Financial Officer

I-1.) Operations and Accomplishments (*in reverse chronological order; December through January*)
Public Authorities Law §3642(1); Public Authorities Law §2800; and the Sale Purchase and
Operation Agreement, §6.8

**ECMC Nationally Verified by American College of Surgeons conferring elite status
on medical center**

On June 12th, ECMC announced the national Committee on Trauma of the American College of Surgeons (ACS) 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 pre-hospital phase through the rehabilitation process.

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.

"From the trauma center's first days, ECMC continues to stand on the shoulders of great clinicians and community emergency personnel who have worked together to insist on excellence," said William J. Flynn, M.D., F.A.C.S., chief of surgery, ECMC; and associate professor/chief, Division of Trauma/Critical Care, Department of Surgery, S.U.N.Y. at Buffalo. "The thousands of patient trauma survival stories are our most gratifying, living proof of success."

"Recognition by such an esteemed organization as the American College of Surgeons is a great honor for ECMC. They should be very proud of this accomplishment and the expertise of their entire trauma team in their ability to save many lives in Western New York," stated Steven D. Schwaartzberg, M.D., professor and chairman, Department of Surgery, School of Medicine and Biomedical Sciences, S.U.N.Y. at Buffalo.

The American College of Surgeons is a scientific and educational association founded in 1913 to raise the standards of surgical education and practice and to improve the care of the surgical patient. The College has more than 72,000 members and it is the largest association of surgeons in the world. Longstanding achievements have placed the ACS in the forefront of American surgery and have made it an important advocate for all surgical patients. The ACS list of currently verified trauma centers is accessible at: <http://www.facs.org/trauma/verified.html>

NYS Health Commissioner designates ECMC Level 1 Adult Trauma Center

At the end of July, ECMCC CEO received a letter from New York Commissioner of Health Howard A. Zucker, M.D., J.D., congratulating ECMC on its successful verification as a Level 1 trauma center by the American College of Surgeon's Committee on Trauma.

The letter from the Commissioner reads, in part: “This is a significant achievement, not only for your institution and for the New York Trauma System as a whole, but for the community you serve. This achievement indicates that your institution meets nationally recognized standards in providing care to the most critically injured patients and, equally important, that you monitor the care you provide and have a continuous process in place for improving that care. Your facility’s successful ACS-COT verification exceeds New York State’s current requirements for trauma center designation. As a result, and in accordance with Public Health Law Section 3066, **I am pleased to designate Erie County Medical Center as a Level 1 Adult Trauma Center.** Congratulations on this impressive achievement.”

ECMC Trauma Team Honored at Ralph Wilson Stadium

The Trauma Team at ECMC was among those honored December 27th at Ralph Wilson Stadium when the Buffalo Bills paid tribute to WNY 1st Responders. Dr. Michael Manka; Linda Schwab, RN; Jim Sheehan, RN; and Hospital Police Bryan Mayer and Brian Nigro were on the field for the pre-game presentation. ECMC trauma patient Corey Armbruster presented the game ball and was able to meet first responders who saved him after a fall down a ravine in Eden. Corey suffered a traumatic brain injury in the accident and spent nearly a month recovering at ECMC. He was able to walk on the field to attend his first ever Buffalo Bills game. Pre-game, 1st responders from around the region “passed the boot” in Ralph Wilson Stadium lots, raising thousands of dollars to support ECMC’s Level 1 Adult Trauma Program and the Regional Pediatric Trauma Program at Women & Children’s Hospital of Buffalo. Donors were given special Buffalo Bills first aid kits as a token of our appreciation. The Buffalo Bills also took time out to thank the trauma teams for their dedication and commitment. EJ Manuel visited the ED, Trauma ICU and Burn Unit at ECMC while Sammy Watkins visited Women and Children’s Hospital of Buffalo. Manuel signed autographs, posed for pictures and thanked all he met while encouraging everyone to support WNY’s Trauma Team by texting TRAUMA.

ECMC Opens the Russell J. Salvatore Orthopaedic Unit

On March 12, Erie County Medical Center cut the ribbon on a \$12.5 million expansion in the main hospital building to provide 22 state-of-the-art, in-patient, private rooms for orthopedic patient recovery.

The new rooms, approved by the state Health Department, support two continuing trends at the Grider Street health campus: Dramatic growth in orthopedic surgeries – elective and especially joint replacement – and an ongoing revamping of the hospital’s physical plant to better meet patient expectations, comfort and care.

The rooms, in two units, represent a re-distribution not affecting ECMC’s total bed count. They are dedicated to Buffalo restaurateur, philanthropist and former patient Russell J. Salvatore, who contributed \$500,000 to the project. It is called the Russell J. Salvatore Orthopaedic Unit. The contribution, to the ECMC Foundation, is the single largest gift it ever received.

This renovation was on ECMC's sixth floor, which previously housed skilled nursing patients who moved to the new Terrace View Long-Term Care Facility on ECMC's campus. In addition to the 22 private patient rooms, the floor will include a physical therapy rehabilitation area, space for patient pre-surgery orthopedic educational classes, additional rooms for resident interaction and teaching and other ancillary space.

“ECMC is already an amazing hospital with the best possible care and I’m just pleased to be able to support future orthopedic patients as I was supported when I was here,” Salvatore said.

Demand for elective orthopedic surgical services has grown substantially, especially among patients who need total joint replacement. During the three-year period 2011 to 2013, ECMC's total inpatient surgical volume consisted of 12,840 cases marked by substantial growth each year; i.e., a 7.5% increase from

2011 to 2013. Also for the three-year period, ECMC had 5,768 orthopedic cases (13.4% increase from 2011 to 2013) and 1,936 total joint procedures marked by a 60.4% increase from 2011 to 2013.

“ECMC is a special place, with dedicated caregivers, physicians, and now we have a beautiful environment conducive to healing for our patients,” said Dr. Phil Stegemann, clinical director of ECMC Orthopaedics, “The patient has always been at the center of the care we deliver, and this new floor takes this level of commitment to the patient to a whole other level.”

ECMC sought state approval for the new space to meet the growing patient demand and provide a better experience for the patient. In addition, as patient satisfaction improves, this will be a factor in retaining and recruiting new orthopedic physicians. It opened officially on March 18.

ECMC’s Bariatric Practice Earns National Accreditation *‘Comprehensive Center’ designation is highest-quality level for a hospital*

A national accreditation and quality improvement program of the American College of Surgeons recently provided Erie County Medical Center’s bariatric surgery program with its highest endorsement.

The ECMC program is the largest bariatric program in the area, with more than 500 surgeries in 2014. The Metabolic and Bariatric Surgery Accreditation and Quality Improvement Program (MBSAQIP) in partnership with the American Society for Metabolic and Bariatric Surgery, issued the three-year “Comprehensive Center,” designation after a series of extensive evaluations.

The accreditation to ECMC “formally acknowledges your commitment to providing and supporting quality improvement and patient safety efforts for metabolic and bariatric surgery patients. As an accredited program, you have demonstrated that your center meets the needs of your patients by providing multidisciplinary, high-quality, patient-centered care,” according to a letter from the program to ECMC’s Bariatrics Director, Joseph A. Caruana, MD. “Your program is part of an elite group of MBSAQIP-accredited centers,” the letter concluded.

“The team at ECMC worked extremely hard for this accreditation and we are pleased that the hospital received the designation,” Dr. Caruana said. “As the MBSAQIP directors indicated, this means ECMC’s bariatric practice is of the highest quality and properly centered on the patient.”

The evaluation process included completion of an extensive application; graded acceptance of that application; certification of ECMC’s Beth Ann Gray, RN, as a data collector for the program’s registry; a one-day site visit by MBSAQIP’s Dr. Ann Rogers; and then site visit information was returned to the MBSAQIP and compiled to make the final decision. To maintain the designation year-to-year, the institution submits a comprehensive report on the practice for each year. The site visit itself involved an extensive review of the hospital led by Dr. Joseph Caruana; Dr. Mark Cavaretta; Nicole Rossney, MS, PA-C, physician assistant and Bariatric Program Manager; and Gray.

Bariatric surgery is an operation on the stomach and/or intestines that helps patients with extreme obesity lose weight, according to the National Institute of Digestive and Kidney Diseases (NIDDK). This surgery is an option for people who cannot lose weight by other means or who suffer from serious health problems related to obesity, the agency said on its web site. The surgery promotes weight loss through various mechanisms and reduces the risk of Type 2 diabetes, high blood pressure, sleep apnea, and other obesity related diseases. Some surgeries also interrupt how food is digested, preventing some calories and nutrients, such as vitamins, from being absorbed. Recent studies suggest that bariatric surgery may even lower death rates for patients with severe obesity. The best results occur when patients follow surgery with healthy eating patterns and regular exercise, according to the NIDDK. The ECMC program is one of 48 accredited in New York hospitals.

ECMC recognized by NYS Dept. of Health for Zero Infections

The New York State Department of Health (DOH) recognized and featured ECMC in the State “Hospital-Acquired Infections” report published pertaining to the year 2013, for the ECMC Medical Intensive Care Unit (MICU) success in reducing Central Line-Associated Bloodstream Infections (CLABSIs) to zero.

A central line (CL) is a tube that is placed into a large vein, usually in the neck, chest, arm or groin, that is used to give fluids and medications, withdraw blood, and monitor the patient’s condition. A CL is different than a standard, peripheral intravenous line because it goes farther into the body, terminating near the heart, and because it may be used for weeks or even months. A bloodstream infection can occur when microorganisms (e.g., bacteria, fungi) travel around or through the tube, attach and multiply on the tubing or in fluid administered through the tubing, and then enter the blood. NYS hospitals are required to track CLABSIs in intensive care units (ICUs).

As published in a feature article in the report by the NYSDOH, “Erie County Medical Center (ECMC) in Buffalo, NY has been successful in CLABSI reduction in their 12-bed medical intensive care unit (MICU).” “...The ECMC MICU reported zero CLABSIs for 2013, and continues to be CLABSI-free for the first half of 2014...” ECMC’s MICU posted zero central line infections for the remainder of 2014, and continues to do so to date.

As explained by Charlene Ludlow, MHA, RN, CIC, Chief Safety Officer, ECMC Corp., in the published NYSDOH report, “The continuity of (ECMC) providers has resulted in a team dynamic which facilitates communication and prioritizes prevention of infections.” Ludlow stated, “This accomplishment is verification of ECMC’s intent and ongoing efforts to establish, assess and improve procedures to enhance safety protocols.”

In response to the positive results, Karen Ziemianski, MS, RN, Senior Vice President of Nursing, ECMC Corp., stated, “Our nursing staff is committed to following proven safety guidelines. The data in this report confirm this commitment and we are pleased about our success in this regard for ECMC, but more importantly, for our patients.”

As outlined in the NYSDOH feature article about ECMC, some of the reasons for this success include: The ECMC Patient Safety Department’s five certified Infection Preventionists (IPs) report directly to the Chief Safety Officer, who has infection prevention background and is certified in infection control (CIC); the MICU staff is comprised of a dedicated group of intensivists and hospitalists; multidisciplinary rounds are conducted daily and are comprised of the medical attending physician, intensivist, nurse practitioner/physician assistant, nursing unit manager, charge nurse, clinical pharmacist, and nutritionist; line necessity is reviewed daily; the IPs provide CLABSI data to the critical care units for immediate case review; and results are discussed with the staff by the nurse managers and presented monthly by the IPs to the Critical Care Quality Improvement Committee.

To view the full NYSDOH report, log-on to:

https://www.health.ny.gov/statistics/facilities/hospital/hospital_acquired_infections

Hospital-Acquired Infections - New York State 2013 at:

https://www.health.ny.gov/statistics/facilities/hospital/hospital_acquired_infections/2013/docs/hospital_acquired_infection.pdf

ECMC recognized with Quality Achievement Award & Honor Roll

Erie County Medical Center Corporation recently received the Get With The Guidelines®–Heart Failure Gold-Plus Quality Achievement Award for implementing specific quality improvement measures outlined by the American Heart Association/American College of Cardiology Foundation’s secondary prevention guidelines for patients with heart failure. This marks the 10th year that ECMC has been recognized with a quality achievement award.

Get With The Guidelines–Heart Failure is a quality improvement program that helps hospital teams provide the most up-to-date, research-based guidelines with the goal of speeding recovery and reducing hospital readmissions for heart failure patients. Launched in 2005, numerous published studies have demonstrated the program’s success in achieving patient outcome improvements, including reductions in 30-day readmissions.

ECMC earned the award by meeting specific quality achievement measures for the diagnosis and treatment of heart failure patients at a set level for a designated period. These measures include evaluation of the patient, proper use of medications and aggressive risk-reduction therapies. These would include ACE inhibitors/ARBs, beta-blockers, diuretics, anticoagulants, and other appropriate therapies. Before patients are discharged, they also receive education on managing their heart failure and overall health, have a follow-up visit scheduled, as well as other care transition interventions.

ECMC also received the association’s Target: Heart Failure Honor Roll. Target: Heart Failure is an initiative that provides hospitals with educational tools, prevention programs and treatment guidelines designed to reduce the risk of heart failure patients ending up back in the hospital. Hospitals are required to meet criteria that improves medication adherence, provides early follow-up care and coordination and enhances patient education. The goal is to reduce hospital readmissions and help patients improve their quality of life in managing this chronic condition.

Survey data confirms ECMC's Patient Satisfaction keeps going up

HCAHPS (Hospital Consumer Assessment of Healthcare Providers and Systems) is a standardized survey which is meant to measure patients’ perspectives on hospital care. The survey gains insight on the patient experience in the following areas: communication with nurses, responsiveness of hospital staff, communication with doctors, the hospital environment, pain management, communication about medicines, discharge information, and care transitions. It is comprised of 32 questions and is administered to a random sample of discharged patients. The standardization of survey questions and administration methodology allows for comparison between hospitals and across the nation.

One use of the HCAHPS survey results is for CMS Value Based Purchasing purposes. Hospitals are compared to the national 50th (Threshold) and 90th (Benchmark) percentiles of data collected two years prior to the reporting period. The data collected during the 2015 calendar year determined 25% of the Value Based Purchasing payment amount for the hospital. The data below shows ECMC’s consistent improvement across all measures from 2012 through 3rd quarter 2015.

Over the last several years, ECMC has refocused its commitment to the patient experience journey. Many patient centered initiatives have been put in place to lay the foundation for growth, sustainability and accountability in this area. Our Nursing Department and Executive Leaders have dedicated time to patient and teammate “rounding” (visits). This gives the nursing team dedicated time to focus on the unit and address any patient opportunities. The executive leadership is also out on units and rounding within various departments to talk with patients, families and teammates. In addition to the Nursing and Executive Leadership teams, ECMC has several Patient Advocates who work on the units and in the Emergency Department to further re-enforce the team work and support the needs of the patients in whatever way possible.

Additionally, the Housekeeping Department has several initiatives that they are implementing. They have recently developed a patient experience committee which meets once a month and they have followed the lead of the nursing department with a monthly book club. The Housekeeping supervisors are reading “‘Service Fanatics,’ How to build superior patient experience the Cleveland Clinic Way,” which was authored by Dr. James Merlino, formerly of the Cleveland Clinic, and currently with Press Ganey, the leading organization in patient experience.

As ECMC continues to deliver extraordinary healthcare, we must make sure that our focus is aligned around our patients. After all, wouldn't we want that for our families and ourselves?

Reference: <http://www.hcahpsonline.org> Centers for Medicare & Medicaid Services, Baltimore, MD. January, 8, 2016.

Grand Opening of new “Center for Occupational & Environmental Medicine at ECMC” to serve WNY workers

On June 5th, Erie County Medical Center (ECMC) Corporation officially opened the all-new Center for Occupational & Environmental Medicine at ECMC. The Center for Occupational & Environmental Medicine (COEM) at ECMC is a regional health facility for Western New York work force members who have work-related health needs. The Center is a state-funded service supported by \$3 million over five years and one of several other centers within the New York State Occupational Health Network Program. The COEM at ECMC aims to prevent work-related illnesses and injuries through increased awareness and health education, early diagnosis and treatment. The COEM at ECMC is guided and supported by a broad-based advisory board, led by union leadership and representation from the entire Western New York community.

Erie County Medical Center was selected as the venue to deliver these services through highly qualified and trained staff with state-of-the-art equipment housed in a modern facility, and supported by the hospital-wide range of ancillary services and resources.

Local labor leaders, who played a major role in creating the new Center, emphasize that the facility came about by and for all working people.

“This Center would not have happened without the involvement of Labor,” explained Richard Lipsitz, President, Western New York AFL-CIO Area Labor Federation (WNYALF). “This (Center) establishes us at the center of progressive medicine. There’s nothing like this in Western New York and it was a collaborative effort,” said Lipsitz. “We have a great partner with ECMC at what can only be described as a Union hospital. This is yet another example of the good that’s going on here in Western New York. Workers need to take advantage of what this center offers.”

The program director, Dr. Wajdy L. Hailoo, is one of the well-known expert physicians specializing in occupational and environmental medicine with extensive experience in managing such programs. Dr. Hailoo is board certified in occupational/environmental medicine and is an officer of the New York Occupational and Environmental Medical Association. Dr. Hailoo agreed to return to Buffalo to head the COEM at ECMC after leading a university program for many years and serving as the medical director for the federal program that treats 9/11 World Trade Center first responders and volunteers in New York City (Queens).

“With all the major industry that operated in the area, WNY has one of the highest rates of occupational disease and injuries and is in most need for such professional medical services,” said Dr. Hailoo.

During the mid-to-late 1980s, Dr. Hailoo directed a similar program in Buffalo to help workers exposed to occupational and environmental conditions in the workplace.

“Our focus is on the health of workers who suffer because of the environment they work in,” explained Hailoo. “We’ll be able to build an informational database on the community and its workplaces—from Tonawanda Coke to Love Canal—and the diseases that come from working and living here. We need to take the appropriate precautions and develop treatment strategies.”

Operated by a caring and highly trained staff, the COEM is an easily accessible, spacious, modern facility located on the ECMC Health Campus on the ground floor of the medical center. It includes state-of-the-art diagnostic and testing equipment for breathing, hearing, vision, and the cardiovascular system. The

AstraZeneca is currently running two Phase II studies in which ECMC is participating to determine the effectiveness and safety of an investigational product in the treatment of patients with recurrent or metastatic squamous cell carcinoma of the head and neck who have progressed during or after treatment with a platinum-containing regimen for recurrent or metastatic disease.

The clinical trials are referred to as the “HAWK” and “CONDOR” studies. Patients need to meet specific enrollment criteria to be eligible to participate in either study. Patients who wish to be considered as potential participants in one of these studies should ask their doctor if they could be considered as a participant. Their doctor would then refer the appropriate patient(s) to ECMC for further evaluation for possible participation in one of these studies.

Those physicians who treat patients who may be eligible for these studies are invited to provide their patients with the necessary contact information. Physicians and/or their patients may also wish to review the listings for these studies on www.clinicaltrials.gov under ID NCT02207530 and NCT02319044.

For more information about these trials and/or the Center for Oncology Care at ECMC, call 716-898-3698, or visit: www.ecmc.edu

ECMC, Kaleida Health, and MASH Care Network Announce: New Population Health Management Model

Kaleida Health, ECMC and MASH Care Network have teamed up to develop a new population health management model for Western New York.

The initiative is designed to align ECMC and Kaleida Health’s hospitals, nursing homes, clinics and home care (the VNA) with MASH’s urgent care, transportation, physician services and mobility management to provide a seamless experience for patients.

The Buffalo General Medical Center, Gates Vascular Institute, Millard Fillmore Suburban Hospital and DeGraff Memorial Hospital recently launched their “signature service” program in conjunction with MASH Transportation. ECMC and the Women & Children’s Hospital of Buffalo will come on line next.

By coordinating transportation and having dedicated resources available, the hospitals can improve their respective discharge planning processes, getting patients home in a timelier manner. In addition, it will assist the hospitals’ length of stay for patients.

Buffalo Bills and ECMC host 10th annual Billie event

Bills and ECMC raise awareness and funding for the battle against breast cancer

The Buffalo Bills and the ECMC Foundation along with the American Cancer Society came together to host the 10th annual Billie event in downtown Buffalo on Friday, October 2, as part of the NFL’s month-long initiative to raise money and awareness for breast cancer research. The event was held in front of (716) Food and Sport and featured a free outdoor concert at Canalside with award-winning Black River Entertainment recording artist Craig Morgan.

The evening also featured a celebration of breast cancer survivorship and awareness with Bills players and their families making appearances. Janet Snyder of KISS 98.5 served as the Master of Ceremonies. Buffalo-based musical act eXit! kicked off the event with a live performance followed by another performance from the Buffalo band Dirty Smile. After Craig Morgan’s performance, the evening culminated with a fireworks show at Canalside.

Proceeds from the event benefit the ECMC Mobile Mammography Coach, the only unit of its kind in Western New York. Over 7,500 local women have been screened on the Coach in the past three years and

a dozen of those women have had their breast cancer detected at a treatable stage. The goal of the ECMC Mobile Mammography Coach is to make screening services available to all women in our community. “It shouldn’t matter where you live or what your financial status is,” says ECMC President and CEO Tom Quatroche. “All women deserve access to health care and the Coach is able to bring mammography services to women who might otherwise never be screened for cancer. Along with our partners at Western New York Breast Health, ECMC is proud to be partnering with the Buffalo Bills to promote the importance of early detection.”

In honor of the event, ECMC and numerous downtown Buffalo landmarks like the Peace Bridge, the Phillip Lytle Building and the Buffalo Niagara Convention Center turned ‘pink’ to support the cause.

The ECMC Mobile Mammography Coach, which features two digital mammography screening units, was parked at the event for people to visit and receive information on early diagnosis and treatment. The American Cancer Society was also on-site to help raise awareness and distribute information.

The Mammo Mile

ECMC Foundation, WNY Imaging Group and WNY Breast Health joined together to support the ECMC Mobile Mammography Coach and raise awareness for the importance of breast cancer screenings. The fun started at WNY Imaging on Genesee Street where over 300 hundred walkers and others gathered for the Mammo Mile. DJ Milk provided the entertainment at the pre-walk party that included food and fun activities for the kids. Participants walked the “Mammo Mile”, following the ECMC Foundation Mobile Mammography Coach up Genesee Street to Coca Cola Field. After an on-field photo, walkers joined the crowd for Turn The Park Pink Night.

Tree Decorating and Donor Wall Ceremonies honor organ donors and recipients

On November 18, ECMC held a joint celebration of the Tree Decorating Ceremony sponsored by the Kidney Foundation of Western New York and the ECMC Transplant program. In addition to the tree decorating, a plaque was dedicated on the ECMC Donor Wall on the 10th floor honoring donor families, living donors, transplant recipients, and those waiting for life-saving organs. Each of these groups received ornaments to hang on the tree. Speakers during the ceremonies included Emcee Barbara Breckinridge, Regional CEO of the National Kidney Foundation of WNY; ECMC President and CEO Tom Quatroche; Dr. Liise Kayler, Director, Regional Center of Excellence for Transplantation and Kidney Care at ECMC; a donor family; a kidney recipient who was the first ECMC transplant patient who later gave birth to a baby; and two brothers—one a donor and the other a recipient.

ECMC, Deaf Access Services to Use ER Signing Guide -Goal to give doctors, nurses, staff quick way to communicate with deaf patients

Erie County Medical Center and Buffalo Deaf Access Services joined to utilize a 20-page Deaf Emergency Awareness Form [DEAF] booklet so doctors and nurses can more effectively communicate with deaf and hard-of-hearing patients.

ECMC is the first hospital in the country to adopt the book, which contains easy-to-follow guidelines for how to most effectively communicate with deaf patients, as well as customized terms needed in a hospital and medical context. The booklet will soon become available to personnel in the region’s largest trauma center and for other hospital needs as well.

“This is a thoughtful and, we expect, effective approach to making certain our staff can communicate with deaf and hard-of-hearing patients, especially at crucial times in their care,” said Karen Ziemianski, ECMC’s senior vice president of nursing.

The DEAF booklet is based on the American Sign Language (ASL) system and would be used as a stop-gap in emergency situations, before and until a sign-language interpreter is available. The booklet is a visual and gestural form of communication that includes ASL vocabulary and precise illustrations that are easily understood and useable even for those who do not sign.

Deaf Access Services provides services in Buffalo helping the deaf, hard of hearing and hearing communities come together through advocacy, sign language, community education, employment, technology assistance, communication skills, and interpreting services that promote equal access.

“The booklet will benefit the deaf and hearing communities by facilitating communication and enhancing access to health care, particularly in emergent situations,” said DAS Board Member Sharon Manning, who introduced DAS to Welsh. “The idea is to provide immediate information for the health-care provider and the deaf/hard of hearing consumer, which will hopefully decrease fear and possibly allow for quicker treatment in an emergency situation.”

Manning is an assistant clinical professor in the School of Nursing at D’Youville College and her research involves health-care issues with the deaf community. She is also a student at Sacred Heart University in Fairfield, CT, seeking her doctorate of nursing practice. Carol Gallo, who lives outside of Philadelphia, is a fellow student with Manning at Sacred Heart. Gallo was also Welsh’s clinical instructor in nursing school in Philadelphia. Gallo brought Manning and Welsh together. Manning then worked with Sharon L. Hanson, executive director of DAS in to make DAS and ECMC the first partners to apply the booklet in a clinical setting.

Millennium’s Hammonds joins NYS panel of experts for Performing Provider System Symposium

As part of the New York State Department of Health “New York DSRIP Year 1: Launching PPS Transformation Efforts” symposium held in September in Rye Brook, NY, Millennium Collaborative Care Executive Director Al Hammonds and Erie County Commissioner of Health Dr. Gale Burstein joined a distinguished panel of experts from across the state to discuss “Emerging Models of Successful Collaboration with County Agencies.” During the session, panelists discussed best practices for collaboration between county agencies and Performing Provider Systems (PPSs), particularly within Domain 4 projects. Successful partnerships between County and PPS leadership were profiled.

Main symposium topics included: Building blocks for value-based payment; Driving toward Integrated Delivery Systems; Provider Engagement Approaches; Value-Based Purchasing in New York State; Considerations for Behavioral Health/Clinical Integration; Operational Support and Performance Resources; and Collaborative Healthcare Strategies. Breakout sessions followed the main presentations each day of the two days.

Al Hammonds previously served as chief operating officer at the Community Health Center of Buffalo (CHCB) a federally qualified health center that provides primary care, dental and behavioral health services. Prior to CHCB, Hammonds was the University at Buffalo’s assistant director of outreach for the Office of Economic Development. Hammonds previously served as Deputy Erie County Executive and was also a senior project director at the Center for Industrial Effectiveness at the University at Buffalo. A certified Six Sigma Black Belt practitioner, Hammonds also served as an adjunct professor for the Empire State College FORUM Management Program. Hammonds graduated from Purdue University with a degree in industrial management and industrial engineering. He also graduated from the UCLA/Johnson & Johnson Health Care Executive Management Program. Hammonds started his career at Delphi Automotive Systems, helping to drive lean manufacturing and continuous improvement.

ABOUT MILLENNIUM COLLABORATIVE CARE: Millennium Collaborative Care is a Performing Provider System (PPS) locally chaired by ECMC, and including Kaleida Health, Niagara/Orleans PPS

providers, Southern Tier PPS providers, and more than 3,800 other hospital and health-provider partners in Western New York. Millennium is the lead partner in Erie County for the state's Delivery System Reform Incentive Payments [DSRIP] program. Each region of the state is required to create a series of projects aimed at improving patient care and saving costs in the Medicaid population over the next five years. DSRIP's five-year goal is to reduce avoidable admissions and emergency room visits by 25 percent statewide. The total Medicaid population for the Millennium PPS is over 230,000 Medicaid patients in Western New York. Medicaid is the federal health care system for the poor and disabled administered by the states and counties. For more about MCC, log-on to: www.millenniumcc.org

Laurie Efthemis recognized as Trauma Registrar of Distinction by NYS Trauma Society

Laurie Efthemis, RHIT, SCTR, CAISS, has been awarded the Trauma Registrar of Distinction by the NYS Division of the American Trauma Society (NYATS). The awards were presented at the NY ATS meeting on January 7, 2015 in Troy NY. Laurie has been a Trauma Registrar at ECMC since 2012. In the two years since joining ECMC's trauma team, Laurie has achieved many accomplishments, including Certifications as: Certified Specialist Trauma Registrar (CSTR) and Certified Abbreviated Injury Severity Scoring for trauma (CAISS). She has been instrumental in helping to achieve concurrent status for ECMC's trauma data registry.

ECMC Employee of the Year

The 2015 Employee of the Year Recognition was awarded to Paul Keleher, PT, Physical Therapist, at the Employee Picnic. Paul is a very humble man, a people person, a "go to guy," a positive influence on his co-teammates, patients, patient families, and the entire clinical care team. Paul is described as the "complete package" of skills, teamwork, compassion, and dedication.

Terrace View Employee of the Year

Patty Tamrowski, CNA, was recognized as the Terrace View Employee of the Year. Patty adjusted to the move from the Erie County Home to Terrace View and all of its challenges and soon became a leader in the organization. Patty is described as someone who enjoys excellent staff and patient relations and is a model employee. Residents trust her and request her for their care; families depend on her and search her out for her professionalism; colleagues look to her as a resource person and choose her to orient new staff members. She is one of those individuals who meet a challenging situation head-on.

ECMC Volunteer of the Year

Judy Dintino, the 2015 Volunteer of the Year, is caring and compassionate. She is always willing to help, has good ideas and is creative. She is a gracious woman who never has a mean word to say, but instead is busy encouraging others. Judy originally joined the Volunteer Board in 2004 while she was still working full time. She has since retired and helps out at The Gift Corner. She has a knack for retail and fashion. She also regularly attends meetings and has previously chaired the annual Fashion Show.

ECMC Nurse of Distinction

Michelle Swygert, RN, NCC, was named to the Delta Sigma Award/Marguerite D'Youville Honor Society. Michelle is a distinctive registered nurse who provides exceptional care, encourages professional development and leadership amongst her peers, and inspires a culture of empathy and compassion for all patients. Michelle has a lifelong commitment to the service of nursing through compassion and

knowledge, both of which originate in her ability to genuinely and effortlessly impact and inspire those around her. With compassion as the absolute basis of her philosophy of nursing, Michelle has impacted thousands of patients, staff and students across ECMC. Michelle has created and advocated for organizations and programs that hold the patient at the center creating a culture of patient-centered care.

Michelle began her education at D'Youville College and continued her Nurse Practitioner training at the University of Buffalo. Michelle has worked in palliative care, in college health, geriatric care, and with the Department of Immigration Health Services. Michelle began at ECMC in 1999 as a registered nurse and has continued at ECMC as a unit manager, clinical manager, nursing care coordinator and currently, as the Behavioral Health Coordinator. Michelle has also taught Behavioral Health to nurses at D'Youville College.

Michelle's vocation of nursing also stretches beyond the hospital and the country by volunteering with organizations. Michelle has worked with the American Psychiatric Nurse Association, Friends of the Night People, EMBRACE WNY, Habitat for Humanity, Toys for Tots, and Kappa Alpha Psi and has spearheaded the Ladybug community support group and the Jenkins Soft Bed Project. She has also volunteered on two mission trips in Haiti.

Throughout her career with ECMC, Michelle has established herself as a leader. The basis of her leadership is in mutual respect, accountability for herself and her staff, and ongoing effective and clear communication. She has led many projects at ECMC, advocating for equality, access to healthcare, and ongoing open communication among staff. Michelle's passion, her lifelong commitment to nursing and her knowledge level is unsurpassed. She is able to motivate, enthuse, and teach her staff and those around her. Michelle's work does not stop at the end of her shift; she is a leader in the realm of development and vision, imparting knowledge, skills and enhancement to future nurses along the way.

ECMC Outstanding Staff Nurse

Tara Gregorio, RN, has worked on the Rehabilitation Floor since 2002. The Rehab Unit treats stroke patients, spinal cord injuries, traumatic brain injuries, multi trauma and de-conditioned patients, some of the most complex patient cases in the medical center. Nurses teach and explain medications, treatments, medical changes, and therapy tailored to individual learning styles. Although Tara's influence in the areas of clinical practice is commendable, her real skills are in her advocacy for patient safety, nurse knowledge and empowerment, and going above and beyond her role as a nurse.

Working with her rehab patients, Tara noticed an ongoing need to improve patient safety and began to focus on the prevention of pressure ulcers. She now chairs the ECMC STAMP committee, a New York State Department of Health initiative, which provides improvements in preventing pressure ulcers. Tara is one of the first staff nurses to head a committee. She also worked collaboratively with Dietary to initiate a nutrition program that increased the protein given to patients. As an instructor on a Designated Education Unit, Tara has taught University at Buffalo and Trocaire students the need to inspire patients to become involved in their care and the clinical skills necessary to provide patient centered care. She has created and implements skin care rounds and audits for the nursing departments and has taught her staff to keep striving and learning.

Tara's focus on patient centered care is apparent in her clinical practice and in her engagement with patients on a non-clinical level. She spends time with her patients, time filled with communication, empathy, and compassion. These are patients who are rehabilitating after terrible trauma, patients for whom Tara spends days, weeks, and months as a member of their nursing team. Her patients include some who may never have felt compassion nor had nurturing throughout their life. She takes care of seven of these patients during her shift, and after her shift or on lunch, she can often be seen rolling patients outside for fresh air, so they can feel the sun on their face after being inside throughout most of their hospital stay.

Three Outstanding ECMC Nurses are Recipients of the Daisy Award

The Daisy Award is a national recognition to honor the superhuman work nurses do for patients and families every day. Nominations are written by a patient or family member to applaud the nurse's dedication and compassionate care during a patient's stay. The Nurse Recognition Committee picks a nurse anonymously, based on their nomination, once per quarter, to be awarded in a surprise ceremony.

Tracy Dempsey, RN, was the First Quarter Daisy Award Winner in 2015. Tracy was nominated after a family wrote a letter detailing the compassionate care she gave to their family member in the last days of the patient's life.

Lisa Pelton, RN, was the Second Quarter Daisy Award Winner and was celebrated during Nurse's Week in May. Lisa was nominated by a patient to whom she provided exceptional care. The patient wrote a detailed letter about Lisa that was the inspiration for her award nomination.

Jennifer Gee, RN, 8-North, was awarded the Third Quarter Daisy Award. She won the award based on a hand-written note from a patient's husband describing the kind, compassionate care delivered during the patient's stay at ECMC. Jennifer took the time to explain the patient's medications and the care the patient was receiving. This calmed and encouraged the patient with her nursing care.

ECMC Nurses Recognized

Several ECMC nurses were recognized for "Excellence" and personal achievement by several outside organizations. This is truly amazing and so greatly deserving for these individuals:

- Karen Ziemanski, MS, RN, Senior Vice-President of Nursing was awarded the Nurse Executive/Leadership Award from the Network of Religious Communities
- Cameron Schmidt, MS, RN, Clinical Teacher, Critical Care Education, received the Distinguished Nursing Award-Life Line Foundation
- Michelle Swygert, RN, was named this year's D'Youville's Delta Sigma Award/Marguerite Honor Society honoree
- Edna Stercula, CRNA, was recently honored by the Jamestown Community College Alumni Association as the JCC 2015 Alumni Nurse of Distinction
- Tara Gregorio, RN, was selected as the Outstanding Staff Nurse Award by the Professional Nurses Association of WNY

Dr. Holmes and Medical Team Return to Haiti

In April, Dr. David Holmes led another medical expedition to provide medical care to rural Haiti. As they did in 2014, the team stayed in a local high school and set up a temporary clinic in the classrooms there. The school was St. Gabriel's Secondary School, one of the few high schools in the country, in the town of Fontaine in the northern part of Haiti's Central Plateau. Students at the school assisted the Buffalo doctors in addressing the medical concerns of Fontaine's residents, which include malnutrition due to poverty, lack of potable water and available health care. Many patients complained of "stomach pain" as a result of hunger. One of the four classrooms used for the medical clinic was dedicated to a pharmacy where physicians and student assistants dispensed necessary medications to their patients.

According to Dr. Holmes, the goal of the team is to "build a lasting and sustainable partnership between the Buffalo medical community, the people of Fontaine, St. Gabriel's School, and Friends of Fontaine. Our team hopes that this partnership will assist the people of Fontaine in improving their health and well being by meeting their public health needs."

Dr. Holmes is Clinical Associate Professor and Director of Global Health Education at SUNY Buffalo Department of Family Medicine and a physician at ECMC Family Health Center.

ECMC’s Susan Ksiazek delivers National Association of Boards of Pharmacy presentation

Susan Ksiazek delivered a presentation at the 2015 Annual Meeting of the National Association of Boards of Pharmacy (NABP) in New Orleans this May. The presentation, entitled “Regulating Team Based Care – Where Do We Start?” was a collaboration with representatives of the national associations representing boards of nursing and medicine. With the changes in healthcare, academic training and patient care models are emphasizing an inter-disciplinary approach. To optimize outcomes and ensure public protection, state healthcare regulations must be aligned. Boards of medicine, nursing and pharmacy are beginning to work together on the state and national level to ensure that regulations keep pace with the changing model and philosophy of healthcare delivery.

Susan was appointed to the New York State Board of Pharmacy in 1998, and served as the Chair of the Board for two years. She was elected to the Executive Committee of the National Association of Boards of Pharmacy in 2013. Subsequent to the 2015 Annual Meeting and her presentation, Susan was asked to serve on a national workgroup on Team Based Regulation through the Federation of State Medical Boards. Her years of experience working in team based models as a hospital and geriatric practitioner as well as her experience on the New York State Board of Pharmacy were cited in the invitation. Susan replied that she is very excited to be a part of a regulatory movement that supports a patient centered model well established to deliver a high level of quality and safety.

Accessible Public Transportation for Rehab Patients

On September 10, ECMC rehab therapists initiated a new program to assist patients in learning about and practicing the use of public transportation. An initiative of the Community Re-Integration Group on Accessible Public Transportation, the program enables individuals to practice boarding the bus. Patients can either board at wheelchair level or by using an assistive device up a ramp or up the stairs. The rehab therapists will determine which method is most appropriate for each patient. Program leaders reserved a Metro Bus for this initial learning experience, which was free of charge to the patients. Individuals may also practice putting money into the machine, but it’s not necessary. Once on the bus, patients were given a brief presentation on the accessibility of the Metro system as a whole, including Paratransit, the lift-equipped van service. Michael Koch and Brittany Ciach continue to lead the program for patients on 8th Floor North Rehab who wish to learn more about the Metro System and accessibility options for public transportation. In addition, there will be an NFTA Metro supervisor available for more information. This service is available for all appropriate Rehab patients.

ECMC Highlights Mental Health Awareness Month (May)

As the Regional Behavioral Health Center of Excellence (COE), Erie County Medical Center (ECMC) Corporation announced it is emphasizing Mental Health Awareness Month. Throughout the entire month of May 2015, ECMC brought greater attention to mental health by holding conferences and instructional sessions for staff and partnering organizations and increasing awareness with the general public. For the general public, mental health information was available at community education tables set up in ECMC’s Main Lobby. From May 18-22, art work created by ECMC behavioral health patients was displayed in various areas of the Medical Center and the new Outpatient Behavioral Health Center building.

For staff and partnering organizations, throughout the month of May, ECMC also hosted such instructional events as: “Verbal De-escalation in a Mental Health Crisis” – presented by the National Alliance on Mental Illness (NAMI) and ECMC; “Come to Group,” (group therapy) by Sandra Daignault, LCSW, author – presented by ECMC administration and Michael Cummings, MD, executive director, Regional Behavioral Health COE, ECMC; “Mental First Aid for Health Providers” – presented by The ECMC Foundation; “Dealing with a Mental Health Patient in Medical Crisis;” and “Our Experiences as a Patient” with panelists from the Mental Health Association.

ECMC initiated a mental health awareness campaign consisting of: mental health medical minutes airing on television and accessible at www.ecmc.edu; print advertisements; articles in area health publications; and street pole banners installed along Grider Street – all to bring greater attention to mental health concerns.

One in five adults experiences a mental health condition every year. One in 20 lives with a serious mental illness such as schizophrenia or bipolar disorder. In addition to the person directly experiencing a mental illness, family, friends and communities are also affected. Fifty percent of mental health conditions begin by age 14 and 75 percent of mental health conditions develop by age 24. Recovery, including meaningful roles in social life, school and work, is possible, especially when patients begin treatment early and play a strong role in their own recovery process.*

An estimated 16 million American adults—almost 7 percent of the population—had at least one major depressive episode last year. People of all ages and all racial, ethnic and socioeconomic backgrounds can experience depression, but it does affect some groups of people more than others. Women are 70% more likely than men to experience depression, and young adults aged 18–25 are 60% more likely to have depression than people aged 50 or older. With early detection, diagnosis and a treatment plan consisting of medication, psychotherapy and lifestyle choices, many people get better. When left untreated, depression can be devastating, both for the people who have it and for their families.*

There is help for those individuals with mental health conditions. Knowledge is the first step in recovery. For more information about mental health services, call ECMC at 716-898-5400.

*Reported by the National Alliance on Mental Health (NAMI) and/or the National Institute of Mental Health (NIMH)

Four New Prescription and Needle Drop Boxes at ECMC

On March 4, the Erie County Sheriff's Office, the Erie County Department of Health and ECMC held a joint press conference at the medical center announcing the installation of prescription drug and needle drop box kiosk within ECMC's lobby and emergency room. ECMC now has four drop boxes—two prescription drugs boxes and two sharp drop boxes—located in the lobby and emergency room waiting area. These boxes accept expired or unwanted prescription drugs as well as needles.

The Erie County Sheriff's Office initiated the Prescription Drop-off Box program in July 2013. Since its inception, the Sheriff's Office has disposed of 35,525 pounds of drugs and 25,000 pounds of needles and it is expected that the amount collected will increase at a significant rate with the additional new kiosks within ECMC. On hand for the press conference were Erie County Sheriff Timothy B. Howard; Dr. Gale Burstein, Erie County Commissioner of Health; Chief Christopher Cummings, ECMC Hospital Police; Dr. Michael Cummings, Director of Regional Behavioral Health Center; and Jessica LaFalce, WNY United.

ECMC dedicates the “Anthony V. Mannino Comfort Room”

A quiet place for cancer patients to reflect, discuss treatments with their doctors and spend time with family

Erie County Medical Center (ECMC) Corporation held a dedication and ribbon-cutting of the “Anthony V. Mannino Comfort Room.”

Anthony V. Mannino was a young man who lost his battle with cancer on March 8th, 2009, at the age of 21. Anthony was just three months shy of his 20th birthday when he was diagnosed with stage IV esophageal cancer. He battled this cancer for 22 months, beating the original diagnosis of 6 to 12 months. His family started The Anthony V. Mannino Foundation to benefit young adults between the ages of 18-

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29 who they believe are often undeserved regarding emotional and financial support. This age group may not have insurance through their parents and they are not at an age where they have families of their own for support.

The room is located in ECMC's Ambulatory Center building on its second floor in Medical Oncology, part of the Center for Oncology Care, specializing in head and neck, plastic and reconstructive surgery, dental and medical oncology, maxillofacial prosthetics, and breast oncology. ECMC medical oncologists offer expert clinical care that emphasizes aesthetic principles in a healing atmosphere. A collaborative team of physicians discusses each case in a group setting to develop a comprehensive approach for each patient.

The "Comfort Room" conveys the personality of Anthony. The room has an Asian theme. The theme was selected because Anthony was an avid martial artist. The "Comfort Room" is painted in relaxing earth tones. Soft lighting is installed and two recliners are available for patient comfort. A custom table with a modern Japanese design displays Anthony's portrait and The Mannino Foundation name engraved into the table. Included are a bonsai tree and a six foot tall bamboo tree. On the wall is a large photo print of a Japanese waterfall. Another wall includes the words "Compassion, Hope, Courage" which is a slogan used by "The Mannino Foundation." The theme has a deeper meaning for anyone experiencing difficulty. The bonsai tree traditionally represents stability and perseverance. The waterfall is a sign of change and water is often associated with relaxation and healing.

ECMC Rehab Behavioral Health Services Receives Grant from Christopher and Dana Reeve Foundation to be First Hospital in US/Canada to apply New Therapy

Erie County Medical Center (ECMC) Corporation is proud to announce that it has received a \$13,534 Quality of Life grant from the Christopher & Dana Reeve Foundation. The award was one of 75 grants totaling over \$600,137 awarded by the Reeve Foundation to nonprofit organizations nationwide that provide more opportunities, access, and daily quality of life for individuals living with paralysis, their families, and caregivers. Conceived by the late Dana Reeve, the program has awarded over 2,400 grants totaling over \$18 million since 1999.

ECMC's Rehab Behavioral Health Services will use the grant funds to improve quality of life through bibliotherapy, an innovative, new approach—not yet implemented in US or Canadian hospitals until now—by addressing physical and cognitive needs of patients who have survived traumatic brain and spinal cord injuries and other progressive illnesses.

"We are honored to be awarded this grant from the Christopher and Dana Reeve Foundation and grateful to receive it to assist individuals who have sustained severe, traumatic injuries," stated Lisa Keenan, PhD, Director, Rehabilitation Behavioral Health Services, ECMC. "With these funds, we intend to help these patients by utilizing bibliotherapy and providing appropriate technology equipment (Kindles) adapted to accommodate individual needs. This will facilitate reading diverse kinds of texts with the goal of enhancing the quality of their lives."

About ECMC Rehab Behavioral Health Services: Rehab Behavioral Health Services provides psychological evaluations for patients receiving outpatient services for adjustment to disability, illness, pain management, spinal cord injury, and brain injury rehabilitation. Also offered are counseling services to Rehabilitation Medicine inpatients and outpatients and their families and assistance to Rehabilitation Medicine team members in managing patients requiring services. Staff provides regular in-service training to Rehabilitation Medicine teams and medical residents, participates in outcomes research programs, and develops community support groups.

Buffalo Opportunity Pledge event held at ECMC

On September 14, Buffalo Mayor Byron Brown and other city officials joined ECMC Board members Sharon Hanson and Michael Seaman and staff for a dedication of the Buffalo Opportunity Pledge. The pledge encourages every citizen to recognize the strength of diversity and to create a city committed to inclusion, fairness, and equity.

National Healthcare Decisions Day

Inspired by Benjamin Franklin's quip that "nothing in life is certain but death and taxes," April 16 was designated as National Healthcare Decisions Day. The National Healthcare Decisions Day Initiative is a collaborative effort of national, state and community organizations committed to ensuring that all adults with decision-making capacity in the United States have the information and opportunity to communicate and document their healthcare decisions. The objectives of NHDD are to provide much-needed information to the public, reduce the number of tragedies that occur when a person's wishes are unknown, and improve the ability of healthcare facilities and providers to offer informed and thoughtful guidance about advance healthcare planning to their patients.

Erie County Medical Center and Terrace View Long-Term Care Facility, along with over 1,000 other national, state and community organizations, participated in NHDD. The theme for the 2015 NHDD was "Leading by Example." The goal is to encourage all ECMC & Terrace View employees to complete their own advance directive to be better equipped to answer questions and assist patients in completing their advance directive.

8th Annual Summer Youth Program

The ECMC Summer Youth Program is a four-week comprehensive self-development program for area high school students administered by the ECMC Foundation. The program offers 125 interns hospital-based career exploration to stimulate interest in employment in health services and to help meet the future need for qualified personnel in this field. They are required to work two (2) six-hour days for a total of 12 hours per week, which included a hospital-based career exploration program; a heart health education program, an accident prevention course and/or a CPR certification course. The criteria in which interns are selected to be in the ECMC Summer Youth Program includes: an 80% overall GPA; two letters of recommendation from their school; 14 – 17 years of age; attendance of 10th, 11th or 12th grade in the Fall of 2015, medical assessments, working papers, parent permission and a successful completion of a personal interview.

ECMC Women's Team Wins J.P. Morgan Corporate Challenge

The 35th running of the Corporate Challenge was held on Thursday evening, June 25th in Delaware Park. ECMC had a formidable presence in the 3.5-mile event with 242 runners among a total of 12,375 entrants from 396 companies. That put ECMC in the top ten in terms of company participants. Most impressively, the ECMC women's team finished in first place in the female division. Team members and their times were: Chanel Prince (22:44); Anne Veith (25:43); Amy Eustace (26:31); and Kathy Gregoire (26:49).

Tournament of Life Golf Classic

Park Country Club was the setting for the annual Tournament of Life Golf Classic on August 10th. A full field of golfers, 216 in all, enjoyed a full day of activities on the course as \$125,000 was raised to support hospital initiatives. The morning round was treated to breakfast before golf and enjoyed a delicious lunch on the patio with the afternoon group. All golfers had the opportunity to play 18 non-skill games on the course with prizes totaling over \$15,000 in addition to the skill games offered to all.

Dolphin Campaign to help Nurses in Need

During Nurses' Week 2015, ECMC recognized the contributions of nurses to follow the mission of giving back to the community. The Nursing Recognition Committee chose to support a National Organization that aligned with ECMC nursing values. Under the direction of Karen Ziemianski, senior vice president of nursing, they selected the Nurses' House. This organization is a nurse managed national nonprofit organization dedicated to helping nurses in need. Their mission is to provide short term financial assistance to nurses in need as a result of illness, injury, or disability. To date the Nurses House has assisted thousands of nurses in all 50 states to regain health and productivity. The Dolphin Campaign represents care and compassion and has become a symbol for nurses helping nurses. Dolphins are known for coming to the assistance for their own kind, even lifting them up for sickness for days at a time until they recover the strength to swim on their own. Nurses are able through Nurses House to do the same for their colleagues. The ECMC family generously raised \$537.00 through donations of administrators, nurses and employees. Marlene Werner, a local representative of the Nurses' House was on-site to receive this check. She was impressed by the selflessness that will touch the lives of many nurses.

Dress for Success rolled-out by ECMC Nursing, Supported by Staff

The Nursing Recognition Committee requested help to support Dress for Success in Buffalo as it relates to empowering women in Western New York. Dress for Success is a global not-for-profit organization that promotes economic independence of disadvantaged women by providing professional attire, a network of support, and career development tools to help women thrive in work and in life. This initiative started in 1997 and has expanded to more than 140 cities and 19 countries and has helped more than 850,000 women work toward self sufficiency. ECMC nurses accepted fabulous suits and other professional attire, accessories and shoes that women would wear on a job interview to furnish them with confidence to either enter the workforce or return to the workplace. The nurses collected items June 1 through June 12. There was an enormous outpouring of support, donations and generosity from the entire ECMC family. This project was so well received that the nurses have decided to continue to support this as a yearly tradition to benefit the surrounding community.

ECMC's Farmer's Market 2015

The tradition of the Farmers Market on Grider continued for a sixth straight year. Opening day on June 5th brought out a variety of vendors with fruits, vegetables, baked goods, soaps and much more. The Farmer's Market was launched in order to bring a fresh perspective on fruits and veggies by supplying the tools for a healthy lifestyle. In an area with limited food options the Market continues to help members of the community become aware of the many benefits and options a healthy lifestyle offers. Each year, the market continues to grow in size and value to the community.

The market is also a pilot site for the Double Up Food Bucks Program, which matches \$1 for every dollar a patron spends. In addition, the market took Farmer's Market coupons for eligible participants. The Cornell Cooperative Extension- Eat Healthy New York, and Food For All held weekly demonstrations showcasing healthy recipes. Special events are held throughout the market's run for community members to get involved. Opening day was Plant Day and participants were able to pot their own garden in a

bucket! Masten Community and Miss Bonner Day in August is geared toward children and families, with balloons, ice cream and a community/health services fair for all.

The ability to shop for fresh food to take home is just one benefit of the market! Friday afternoons also brought food trucks, much to the delight of the ECMC community.

ECMC Giving Garden and gardeners bring fall harvest

Thanks to the efforts of the Nursing Department and other volunteers, the Giving Garden produced a bumper crop of kohlrabi, collard greens, Swiss chard, eggplant, tomatoes, kale, cabbage, basil, and parsley. Over the summer, volunteers donated some 250 to 300 pounds of vegetables and herbs to the community. On one peak day alone, 100 pounds of food was donated. After the harvest, the garden was tended to prepare for next season with the addition of compost, perlite, and other organic amendments to the soil. Everyone involved in the garden project is excited by its success and hoping to make an even bigger impact on the community in the years ahead.

MyECMC Patient Portal

The MyECMC Patient Portal is an easy way for patients to see their medical records online. It's free, safe and a huge benefit for patients looking to stay more up to date with their health care. It is a new outlet for ECM patients to view medications, vitals, lab results, discharge summaries, appointments, and much more in a single, convenient and organized place. Sign-up is quick and easy, and ECMC has the staff available to help walk patients through the process.

ECMC Corporation Appoints Thomas Quatroche Jr. President & CEO

Moves into top hospital job after more than a decade overseeing operations

On January 26, 2016, the Erie County Medical Center Corp. Board of Directors announced that Thomas J. Quatroche Jr., Ph.D., is the corporation's new President and Chief Executive Officer.

As President and CEO of ECMCC, Quatroche provides leadership for all operations at ECMC and Terrace View, the skilled nursing facility on the Grider Street health campus. He will continue to engage physicians, nurses and staff in transforming the care delivered to patients every day with a focus on improving the patient experience. He will also continue his collaborative work in the community with clinical, business and community leaders.

The board also voted unanimously to embark on a national search for a new chief operating officer.

The board's decisions came after widespread outside and internal input from community leaders, health officials, doctors, nurses and staff. These included leaders of the local Civil Service Employees Association, the American Federation of State, County and Municipal Employees and the New York State Nurses Association, three major unions at the hospital.

"I've known and worked with Tom Quatroche for more than a decade and I fully agree with the board's unanimous decision to appoint him to lead the health system," said incoming ECMC Board Chair Sharon L. Hanson. "Tom has been a major part of ECMC's renaissance, image change, and its growth into a superior regional health system."

Quatroche has worked at ECMC for 11 years, most recently serving as president and for many years as senior vice president of Marketing, Planning and Business Development.

"I have worked closely with Tom Quatroche for more than 20 years. He is an exceptional individual with the skills and temperament to lead ECMC through the years ahead," said Lieutenant Governor Kathy

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Hochul. “His ongoing advocacy for ECMC in Washington and Albany have already established him as a respected representative of the hospital and I am confident he will successfully transition into this new position to the benefit of not just the hospital, but the entire community.”

Quatroche worked in higher education and health care for more than 20 years in various executive roles. For the past 11 years at ECMC, he was responsible for surgical services, all surgical service lines; oncological services; business development; marketing; strategic planning; and external relations.

“Tom is well-known and respected by the doctors, nurses and staff,” said Dr. Sam Cloud, president of the ECMC medical staff. “He has developed a high level of trust and credibility overseeing multiple practices and with his leadership of key segments of our growth areas.”

Quatroche oversaw the departments of Orthopedics, Neurosurgery, General Surgery, Oncology, Head & Neck/Plastic and Reconstructive Surgery, and Oral Oncology and Maxillofacial Prosthetics.

Quatroche, who became hospital president in May 2015, previously served as the chief corporate affairs officer, responsible for external affairs and strategic initiatives of the corporation, including affiliations with Great Lakes Health, Kaleida Health, and other organizations important to the corporation’s strategic direction.

“In my time at ECMC, I saw first-hand the work and critical relationship that Tom had with doctors, nurses, staff, labor, the community and more,” said Kaleida President and CEO Jody L. Lomeo. “He was instrumental in the culture change and he really helped drive the growth of the hospital. He is uniquely positioned to take ECMC to the next level.”

As a senior vice president and a member of the executive team for 10 years prior to becoming hospital president, Quatroche advanced ECMC’s brand and image in the community.

“ECMC is known as an organization that collaborates with a very high level of integrity for the benefit of the community, and I am therefore honored to assume this new leadership role,” Quatroche said. “I’ve said multiple times that I am – and really any CEO is – the least important person here. What the doctors, nurses and staff do for our patients is what really matters, and it humbles me to lead them. I thank the board for entrusting me in this new role to lead these initiatives to provide better health care in our region,” he added.

Quatroche served on statewide committees in education and health care for the State University of New York and the Healthcare Association of New York State. He represented ECMC on HANY’s Task Force on Improving New York State’s Medicaid Program and Allied Executives Committee and is currently serving on the Western New York Health Association Board, Trocaire College Board of Trustees, Buffalo State Foundation Board, Buffalo Renaissance Foundation Board of Directors.

“Under Tom Quatroche’s leadership, together the University at Buffalo and ECMC are reaching new levels of cooperation and effectiveness across our physician-training programs, medical student education, clinical research and patient care,” said Satish K. Tripathi, UB’s president. “We look forward to continuing to work with Tom and strengthening our relationship and building upon the health-care excellence we provide for Buffalo and Western New York.”

A lifelong Western New Yorker, Quatroche has been involved in many civic organizations. He is a past recipient of Buffalo Business First’s 40 Under 40 award for business and civic leadership and has been a featured presenter at health care conferences regarding the new Federal Healthcare Reform.

“I have known and respect Tom for his work as ECMC’s liaison to Great Lakes Health, and I am completely confident that he will lead ECMC in a positive direction with continued strong financial performance,” said Robert D. Gioia, chair of the Great Lakes Health board.

Quatroche received his Bachelor's degree in Business Administration and Marketing from the State University of New York College at Fredonia, holds a Master's degree in Student Personnel Administration from the State University of New York College at Buffalo and earned his Doctorate in Higher Education – Educational Leadership and Policy – from the State University of New York at Buffalo.

“It has been our experience that Tom listens to and appreciates all of the employees for the clinical and non-clinical care they deliver to the patients. For many years, Tom's positive interaction with staff has reinforced the trust and respect he has earned,” said Denise Szymura, president of CSEA Local 815/Erie Unit.

ECMC Transplantation & Kidney Care Physician Leadership Appointments

Dr. Kayler as Program Director and Dr. Zachariah as Medical Director

On June 19, Erie County Medical Center (ECMC) Corporation officials announced the appointments of Liise Kayler, M.D., as program director; and Mareena Zachariah, M.D., as medical director for the Regional Center of Excellence for Transplantation & Kidney Care at ECMC.

Liise Kayler, M.D., was selected after a national search, to serve as program director of the Regional Center of Excellence for Transplantation & Kidney Care at ECMC as reported by the State University of New York at Buffalo, University Surgical Group, and Erie County Medical Center. In this role, Dr. Kayler will provide overall leadership of the ECMC transplant program, effective July 2015.

Mareena Zachariah, M.D., is appointed medical director of the Regional Center of Excellence for Transplantation & Kidney Care at ECMC as announced by the State University of New York at Buffalo, School of Medicine - Division of Nephrology and Erie County Medical Center. Dr. Zachariah is a transplant nephrologist at ECMC and has served in this capacity since 2008. In concert with Dr. Kayler, Dr. Zachariah is leading the next phase of growth for the ECMC kidney and pancreas transplant program which is recognized for its long history of providing transplant services to the Western New York region.

“Dr. Kayler is an exceptional clinician and researcher with passion and exacting standards who will import a spirit of innovation to ECMC. Under her leadership, the ECMC program will accelerate, bringing greater opportunities for transplantation and honing the focus on patient-centered multidisciplinary care,” stated Steven D. Schwaitzberg, M.D., Professor and Chairman, Department of Surgery, School of Medicine and Biomedical Sciences, S.U.N.Y. at Buffalo.

“Dr. Zachariah is an outstanding clinician and researcher who brings enthusiasm and innovation to the ECMC program. In addition to increasing access to transplantation for deserving patients, Dr. Zachariah is focused on clinical research with a special interest in diabetic nephropathy,” explained Anne B. Curtis, M.D., Charles and Mary Bauer Professor and Chair, Department of Medicine, School of Medicine and Biomedical Sciences, S.U.N.Y. at Buffalo.

Liise Kayler, M.D., joins ECMC and the University at Buffalo from Montefiore Medical Center where she recently served as director of the kidney and pancreas transplant program. Dr. Kayler received her undergraduate degree from the University of Nevada and her MD from the University of Nevada School of Medicine. She completed a multi-organ transplant fellowship training at the University of Michigan. Dr. Kayler is certified by the American Board of Surgery. She practiced at the Thomas E. Starzl Transplant Institute in Pittsburgh as a clinical faculty member and later at Shands Hospital University of Florida as the director of the Living Kidney Transplant Program. While at the University of Michigan, Dr. Kayler acquired a master's in Clinical Research Design and Statistical Analysis. Her research focused on increasing opportunities for transplantation by improving utilization of deceased-donor kidneys, educational interventions to promote living kidney donor management and through kidney paired

exchange. She is currently a co-investigator on an NIH-funded multicenter study to evaluate living kidney donor quality of life.

Dr. Kayler's clinical expertise in laparoscopic donor nephrectomy has impacted the lives of many donors by providing faster recovery after surgery. She has collaborated with institutions across the U.S. to improve transplant care, mentor the next generation of transplant surgeons, and increase access to transplantation for those suffering with end-stage organ disease. Dr. Kayler has actively served the transplant community at the local and national levels for over 13 years. Presently, she serves on the UNOS Histocompatibility Committee and is co-chair of the ASTS Bylaws Committee.

Mareena Zachariah, M.D., is clinical assistant professor for the University at Buffalo – Division of Nephrology (2008-present) and associate director of the Renal Fellowship Program (2013-present). Dr. Zachariah is an ECMC transplant nephrologist (2008-present). Prior to joining ECMC, Dr. Zachariah served as clinical assistant professor at Shands Hospital, University of Florida Kidney Transplant Program.

Dr. Zachariah received her undergraduate degree from Kasturba Medical College in India and completed a nephrology fellowship at the University of Miami Miller School of Medicine (2006). She completed a Transplant Medicine Fellowship at the University of Wisconsin (2007). Dr. Zachariah is Double Board-Certified by the American Boards of Internal Medicine and Nephrology.

Dr. Zachariah is a member of the American Society of Transplantation (AST), the American Society of Transplant Surgeons and the American Society of Nephrology. Presently, she serves on the AST Women's Health Community of Practice committee advocating for women's health matters and national policy.

The Regional Center of Excellence for Transplantation and Kidney Care at ECMC is the result of the merging of two transplant programs—from Buffalo General Hospital and ECMC—into a single streamlined, highly specialized program that offers patients world class care. The mission of the Center is to provide lifesaving kidney and pancreas transplants, vascular access surgical care, hemodialysis for outpatients and inpatients, and treatment and disease management services for patients with all stages of chronic kidney disease. This concentration of services results in a greater number of procedures performed, a high level of expertise among the medical staff, and the most favorable outcomes for renal patients at all levels of care.

Dr. Mandip Panesar appointed ECMC Chief Medical Information Officer

ECMC is pleased to announce the appointment of Dr. Mandip Panesar to the position of Chief Medical Information Officer. In this role, Dr Panesar will provide medical leadership for all clinical information systems that assist physicians in the delivery of patient care, medical education, research, and the advancement of clinical quality and safety initiatives. As a representative of the office of the Chief Medical Officer and Medical Dental Staff, Dr Panesar will serve as an advocate and advisor for the use of information technology in the clinical setting. He will lead various committees representing the requirements of the physician community, and also lead physician efforts to utilize information technology to support clinical quality programs. Dr. Panesar joined ECMC in 2006 as a nephrologist with UBMD and continues to serve as the Medical Director of Hemodialysis where he played a key role in the development of the new Chronic Hemodialysis Unit in the Center of Excellence for Kidney Care and Transplantation.

Jarrold Johnson appointed Senior VP of Operations

Jarrold Johnson, MBA, NHA, FACHE, was appointed Senior Vice President of Operations for ECMC Corp. Jarrold comes to ECMC with over 19 years of healthcare experience. His most recent position was serving as Chief Operating Officer at Brooks Memorial Hospital (since 2012) where he was responsible for the daily operations of the 65-bed not-for-profit community hospital with a medical staff of 75. Prior to Brooks, he held the Chief Operating Officer position with Optim Healthcare in Savannah, Georgia. Jarrold earned his MBA from Howard University, Washington, DC, and his undergraduate degree in Economics from Lehigh University, Bethlehem, PA. He resides in Dunkirk with his wife and two children

Julia Culkin-Jacobia appointed Chief People Officer

On June 23, Erie County Medical Center (ECMC) Corporation appointed Julia Culkin-Jacobia as Chief People Officer. Julia Culkin-Jacobia serves ECMC in a senior administrative position encompassing responsibility for the Human Resource function throughout the Corporation. Her position involves aligning ECMC's business strategy with the HR strategy, focusing on building a culture of accountability with teammates who are patient-service oriented, friendly, results-driven, innovative, and committed to excellence.

Prior to joining ECMC, Julia Culkin-Jacobia served as Director of Global Compensation and Benefits for Greatbatch, Inc. in Buffalo, NY (3/2014-6/2015). For Syncore, Inc., she performed as Vice President of Administration and Vice President of Human Resources in Buffalo, NY (2004-2013). Before this, she served as Compensation Manager for the Delaware North Companies in Buffalo, NY (2004). She was a Senior Compensation Analyst for Pitney Bowes in Stamford, Connecticut (2000-2001).

Julia Culkin-Jacobia received a Bachelor of Science in Business Administration with a concentration in Human Resource Management from the State University of New York at Buffalo. She was recognized as one of the Women of Influence (2013) and Human Resource Executive of the Year for Mid-Size Company (2012). She is a Board Member of the American Heart Association.

Dr. Lisa Keenan promoted to Chief Clinical Psychologist

Dr. Lisa Keenan, who joined ECMC in 2005 as a Clinical Psychologist, has been promoted to Chief Clinical Psychologist. Dr. Keenan's work since she arrived has filled the critical need of providing psychological services to patients and families in the Department of Rehabilitation Medicine. Over the years, her role has expanded to supervising another psychologist, overseeing interns, treating patients from all over Western New York, providing services to ECMC staff, facilitating Schwartz Rounds, and establishing support groups and reading groups to patients both on site and in the community. Please congratulate Dr. Keenan on her well-deserved promotion.

Phyllis Murawski promoted to Vice President of Transplantation and Renal Care

ECMC is pleased to announce the promotion of Phyllis Murawski to Vice President of Transplantation and Renal Care. Phyllis will continue to partner with Dr. Liise Kayler, program director for the Regional Center of Excellence for Transplantation & Kidney Care, to develop and grow our transplant program. As part of her expanded responsibility, Theresa Sitgreaves, Director of Dialysis, will join Phyllis's team and they will continue their efforts in community outreach and education. We thank Phyllis for her hard work and determination over the past months during the transition of this vital program. Please congratulate Phyllis on her promotion!

Dawn Walters is VP of Behavioral Health and Rehab

Dawn Walters, MS, RN, was appointed to the position of Vice President of Behavioral Health and Rehabilitation Services. Dawn currently holds a number of nursing responsibilities in addition to being involved in leading both of these service lines. This reorganization streamlines and clarifies the leadership of these two significant service lines. Dawn continues to work closely with the Department of Nursing to ensure continuation of the quality standards set by Sr. Vice President of Nursing Karen Ziemianski.

Judy Dobson appointed VP Med/Surg Nursing Services

Judy Dobson, RNFA, MSN, FNP-BC, has been appointed Vice President of Medical Surgical Nursing services.

Judy began her career at ECMC 26 years ago as a General Duty Nurse in the Trauma Intensive Care Unit before taking on the role of Cardiothoracic Nurse Clinician for which she received the County Achievement Award in 1996 in case management for developing clinical pathways for cardiothoracic surgery patients. She also developed pre-and post-operative teaching booklets for the cardiothoracic patients. Judy then took on the role as Unit Manager of 12th Floor, Zone 2 where she transitioned that floor into being a step-down unit to the Cardiac Care Unit (CCU) and Cardiothoracic Unit (CTU), taking patients requiring inotropic drip support, Post PTCA/stent patients and post open heart patients. This Unit was also the first unit in Med/Surg to start 12-hour shifts and was the pilot floor for initiation of computerized documentation with Meditech. In 2006, Judy was ECMC's Nominee for Nurse of Distinction while transitioning to a Nurse Practitioner role in Cardiovascular Services. She has also worked in Renal Transplant as a Nurse Practitioner. Most recently, Judy served as Assistant Director of Nursing in Medical Surgical Nursing services.

Judy received her Bachelor of Science in Nursing from D'Youville College. She went on to receive her master's degree as a Family Nurse Practitioner from D'Youville College, obtaining Board certification. She also holds a Registered Nurse First Assistant from the University of Rochester. She holds certifications in Advanced Cardiac Life Support (ACLS), Advanced Trauma Life Support (ATLS) and Pediatric Advanced Life Support (PALS). She is currently pursuing her Doctor of Nursing Practice (DNP).

Karen Konikoff appointed Assistant VP Critical Care and Emergency Services

Karen Konikoff, RN, MSN, NP, has been appointed as the Assistant Vice President of Critical Care and Emergency Services. Karen began her career at ECMC 25 years ago working as a staff nurse in the Trauma Intensive Care Unit (TICU). She has held numerous positions in the Cardiac Care Unit (CCU) and Cardiothoracic Unit (CTU), with a total of 15 years of critical care experience. Karen's management roles have included Acting Quality Improvement (QI) Coordinator and Cardiothoracic Unit (CTU) Manager. She received her Family Nurse Practitioner (FNP) degree, transitioning into her role of Nurse Practitioner in the InstaCare Clinic, Cardiology Clinic, and most recently Surgical Services. Karen received her Bachelor of Science Degree and her master's degree as a Family Nurse Practitioner from D'Youville College. She is Board Certified with the American Nurses Credentialing Center (ANCC).

Maggie Nichols promoted to Assistant VP of Primary Care Development

Magdalena (Maggie) Nichols, MS, was promoted to Assistant Vice President of Primary Care Development. Maggie is now responsible for business development to continue to build relationships and clinical integration with primary care in the community. She is also part of ECMC's dynamic primary care team that will continue to develop ECMC's population health strategies. Maggie continues to be the lead/champion on the E-CARE4U Concierge Program as ECMC looks to develop and expand our employee health care needs and services. Maggie has been with ECMC since 2012 as program manager of primary care at Grider Family Health Center. Prior to her ECMC career, Maggie was the medical office manager at Sheehan Family Care Clinic. Maggie has a Bachelor of Science in Health Services Management; a Master of Science in Health Services Administration and is currently working on her Doctorate of Science in Healthcare Policy, all at D'Youville College.

Gerry D'Amaro appointed Administrative Director of Laboratory Services

ECMC is pleased to announce the recent appointment of **Gerald D'Amaro** as Administrative Director of Laboratory Services at the medical center. Now with over 35 years of lab experience, Gerry started his career at Lakeshore Hospital as a microbiologist and has held many administrative roles throughout his career. Most recently, he was the Administrative Laboratory Manager at Brooks Memorial Hospital in Dunkirk, NY, leading a staff of 40, while ensuring high quality laboratory services. He was also instrumental in consolidating the laboratory services for the Lake Erie Regional Health System of New York. Gerry earned a Bachelor of Science in biology with a minor in chemistry from D'Youville College.

Michelle Wienke appointed Chief Experience Officer for ECMC

Michelle Wienke, BSW LMHC-P has been promoted to the newly created position of Chief Experience Officer. Her work includes the global facilitation, management, and leadership of ECMC's continued transformation to a patient-centered care organization for excellence in patient and teammate experiences. Working with all department leaders, Michelle is helping to design, develop, and implement programs to improve the ECMC patient experience. These programs will drive accountability and lead to consistently positive experiences throughout the ECMC organization. As a former Patient Advocate, Michelle worked with nursing units throughout the hospital to train and coach Nursing Managers and to supervise the growth of patient advocates and patient advocate Intern roles. She also engaged with patients and families to discuss and resolve any areas of interpersonal concerns that needed to be addressed. She developed and managed systems and tools used throughout the hospital to facilitate positive patient, family and teammate experiences. Michelle holds a Master's Degree of Mental Health Counseling, a Bachelor's Degree of Social Work, and an Associate's Degree in Humanities and Social Sciences.

I-2.) Financial reports, including (i) audited financials in accordance with all applicable regulations and following generally accepted accounting principles as defined in subdivision ten of section two of the state finance law, (ii) grant and subsidy programs, (iii) operating and financial risks, (iv) current ratings, if any, of its bonds issued by recognized municipal bond rating agencies and notice of changes in such ratings, and (v) long-term liabilities, including leases and employee benefit plans

- (i) Audited Financial Report – Report at and for the year ended December 31, 2015 is included in this report**
- (ii) Grant and Subsidy programs - please see page 45 of Audited Financial Report “Schedule of Expenditures of Federal Awards”**
- (iii) Operating and Financial Risks**

The Erie County Medical Center Corporation (ECMCC or The Corporation) operates a 569 bed acute tertiary care facility providing inpatient, emergency, outpatient, primary care and specialty clinic services as well as a 390 bed residential health care facility located on Grider Street in the City of Buffalo as well as primary care and chemical dependency and alcohol rehabilitation clinics through the County. The Corporation services as the region’s only trauma center, burn center, comprehensive traumatic brain injury and spinal cord rehabilitation center, Comprehensive Psychiatric Emergency Program provider for acute psychiatric emergencies, Regional Center for Excellence for Transplantation and Kidney Care and the primary provider of HIV inpatient and outpatient specialty care. In addition, The Corporation serves as a primary teaching hospital for the State University of New York at Buffalo, School of Medicine and Biomedical Sciences. The Corporation is proud to serve as the safety net for the Western New York Region for persons in need who lack the ability to pay.

There are several risks inherit in operating an enterprise as complex and with as broad a spectrum of operations as ECMCC. Management continually evaluates the risks and implements policies and procedures to mitigate these risks to the extent possible. Management believes that the following risks are relevant to the reader:

- Program Financial Operations Risk is the risk associated with the provision of patient care at costs that are greater than reimbursement rates and formulae. Many factors influence this risk including; reimbursement rate reductions or increases at rates lower than expense increases, changes to Federal and State funding of Medicare, Medicaid and other governmental insurance programs, increases in the level of uninsured and underinsured patients not recognized through the Medicaid Disproportionate Share Payment program, increases to patient severity and medical technology cost not recognized in the reimbursement system and others. Management believes that it has adopted operating and budgetary controls to mitigate this risk.
- Regulatory Compliance Risk is the risk associated with compliance with numerous laws and regulations of Federal, State and Local governments. Compliance with these laws and regulations is subject to future review and interpretation as well as regulatory actions that are unknown or unasserted at this time. Management maintains a comprehensive compliance program and a robust internal audit function to identify any potential exposure in this regard so as to minimize the risk of this exposure to an acceptable level.
- Insurance and Self Insurance Risk is the risk that sufficient ECMCC resources are available to timely meet obligations as required for deductibles, co insurance amounts and

self insured retentions under its various insurance programs. The Corporation maintains an insurance program and annually benchmarks itself against similar organizations to determine adequacy of insurance coverage and self insurance obligations. In addition, The Corporation management at least annually reviews its funding policy for various self insured obligations with the Finance Committee of the Board and the investment policy for such funds with the Investment Committee of the Board. Management believes that its reserves are sufficient to meet its obligations.

- Market Risk is the risk that events in the marketplace have an adverse impact on the operations and financial position of ECMCC. Market risk is comprised of many factors including market share for various programs and services as well as the impact of market on the recruitment and retention of staff. Management routinely monitors these factors and adjusts operations accordingly in the event of any adverse change in these factors.

**(iv) Current Bond Ratings for Erie County
Guaranteed Senior Revenue Bonds, Series 2004**

Current KBRA LT Rating: AA+
Current Moody's LT Rating: A2
Current S&P LT Rating: AA

(v) Long Term Liabilities and Employee Benefit Plans

Long term liabilities, including those associated with employee benefit plans are presented in the Statement of Net Position on page 11 within the enclosed audited financial statements and on various pages through the notes to the financial statements as follows.

- The long term portion of long term debt at December 31, 2015 amounted to \$165.9 Million with relevant details discussed at Note 8 beginning on page 32 of the enclosed audited financial statements.
- The long term portion of the net pension liability at December 31, 2015 amounted to \$24.1 Million and is discussed in Note 9 beginning on page 34 of the enclosed audited financial statements.
- The long term portion of Self-insured obligations at December 31, 2015 amounted to \$172.7 Million and is comprised of the liability for other post employment benefits under GASB 45 (\$123.2 Million) and liabilities for medical malpractice and workers' compensation claims (\$49.5 Million). These liabilities are discussed in Note 10 beginning on page 37 and Note 13 beginning on page 40) of the enclosed audited financial statements.

I-3.) Mission statement and measurements including its most recent measurement report

ECMC Corporation Mission Statement: To provide every patient the highest quality of care delivered with compassion.

ECMC Corporation Affiliation Statement: The ECMC Corporation is affiliated with the University at Buffalo School of Medicine and Biomedical Sciences.

ECMC		
Mission	Vision	Core Values



Mission

To provide every patient the highest quality of care delivered with compassion.

Vision

ECMC WILL BE A LEADER IN AND RECOGNIZED FOR:

- High quality family centered care resulting in exceptional patient experiences.
- Superior clinical outcomes.
- The hospital of choice for physicians, nurses, and staff.
- Strong collaboration with community partners to improve access to healthcare and the quality of life and vitality of the region.
- Academic affiliations that provide the best education for physicians, dentists, nurses, and other clinical staff.

The difference between healthcare and true careSM



		ECMC	
Mission	Vision	Core Values	

Core Values

ACCESS
All patients get equal care regardless of their ability to pay or source of payment. We address the healthcare needs of each patient that we can appropriately serve, without bias or pre-judgment.

EXCELLENCE
Excellence is a standard that will never be lowered; there is an expectation of excellence in all areas.

DIVERSITY
We recognize the importance and value of diversity and the enrichment that diversity can bring to ECMCC.

FULFILLING POTENTIAL
We respect the value and potential of each individual as offering a significant contribution to the good of the whole organization. Personal growth and development is important for organizational success.

DIGNITY
Each individual, no matter his or her limitations, background or situation, has intrinsic dignity and unique capabilities.

PRIVACY
We honor each person's right to privacy and confidentiality.

FAIRNESS and INTEGRITY
Equity and fairness are guidelines for all decision-making. We demand personal and institutional integrity.

COMMUNITY
In accomplishing our mission we remain mindful of the public's trust and are always responsive to the immediate surrounding community and our natural environment. This commitment represents both our organization and us as individuals. A successful future for ECMCC depends on a vibrant community and a healthy environment.

COLLABORATION
Collaboration with other organizations is beneficial within the context of our mission and is fundamental to achieving our goals.

COMPASSION
All involved with ECMCC's service delivery demonstrate caring, compassion, and understanding for patients, employees, volunteers, and families.

STEWARDSHIP
We can only be successful in carrying out our mission through solid financial performance and by assuring that resources provided to us are used effectively, in the way they were intended, and for the benefit of our patients and community.

The difference between
healthcare and true care™



I-3.) Mission statement and measurements including its most recent measurement report

**Authority Performance Measurement Report
December 31, 2015**

Name of Public Authority: Erie County Medical Center Corporation

List of Performance Goals – 2015:

1. Achieve and maintain a high level of quality in all clinical services
2. Business performance – expand clinical growth, maintain profitability
3. Focus on “team” – patient experience, teammate and leadership engagement and development

**Authority Performance Measurement Report
December 31, 2015**

Name of Public Authority: Erie County Medical Center Corporation

List of Performance Results – 2015:

1. Achieve and maintain a high level of quality in all clinical services
 - Received Level 1 Trauma verification from American College of Surgeons with no deficiencies
 - Received recognition from DOH for reducing central line associated bloodstream infections going to zero in medical ICU
 - Received second best score in the region from CMS for hospital acquired conditions
 - Received Gold Plus award from American Heart Association for congestive heart failure
 - Received national study from AstraZeneca for head & neck cancer study – one of 150 in the country
 - Received national accreditation for Bariatrics
2. Business performance – expand clinical growth, maintain profitability
 - Added physicians in transplant, orthopedics, new hospitalist service, geriatrics, primary care and anesthesiology
 - Occupational and environmental health clinic
 - Russell J. Salvatore orthopedic unit
 - Opening of new surgical suites
 - 3.3% increase in inpatient discharges (18,378 vs. 17,789)
 - 7.5% increase in surgeries (14,364 vs. 13,360)
 - 1.3% increase in emergency room visits (67,296 vs. 66,418)
 - 3.4% increase in outpatient visits (305,737 vs. 295,676)

3. Focus on “team” – patient experience, teammate and leadership engagement and development
 - Implemented or continued many teammate and patient experience recognition programs including Outstanding Hero Award, Kudos Award, Together we Make a Difference, Nurse of Distinction Award, Delta Sigma Award, Western NY Outstanding Staff Nurse Award, Perfect Time & Attendance monthly awards, Jamestown Alumni Award, APIC Award and AACN
 - Implemented or continued many leadership development programs including leadership development training, team building sessions, monthly leadership meetings, employee development plans, patient experience monthly forums, clinical ladder, and MST career health fair

**Authority Performance Measurement Report
December 31, 2015**

***Name of Public Authority:* Erie County Medical Center Corporation**

List of Performance Goals – 2016:

1. Achieve and maintain a high level of quality in all clinical services
 - Joint Commission re-accreditation
 - Continue improvement of quality metrics
 - Expand access to transplant services with focus on quality and reduced wait times
2. Business performance – expand clinical growth, maintain profitability
 - Develop, design and support new ER department
 - New Vascular/angiography suite
 - New UB Endocrinology Center
 - New Orthopaedic Clinic
3. Focus on Patient Experience
 - Management rounding
 - All patient experience scores to exceed 50th percentile
 - Expand patient advocate program in Behavioral Health
 - Hospital wide education and training to achieve service excellence
4. Focus on Collaboration/Care Redesign
 - Develop strategic initiatives with Kaleida to improve quality and lower costs
 - Develop community care coordination and population health through MCC
 - Continue to leverage MASH collaboration
 - New UB affiliation agreement to strengthen relationship

I-4.) Schedule of bonds and notes outstanding at the end of its fiscal year, together with a statement of the amounts redeemed and incurred during such fiscal year as part of a schedule of debt issuance that includes the date of issuance, term, amount, interest rate and means of repayment. Additionally, the debt schedule shall also include all refinancings, calls, refundings, defeasements and interest rate exchange or other such agreements, and for any debt issued during the reporting year, the schedule shall also include a detailed list of costs of issuance for such debt

Erie County Guaranteed Senior Revenue Bonds, Series 2004

No bonds were issued, called, or re-financed during 2015.
 \$2,710,000 of bonds matured or were redeemed in 2015.
 \$84,790,000 of 2004 bonds remain outstanding at December 31, 2015.

Erie County Loan Payable

No debt was issued, called, or re-financed during 2015
 \$4,817,370 in principle payments were made in 2015.
 \$80,811,683 of debt is outstanding at December 31, 2015.

Key Government Finance Master Tax Exempt Lease/Purchase Agreement

During 2015, the Corporation entered into a \$10,000,000 capital lease obligation
 \$76,226 in principle payments were made in 2015.
 \$9,923,774 of debt is outstanding at December 31, 2015.

For additional information, please see Footnote #8 of the Audited Financial Report

I-5.) A compensation schedule, in addition to the report described in section twenty-eight hundred six of this title, that shall include, by position, title and name of the person holding such position or title, the salary, compensation, allowance and/or benefits provided to any officer, director or employee in a decision making or managerial position of such authority whose salary is in excess of one hundred thousand dollars; (5-a) biographical information, not including confidential personal information, for all directors and officers and employees for whom salary reporting is required under subparagraph five of this paragraph

LAST NAME	FIRST NAME	MIDDLE INITIAL	TITLE	TOTAL COMPENSATION
Amsterdam	Daniel		Director Laboratory	186,610.04
Brzezowski	Donna		General Duty Nurse	100,057.27
Bystrak	Cathy		General Duty Nurse	105,107.61
Cleland	Richard		Chief Executive Officer ECMC	637,739.40
Darling-Krajcer	Mollyann		Charge Nurse	168,668.90
Dashkoff	Neil		Medical Specialist	122,308.16
DelGuidice	Natalie		Clinical Pharmacy Specialist	122,090.26

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Desai	Priyanka		Pharmacist ECMC	120,147.76
Forgensi	Stacey		Anesthetist	164,269.56
Furnari	Graziella		Clinical Pharmacy Specialist	120,849.10
Gallineau	Anne-Marie		Nursing Care Coordinator	108,203.79
Hauss	Lisa Marie		Unit Manager Medical Surgical	106,126.56
Hepburn	Jeremy		Unit Manager Medical Surgical	109,389.01
Hidalgo	Francisco		Code Compliance Manager	101,849.92
Hunley	Kizzie		Charge Nurse	101,810.25
Kolbert	Cynthia		Charge Nurse	100,503.24
Ksiazek	Susan		Dir Of Med Staff Quality Education	157,477.92
Longobardi	Theresa		In-Service Education Coordinator	103,592.38
Mazur	Christopher		Pharmacist ECMC	116,529.42
Meyers	Shannon		Anesthetist	164,421.25
Montesano	Susan		Nurse Case Manager	115,996.57
Panesar	Mandip		Chief Medical Information Officer RPT	156,161.71
Peals	Letrice		Charge Nurse	113,169.84
Quatroche Jr.	Thomas		Senior VP of Planning, Mktg Bus Dev	419,392.59
Ramaccia	Michael		Network Manager	106,799.67
Schwab	Linda		Trauma Program Manager	132,924.44
Scrocco	Mary Carol		Nurse Practitioner Cardiovascular Lab	118,720.00
Tabi Mensah	Harold		General Duty Nurse	126,338.15
Thornton	J D		Charge Nurse	110,575.68
Worthy	Cornell		Asst Supervising Maint. Mech. HVAC	104,943.77
Beauchamp	Sandra	A	Nurse Case Manager	104,102.80
Bliss	Mary	A	General Duty Nurse	104,072.56
Britz	Sharon	A	Unit Manager Behavioral Health	109,969.02
Brown	Dana	A	Anesthetist	186,497.20
Burget	Michael	A	Behavioral Health Clinical Manager	104,461.88
Carroll	Laurel	A	Behavioral Health Clinical Manager	106,966.99
Caruana	Joseph	A	Attending Physician	381,663.82
Childress	Shelley	A	Anesthetist	143,987.67
Daurelio	Deborah	A	Nursing Care Coordinator	120,460.05
Davis	Cassandra	A	Assistant VP Ambulatory Services	105,166.38
Desu	Nancy	A	Nurse Clinician Psychiatry	105,360.29
Gerwitz	Randy	A	Director Pharmacy	167,988.65
Green	Karen	A	Nursing Supervisor LTC	119,626.87
Grolemund	Stephanie	A	Anesthetist	143,104.04
Hartman	Sandra	A	Nursing Care Coordinator	113,945.50
Hastings	Lisa	A	Anesthetist	182,775.09
Hoerner	Audrey	A	Nurse Practitioner Burn Treatment	127,497.66
Keenan	Lisa	A	Chief Clinical Psychologist	102,545.54
Kiblin	Patricia	A	Unit Manager Medical/Surgical	121,918.64
Lezynski	Sharon	A	General Duty Nurse	113,282.09
Mailloux	Justine	A	General Duty Nurse	143,278.41
Maki	Shirley	A	General Duty Nurse	101,181.95
Mason	Molly	A	Anesthetist RPT	121,432.79

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Michaliszyn	Krystyna	A	Blood Bank Supervisor	106,290.98
Moran	Shelly	A	Nurse Case Manager	114,438.93
Murawski	Phyllis	A	VP Transplantation & Renal Care	159,807.28
Nawojski	Kari	A	General Duty Nurse	101,341.17
Neff	Melissa	A	Unit Manager Cardiac Cath Lab	161,540.30
Nicosia	Cheryl	A	Clinical Nurse Specialist Critical Care	125,370.33
Nola	Kathleen	A	Charge Nurse	101,383.80
Reed	Kristine	A	Nurse Clinician Renal	180,862.95
Rossitto	Rachael	A	Senior Dentist	240,326.83
Schwaneckamp	Karen	A	Anesthetist	187,129.18
Stroud	Kerry	A	Nursing Care Coordinator	120,338.46
Swain	Maureen	A	Charge Nurse	103,884.23
Syed	Masroor	A	Anesthesiologist ECMC MC	495,228.34
Szejnar	Michael	A	General Duty Nurse	103,715.85
Tait	Christopher	A	Nurse Case Manager	107,490.54
Tucker	Nancy	A	Asst VP Compensation Benefits	136,394.87
Weber	Barbara	A	Nursing Team Leader Radiology	157,803.12
Weiss	Katherine	A	Pharmacist ECMC	132,533.24
Ziemianski	Karen	A	Senior VP of Nursing	275,040.64
Boyer	Maria	A.	General Duty Nurse	104,860.65
Feidt	Leslie	A.	Chief Information Officer ECMC	211,077.74
Gerretsen	Carly	A.	Nurse Practitioner Plastics/Recons Surg	109,661.45
Fera	Robert	AJ	Charge Nurse	112,664.21
Cirillo	Joseph	B	Director Public Relations Communication	100,940.79
Johnson	Maureen	B	General Duty Nurse	127,285.32
Kossoff	Ellen	B	Pharmacist ECMC	113,534.18
Siskin	Stewart	B	Pharmacist ECMC	114,630.22
Thompson	Denise	B.	Behavioral Health Clinical Manager	102,922.87
Cassetta	David	C	Charge Nurse	135,631.13
Fisher	Paula	C	Assistant VP of BH Nursing	124,615.80
Korff	Kathryn	C	Junior Dentist	139,716.84
Norcia	Deborah	C	Pharmacist ECMC	117,178.77
Osmola	Joann	C	Senior Hematology Tech	166,554.93
Ott	Michael	C	Clinical Coord. Pharmacy Services	136,579.98
Stolarski	Shirley	C	Senior Pharmacist ECMC	134,061.09
Villacorta	Maria	C	Charge Nurse	100,884.98
Waterstram	Richard	C	Behavioral Health Clinical Manager	106,941.46
Bell	Shentelle	D	Charge Nurse	105,172.10
Brock	Carole	D	Anesthetist	187,215.20
Klenk	Scott	D	Anesthetist	182,508.80
Lawrence	Keishonta	D	Charge Nurse	102,104.27
Mitchell	Shawn	D	General Duty Nurse RPT	135,004.04
Picciano	Thomas	D	Nurse Case Manager	106,059.05
Potter	Christopher	D	Systems Administrator	111,825.87
Schurr	Karen	D	Clinical Asst to VP Surg Card Svcs.	111,405.32
Seay	Michelle	D	Clinical Patient Care Liaison	108,798.54

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Bailey	Steven	E	Nursing Supervisor LTC	111,451.85
Bethea	Marquita	E	Director of Admissions LTC	101,333.27
Carcaterro	Shawn	E	Nursing Team Leader LTC	114,083.19
Koenig	Christopher	E	VP of Post Acute Care	162,231.12
O'Hara	Kathleen	E	Consultant IV	185,417.10
Rogan	Ilona	E	Echocardiography Technician	100,234.29
Shea	Mary Molly	E	Unit Manager Transitional Care Unit	121,982.07
Sheppard	Judith	E	Minimum Data Set Director	116,421.00
Sperry	Howard	E	Clinical Director Medicine	285,290.53
Tague	Dana	E	Nurse Practitioner Rehab Services	142,477.44
Victor-Lazarus	Ann	E	VP Patient Advocacy	132,895.48
Ferguson	Richard	E.	Clinical Director RPT	315,751.38
Shisler	Tomi	E.	Nurse Practitioner Transplant	161,127.32
Cavaretta	Mark	F	Attending Physician	332,318.89
Colomaio	Rosemarie	F	Nurse Case Manager	108,134.15
Grzebinski	Jane	F	Pharmacist ECMC	126,681.70
Kajtoch	Susan	F	Nursing Team Leader LTC	125,157.47
Keppel	Franklin	F	Charge Nurse	112,665.91
Thorpe	Lisa	F	Supervisor of Rehab Medicine	100,693.81
Flynn	Douglas	G	AVP Fac. Construction Maint.	155,310.02
Gerard	David	G	Senior Pharmacist ECMC	150,075.58
Johnson	Jarrod	G	Senior VP of Operations ECMC	165,519.87
Pangallo	Christiane	G	Charge Nurse	100,776.54
Sheehan	James	G	Nurse Case Manager	106,546.91
Agro	Chanda	G.	Nurse Practitioner ECMC	102,569.36
Hearon	David	H	Charge Nurse	126,054.84
Steinhart	Lorne	H	Special Asst to CEO	116,124.33
Muenzner	Paul	H.	Director of Physician Contracting	142,977.44
Davis	Howard	I	Anesthesiologist ECMC MC	511,779.81
Shapiro	David	I	Anesthesiologist RPT MC	260,027.53
Anders	Mark	J	Medical Specialist	113,444.87
Billittier	Anthony	J	Assistant Medical Director ECMC	152,587.94
Colucci	Anthony	J	General Counsel RPT	451,736.36
DeLaPlante	Suzanne	J	Clinical Perfusionist	140,947.19
Diina	David	J	Nurse Practitioner Rehab Services	144,082.32
Fitzgerald	Barbara	J	Nursing In-Service Instructor ECMC	104,847.84
Giordano	Donald	J	Clinical Resource Nurse Emerg. Svcs.	106,107.73
Hill	Tara	J	Charge Nurse	200,750.60
Horesh	Fayelyn	J	Anesthetist	160,734.63
Jensen	Erik	J	Anesthesiologist ECMC MC	540,261.54
Kline	Timothy	J	Unit Manager Critical Care	105,600.96
Krawiec	Ronald	J	Senior VP of Operations ECMC	287,772.10
Lauter	Lori	J	Assistant Head Nurse	101,181.93
Lucas	Paul	J	General Duty Nurse	104,171.90
Ludlow	Charlene	J	VP of Safety & Security	176,025.07
Manning	Jeremy	J	Nursing Team Leader	130,473.46

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Pawenski	Edward	J	Director of Oncology Dentistry and Prost	109,183.03
Pilat	Cynthia	J	Charge Nurse	113,077.61
Rohrbacher	Bernhard	J	Medical Specialist RPT	100,348.66
Sacks	Andrew	J	Anesthesiologist RPT MC	253,820.78
Sammarco	Michael	J	Chief Financial Officer ECMC	225,309.49
Strek	Richard	J	Senior Hematology Tech	119,653.65
Tarbell	Ross	J	Senior Pharmacist ECMC	148,480.69
Turner	Charlaina	J	Charge Nurse	133,857.07
Zakrzewski	Thomas	J	Nursing Supervisor LTC	120,379.80
Flynn	William	J.	Clinical Director	214,385.98
Walters	Kimberly	J.	General Duty Nurse	111,343.01
Dhillon	Jaspreet	K	Attending Physician RPT	238,710.23
Liebel	Bruce	K	Reimbursement Director ECMC	109,298.09
Lymburner	Leslie	K	Controller	173,678.16
Walters	Dawn	K	VP Behavioral Health & Rehab Services	194,564.17
Weibel	Paula	K	Pharmacist ECMC	115,341.32
Abbey	Denise	L	Behavioral Health Clinical Manager	106,011.88
Brinker	Debra	L	Charge Nurse	101,842.49
Brinkworth	Jennifer	L	Charge Nurse	108,352.29
Burridge	Suzanne	L	Pharmacist ECMC	116,599.69
Cherkis	Jennifer	L	Transplant Coordinator	157,842.94
Cronkhite	Jennifer	L	Assistant Director Nursing Quality Care	115,140.02
Cudzilo	Deborah	L	VP Revenue Cycle	170,241.78
Daka	Thomas	L	Senior Stationary Engineer	105,267.06
Dipirro	Michele	L	Nursing Team Leader LTC	110,056.97
Dobson	Judy	L	VP Medical Surgical Nursing Services	151,992.70
Eckert	Patricia	L	Senior Ultrasonographer	104,586.14
Frustino	Jennifer	L	Junior Dentist	213,623.64
Hoffman	Mary	L	Senior VP of Operations ECMC	328,903.12
Honkomp	Cheryl	L	General Duty Nurse	100,268.56
Hughes	Robert	L	Nurse Case Manager	102,061.77
Lakso	Madonna	L	Charge Nurse	105,824.73
Lauer	Sandra	L	Director of Continuum Care	117,975.37
Nazzarett	Jody	L	Nursing Team Leader	107,818.40
Pulka	Ashley	L	Pharmacist ECMC	113,706.08
Schmidt	Cameron	L	Clinical Teacher	122,478.31
Skomra	Richard	L	Chief Anesthetist	244,248.22
Tornambe	Lynne	L	Pharmacist ECMC	119,256.11
York	Jamie	L	Assistant Head Nurse	104,493.58
Paolini	Karen	L.	Nurse Practitioner Transplant	178,088.36
Bartosiewicz	Christine	M	General Duty Nurse	111,900.11
Beckman	Karen	M	Clinical Nurse Specialist Emerg. Svcs.	130,306.21
Brown	Donna	M	Associate Hospital Administrator	116,390.60
Burt	Mary	M	Charge Nurse	111,516.27
Chizuk	Steven	M	Director of Budget ECMCC	114,601.13
Cieri	Margaret	M	Unit Manager Rehab Medicine	116,099.30

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Clark	Deborah	M	Asst Director Imaging Services	119,597.26
Coleman	Kathleen	M	General Duty Nurse	103,296.39
Cramer	Peggy	M	VP Trauma Emerg. Services	176,577.14
Culkin-Jacobia	Julianne	M	Chief Human Resources Officer	125,000.20
Denisco	Dawn	M	Anesthetist	104,646.81
DiCanio Clarke	Carla	M	Vice President HR Compliance	163,086.50
Dove	Theresa	M	Charge Nurse	109,803.94
Dvinova	Larisa	M	Charge Nurse	104,358.98
Erhardt	Robert	M	Chief Hospital Public Safety Officer	108,513.71
Ervolina	Daryl	M	Pharmacist ECMC	124,484.56
Fryling	Kathleen	M	Transplant Coordinator	103,209.75
Gary	Stephen	M	Chief Financial Officer ECMC	441,347.40
Gatti	Donna	M	Director CPEP	108,231.79
Gian	Kathleen	M	General Duty Nurse	119,292.92
Gompah	Santosh	M	Charge Nurse	101,162.39
Gonzalez	Susan	M	Executive Director ECMC Lifeline Foundation	139,551.60
Haseley	Nicole	M	Transplant Coordinator	103,619.36
Haynes	Judith	M	Unit Manager Medical/Surgical	109,904.08
Hunter	Dorothy	M	Charge Nurse	148,399.64
Kordasiewicz	Lynn	M	Nurse Practitioner Wound Care	117,443.49
Lavarnway	Nicole	M	Nursing Supervisor LTC	103,633.19
Lawley	Melinda	M	Unit Manager Critical Care	100,826.42
Lelonck	Susan	M	Charge Nurse	112,901.03
Leyh	Virginia	M	Transplant Coordinator	110,832.56
Makson	Theresa	M	Manager - Care Management	102,259.04
Malovich	Jeanne	M	In-Service Education Coordinator	103,268.59
Marczak	Juliet	M	Nurse Practitioner Plastics Recon. Surg.	108,273.40
Martin	Donna	M	Renal Services Support Nurse - Peritonea	128,923.12
Melvin	Sonja	M	Unit Manager Medical/Surgical	104,525.09
Mentecky	Donna	M	Senior Pharmacist ECMC	133,063.58
Mund	Nadine	M	Director of Corporate Compliance	107,560.37
Murray	Brian	M	Medical Director ECMC	456,112.40
Oddo	Donna	M	Unit Manager Emergency	136,153.59
Palczewski	Dolores	M	Chief Hematologist	112,064.94
Resetarits	Christopher	M	Anesthetist	160,405.92
Rojek	Janet	M	Pharmacist ECMC	125,788.57
Roland	Lynnette	M	Nursing Team Leader LTC	123,003.46
Schunke	Katrina	M	Pharmacist ECMC	123,248.94
Stegemann	Philip	M	Chief of Orthopedic Surgery	121,653.90
Wagner	Margot	M	Charge Nurse	102,736.55
Wainwright	Shannon	M	Charge Nurse	102,212.48
Whitehead	Lynn	M	Clinical Teacher	134,211.98
Zimpfer	Anne	M	Charge Nurse	169,910.49
Esposito	Danielle	M.	General Duty Nurse	156,337.97
Fagan	Lisa	M.	Transplant Coordinator	142,389.65
Kimori	Everesto	M.	Charge Nurse	128,691.82

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Kwaizer	Anna	M.	Anesthetist	183,181.50
Madoo	Kevin	M.	Director Plant Operations	108,731.24
Stercula	Edna	M.	Anesthetist	183,901.71
Mcdougall	Sarah	N	Pharmacist	116,718.40
Plotkin	Scott	N	Anesthesiologist ECMC MC	499,366.21
Cumbo	John	Nicholas	Director of Technical Services	152,387.81
Lehman	Leorosa	O	Asst Director Clinical Lab Pathology	133,073.39
Robinson	Constance	O	Nursing Supervisor LTC	117,390.80
Dolansky	Evan	P	Pharmacist ECMC	119,647.93
Labelle	Marc	P	Unit Manager Operating Room	106,948.53
Myers	David	P	Anesthesiologist ECMC MC	503,504.07
Rogers	Angeline	P	Nurse Case Manager	101,761.39
Sands	Robert	P	Anesthesiologist ECMC MC	511,779.80
Arnold	William	R	Nursing Informatics Mgr	112,271.85
Borton	Angela	R	Pharmacist	114,608.17
Farrell	Kristin	R	Nursing Team Leader	123,932.85
Loree	Thom	R	Clinical Director	720,980.57
Melson	Vanessa	R	Charge Nurse	102,164.59
Popat	Saurin	R	Attending Physician Con PT	431,898.81
Reynolds	Katrina	R	Charge Nurse	105,435.35
Steward	Kevin	R	Nursing Care Coordinator	116,220.87
Vail	Robert	R	Healthcare Information Security Officer	132,023.24
Floyd	Kaitlin	R.	Charge Nurse	103,451.79
Przespolewski	Eugene	R.	Senior Pharmacist ECMC	124,519.80
Ahmed	Mohamed	S	Medical Specialist PT	155,064.63
Burke	Mark	S	Attending Physician	615,363.60
DelPrince	Becky	S	VP of Systems and Integrated Care	149,384.20
Konikoff	Karen	S	Assistant VP of Critical Care & Emergency	141,160.13
Nasca	Maureen	S	Chief of Service Dentistry	373,840.69
Rogers	Nancy	S	Clinical Nurse Specialist Behavioral Health	103,313.73
Wilde	Colleen	S	Unit Manager Post Anesthesia Care	124,751.71
Gorczyński II	Thomas	S.	Information Technology Systems Architect	111,533.97
DePinto	Anthony	T	Administrator LTC	136,758.99
Grzybowski	Helen	T	In-Service Education Coordinator	100,156.59
Turner	James	T	VP Surgical Services	186,492.13
Santiago	Juan	T.	Asst VP of Operations	123,451.68
Moessinger	Lawrence	V	Director Info. System Development	136,574.12
Robertson	Reilly	V	General Duty Nurse	104,996.03
Everett	Charles	W	Anesthesiologist ECMC MC	511,779.80
Gunther	Mark	W	Assistant VP of BH & Community	125,315.79
Hunter	Thameena	Z	Nursing Care Coordinator	107,482.87
Hynes	Anne	Z	Nursing Supervisor LTC	113,423.69

I-6.) Projects Undertaken by ECMC Corporation during the past year

<u>Project</u>	<u>Project Duration</u>	<u>Project Cost</u>
6th Floor, Zone 1 Medical/Surgical Inpatient Unit Renovations	July 2014 to February 2015	\$2.9 million
6th Floor North Renovations, Orthopaedic Inpatient Unit	August 2014 to March 2015	\$8.8 million
Nurse Call System Replacement Project	October 2014 to August 2015	\$1 million
Bariatric CT and Radiology Project	July 2015 to December 2015	\$4.3 million
Cardiac Cath Lab	Began July 2015	\$2.2 million
Orthopedic Clinic Renovations	Began July 2015	\$2.9 million
Security System Improvements	Began August 2015	\$1.3 million

I-7.) A listing and description, in addition to the report required by paragraph a of subdivision three of section twenty-eight hundred ninety-six of this article of⁴ all real property of such authority having an estimated fair market value in excess of fifteen thousand dollars that the authority⁵ acquires or disposes of during such period. The report shall contain⁶ the price received or paid by the authority and the name of the purchaser or seller for all such property sold or bought by the authority during such period

- (i) The Corporation intends to transfer title of the property in Alden that was previously the Erie County Home to Erie County in 2016. This property has a net carrying value of \$3,355,745. The Corporation is also considering other transfers of property on Grider Street, none of which is certain.
- (ii) The Corporation owns approximately 68 acres of land at 462 Grider Street, Buffalo, NY 14215, which constitutes the ECMC Hospital Health Care campus.
- (iii) No real property was disposed of in 2015.

I-8.) ECMC Corporation Code of Ethics

ARTICLE XII: CODE OF ETHICS AND CONFLICTS OF INTEREST

Section 1. Compliance. The members of the Board agree to comply with all applicable local and state regulations and laws regarding conflicts of interest.

Section 2. Conflict of Interest Policy. The Board shall develop and implement a written policy with respect to conflicts of interest by members of the Board. The policy should prohibit members of the Board from maintaining substantial personal or business interests that conflict with those of ECMCC, and shall require members of the Board to execute a conflicts of interest statement.

Section 3. Disclosure of Personal Interest and Abstention. It is the responsibility of every Board member to disclose to the Chairperson of the Board any personal or business interest in any matter that comes before the Board for consideration. Each member of the Board shall abstain from voting on any matter in which he or she has a personal or business interest.

Section 4. Self-Dealing. The Corporation shall not engage in any transaction with a person, firm, or other business entity in which one or more of the Board members has a financial interest in such person, firm or other business entity, unless such interest is disclosed in good faith to the Board, and the Board authorizes such transaction by a vote sufficient for such purpose, without counting the vote of the interested Board member.

Section 5. Influence of Decision Makers. No member of the Board shall use his or her position to influence the judgment or any decision of any Corporation employee concerning the procurement of goods or services on behalf of the Corporation.

Section 6. No Forfeit of Office or Employment. Except as provided by law, no officer, member, or employee of the state or of any public corporation shall forfeit his or her office or employment by reason of his or her acceptance of appointment as a director, nonvoting representative, officer, or employee of the Corporation, nor shall such service as such a director, nonvoting representative, officer or employee be deemed incompatible or in conflict with such office or employment; and provided further, however, that no public officer elected to his or her office pursuant to the laws of the state or any municipality thereof may serve as a member of the governing body of the Corporation during his or her term of office.

I-9.) Assessment of the Effectiveness of the ECMC Corporation Internal Control Structure and Procedures

Throughout 2015 management evaluated the internal control environment, the tone at the top of the Finance function as well as the structure and operation of controls related to the safeguarding of assets and the integrity of financial reporting and other matters. This evaluation included inquiry of various members of the Executive Leadership Team, the staff assigned to key functions within the Finance function and its various cycles, the staff assigned to key other areas involved in the internal control structure, including but not limited to; Human Resources, Information Technology and Supply Chain.

Management coordinated a process for the Audit Committee of the Board leading to the appointment of a qualified firm to perform internal audit services by the Audit Committee. The selected Internal Audit Firm has performed an enterprise wide risk assessment and developed an internal audit plan in response to that assessment that was adopted by the Audit Committee of the Board and is being executed. The results of this risk assessment, and the internal audit plan confirmed and is consistent with the assessment referenced above.

Collectively these assessments indicated that there were areas in which internal controls could be enhanced and a series of recommendations developed that are further discussed below. The improvement opportunities identified can be classified as operational improvements and not rise to the standard of a control deficiency, a significant deficiency or material weakness in internal controls as defined in generally accepted auditing standards. Any assessment and its recommendations and status of implementation of prior identified recommendations are shared with the Audit Committee of the Board.

The evaluation of the internal control structure and its effectiveness is ongoing as is the performance of internal audit activity, both of which are regularly reported to and monitored by The Audit Committee of the Board.

In addition to the above, the annual independent audit did not identify any control deficiency, significant deficiency or material weakness in internal controls.

I-10.) A copy of the legislation that forms the statutory basis of the authority

See N.Y. Public Authorities Law §3625-3646.

I-11.) A description of the authority and its board structure, including (i) names of committees and committee members, (ii) lists of board meetings and attendance, (iii) descriptions of major authority units, subsidiaries, and (iv) number of employees

Board Structure-Please see the accompanying legislation and by-laws which contain this information

(i) Names of Committees-please see the accompanying by-laws which contain this information.

- (ii) **List of Board Meetings and Attendance:** The dates upon which the Board of Directors met appear below. Attendance at those meetings is accurately recorded in the minutes of those meeting, which are available at <http://www.ecmc.edu/about-ecmc/corporate-governance/public-meetings/>

Board of Directors Regular and Annual Meetings

Tuesday, January 27, 2015 (Annual Meeting)

Tuesday, February 24, 2015

Tuesday, March 31, 2015

Tuesday, April 28, 2015

Tuesday, May 26, 2015

Tuesday, June 30, 2015

Tuesday, July 28, 2015

Tuesday, August 25, 2015

Tuesday, September 29, 2015

Tuesday, October 20, 2015

Tuesday, November 17, 2015

Tuesday, December 15, 2015

- (iii) **Descriptions of major authority units, subsidiaries, and** – please see Section II-1
A description of the major units and subsidiaries is included in Note I of the audited financial statement beginning on Page 19 of that report

- (iv) **Number of employees** – please see Section II-3

I-12.) Its charter, if any, and by-laws;

See Separate PDF “Amended By-Laws.20151020.”

I-13.) A listing of material changes in operations and programs during the reporting year

Material changes in operations and programs are identified in the Message from Leadership at the beginning of this Annual Report as well as in the accompanying financial statements.

I-14.) At a minimum a four-year financial plan, including (i) a current and projected capital budget, and (ii) an operating budget report, including an actual versus estimated budget, with an analysis and measurement of financial and operating performance

Separate PDF “ECMC Budget Plan 2016.”

I-17.) A description of any material pending litigation in which the authority is involved as a party during the reporting year, except that no hospital need disclose information about pending malpractice claims beyond the existence of such claims

The corporation is involved in several matters related to medical malpractice and workers’ compensation cases as discussed in Note 13 in the enclosed audited financial statements beginning on page 40. There are no other material matters pending litigation at this time.

II. ANNUAL REPORT TO: 1.) STATE; 2.) LOCAL AUTHORITIES:
Public Authorities Law §3642 Audit and annual reports

II-1.) Name, Principal Business Address, Principal Business Activities of Each Subsidiary of the Corporation

The name and principal business activities of each subsidiary of The Corporation are discussed in Note 1 of the enclosed Audited Financial Statements on Page 19.

II-1.) Name, Principal Business Address, Principal Business Activities of Each Subsidiary of the Corporation (continued)

PRIMARY CORPORATION: Public Benefit Corporation

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

The ECMC Corporation includes an advanced academic medical center (ECMC) 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 a Level 1 Adult Trauma Center, 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™*.

II-2.) Names of all Board Members and Officers of Each Subsidiary

ECMC Corporation Board of Directors

OFFICERS

Sharon L. Hanson
Chair

Jonathan A. Dandes
Vice Chair / Chair Elect

Kevin E. Cichocki, DC
Vice Chair

Kevin M. Hogan, Esq.
Vice Chair

Michael A. Seaman
Vice Chair

Douglas H. Baker
Secretary

Bishop Michael A. Badger
Treasurer

Thomas J. Quatroche Jr., Ph.D.
President & CEO

BOARD MEMBERS

Ronald P. Bennett, Esq.

Ronald A. Chapin

Darby Fishkin, C.P.A.

Kathleen Grimm, M.D.

Michael H. Hoffert

Anthony M. Iacono

James Lawicki

Thomas P. Malecki, C.P.A.

Frank B. Mesiah

Kevin Pranicoff, MD

ECMC Corporation Executive Administration

Thomas J. Quatroche Jr., Ph.D.
President and Chief Executive Officer

Stephen M. Gary Sr., C.P.A., C.G.M.A.
Chief Financial Officer

Brian M. Murray, M.D.
Chief Medical Officer

Jarrod Johnson, M.B. A.
Senior Vice President of Operations

Karen Ziemianski, M.S., R.N.
Senior Vice President of Nursing

Leslie Feidt
Chief Information Officer

Julia Culkin-Jacobia
Chief People Officer

Anthony J. Colucci, III
General Counsel

Donna M. Brown
Associate Hospital Administrator

Christopher E. Koenig, D.P.T., M.B.A., N.H.A.
Vice President of Post-Acute Care

Charlene Ludlow, M.H.A., R.N., C.I.C.
Chief Safety Officer

Peter K. Cutler
Vice President, Communications and External Affairs

Al Hammonds
Executive Director, Millennium Collaborative Care

Susan M. Gonzalez
Executive Director, ECMC Foundation

ECMC Corporation Medical-Dental Staff Officers

Sam Cloud, D.O.
President

Katie Grimm, MD
President-Elect

Richard E. Hall, D.D.S., Ph.D., M.D.
Immediate Past President

William Flynn, M.D.
Treasurer

Michael Cummings, M.D.
Secretary

PPC Strategic Services LLC

OFFICERS

Thomas J. Quatroche Jr., Ph.D.

Stephen M. Gary Sr., C.P.A., C.G.M.A.

Grider Community Gardens, LLC

OFFICERS

Thomas J. Quatroche Jr., Ph.D.

Stephen M. Gary Sr., C.P.A., C.G.M.A.

II-3.) Number of Employees of Each Subsidiary

Number of Employees in each Corporation:

ECMC Corporation	3,270
PPC Strategic Services, LLC	64
Grider Community Gardens, LLC	None
Preferred Physician Care, PC	40
Grider Support Services, LLC	38

II-4.) List of all contracts in excess of one hundred thousand dollars entered into by the corporation and its subsidiaries, identifying the amount, purpose, and duration of such contract

Vendor Name	Contract Period		Payments	Purpose
CARDINAL HEALTH	5/1/2013	4/30/2016	\$13,007,712.48	Equipment & Supplies
MORRISON'S HEALTHCARE INC	3/1/2013	2/29/2020	\$9,537,707.83	Professional Services
LP CIMINELLI INC	Annual		\$9,150,560.43	Construction
CARDINAL VALUE LINK	6/1/2012	5/31/2017	\$9,076,614.13	Equipment & Supplies
UBMD PSYCHIATRY	Annual		\$9,007,221.88	Professional Services
THE RESEARCH FOUND	Annual		\$6,680,271.52	Professional Services
MCKESSON DRUG CO	Annual		\$5,487,561.99	Equipment & Supplies
UPSTATE NY TRANSPLANT	5/4/2010	1/21/2017	\$3,995,633.00	Professional Services
DEPUY ACE MEDICAL COMPANY	4/8/2013	4/7/2016	\$3,685,323.00	Equipment & Supplies
UB SURGEONS INC	10/1/2013	9/30/2016	\$3,556,598.86	Professional Services
EXIGENCE HOSPITALIST MEDICAL	3/1/2012	8/31/2015	\$3,408,887.64	Professional Services
SATURN RADIOLOGY PLLC	9/15/2009	9/14/2015	\$3,296,047.55	Professional Services
CARDINAL HEALTH MED PROD &	1/19/2013	1/18/2016	\$2,893,569.06	Equipment & Supplies
PRECISION INC/BIOMET ORTHO	Annual		\$2,589,556.07	Equipment & Supplies
ACADEMIC MEDICAL SVCS INC	1/1/2015	12/31/2017	\$2,579,548.63	Professional Services
SYNTHESE	Annual		\$2,547,747.16	Equipment & Supplies
GREAT LAKES MEDICAL IMAGING, LLC	9/1/2015	8/31/2018	\$2,425,183.83	Professional Services
ATLAS HEALTH CARE LINEN SERVICES	Annual		\$2,154,322.56	Equipment & Supplies
KALEIDA HEALTH	Annual		\$2,153,425.54	Professional Services
STRYKER ORTHOPAEDICS	5/25/2012	5/24/2015	\$2,130,976.75	Equipment & Supplies

**ECMC Corporation Annual Report as required by New York Public
Authorities Law – Sections 2800 and 3642**

UB FAMILY MEDICINE INC	7/1/2013	6/30/2016	\$1,983,240.22	Professional Services
DEPT EMERGENCY MEDICINE	Annual		\$1,783,957.43	Professional Services
SIEMENS MEDICAL SOLUTIONS	5/24/2012	5/23/2017	\$1,783,627.26	Equipment & Supplies
GLOBUS MEDICAL INC	Annual		\$1,718,740.00	Equipment & Supplies
ROCHE DIAGNOSTIC CORP	11/19/2010	12/12/2017	\$1,609,246.35	Equipment & Supplies
VHA-UHC ALLIANCE NEWCO., INC.	11/1/2012	10/31/2016	\$1,546,716.26	Professional Services
COLUCCI AND GALLAHER PC	9/1/2015	8/31/2017	\$1,340,940.00	Professional Services
APOGEE MEDICAL MANAGEMENT	Annual		\$1,355,349.02	Professional Services
BUFFALO CARD & PULMONARY ASSOC PC	5/1/2013	4/30/2016	\$1,316,894.83	Professional Services
BUFFALO INTERNIST	Annual		\$1,189,621.35	Professional Services
PHILIPS MEDICAL SYSTEMS	1/1/2011	3/28/2016	\$1,141,964.13	Equipment & Supplies
LIMA USA INC	Annual		\$949,023.00	Equipment & Supplies
COVIDIEN	Annual		\$944,282.65	Equipment & Supplies
CTG HEALTH SOLUTIONS	Annual		\$925,462.02	Professional Services
NATIONAL GRID	Annual		\$924,883.39	Equipment & Supplies
STRYKER SPINE	Annual		\$915,252.22	Equipment & Supplies
MEDICAL INFORMATION TECHNOLOGIES IN	9/27/2007	9/26/2016	\$912,628.00	Technology
UNIV ORTHOPAEDIC SVC	12/1/2013	11/30/2016	\$860,182.88	Professional Services
PRODIGY SURGICAL/ARTHREX	Annual		\$859,425.35	Equipment & Supplies
I.K. SYSTEMS, INC.	Annual		\$854,346.19	Equipment & Supplies
ALLSCRIPTS-MISYS LLC	Annual		\$843,644.32	Equipment & Supplies
CREEKRIDGE CAPITAL	Annual		\$827,423.96	Leasing Services
THE MARTIN GROUP LLC	Annual		\$824,386.85	Equipment & Supplies
THE McGUIRE GROUP PHARMACY CORP	3/1/2011	2/28/2016	\$804,065.35	Equipment & Supplies
BUFFALO PAPER AND TWINE CO	Annual		\$791,815.68	Equipment & Supplies
FREED MAXICK CPAs PC	6/20/2011	6/19/2016	\$733,020.90	Professional Services
DELL MARKETING LP	Annual		\$726,972.54	Hardware
BIOCARE	Annual		\$708,818.78	Equipment & Supplies
SUTURE EXPRESS	Annual		\$693,940.90	Equipment & Supplies
MCKESSON	Annual		\$688,349.16	Equipment & Supplies
STERIS CORPORATION	5/1/2013	4/30/2016	\$683,853.68	Equipment & Supplies
FLEETWOOD LEASING, LLC	6/30/2014	6/29/2017	\$679,609.60	Software/Support
NUANCE	6/30/2014	Evergreen	\$658,755.54	Equipment & Supplies
FRESENIUS MED CARE NA	Annual		\$621,024.21	Equipment & Supplies
STRYKER ENDOSCOPY	10/30/2013	10/29/2015	\$590,024.88	Equipment & Supplies
SUPPLEMENTAL HEALTH CARE	Annual		\$586,747.85	Professional Services
APPLIED MANAGEMENT SYSTEMS, INC.	12/18/2014	12/17/2015	\$575,541.49	Professional Services
SUICIDE PREVENTION & SERENAGROUP, INC.	1/1/2015	12/31/2017	\$571,286.50	Professional Services
HILL-ROM CO INC	Annual		\$556,369.12	Equipment & Supplies
UB FOUNDATION ACTIVITES	Annual		\$552,402.00	Professional Services
4628 GROUP, INC.	10/14/2013	2/28/2026	\$548,464.62	Equipment & Supplies
IMMCO DIAGNOSTICS INC	Annual		\$545,465.00	Professional Services
3M HEALTH INFORMATION	9/24/2008	9/23/2016	\$531,611.47	Software/Support
W L GORE & ASSOC INC	Annual		\$521,289.50	Equipment & Supplies
ZIMMER UPSTATE NY INC	2/11/2015	2/10/2020	\$521,126.99	Equipment & Supplies
HEWLETT-PACKARD COMPANY	6/30/2013	6/29/2017	\$498,157.34	Copiers & Printers

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STERICYCLE INC	10/25/2011	10/24/2016	\$495,884.45	Equipment & Supplies
NAVIN, HAFPTY & ASSOC	7/31/2013	7/30/2015	\$495,002.39	Professional Services
SCOTT DANAHY	Annual		\$494,641.50	Professional Services/Insurance
KIDENEY ARCHITECTS PC	11/23/2015	11/22/2017	\$488,792.79	Architecture
CHUBB & SON	Annual		\$452,730.00	Professional Services
PHILIPS MEDICAL SYSTEMS NA CO	5/1/2015	4/30/2020	\$450,525.73	Equipment & Supplies
ABBOTT LABORATORIES DIAGNOSTIC DIV	7/18/2008	7/17/2016	\$444,525.95	Equipment & Supplies
PATERSON, PAUL	Annual		\$438,000.00	Professional Services
LAB CORP OF AMERICA	8/12/2008	8/11/2016	\$437,410.83	Equipment & Supplies
STRYKER INSTRUMENTS	2/1/2014	4/30/2015	\$436,253.00	Equipment & Supplies
RANDSTAD PROFESSIONAL US, LP	Annual		\$419,509.00	Professional Services
ROACH, BROWN,	Annual		\$417,646.63	Professional Services
L&M GROUP LTD	Annual		\$412,018.49	Professional Services
KCI	Annual		\$409,931.70	Equipment & Supplies
WILLIAM BELLES PC	4/1/2011	3/31/2016	\$404,618.99	Professional Services
JOHNSON & JOHNSON HLTH CARE SYS INC	Annual		\$387,245.61	Equipment & Supplies
VERIZON SELECT SERVICES	Annual		\$382,653.89	Telecommunications
MERGE HEALTHCARE	7/10/2015	7/19/2016	\$380,134.23	Equipment & Supplies
CONMED LINVATEC	10/26/2012	10/25/2015	\$378,059.74	Equipment & Supplies
UB PATHOLOGISTS INC	12/1/2010	11/30/2015	\$359,578.07	Professional Services
ORLICK, ARTHUR	9/1/2012	8/31/2015	\$353,059.17	Professional Services
RICOTTA & VISCO	Annual		\$343,877.71	Professional Services
UNIV OPHTHALMOLOGY	Annual		\$329,213.04	Professional Services
RONCO SPECIALIZED SYSTEMS INC	Annual		\$320,880.05	Equipment & Supplies
SYNTHESES MAXILLOFACIAL	Annual		\$305,032.04	Equipment & Supplies
OFFICE MAX	Annual		\$303,219.48	Equipment & Supplies
ERIE NIAGARA NEUROSURGERY PLLC	Annual		\$297,153.22	Professional Services
KALEIDA HEALTH	Annual		\$289,632.98	Professional Services
UNIV OB/GYN INC	7/1/2013	6/30/2016	\$282,186.00	Professional Services
KARL STORZ ENDOSCOPY-AMERICA	8/31/2012	8/30/2015	\$281,298.57	Equipment & Supplies
OPTUM360 LLC	Annual		\$275,795.40	Professional Services
BAXTER BIOSCIENCE	Annual		\$274,861.16	Equipment & Supplies
COOK INC	Annual		\$271,363.95	Equipment & Supplies
BAYER CORPORATION	7/30/2015	12/18/2018	\$269,708.93	Equipment & Supplies
SECURE ENVIRONMENT SOLUTIONS, LLC	4/8/2013	4/7/2018	\$269,269.21	Professional Services
SYSTEMS MANAGEMENT PLANNING	10/14/2014	10/13/2017	\$263,847.73	Professional Services
MEDTRONIC SPINAL AND BIOLOGICS	4/1/2015	3/31/2020	\$262,611.00	Equipment & Supplies
INTEGRA LIFESCIENCES CORP	Annual		\$261,412.60	Equipment & Supplies
BARD PERIPHERAL VASCULAR INC	Annual		\$250,569.40	Equipment & Supplies
ALLOSOURCE	Annual		\$250,286.60	Equipment & Supplies
CDW GOVERNMENT INC	Annual		\$248,487.03	Equipment & Supplies
UNIV UROLOGY INC	1/1/2012	12/31/2015	\$248,356.09	Professional Services
METRO COMMUNICATIONS	Annual		\$247,963.00	Telecommunications

**ECMC Corporation Annual Report as required by New York Public
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DIVERSIFIED CLINICAL	Annual		\$246,267.96	Professional Services
PRESS GANEY ASSOCIATES INC	Annual		\$242,539.25	Professional Services
VIRTUAL RADIOLOGIC	8/8/2011	8/7/2016	\$239,386.00	Professional Services
UB ORAL	2/1/2012	1/31/2015	\$238,076.04	Professional Services
INTEGRATED ONCOLOGY	Annual		\$237,297.14	Professional Services
BAXTER HEALTHCARE CORP	Annual		\$235,002.88	Equipment & Supplies
FIBERTECH TECHNOLOGIES	Annual		\$230,705.00	Equipment & Supplies
PATTERSON DENTAL INC	Annual		\$229,613.11	Equipment & Supplies
DELAWARE SURGICAL GROUP PC	10/1/2014	9/30/2017	\$227,828.94	Professional Services
AQUA SCIENCES INC	Annual		\$222,567.24	Equipment & Supplies
SUPPORTIVE MEDICAL PARTNERS, PLLC	Annual		\$219,996.00	Professional Services
GUIDRY & EAST OF ARKANSAS LLC	Annual		\$219,753.44	Professional Services
CENTRAL RADIOPHARMACEUTICAL SVC	Annual		\$218,661.20	Professional Services
1285 GROUP, LLC	3/12/2013	4/11/2023	\$217,418.70	Equipment & Supplies
TORNIER INC	Annual		\$214,525.72	Equipment & Supplies
CORE BTS INC	Annual		\$213,127.30	Equipment & Supplies
ALLEGIANCE HEALTHCARE CORP	Annual		\$208,199.99	Equipment & Supplies
DCB ELEVATOR CO INC	1/1/2014	12/31/2018	\$200,730.74	Equipment & Supplies
SMITH & NEPHEW ENDOSCOPY	Annual		\$200,345.97	Equipment & Supplies
SNAPCAP	Annual		\$199,700.00	Professional Services
GREAT LAKES BUILDING SYSTEMS INC.	Annual		\$197,372.22	Equipment & Supplies
GE HEALTHCARE OEC	5/17/2015	5/16/2021	\$196,111.75	Equipment & Supplies
XEROX CORPORATION	3/12/2012	3/11/2017	\$195,116.04	Leasing Services
BUFFALO NEUROSURGERY GROUP	Annual		\$192,082.30	Professional Services
DRAGER MEDICAL	4/1/2012	3/31/2018	\$189,097.24	Equipment & Supplies
UBMD INTERNAL MEDICINE	1/1/2015	12/31/2017	\$187,740.34	Professional Services
PLS III	Annual		\$186,512.62	Professional Services
US POSTAL SERVICE	Annual		\$185,000.00	Postage
THE NATIONAL WITNESS PROJECT, INC.	4/1/2015	3/31/2016	\$178,795.00	Professional Services
MEDTRONIC INC NEUROLOGICAL DIV	2/11/2014	2/10/2017	\$177,583.00	Equipment & Supplies
BUFFALO HOSPITAL SUPPLY CO	Annual		\$176,976.37	Equipment & Supplies
NIAGARA FALLS MEMORIAL MED CENTER	8/18/2015	8/17/2018	\$175,841.26	Professional Services
MEDTRONIC MIDAS REX	4/2/2013	4/1/2016	\$175,382.67	Equipment & Supplies
THE ADVISORY BOARD COMPANY	6/30/2014	6/29/2017	\$175,149.50	Professional Services
SIEMENS MEDICAL	3/31/2015	3/30/2020	\$171,563.56	Equipment & Supplies
FISHER HEALTHCARE	Annual		\$169,728.90	Equipment & Supplies
ORGANOGENESIS	4/12/2011	4/11/2016	\$165,379.00	Equipment & Supplies
PASSPORT HEALTH COMMUNICATIONS	2/4/2013	2/3/2016	\$160,116.45	Equipment & Supplies
BUFFALO BILLS, LLC	5/29/2013	2/28/2018	\$160,000.00	Advertising
WNYHEALTHENET LLC	Annual		\$160,000.00	Professional Services
GERIATRIC ASSOCIATES LLP	Annual		\$159,999.92	Professional Services
BE WELL HEALTHCARE MEDICINE	Annual		\$158,914.25	Professional Services
PENTAX MEDICAL CO	10/1/2014	9/30/2017	\$157,530.69	Equipment & Supplies
U S SECURITY ASSOCIATES INC	Annual		\$157,100.10	Professional Services

**ECMC Corporation Annual Report as required by New York Public
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KRONOS	Annual		\$156,644.09	Software/Support
BOSTON SCIENTIFIC/MICROVASIVE DIV	Annual		\$155,326.58	Equipment & Supplies
ISKALO ASSET FUND II LLC	Annual		\$153,670.26	Leasing Services
OLYMPUS AMERICA INC	Annual		\$150,111.32	Equipment & Supplies
SIMPLEX GRINNELL	Annual		\$149,188.38	Repairs & Maintenance
SIEMENS INDUSTRY INC	3/31/2015	3/30/2020	\$149,148.82	Repairs & Maintenance
ECOLAB/MICROTEK MEDICAL	Annual		\$148,788.73	Equipment & Supplies
IKM INCORPORATED	Annual		\$144,961.95	Equipment & Supplies
SUMMIT HEALTH CARE	Annual		\$143,055.10	Professional Services
CATAPULT	Annual		\$138,190.00	Professional Services
CARESTREAM HEALTH INC	9/16/2015	9/15/2018	\$137,926.58	Equipment & Supplies
CAREFUSION	7/29/2013	7/28/2018	\$137,435.00	Equipment & Supplies
AMER EXPRESS CPS ECH	8/4/2015	8/3/2016	\$136,109.99	Equipment & Supplies
MCKESSON HBOC	Annual		\$135,784.09	Software/Support
MARK R JAJKOWSKI, MD, PLLC	Annual		\$135,181.71	Professional Services
ZOLL MEDICAL CORPORATION	Annual		\$133,898.61	Equipment & Supplies
LAKE PLAINS COMMUNITY CARE NETWORK	Annual		\$130,028.10	Professional Services
MINNTECH CORPORATION	Annual		\$129,033.48	Equipment & Supplies
EBERLE SCIANDRA	Annual		\$128,562.00	Professional Services
MONROE TRACTOR	Annual		\$128,362.59	Equipment & Supplies
UB FOUNDATION	Annual		\$127,960.68	Professional Services
SWISSLOG TRANSLOGIC	Annual		\$127,146.81	Equipment & Supplies
BOSTON SCIENTIFIC CORPORATION	Annual		\$126,632.32	Equipment & Supplies
SPECTRA LABORATORIES	Annual		\$126,609.04	Equipment & Supplies
MENTAL HEALTH ASSOCIATION	Annual		\$125,762.50	Professional Services
TRI-DELTA RESOURCES CORP	9/1/2014	8/31/2017	\$125,400.00	Software/Support
HEALTHCARESOURCE HR, INC	6/1/2012	5/31/2016	\$123,339.99	Professional Services
MCKESSON CAPITAL CORP	9/26/2008	9/25/2016	\$122,356.00	Software/Support
GENERAL PHYSICIAN SUB II, PLLC	Annual		\$122,250.00	Professional Services
M JOHNSON HEALTHCARE CONSULTING LLC	Annual		\$121,962.59	Professional Services
STERIS CORPORATION	5/1/2012	4/30/2015	\$121,886.99	Equipment & Supplies
AMER RED CROSS BLOOD SVCS	1/1/2011	12/31/2016	\$121,671.69	Blood Products
BARD ACCESS SYSTEMS	Annual		\$121,449.02	Equipment & Supplies
SYSTEMS PERSONNEL INC	7/2/2015	7/1/2016	\$120,450.07	Professional Services
BER-NATIONAL AUTOMATION INC	Annual		\$119,258.03	Equipment & Supplies
FOXY DELIVERY SERVICE INC	Annual		\$118,467.88	Delivery Services
WESTERN NEW YORK RURAL AREA HEALTH	Annual		\$117,587.62	Professional Services
FIRST DATABANK INC	Annual		\$117,436.00	Software/Support
THE CRIMSON INITIATIVE	Annual		\$116,785.00	Equipment & Supplies
HANYS SERVICES INC	Annual		\$116,359.00	Professional Services
BAXTER HEALTHCARE CORP	Annual		\$115,976.33	Equipment & Supplies
AIRGAS EAST	9/10/2012	7/31/2017	\$115,761.99	Equipment & Supplies
VERIZON WIRELESS	Annual		\$115,442.36	Telecommunications
HEALTHCARE ASSOC OF NYS	Annual		\$115,128.00	Professional Services
JOHNSON & JOHNSON HEALTH CARE SYS	Annual		\$114,353.02	Equipment & Supplies
GRIDER MEDICAL SERVICES	4/1/2011	12/31/2015	\$113,183.33	Professional Services

**ECMC Corporation Annual Report as required by New York Public
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TRI-ANIM HEALTH SERVICES INC	Annual		\$112,133.71	Equipment & Supplies
CONSORTIUM INFORMATION SERVICES INC	Annual		\$109,599.00	Professional Services
BARD/DAVOL	9/17/2012	12/31/2015	\$109,564.93	Equipment & Supplies
REHAB ULTRA CONSULTING, LLC	Annual		\$109,475.00	Professional Services
OTTR INC	9/22/2004	9/21/2016	\$108,645.92	Software/Support
LEVEL(3)	Annual		\$108,319.24	Telecommunications
SYSMEX	8/23/2010	8/1/2017	\$108,253.23	Equipment & Supplies
MICROSOFT	Annual		\$107,669.00	Hardware/Software
QIAGEN	Annual		\$107,400.00	Equipment & Supplies
LINSTAR INC	9/1/2015	8/31/2016	\$106,618.45	Equipment & Supplies
S & V ASSOCIATES LLC	1/22/1996	10/31/2022	\$106,122.23	Professional Services
INFO MGMNT SOLUTIONS INC	Annual		\$104,028.00	Professional Services
CRANEWARE INC	Annual		\$103,261.00	Software/Support
VIVIAN L LINDFIELD MD PC	2/15/2012	11/30/2016	\$102,289.60	Professional Services
INSIGNIA HEALTH, LLC	Annual		\$102,081.25	Software/Support
KLS MARTIN L P	Annual		\$101,997.05	Professional Services
REVENUE CYCLE COMPASS	Annual		\$101,520.00	Professional Services
WNY INDEPENDENT LIVING	4/28/2012	4/30/2015	\$101,315.32	Professional Services

II-5.) A financial statement, income statement, and balance sheet prepared by an independent certified public accountant, all in accordance with generally accepted accounting principles applicable to the corporation and each of its subsidiaries

The annual audited financial statements prepared by an independent certified public accountant and presented in conformity with generally accepted accounting principles is included with this report beginning on page ____.

See I-2 above

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Erie County Medical Center Corporation
(A Component Unit of the County of Erie)

Financial Report
December 31, 2015

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Independent Auditor's Report

RSM US LLP

To the Board of Directors
Erie County Medical Center Corporation
Buffalo, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component units of Erie County Medical Center Corporation (the "Corporation"), a component unit of the County of Erie, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of Erie County Medical Center Corporation as of December 31, 2015, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report (Continued)

Emphasis of Matter

As disclosed in Note 9 to the financial statements, the Corporation adopted the reporting and disclosure requirements of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. The implementation of those statements results in a restatement of opening net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3-10 as well as the pension related data on pages 42-44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2016 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

RSM US LLP

March 28, 2016

**Erie County Medical Center Corporation
(A Component Unit of the County of Erie)**

**Management's Discussion and Analysis
December 31, 2015
(Dollars in Thousands)**

Management's Discussion and Analysis

The Corporation is considered a component unit of the County of Erie with its core operating mission the delivery of quality health care services to all persons in need of its services in Erie County, the Western Region and New York State, including persons in need who lack the ability to pay. The Corporation fully embraces and is proud to serve in its role as the safety net provider for its region.

To assist the reader in understanding the operations of the Corporation, this required annual report has been organized into three parts that should be read together:

- Management's discussion and analysis
- Financial statements and notes to the financial statements
- Supplemental schedule(s)

Introduction

Management has prepared this Discussion and Analysis providing an overview of the financial position and results of activities of Erie County Medical Center Corporation (the Corporation or ECMCC) as of and for the year ended December 31, 2015. The purpose of the Discussion and Analysis is to provide the reader with objective data to evaluate the Corporation. As discussed in Note 9 of the financial statements, net position at January 1, 2015 was restated for the required implementation of Governmental Accounting Standards Board (GASB) Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Accordingly, comparative information for fluctuations with prior years has been provided in certain instances where not impacted by this restatement. This narrative and the financial statements and footnotes, are the responsibility of the Corporation's management.

The financial statements (the statement of net position, the statement of revenues, expenses and changes in net position and the statement of cash flows) present financial information in a form similar to that used by other government hospitals and have been prepared in accordance with accounting principles generally accepted in the United States of America.

The accompanying financial statements of the Corporation include financial data of the Corporation's component units (i) ECMC Foundation, Inc. (formerly, ECMC Lifeline Foundation, Inc.) (ii) The Grider Initiative, Inc. and (iii) Research For Health in Erie County, Inc., however, Management's Discussion and Analysis focuses on the Corporation.

Operations Analysis

As a result of the execution of its strategic plan and investments made over the past five years, the Corporation completed calendar year 2015 providing a record level of services to the Western New York region. Significant volumes (not expressed in thousands) of patients served are as follows:

	2010	2011	2012	2013	2014	2015
Inpatients	15,007	15,238	16,091	16,316	17,789	18,378
Surgeries	11,944	12,442	12,712	12,714	13,360	14,364
Emergency	58,090	61,418	63,930	64,698	66,418	67,296
Outpatients	255,264	250,707	252,524	253,781	295,676	305,737

**Erie County Medical Center Corporation
(A Component Unit of the County of Erie)**

**Management's Discussion and Analysis
December 31, 2015
(Dollars in Thousands)**

Operations Analysis (Continued)

The favorable growth can be attributed to investments in physician recruitment and retention, a focus on quality and patient satisfaction, the investment in the development of employees and investments in physical building and equipment. Notable investments in this regard are:

- Recruitment of physicians to transplant, orthopedics, geriatrics, anesthesiology, primary care and a new hospitalist service.
- Continuation of a four (4) year trend in annual improvements in HCAHPS (Hospital Consumer Assessment of Healthcare Providers and Systems) scores.
- Verification from the American College of Surgeons as a Level 1 Trauma Center with no deficiencies.
- Recognition from CMS (Centers for Medicare and Medicaid Services) and the NYSDOH (New York State Department of Health) for improving infection rates and hospital acquired condition rates.
- Recognition of the quality of nursing in multiple awards including the Nurse of Distinction Award and Western New York Outstanding Staff Nurse Award.
- The opening of the Russell J. Salvatore Orthopedic Unit, new surgical suites, an occupational and environmental health clinic and new state of the art imaging equipment.

In addition to the favorable financial performance of the Corporation, the ECMC Lifeline Foundation, Inc. officially changed its name to the ECMC Foundation, Inc. and established record levels of attendance at signature events including: The Springfest Gala, October breast cancer awareness month, its annual golf tournament and more.

Financial Metric Analysis

The Corporation's total net position before adoption of GASB 68 and 71 increased \$859 in 2015 as a result of key operating activities discussed above leading to favorable results from operations and net investment earnings as further discussed below.

Comparative financial ratios for the Corporation as well as blended benchmark median values for 2014 (most recent available) based on the average of published and publicly available data for Urban Hospitals, Teaching Hospitals, Government Hospitals and NYS Public Benefit Corporation Hospitals are as follows:

	ECMCC			Blended Benchmark
	2015	2014	2013	2014
Operating margin	0.1%	0.2%	0.2%	-1.4%
Operating cash flow margin	6.7%	7.5%	6.3%	6.9%
Debt to total capitalization	61.9%	61.8%	63.2%	72.1%
Debt service coverage	2.5	3.0	2.0	3.0
Days cash on hand	70.8	75.0	106.0	78.0
Days in accounts receivable	53.0	44.0	48.0	45.7
Average age of plant	12.8	10.0	13.0	12.3

The financial ratios reflect stable results of operations and favorable performance compared to the blended benchmark as measured by the operating margin. Cash flow generation demonstrated by operating cash flow margin and debt service coverage have improved from 2013 to 2015 and are approaching benchmark levels. Debt levels and financial leverage, measured by debt to total capitalization, has been stable and is favorable compared to the blended benchmark. Days cash on hand has decreased from 2013 to 2015 due to the investment in capital assets noted above and increases in other receivables principally from the Disproportionate Share Hospital (DSH) program. Management notes that the comparisons of actual performance to these data is consistent with ECMC's status as the region's safety net provider.

Erie County Medical Center Corporation
(A Component Unit of the County of Erie)

Management's Discussion and Analysis
December 31, 2015
(Dollars in Thousands)

Summary Financial Statements with Analysis

Management is providing the following summary financial statements and variance analysis for certain financial statement lines where it believes the readers understanding of the financial statements is enhanced.

Statement of Net Position

Net position is categorized as follows:

Net investment in capital assets: Consists of capital assets, net of accumulated depreciation and reduced by outstanding debt and deferred inflows and outflows of resources that are attributable to the acquisition, construction or improvement of those assets.

Restricted: Result when constraints placed on the use of the net position are either externally imposed by creditors, grantors, contributors, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted: Represents the resources derived primarily from services rendered to patients and other operating revenues and not meeting the previously listed criteria. These resources are used for transactions related to the general healthcare operations of the Corporation, and may be used at the discretion of the Board of Directors to meet current expenses for any purpose.

A condensed Statement of Net Position is as follows:

	2015	2014	2015-2014	
			\$ Change	% Change
Assets				
Current assets	\$ 173,023	\$ 137,942	\$ 35,081	25.4
Assets whose use is limited	124,922	118,697	6,225	5.2
Capital assets, net	279,812	288,997	(9,185)	(3.2)
Other assets	36,467	31,286	5,181	16.6
Total assets	614,224	576,922	37,302	6.5
Deferred outflows of resources	6,184	-	6,184	100.0
Total assets and deferred outflows	\$ 620,408	\$ 576,922	\$ 43,486	7.5
Liabilities				
Current liabilities	\$ 130,424	\$ 125,928	\$ 4,496	3.6
Noncurrent liabilities	365,972	331,963	34,009	10.2
Total liabilities	496,396	457,891	38,505	8.4
Deferred inflows of resources	4,122	-	4,122	100.0
Net Position				
Net investment in capital assets	107,223	122,492	(15,269)	(12.5)
Restricted	32,258	11,201	21,057	188.0
Unrestricted	(19,591)	(14,662)	(4,929)	33.6
Total net position	119,890	119,031	859	0.7
Total liabilities, deferred inflows and net position	\$ 620,408	\$ 576,922	\$ 43,486	7.5

Overall, total assets and deferred outflows of resources increased \$43,486 from 2014 to 2015, \$6,184 of which is associated with deferred outflows of resources and the aforementioned implementation of GASB Statement No. 68 and 71.

**Erie County Medical Center Corporation
(A Component Unit of the County of Erie)**

**Management's Discussion and Analysis
December 31, 2015
(Dollars in Thousands)**

Statement of Net Position (Continued)

The following variances in total assets are noteworthy:

Total current assets increased by \$35,081 due to the following:

- Cash and cash equivalents increased by \$23,431 largely as a result of timing of benefit and accounts payable payments.
- Patient accounts receivable, net, increased by \$16,344 as a result of increased volumes and resultant net patient services revenues (\$4,343), an increase in accounts receivable realization (\$8,145) and other factors including the conversion to ICD-10. The increase in accounts receivable realization is due to improvements in revenue cycle performance and the impact of the Affordable Care Act (ACA) with decreases in uninsured patients enrolled in Medicaid and Exchange Plans.
- Other receivables decreased by \$10,283, of which \$8,014 is associated with the timing of receipts of Medicaid DSH (IGT) payments.
- Supplies and prepaid expenses decreased by \$2,472, of which \$1,224 is due to reduced deposit requirements associated with a supply distribution agreement.
- Assets whose use is limited increased by \$6,225 as a result of changes in funding level associated with self-insurance obligations, increase in the collateral requirements for the workers' compensation insurance program and Delivery System Reform Incentive Payment (DSRIP) grant funds received but not expended.
- Capital assets, net decreased by \$9,185 due to acquisitions of new capital assets being less than depreciation expense. Significant investments in capital assets are summarized in a following section.
- Other assets increased by \$5,181 largely as a result of transactions with Erie County.

Overall, total liabilities increased \$38,505 from 2014 to 2015. Net position had an increase of \$859 (0.7%) in 2015 from 2014.

The following variances in total liabilities are noteworthy:

Total current liabilities increased by \$4,496 due to the following:

- Accounts payable and accrued salaries and benefits increased by \$7,489 due to timing of payments as noted above.
- Unearned revenue increased by \$7,368 due to receipt of DSRIP grant funds that have not been expended.
- Estimated third-party payer settlements decreased by \$17,733 as a result of recording revenue associated with the New York State Nursing Home Universal Settlement, Terrace View construction cost certification with its related reimbursement and prior year Terrace View upper payment limit amounts due.
- A net pension liability was recognized in 2015 in the amount of \$24,112 due to the adoption of GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*.
- Current and long-term portions of self-insured obligations increased by \$14,575 due to changes in actuarial estimates for post-employment health insurance and obligations for self-insured retentions for malpractice and workers' compensation claims. In addition, \$9,109 was re-characterized to current liabilities in 2015 for postretirement health obligations due within one year.

Erie County Medical Center Corporation
(A Component Unit of the County of Erie)

Management's Discussion and Analysis
December 31, 2015
(Dollars in Thousands)

Statement of Revenues, Expenses, and Changes in Net Position

A condensed Statement of Revenues, Expenses and Changes in Net Position is as follows:

	2015	2014	2015-2014	
			\$ Change	% Change
Net patient services revenue	\$ 467,748	\$ 431,724	\$ 36,024	8.3
Disproportionate share revenue (DSH)	59,237	65,883	(6,646)	(10.1)
Delivery System Reform Incentive Payment (DSRIP) grants	4,499	-	4,499	100.0
Other operating revenue	21,590	17,082	4,508	26.4
Total operating revenues	553,074	514,689	38,385	7.5
Operating expenses				
Payroll, employee benefits and contract labor	297,397	283,769	13,628	4.8
Professional fees	70,260	65,971	4,289	6.5
Purchased services	43,959	42,104	1,855	4.4
Supplies	74,063	68,933	5,130	7.4
Other operating expenses	26,250	15,452	10,798	69.9
Delivery System Reform Incentive Payment (DSRIP) grant expenses	4,059	-	4,059	100.0
Depreciation and amortization	27,929	29,168	(1,239)	(4.2)
Total operating expenses	543,917	505,397	38,520	7.6
Operating income	9,157	9,292	(135)	(1.5)
Total net non-operating (expenses) revenues	(5,815)	(6,269)	454	(7.2)
Change in net position	3,342	3,023	319	10.6
Net position, beginning of year	119,031	116,008	3,023	2.6
Restatement due to adoption of GASB Statement No. 68 and 71	(2,483)	-	-	-
Net position, beginning of year, as restated	116,548	-	-	-
Net position, end of year	\$ 119,890	\$ 119,031	\$ 859	0.7

Overall, operating revenues increased by \$38,385 or 7.5% in 2015.

- Net patient service revenue increased \$36,024, or 8.3% in 2015. Volumes increased for both inpatient and outpatient lines of business. Total discharges increased 3.3% from 17,789 to 18,378. Outpatient visits increased 3.4% from 295,676 to 305,737. ER visits increased 1.3% from 66,418 to 67,296.
- DSH decreased by \$6,646, or 10.1%, in 2015 principally due to changes in uncompensated care provided in part due to the Affordable Care Act and changes in estimates for Upper Payment Limit (UPL) funding associated with the transition from the Erie County Home to Terrace View and its resultant reduction in nursing home beds.
- Other operating revenue increased by \$4,508, or 26.4%, in 2015. The increase from 2014 to 2015 is mainly the result of the recognition of grant revenues associated with the Intermediate Access Assurance Fund and Design Planning Grants associated with the New York State Delivery System Reform Incentive Plan (DSRIP).

**Erie County Medical Center Corporation
(A Component Unit of the County of Erie)**

**Management's Discussion and Analysis
December 31, 2015
(Dollars in Thousands)**

Statement of Revenues, Expenses, and Changes in Net Position (Continued)

Operating expenses increased \$38,520 or 7.6%, in 2015. Expense increases are attributable primarily to payroll and related costs, professional fees and supplies due to increases in volumes and other expenses.

Employee benefit expenses have decreased by \$5,036 (5.0%) as the net result of a \$9,054 decrease in pension expense associated with the adoption of GASB 68, and favorable workers' compensation claims experience of \$1,349 which have been offset by increased post-employment health insurance expense and general benefit increases associated with increased salaries.

Capital Assets, Net, and Long-Term Debt

At December 31, 2015, the Corporation had capital assets, net of accumulated depreciation of \$279,812 compared to \$288,997 at December 31, 2014, representing a decrease of \$9,185 or 3.2%.

Major investments in capital assets in 2015 include:

- Completion of the Russell J. Salvatore Orthopedic Unit of approximately \$8,873.
- Construction and fit out of two new operating rooms of approximately \$1,322.
- Radiology equipment and renovations of \$1,601.
- Renovation of patient care units including dedicated Ebola rooms of approximately \$3,100.
- Construction in progress includes investments in a new Orthopedic Clinic, Emergency room, and other first floor renovations.

At December 31, 2015, the Corporation had \$176,502 of long-term debt financing related to its capital assets.

Forward Looking Factors

Management has prepared the following forward looking factors to assist the reader in understanding the financial, economic and market factors impacting the Corporation.

Collective Bargaining Agreements

The Corporation operates under three collective bargaining agreements that cover substantially all employees. In March 2013, Corporation employees of the Civil Service Employee Association (CSEA) approved a new 5-year contract. This new agreement includes the creation of a sub-bargaining unit which represents only Corporation employees. The agreement runs through December 31, 2017. Registered Nurses (RNs) are covered under an agreement with the New York State Nurses Association (NYSNA). The current agreement was executed in September 2014 and expires on December 31, 2018. The Corporation's agreement with the American Federation of State, County and Municipal Employees (AFSCME) is in effect through December 31, 2015. As of the date of this report, negotiations are ongoing and an agreement has not yet been reached.

Transactions with the County of Erie

The Corporation is a component unit of the County of Erie. The County has ongoing contractual and legal obligations to the Corporation and the Corporation has ongoing contractual and legal obligations to the County.

**Erie County Medical Center Corporation
(A Component Unit of the County of Erie)**

**Management's Discussion and Analysis
December 31, 2015
(Dollars in Thousands)**

Health Reform Law

The President signed into law the Patient Protection and ACA which includes sweeping changes to how health care is provided, and paid for, in the United States. The President subsequently signed the Health Care and Education Reconciliation Bill (the Reconciliation Act), which modifies the Affordable Care Act in many respects. Together, the Affordable Care Act and the Reconciliation Act will be referred to as the "Health Reform Law." The Health Reform Law expands health insurance coverage to millions of individuals. The health care industry will continue to be subject to significant new statutory and regulatory requirements, and consequently, structural and operational challenges. In 2012, the U.S. Supreme Court altered certain aspects of the law. Certain other aspects of the law have been delayed through Executive Orders issued by the President of the United States.

Management of the Corporation is continually analyzing the Health Reform Law to better understand its effect on current and projected operations, financial performance and financial condition. The Health Reform Law is complex and comprehensive, and includes a myriad of programs, initiatives and changes to existing programs, practices and laws.

Delivery System Reform Incentive Payment (DSRIP)

On April 14, 2014, Gov. Andrew M. Cuomo announced that New York finalized terms and conditions of an agreement with the U.S. government that will allow New York State to reinvest \$8 billion in federal savings generated by Medicaid Redesign Team reforms. This program is known as the Delivery System Reform Incentive Payment Program (DSRIP).

The Corporation was selected as one of the lead entities and has worked with others to form a Performing Provider System (PPS) to achieve the goals established in the waiver. As a result, The Corporation, and the PPS have been awarded a five (5) year grant. Certain revenues and expenses associated with this effort, and the related receivables and payables, have been recognized in the financial statements.

The DSRIP program is designed to stabilize the state's healthcare safety-net system and to re-align the state's delivery system. The overarching goal of the DSRIP program is to help New York and its health care providers achieve the triple aim of improved population health, improved quality care, and controlled costs.

Reducing avoidable hospital admissions and avoidable emergency room visits by 25 percent over the next five years is the DSRIP program's ultimate objective. Secondly, the DSRIP program is expected to preserve and transform New York's fragile healthcare safety net, ensuring all Medicaid beneficiaries have access to vital services.

Successful execution of DSRIP-funded projects requires community-focused plans where population health and health care costs are addressed by hospital(s) working with other healthcare organizations such as Federal Qualified Health Centers (FQHCs), physician practices, Health Homes (HHs), and Skilled Nursing Facilities (SNFs). The expectation is to achieve savings by reducing avoidable hospitalizations and Emergency Department visits, requiring hospitals to "restructure themselves," reducing beds, strengthening outpatient and primary-care, and improving alignment with post-acute care settings.

In Western New York, the first step in this process was to form Millennium Collaborative Care (MCC), a d/b/a of the Corporation including nearly 400 health care partners led by the Corporation. In December 2014, MCC submitted its application for DSRIP program funding to begin the process of reform. Through 2015 the Corporation and MCC have worked diligently to achieve the goals established for the first year of the grant which ends on March 31, 2016.

**Erie County Medical Center Corporation
(A Component Unit of the County of Erie)**

**Management's Discussion and Analysis
December 31, 2015
(Dollars in Thousands)**

Contacting the Corporation's Financial Management

This financial report is designed to provide our community and creditors with a general overview of Erie County Medical Center Corporation's finances and to demonstrate the Corporation's accountability for the resources it receives. If you have any questions about this report or need additional financial information, contact the Chief Financial Officer, Erie County Medical Center Corporation, 462 Grider Street, Buffalo, New York 14215.

Erie County Medical Center Corporation
(A Component Unit of the County of Erie)

Statement of Net Position
December 31, 2015
(Dollars in Thousands)

Assets and Deferred Outflows	
Current Assets:	
Cash and cash equivalents	\$ 29,682
Investments	11,331
Assets whose use is limited	37,179
Patient accounts receivable, net	67,835
Other receivables	56,900
Supplies, prepaids and other	7,275
Total current assets	<u>210,202</u>
Assets whose use is limited	87,743
Capital assets, net	279,812
Other assets, net	36,467
	<u>404,022</u>
Total assets	<u>614,224</u>
Deferred Outflows of Resources:	
Pensions	4,960
Other	1,224
Total deferred outflows of resources	<u>6,184</u>
Total assets and deferred outflows of resources	<u>\$ 620,408</u>
Liabilities, Deferred Inflows and Net Position	
Current Liabilities:	
Current portion of long-term debt	\$ 10,619
Accounts payable	44,651
Accrued salaries, wages and employee benefits	19,188
Accrued other liabilities	39,498
Unearned revenue	13,691
Estimated third-party payor settlements	2,777
Total current liabilities	<u>130,424</u>
Long-term debt, net	165,883
Net pension liability	24,112
Self-insured obligations	172,688
Other	3,289
Total liabilities	<u>496,396</u>
Deferred Inflows of Resources - Pensions	<u>4,122</u>
Net Position	
Net investment in capital assets	107,223
Restricted:	
Nonexpendable	-
Expendable	32,258
Unrestricted	(19,591)
Total net position	<u>119,890</u>
Total liabilities, deferred inflows and net position	<u>\$ 620,408</u>

See Notes to the Financial Statements.

Erie County Medical Center Corporation
(A Component Unit of the County of Erie)

Statement of Revenues, Expenses and Changes in Net Position
Year Ended December 31, 2015
(Dollars in Thousands)

Operating Revenues:	
Net patient service revenue, net of provision for bad debts of \$10,565	\$ 467,748
Disproportionate share revenue	59,237
Delivery System Reform Incentive Payment (DSRIP) grants	4,499
Other operating revenue	21,590
Total operating revenues	<u>553,074</u>
Operating Expenses:	
Payroll, employee benefits and contract labor	297,397
Professional fees	70,260
Purchased services	43,959
Supplies	74,063
Other operating expenses	26,250
Delivery System Reform Incentive Payment (DSRIP) grant expenses	4,059
Depreciation and amortization	27,929
Total operating expenses	<u>543,917</u>
Operating income	9,157
Non-Operating (Expenses) Revenues:	
Investment income	2,931
Contributions to component unit	(1,081)
Interest expense	(8,240)
Total net non-operating (expenses) revenues	<u>(6,390)</u>
Income before capital contributions	2,767
Capital contributions	<u>575</u>
Total change in net position	3,342
Net position – beginning of year - as restated (Note 9)	<u>116,548</u>
Net position – end of year	<u><u>\$ 119,890</u></u>

See Notes to the Financial Statements.

Erie County Medical Center Corporation
(A Component Unit of the County of Erie)

Statements of Cash Flows
Years Ended December 31, 2015
(Dollars in Thousands)

Cash Flows From Operating Activities:	
Receipts from patients and third party payors	\$ 443,954
Payments to employees for salaries and benefits	(274,221)
Payments to vendors for supplies and other	(199,252)
Other receipts	92,694
Net cash provided by operating activities	<u>63,175</u>
Cash Flows From Non-Capital Financing Activities:	
Settlements with Erie County	(9,120)
Payments from Erie County	2,000
Transfers to component unit	(1,081)
Net cash used in non-capital financing activities	<u>(8,201)</u>
Cash Flows From Capital and Related Financing Activities:	
Purchases of capital assets	(14,309)
Capital contributions	575
Borrowings on capital lease	10,000
Payments on capital lease	(687)
Principal payments on long term debt	(7,527)
Interest paid on long term debt	(8,240)
Net cash used in capital and related financing activities	<u>(20,188)</u>
Cash Flows From Investing Activities:	
Purchases of assets whose use is limited, net	(6,225)
Investment income	2,931
Purchases of investments, net	(8,061)
Net cash used in investing activities	<u>(11,355)</u>
Net change in cash and cash equivalents	23,431
Cash and cash equivalents	
Beginning	<u>6,251</u>
Ending	<u>\$ 29,682</u>

Noncash Capital Activities:

Included in accounts payable at December 31, 2015 is \$4,435 of invoices related to capital acquisitions.

(Continued)

Erie County Medical Center Corporation
(A Component Unit of the County of Erie)

Statement of Cash Flows (Continued)
Year Ended December 31, 2015
(Dollars in Thousands)

Reconciliation of Operating Income to Net Cash	
Provided by Operating Activities	
Operating income	\$ 9,157
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	27,929
Provision for bad debt	10,565
Patient accounts receivable	(26,909)
Other receivables	10,283
Supplies, prepaids and other	(3,680)
Deferred outflows of pension resources	24,557
Accounts payable	6,140
Accrued liabilities	12,213
Unearned revenue	7,368
Estimated third-party payor settlements	(17,733)
Self-insured obligations	7,304
Net pension liability	(8,141)
Deferred inflows of pension resources	4,122
Net cash provided by operating activities	<u><u>\$ 63,175</u></u>

See Notes to the Financial Statements.

Erie County Medical Center Corporation
(A Component Unit of the County of Erie)

Statement of Net Position - Component Units
December 31, 2015
(Dollars in Thousands)

	ECMC Foundation, Inc.	The Grider Initiative, Inc.	Research for Health in Erie County, Inc.	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 644	\$ 283	\$ 2	\$ 929
Investments	689	-	1,042	1,731
Assets whose use is limited	845	-	-	845
Other receivables	1,251	1,080	-	2,331
Supplies, prepaids and other	43	-	-	43
Total current assets	3,472	1,363	1,044	5,879
Other receivables	1,311	-	-	1,311
Endowment and other investments	58	10,567	-	10,625
Equipment and vehicles, net	270	-	-	270
	1,639	10,567	-	12,206
Total assets	\$ 5,111	\$ 11,930	\$ 1,044	\$ 18,085
Liabilities and Net Position				
Current Liabilities:				
Accounts payable	\$ 636	\$ -	\$ 5	\$ 641
Funds held in custody for others	354	-	-	354
Total current liabilities	990	-	5	995
Related party	650	1,088	-	1,738
Interest payable	17	-	-	17
	667	1,088	-	1,755
Total liabilities	1,657	1,088	5	2,750
Net Position				
Restricted	2,094	10,000	-	12,094
Unrestricted	1,360	842	1,039	3,241
Total net position	3,454	10,842	1,039	15,335
Total liabilities and net position	\$ 5,111	\$ 11,930	\$ 1,044	\$ 18,085

See Notes to the Financial Statements.

Erie County Medical Center Corporation
(A Component Unit of the County of Erie)

Statement of Revenues, Expenses and Changes in Net Position - Component Units
Year Ended December 31, 2015
(Dollars in Thousands)

	ECMC Foundation, Inc.	The Grider Initiative, Inc.	Research for Health in Erie County, Inc.	Total
Operating Revenues:				
Grants, contributions and special events	\$ 3,063	\$ -	\$ -	\$ 3,063
Other operating revenue, net	13	-	-	13
Total operating revenues	3,076	-	-	3,076
Operating Expenses:				
Program services and grants	624	1,081	19	1,724
Fundraising	1,538	-	-	1,538
Other operating expenses	886	8	3	897
Total operating expenses	3,048	1,089	22	4,159
Operating income (loss)	28	(1,089)	(22)	(1,083)
Non-Operating Revenue:				
Contributions from related party	-	1,081	-	1,081
Investment income	10	(27)	4	(13)
Change in net position	38	(35)	(18)	(15)
Net position – beginning of year	3,416	10,877	1,057	15,350
Net position – end of year	\$ 3,454	\$ 10,842	\$ 1,039	\$ 15,335

See Notes to the Financial Statements.

**Erie County Medical Center Corporation
(A Component Unit of the County of Erie)**

**Notes to the Financial Statements
Year Ended December 31, 2015
(Dollars in Thousands)**

Note 1. Organization

The Corporation: Erie County Medical Center Corporation (referred to as the "Corporation" or "ECMCC") is a public benefit corporation created by the Erie County Medical Center Corporation Act, Chapter 143 of the Laws of New York State, 2003 (Title 6 of Article 10-C of the Public Authorities Law) (the "Act"). The Corporation was created under the Act to secure a form of governance which permits the Corporation to have the legal, financial, and managerial flexibility to operate its health care facilities for the benefit of the residents of New York State (the "State"), the County of Erie (the "County"), and Western New York, including persons in need who lack the ability to pay.

The Corporation's "Health Care Facilities" consist of the Medical Center, a 569-bed acute tertiary care facility providing inpatient, emergency, outpatient, primary care and specialty clinic services (Medical Center), a 390-bed residential health care facility (Terrace View) both located on Grider Street in the City of Buffalo, a primary care clinic located in the City of Buffalo, and four chemical dependency and alcohol rehabilitation clinics located throughout the County. The Corporation serves as the region's only trauma center, burn center, comprehensive traumatic brain injury and spinal cord injury rehabilitative center, Comprehensive Psychiatric Emergency Program provider for acute psychiatric emergencies, Regional Center of Excellence for Transplantation and Kidney Care, and is the primary provider of HIV inpatient and outpatient specialty care.

The Corporation has the power under the Act to acquire, operate, and manage its facilities and to issue bonds and notes to finance the costs of providing such facilities. The Act specifically provides that the Corporation's corporate existence shall continue until terminated by law; provided, however, that no such termination shall take effect so long as the Corporation shall have bonds or other obligations outstanding unless adequate provision has been made for the payment or satisfaction thereof. The Corporation's primary purpose is the operation of the Medical Center and Terrace View, and its powers, duties, and functions are as set forth in the Act and other applicable laws.

The Corporation qualifies as a governmental entity and, accordingly, is exempt from federal income tax pursuant to Section 115 of the Internal Revenue Code of 1986.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended, the Corporation's financial statements are included, as a discretely presented component unit, in the County's Comprehensive Annual Financial Report (CAFR). A copy of the CAFR can be obtained from the Erie County Comptroller's Office, 95 Franklin Street, Room 1100, Buffalo, New York, 14202. The Corporation is subject to civil service law.

Governance: The Corporation is governed by its Board of Directors (the "Board") consisting of fifteen (15) voting directors, eight (8) of whom are appointed by the Governor of the State of New York and seven (7) of whom are appointed by the Erie County Executive with the advice and consent of The Erie County Legislature. There are four appointed non-voting representatives, as well. The Directors and non-voting members serve staggered five year terms and continue to hold office until their successors are appointed. Directors have experience in the fields of health care services, quality and patient safety, human resources, strategic growth, and financial management and reflect a broad representation of the community served by the Corporation. Regular meetings of the Board are scheduled eleven (11) times per year. Corporation officers are appointed by the Board.

Great Lakes Health System: The Corporation is a member of Great Lakes Health System of Western New York (Great Lakes). Great Lakes is a not-for-profit, community-based corporation comprised of unified partners whose objective is to provide the highest quality of healthcare to the residents of Western New York. Great Lakes is comprised of the Corporation, Kaleida Health including four hospitals as well as a long term care facility, ambulatory health and community based clinics, and the State University of New York at Buffalo (the "University").

**Erie County Medical Center Corporation
(A Component Unit of the County of Erie)**

**Notes to the Financial Statements
Year Ended December 31, 2015
(Dollars in Thousands)**

Note 1. Organization (Continued)

Medical School Affiliation: The Corporation serves as a primary teaching hospital for the State University of New York at Buffalo School of Medicine and Biomedical Sciences (the "Medical School"). An affiliation agreement governs the relationship between the Corporation and the Medical School. As an affiliate of the Medical School, the Corporation serves as an integral part of the education and research mission of the University by providing the clinical settings for the University's public mission to educate and train physicians, nurses and other healthcare professionals, conduct clinical research programs and deliver healthcare services to patients. There are currently 166 full-time equivalent residents assigned to the Corporation in various Academic College of Graduate Medical Education accredited residency programs.

Component Units: Accounting principles generally accepted in the United States of America (GAAP) require the inclusion within the Corporation's financial statements of certain organizations as component units based on the nature and significance of the Corporation's relationship with these organizations.

The component unit information in the accompanying basic financial statements includes the financial data of the Corporation's three discretely presented component units. These component units are discussed in more detail below:

ECMC Foundation, Inc.: The ECMC Foundation, Inc. (the "Foundation"), formerly the ECMC Lifeline Foundation, Inc. is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Foundation was formed for the purpose of supporting Corporation programs. The financial statements of the Foundation have been prepared on an accrual basis. The annual financial report can be obtained by writing to: Executive Director, ECMC Foundation, Inc., 462 Grider Street, Buffalo, NY 14215.

The Grider Initiative, Inc.: The Grider Initiative, Inc. (the "Physician Endowment") is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the IRC. The Physician Endowment was funded in 2010, for the purpose of recruiting physicians who shall practice on the Grider Street campus of the Corporation. The entity was funded with an initial transfer of \$10,000 from the Corporation. Earnings from the investment of the initial transfer may be used only for physician recruitment and reasonable and necessary expenses of the entity. The financial statements of The Grider Initiative, Inc. have been prepared on an accrual basis. The annual financial report can be obtained by writing to: Chair, The Grider Initiative, Inc. 424 Main Street, Suite 2000, Buffalo, NY 14202.

Research for Health in Erie County, Inc.: Research for Health in Erie County, Inc. (RHEC) is a nonprofit organization dedicated to developing and improving the facilities of the public health institutions, agencies, and departments of the County. Additionally, RHEC is committed to provide more extensive conduct of studies and research into the causes, nature, and treatment of diseases, disorders, and defects of particular importance to the public health. RHEC's revenue comes primarily from investment income. RHEC is exempt from income tax as a not-for-profit corporation under Section 501(c)(3) of the IRC and is incorporated under the laws of the State of New York. The entity has not received funding in recent years. The annual financial report can be obtained by writing to: Grant Administration, Research for Health in Erie County, Inc., 462 Grider Street, Buffalo, NY 14215.

**Erie County Medical Center Corporation
(A Component Unit of the County of Erie)**

**Notes to the Financial Statements
Year Ended December 31, 2015
(Dollars in Thousands)**

Note 1. Organization (Continued)

In addition, the financial statements of the Corporation include the operations of the following component units, which are blended with the accounts of the Corporation:

PPC Strategic Services LLC (PPC): The Corporation is the sole owner of this enterprise, which was established to enable the Corporation to enter into various other business relationships. The entity was formed as a management support organization (MSO) to provide various support services to the Corporation and Preferred Physician Care, P.C. These services include providing employees, management functions and facilities management.

Grider Support Services, LLC: The Corporation is the sole owner of this enterprise, which was formed to act as an MSO for oncology and physician services.

Grider Community Gardens, LLC: This entity is wholly owned and controlled by the Corporation which was formed for the purpose of purchasing and rehabilitating properties in the proximity of the Grider Street Campus.

Note 2. Summary of Significant Accounting Policies

Basis of accounting: The Corporation uses the accrual basis of accounting. Revenue is recognized in the period it is earned and expenses are recognized in the period incurred.

For financial accounting and reporting purposes, the Corporation follows all pronouncements of the GASB. All references to relevant authoritative literature issued by the GASB with which the Corporation must comply are hereinafter referred to generally as "U.S. GAAP."

Use of estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes. The reserve for uncollectible accounts, contractual allowances, amounts payable to third-party payors, workers compensation, malpractice reserves, pension obligations and self-insured retiree health benefits, as well as Disproportionate Share (DSH) revenue and certain other accounts, require the significant use of estimates. Actual results could differ from those estimates.

Included in net patient service revenue are adjustments to prior year estimated third-party payor settlements, and estimated receivables and payables that were originally recorded in the period the related services were rendered. These adjustments are made in the normal course of operations and amounts reported are consistent with approach in prior years. The adjustments to prior year estimates and other third-party reimbursement receipts or recoveries that relate to prior years also impact Disproportionate Share revenues as discussed in Note 4. The combined effect of changes related to prior years estimates resulted in an increase of \$2,539 in total operating revenue for the year ended December 31, 2015. During 2015, ECMCC recorded the Universal Settlement with New York State of \$1,789. A liability of \$2,961 was also settled as part of this transaction.

Cash and cash equivalents: The Corporation's cash and cash equivalents include cash on hand and cash in checking and money market accounts as well as investments with a maturity of three months or less when purchased. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents for purposes of the statements of cash flows. Monies deposited in Federal Deposit Insurance Corporation insured commercial banks are collateralized with specifically designated securities held by a pledging financial institution, as required by State regulations.

Fair value of financial instruments: The Corporation's financial instruments consist of investments and any short-term and long-term debt. The carrying amounts of these financial instruments approximate their fair value due to the short-term nature of the financial instruments.

**Erie County Medical Center Corporation
(A Component Unit of the County of Erie)**

**Notes to the Financial Statements
Year Ended December 31, 2015
(Dollars in Thousands)**

Note 2. Summary of Significant Accounting Policies (Continued)

Patient accounts receivable: Patient accounts receivable are reported net of both an estimated allowance for contractual adjustments and an estimated allowance for uncollectible accounts. The contractual allowance represents the difference between established billing rates and estimated reimbursement from Medicare, Medicaid and other third party payor programs. Current operations are charged with an estimated provision for bad debts estimated based on the age of the account, prior experience and any other circumstances which affect collectability. The Corporation's policy does not require collateral or other security for patient accounts receivable and the Corporation routinely accepts assignment of, or is otherwise entitled to receive, patient benefits payable under health insurance programs, plans or policies. The allowance for estimated doubtful accounts at December 31, 2015 was approximately \$17,133.

Investments and assets whose use is limited: The Corporation generally records its investments at fair value. Such assets are comprised of cash and cash equivalents, including money market funds, fixed income securities, commercial paper and equity funds. Assets classified as investments are unrestricted. Assets classified as limited as to use are restricted under Board designation or terms of agreements with third parties and include debt service funds, funds for self-insured workers compensation costs and medical malpractice costs, collateral for insured workers compensation programs, patient and resident monies, funding for future retiree health costs, and funds limited as to use for the acquisition of property, plant and equipment. Also included is \$23,617 of securities guaranteed by Governmental National Mortgage Association and insured by the U.S. Department of Housing and Urban Development related to an investment in Kaleida Health's Gates Vascular Institute located on the Buffalo Niagara Medical Campus.

Investment securities are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is at least possible that changes in risks in the near term could materially affect the net position of ECMCC.

Other receivables: The composition of other receivables, as of December 31, 2015, is as follows:

DSH	\$ 47,675
Other	9,225
	<u>\$ 56,900</u>

Capital assets: Capital assets are stated at cost. Depreciation is computed under the straight-line method over the estimated useful life of the asset. Estimated useful lives of assets have been established as follows:

Land and land improvements	5 – 25 years
Buildings and improvements	10 – 40 years
Fixed equipment	10 – 20 years
Movable equipment	3 – 20 years

When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected for the period. Amortization of capital leases is computed using the straight-line method over the lease term or the estimated useful life of the asset, whichever is shorter. Maintenance and repairs are charged to expense as incurred with significant renewals and betterments being capitalized. During periods of construction the Corporation capitalizes interest incurred with borrowings for construction.

Capital assets that are donated (without restriction) are recorded at their fair market values and directly increase to the component of net investment in capital assets.

**Erie County Medical Center Corporation
(A Component Unit of the County of Erie)**

**Notes to the Financial Statements
Year Ended December 31, 2015
(Dollars in Thousands)**

Note 2. Summary of Significant Accounting Policies (Continued)

Deferred outflows/inflows of resources: Deferred outflows of resources are a consumption of net positions by the Corporation that is applicable to a future reporting period. Deferred inflows of resources are an acquisition of net positions by the Corporation that is applicable to a future reporting period.

Other assets: Amounts owed from the County, as noted in Note 12, as well as ownership interests in various business enterprises are included in other assets. Collaborative Care Ventures, LLC (Collaborative Care) was formed in 2014 by ECMCC and Kaleida Health System (KHS). Collaborative Care was created as a vehicle for ECMCC and KHS to participate in various investments in the future consistent with their missions. At December 31, 2015 the Corporation's share of the net assets of the LLC amounted to \$7,144.

Unearned revenue: Unearned revenue represents funds received by the Corporation for the Delivery System Reform Incentive Payment Program (DSRIP) for expenses not yet incurred.

Compensated absences: The Corporation has accrued liabilities for certain compensated absences earned by its employees, to include vacation, sick, and compensatory time. The Corporation's employees are permitted to accumulate unused vacation and sick leave time up to certain maximum limits. The Corporation accrues the estimated obligation related to vacation pay based on pay rates currently in effect. Sick leave credits, if accumulated above certain prescribed levels, may be the basis of a supplemental payment to employees upon retirement. The Corporation accrues an estimated liability for these estimated terminal payments. These amounts have been included in the statements of net position at December 31, 2015, within the caption accrued salaries, wages and employee benefits in the amount of approximately \$11,545.

Net position: Net assets are classified into three categories according to external donor restrictions or availability of assets for satisfaction of the Corporation's obligations. The Corporation's net position is described as follows:

Net investment in capital assets: This represents the Corporation's total investment in capital assets, net of accumulated depreciation and reduced by outstanding debt and deferred inflows and outflows of resources that are attributable to the acquisition, construction or improvement of those assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted: This includes assets in which the Corporation is legally or contractually obligated to spend in accordance with restrictions imposed by third parties.

Unrestricted: This represents resources derived from services rendered to patients and other operating revenues. These resources are used for transactions relating to the general health care operations of the Corporation, and may be used at the discretion of the Board of Directors to meet current expenses for any purpose.

Net patient service revenue: Net patient service revenue is reported as services are rendered at estimated net realizable amounts, including estimated retroactive revenue adjustments under reimbursement agreements with third party payors. Estimated settlements under third party reimbursement agreements are accrued in the period the related services are rendered and adjusted in future periods as final settlements are determined. An estimated provision for bad debts is included in net patient service revenue.

**Erie County Medical Center Corporation
(A Component Unit of the County of Erie)**

**Notes to Financial Statements
Year Ended December 31, 2015
(Dollars in Thousands)**

Note 2. Summary of Significant Accounting Policies (Continued)

Charity care: The Corporation provides care to patients who meet certain criteria under its charity care policy, without charge or at amounts less than established rates. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, they are not reported as net patient service revenue in the accompanying Statements of Revenues, Expenses, and Changes in Net Position. The estimated costs of caring for charity care patients were \$12,255 for the year ended December 31, 2015. Additionally, the Corporation provided approximately \$2,890 in discounts to self-pay patients.

Contributions: The Foundation reports gifts of cash or promises to give as restricted contributions when they are received with donor stipulations that limit the use of the donated assets. When the intent of the donor is that the assets are to remain in perpetuity and the Foundation does not have the right to invade the original principal, the assets are reported as permanently restricted. When a donor restriction expires, temporarily restricted net position are released to unrestricted net position and reported in the statements of activities as net position released from restrictions.

Classification of revenues: The Corporation has classified its revenues as either operating or non-operating revenues according to the following criteria:

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as payments for providing services and payments for goods and services received, for health care services provided to patients, net of contractual allowances and provisions for bad debts.

Non-operating revenues: Non-operating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, income from investments and contributions.

Income taxes: The Corporation is a Public Benefit Corporation of the State of New York and is exempt from federal income taxes under Section 115 of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Contributed services: RHEC receives contributions from the Corporation consisting primarily of donated space, equipment, and personnel support. During 2015, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded.

Certain immaterial amounts related to contributed rents have been reflected in the Foundation's financial statements as contributed services. The Foundation generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Foundation in meeting its goals and objectives. Such services are not recognized in the Foundation financial statements.

No amounts have been reflected in the Physician Endowment financial statements for contributed services, as the value of contributed services meeting the requirements for recognition in the financial statements was not material.

**Erie County Medical Center Corporation
(A Component Unit of the County of Erie)**

**Notes to Financial Statements
Year Ended December 31, 2015
(Dollars in Thousands)**

Note 2. Summary of Significant Accounting Policies (Continued)

Recent and pending accounting pronouncements: Effective January 1, 2015, the Corporation adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement resulted from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The adoption of this statement, further detailed in Note 9, required a restatement of prior year net position to conform to the 2015 presentation.

Effective January 1, 2015, the Corporation adopted GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The objective of this Statement is address contributions made by a state or local government employer or nonemployer contributing entity to a defined benefit plan after the measurement date of the government's beginning net pension liability. The impact of the adoption of Statement No. 71 has been reflected in Note 9.

In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements, including but not limited to, providing guidance for determining fair value measurements for financial reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. This Statement is effective for periods beginning after June 15, 2015, however, was early adopted by the Corporation as reflected in Note 5.

In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. The objective of this Statement is to establish requirements for those pension and pension plans that are not administered through a trust meeting specified criteria. This Statement is effective for periods beginning after June 15, 2016. The Corporation has not yet determined the impact this Statement will have on the financial statements.

In June 2015, GASB issued Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement is effective for periods beginning after June 15, 2016. The Corporation has not yet determined the impact this Statement will have on the financial statements.

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement is effective for years beginning after June 15, 2017. The Corporation has not yet determined the impact this Statement will have on the financial statements, however, expects the impact to be material.

In June 2015, GASB issued Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This Statement supersedes GASB Statement No. 55 and reduces the existing hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within the source of authoritative GAAP. The requirements of this Statement are effective for reporting periods beginning after June 15, 2015. The Corporation believes adopting this Statement will not have a significant impact on the financial statements.

Erie County Medical Center Corporation
(A Component Unit of the County of Erie)

Notes to Financial Statements
Year Ended December 31, 2015
(Dollars in Thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement requires disclosure of tax abatement information about (1) the reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. For financial reporting purposes, tax abatement is defined as resulting from an agreement between a government and an individual or entity in which the government promised to forgo tax revenues and the individual or entity subsequently take specific action to contribute to the economic development or other benefits of the government. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The Corporation believes adopting this Statement will not have a significant impact on the financial statements.

In December 2015, GASB issued Statement No. 78, *Pensions Provided through Certain Multi-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address practice issues regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The Statement amends the Scope of Statement No. 68 to exclude pensions provided to employees of state or local government employers through a cost-sharing multi-employer defined benefit plan that (1) is not a statement of local government pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The Corporation believes adopting this Statement will not have a significant impact on the financial statements.

In December 2015, GASB issued Statement No. 79, *Certain External Investment Pools and Pool Participants*. The objective of this Statement is to establish criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in the Statement. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. The Corporation believes adopting this Statement will not have a significant impact on the financial statements.

In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The Corporation has not yet determined the impact this statement will have on the financial statements.

Subsequent events: The Corporation has evaluated subsequent events for potential recognition and/or disclosure through March 28, 2016, the date the financial statements were available to be issued.

**Erie County Medical Center Corporation
(A Component Unit of the County of Erie)**

**Notes to Financial Statements
Year Ended December 31, 2015
(Dollars in Thousands)**

Note 3. Net Patient Service Revenue

The Corporation has agreements with third-party payors that provide for payment to the Corporation at amounts different from its established rates. A summary of the payment arrangements with major third-party payors is as follows:

Medicare: Inpatient acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge for acute care services and per patient day for inpatient behavioral health services. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Certain inpatient and outpatient services, as well as defined organ acquisition, capital and medical education costs related to Medicare beneficiaries are paid based on regulatory proscribed formulae. The Corporation is reimbursed for such items at a tentative rate with final settlement determined after submission of annual cost reports by the Corporation and audits thereof by the Medicare fiscal intermediary. The Corporation's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the Corporation. Most outpatient reimbursements are based on an Ambulatory Payment Classification weighting by acuity system, although some outpatient cost reimbursement still exists.

Medicaid: Inpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates in accordance with Part 86 of the New York Codes, Rules and Regulations and New York State Law which are promulgated by the New York State Department of Health (DOH). Outpatient services are similarly paid at either prospective rates or fee schedule amounts.

Terrace View provides services to residents under agreements with third-party payors (Medicaid, Medicare and HMO's) under provisions of their respective cost reimbursement formulas or contractually negotiated rates. If amounts received are less than established billing rates, the difference is accounted for as a reduction of revenue. Final determination of the reimbursement rates are subject to review by appropriate third-party payors. Provisions are made in the financial statements for anticipated adjustments that may result from such reviews. Difference between the estimated amounts accrued and final settlements are reported in operations in the year of settlement.

Net patient service revenue, as reported on the statement of revenues, expenses and changes in net position is comprised of the following for the year ended December 31, 2015:

	ECMC	Terrace View	Total
Gross charges	\$ 887,624	\$ 89,992	\$ 977,616
Less			
Discounts and allowances	461,200	38,103	499,303
Provision for bad debts	9,005	1,560	10,565
	<u>\$ 417,419</u>	<u>\$ 50,329</u>	<u>\$ 467,748</u>

Erie County Medical Center Corporation
(A Component Unit of the County of Erie)

Notes to Financial Statements
Year Ended December 31, 2015
(Dollars in Thousands)

Note 3. Net Patient Service Revenue (Continued)

Net patient service revenue by payor for the year ended December 31, 2015 is as follows:

	ECMC	Terrace View	Total	%
Medicare*	\$ 144,954	\$ 6,981	\$ 151,935	32.5%
Medicaid*	159,709	40,849	200,558	42.9%
Other third party payors	108,931	1,043	109,974	23.5%
Self-pay	3,825	1,456	5,281	1.1%
	<u>\$ 417,419</u>	<u>\$ 50,329</u>	<u>\$ 467,748</u>	<u>100.0%</u>

*Medicare and Medicaid include Managed Care plans

Laws and regulations governing Medicare, Medicaid, and other third-party payor programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates could change by a material amount in future periods. The Corporation believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs.

Under the New York Health Care Reform Act, the Corporation also enters into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the Corporation under these agreements includes prospectively determined rates, discounts from charges, and prospectively determined per diem rates. Medicaid, Workers' Compensation and No-fault continue to have reimbursement rates determined based on New York's Prospective Reimbursement Methodology.

Patient accounts receivable consist of the following at December 31, 2015:

	ECMC	Terrace View	Total
Gross accounts receivable	\$ 120,166	\$ 12,683	\$ 132,849
Less			
Discounts and allowances	45,372	2,509	47,881
Provision for bad debts	13,619	3,514	17,133
	<u>\$ 61,175</u>	<u>\$ 6,660</u>	<u>\$ 67,835</u>

**Erie County Medical Center Corporation
(A Component Unit of the County of Erie)**

**Notes to Financial Statements
Year Ended December 31, 2015
(Dollars in Thousands)**

Note 5. Cash and Cash Equivalents, Investments, and Assets Whose use is Limited (Continued)

The Corporation's cash and cash equivalents as well as investments are exposed to various risks, including credit, custodial credit, interest rate, and market risks, as discussed in more detail below:

Deposits

All monies are deposited with banks or trust companies designated by the Corporation's investment committee of the Board of Directors. Funds not needed for immediate expenditure may be deposited in interest or non-interest bearing accounts or invested in various marketable securities and bonds.

Custodial credit risk: Custodial credit risk is the risk that, in the event of bank failure, the Corporation's deposits might not be recovered. FDIC insurance through December 31, 2015 for funds held in interest bearing accounts is \$250 per depositor per category of legal ownership. New York law requires that deposits in excess of FDIC insured amounts are collateralized. The Corporation's bank deposits at December 31, 2015, totaled \$36,846. \$972 of the deposits were insured at December 31, 2015. Amounts over FDIC insured limits were fully collateralized with securities held by the pledging financial institution.

Investments

The Corporation's investment policy authorizes the Corporation to invest in accordance with New York State Finance Law Section 8(14), Section 201 and Public Authorities Law Article 9 Section 2800 to 2985. Compliance with the policy is monitored by the Corporation's investment committee and reported on quarterly by the Corporation's investment advisor.

Credit risk: Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligation, causing the Corporation to experience a loss of principal. The Corporation's investment policy limits investments in equity and fixed income securities with ratings only in the highest category. ECMCC's investments in government bonds carry the explicit guarantee of the U.S. government. The corporate bonds, short-term fixed income and government bonds are all rated AA+ or better by the Standards & Poor's rating agency.

Interest rate risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Corporation's cash equivalent securities are limited to maturities of no greater than eighteen months; short-term fixed income securities are limited to maturities of no greater than five years; and long-term fixed income securities are limited to maturities of no more than ten years. Substantially all of the Corporation's investments and assets whose use is limited have stated maturities of less than one year.

Custodial credit risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Corporation will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Corporation's investment policy does not address custodial credit risk. The Corporation is not exposed to custodial credit risk as it relates to its investment portfolio.

Concentration of credit risk: Concentration of credit risk is the risk of loss attributable to the magnitude of investments in any single issuer. The Corporation's investment policy indicates the combined holdings of securities from one issuer shall not constitute more than 5.0% of the fund except for issues guaranteed directly or indirectly by the U.S. Government. The Corporation holds 6.0% of its portfolio in Federal National Mortgage Association (Fannie Mae) issues and 5.4% in Federal Home Loan Mortgage Corporation (Freddie Mac) issues.

Erie County Medical Center Corporation
(A Component Unit of the County of Erie)

Notes to Financial Statements
Year Ended December 31, 2015
(Dollars in Thousands)

Note 5. Cash and Cash Equivalents, Investments, and Assets Whose use is Limited (Continued)

Fair value of financial instruments: As noted in Note 2, the Corporation early adopted GASB 72, *Fair Value Measurement and Application*. This guidance requires entities to expand their fair value disclosures by determining major categories of debt and equity securities within the fair value hierarchy on the basis of the nature and risk of the investment. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Management utilizes valuation techniques that maximize the use of observable inputs (Levels 1 and 2) and minimize the use of unobservable inputs (Level 3) within the fair value hierarchy established by GASB. Assets and liabilities carried at fair value are required to be classified and disclosed in one of the following three categories:

- Level 1: Valuations based on quoted prices in active markets for identical assets that the Corporation has the ability to access.
- Level 2: Valuations based on quoted prices in active markets for similar assets, quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.
- Level 3: Valuations based on inputs that are unobservable and significant to the overall fair value measurement. These are generally company generated inputs and are not market-based inputs. The Corporation has no Level III assets.

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 29,682	\$ -	\$ -	\$ 29,682
Investments and assets whose use is limited:				
Cash and cash equivalents	39,031	-	-	39,031
Marketable equity securities:				
Mid-cap core equities	-	1,588	-	1,588
Mid-cap value equities	-	1,455	-	1,455
Value equities	-	1,580	-	1,580
Growth equities	-	8,515	-	8,515
Global core equities	-	3,227	-	3,227
Short-term fixed income	-	33,381	-	33,381
Corporate bonds	-	6,948	-	6,948
Government bonds	40,528	-	-	40,528
Total investments	79,559	56,694	-	136,253
Total	\$ 109,241	\$ 56,694	\$ -	\$ 165,935

Erie County Medical Center Corporation
(A Component Unit of the County of Erie)

Notes to Financial Statements
Year Ended December 31, 2015
(Dollars in Thousands)

Note 6. Capital Assets

Capital asset activity for the year ended December 31, 2015 is as follows:

	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance
Capital assets – being depreciated				
Land and land improvements	\$ 16,827	\$ 114	\$ 3,079	\$ 20,020
Buildings and improvements	401,855	15,613	(3,288)	414,180
Fixed/major moveable equipment	136,272	9,952	209	146,433
Total capital assets – being depreciated	554,954	25,679	-	580,633
Less accumulated depreciation	(280,973)	(27,769)	-	(308,742)
Total capital assets – being depreciated, net	273,981	(2,090)	-	271,891
Capital assets – not being depreciated				
Construction in progress	11,660	11,276	(18,371)	4,565
Idle property, net	3,356	-	-	3,356
Total capital assets, net	\$ 288,997	\$ 9,186	\$ (18,371)	\$ 279,812

Construction in progress at December 31, 2015 includes costs associated with the planning and design of a new emergency room, construction and remodeling of the Orthopedic clinic and cardiac catheterization lab as well as ground floor renovations.

With the opening of the new long-term care facility in February 2013, the Corporation discontinued depreciation on the building and disposed of equipment for the facility referred to as the Erie County Home. This building has been reclassified to idle property. The Corporation transferred title to these assets effective March 2016 to Erie County as stipulated in the 2009 settlement agreement (Note 12).

Depreciation expense amounted to \$27,769 for the year ended December 31, 2015.

Note 7. Accrued Other Liabilities

The composition of accrued other liabilities as of December 31, 2015 is as follows:

Due to Erie County	\$ 16,550
Workers compensation claims	3,171
Due to Discretely Presented Component Units	2,629
Medical malpractice claims	1,242
Other post-employment benefits (OPEB)	9,109
Interest costs	814
Other	5,983
Total	\$ 39,498

**Erie County Medical Center Corporation
(A Component Unit of the County of Erie)**

**Notes to Financial Statements
Year Ended December 31, 2015
(Dollars in Thousands)**

Note 8. Indebtedness

Long-term debt consisted of the following at December 31, 2015:

Erie County - Guaranteed Senior Revenue Bonds, Series 2004 (interest rates range from 5.5% to 5.7% at December 31, 2015) principal payments ranging from \$2,860 to \$7,220 are due annually on November 1 with interest payments due semi-annually on May 1 and November 1.	\$ 84,790
Erie County – loan payable (interest rate at 3.7% at December 31, 2015) with principal and interest of \$662 due monthly.	80,812
Capital lease obligation to rent a speech recognition and transcription system, together with support and maintenance thereon for a three year period. Under terms of the agreement, the cost of capital is estimated at 5.3% per annum with monthly interest and principal payments of \$56 due through June 2017.	977
During 2015, the Corporation entered into a capital lease obligation to purchase various equipment (laboratory equipment, radiology equipment, security system). Under terms of the agreement, the cost of capital is estimated at 2.3% per annum with monthly interest and principal payments of \$194 due through June 2020.	9,923
	<u>176,502</u>
Less current portion	10,619
	<u>\$ 165,883</u>

Future annual principal payments applicable to long term debt for the years subsequent to December 31, 2015 are as follows:

2016	\$ 10,619
2017	10,711
2018	10,791
2019	11,223
2020	10,506
2021-2025	53,396
2026-2030	48,746
2031-2033	20,510
Total	<u>\$ 176,502</u>

The Series 2004 Bonds are secured by a pledge of the gross receipts of the Corporation and amounts on deposit in certain debt service reserve funds.

Pursuant to a Guaranty Agreement, the County has unconditionally guaranteed to the Corporation, the punctual payment of the principal, interest, and redemption premium, if any, on the Series 2004 Bonds, as the same shall become due and payable, and has pledged the faith and credit of the County for the performance of such guaranty. A municipal bond insurance policy has been purchased by the Corporation to guarantee all debt service payments in case of default by the Corporation and the County.

**Erie County Medical Center Corporation
(A Component Unit of the County of Erie)**

**Notes to Financial Statements
Year Ended December 31, 2015
(Dollars in Thousands)**

Note 8. Indebtedness (Continued)

In 2011, the Corporation entered into a loan agreement with the County of Erie, with the assistance of the Erie County Fiscal Stability Authority, to borrow \$96,864, the proceeds of which were primarily used to finance construction of a new residential health care facility and related infrastructure on the Grider Street campus. The facility opened in February 2013.

The loan agreement with the County includes sinking fund requirements if certain covenants are not met by the Corporation. The Corporation met these requirements as of December 31, 2015 and, accordingly, no sinking funds have been established. The loan payable has a final maturity of October 1, 2028.

During 2015, the Corporation entered into a capital lease agreement in the amount of \$10,000, the proceeds of which were used to purchase various equipment. The agreement requires principal and interest payments of \$194 and matures June 2020. At December 31, 2015, \$6,636 of the proceeds remained unspent and are held in escrow.

Note 9. Pension Plan

For the year ended December 31, 2015, the Corporation implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Among other changes, these Statements changed the manner in which governments account for their proportionate share of the net pension liability and deferred outflows of resources relating to contributions made by government employers. As a result of implementing these Statements, the Corporation was required to restate net position to the earliest period presented. The effect of the restatement on net position is as follows:

Net position as previously reported, December 31, 2014	\$ 119,031
Adjustment for net pension liability and deferred outflows of resources	<u>(2,483)</u>
Net position as restated, December 31, 2014	<u>\$ 116,548</u>

The effect of the restatement of beginning net position includes the beginning deferred outflows of resources for pension contributions made subsequent to the measurement date of the beginning net pension liability.

Retirement plan: The Corporation participates in the New York State and Local Retirement System ("NYSLRS" or the "System") which is a cost-sharing multiple-employer public employees' retirement system. There are more than 430,000 pensioners and beneficiaries in the System with nearly 1.1 billion participants.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the NYSLRS and additions to/deductions from NYSLRS' fiduciary net position have been determined on the same basis as they are reported by NYSLRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Erie County Medical Center Corporation
(A Component Unit of the County of Erie)**

**Notes to Financial Statements
Year Ended December 31, 2015
(Dollars in Thousands)**

Note 9. Pension Plan

Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (RSSL). As set forth in the RSSL, the Comptroller of the State of New York (the "Comptroller") serves as sole trustee and administrative head of the System. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the System and for custody and control of its funds. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement System, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

NYSLRS provides three main types of retirement benefits: service retirements, ordinary disability retirements (non job-related disabilities), and accident disability retirements (job-related disabilities) to members who are in different "Tiers." The members' Tier is determined by the date of membership. Subject to certain conditions, members generally become fully vested as to benefits upon the completion of 5 or 10 years of service depending on their Tier. Employees may be required to contribute a percentage of their salary to the pension plan based on their Tier, determined by their date of membership in the plan. Annual pension benefits can be calculated as a percentage of final average salary times number of years of service and changes with the number of years of membership within the plan.

At December 31, 2015, the Corporation reported a liability of \$24,112 for its proportionate share of the NYSLRS net pension liability. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2014 and rolled forward to March 31, 2015. The Corporation's proportion for the net pension liability for each fiscal year was based on the Corporation's indexed present value of future compensation to NYSLRS of all participating employers for 2015, which was 0.7137%.

(a) Actuarial Assumptions

The total pension liability in the April 1, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.7%
Salary increases	4.9%, including inflation
Investment rate of return	7.5%, net of pension plan investment expense
Cost of living adjustments	1.4%

The annuitant mortality rates are based on a April 1, 2010 – March 31, 2015 System experience study, with adjustments for mortality improvements based on the Society of Actuaries' mortality projection scale of MP-2014.

**Erie County Medical Center Corporation
(A Component Unit of the County of Erie)**

**Notes to Financial Statements
Year Ended December 31, 2015
(Dollars in Thousands)**

Note 9. Pension Plan (Continued)

(b) Expected Rate of Return on Investments

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for equities and fixed income as well as historical investment data and plan performance. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	38.0%	7.3%
International equity	13.0%	8.6%
Private equity	10.0%	11.0%
Real estate	8.0%	8.3%
Absolute return strategies	3.0%	6.8%
Bonds and mortgages	18.0%	4.0%
Other	8.0%	21.3%
Cash	2.0%	2.3%
	100.0%	

(c) Discount Rate

The discount rate used to measure the total pension liability as of December 31, 2015, respectively, was 7.5%. The projection of cash flow used to determine the discount rate assumed that employee contributions will be made at the rates applicable to the current Tier for each member and that employer contributions will be made based on rates determined by the Actuary. Based on those assumptions, the NYSLRS fiduciary net position was projected to be available to make all projected future benefit payments of current active and non-active NYSLRS members. Therefore, the long-term expected rate of return on NYSLRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Corporation's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Corporation's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Corporation's proportionate share of the net pension liability	\$ 160,718	\$ 24,112	\$ (91,217)

**Erie County Medical Center Corporation
(A Component Unit of the County of Erie)**

**Notes to Financial Statements
Year Ended December 31, 2015
(Dollars in Thousands)**

Note 9. Pension Plan (Continued)

(d) Deferred Outflows/Inflows of Resources

At December 31, 2015, the Corporation reported \$4,960 as net deferred outflows of resources mainly from the accumulated net difference between projected and actual earnings on NYSLRS investments and expected and actual experience. The deferred inflows of resources at December 31, 2015 which total \$4,122 represent the accumulated net difference between employer contributions and the Corporation's proportionate share of contributions. The change in employer proportionate share is the difference between the employer proportionate share of net pension liability in the prior year compared to the current year. Changes in these amounts are amortized over a five-year closed period, reflecting the average remaining service life of plan members. The first year of amortization expense is recognized as pension expense with the remaining years reported as a deferred inflow of resources.

(e) Annual Pension Expense

The Corporation's annual pension expense for calendar year ending 2015, which includes contributions toward the actuarially determined accrued liability and the amortization of deferred inflows of resources, was approximately \$20,800.

Note 10. Other Post-Employment Benefits (OPEB)

The Corporation adopted the provisions of accounting for post-employment benefits other than pensions in accordance with U.S. GAAP which establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. These standards provide relevance and usefulness of financial reporting by 1) recognizing the cost of benefits in periods when the related services are received by the employer; 2) providing information about the actuarial accrued liabilities for promised benefits associated with past services and whether and to what extent those benefits have been funded; and 3) providing information useful in assessing potential demands on the employer's future cash flows.

Plan description: The Corporation provides OPEB that include basic medical and hospitalization plan coverage to eligible retirees. Eligible retirees may only be covered under the indemnified plan of the Corporation. To qualify, a retiree must meet various eligibility requirements as agreed to in collective bargaining agreements. The Corporation pays varying amounts based on specific union agreements.

Funding the plan: Currently, there is no New York State statute that expressly authorizes local governments to create a trust for OPEB purposes. Additionally, New York State's General Municipal Law does not allow for a reserve fund to accumulate funds for OPEB obligations. The Corporation's Board of Directors and management believe it is prudent to reserve funds for the Plan and have therefore internally designated \$24,831 in 2015 for purposes of funding future post-employment benefits. These internally designated funds are included within assets whose use is limited. In addition to the funding for future post-employment benefits, the Corporation continues to finance current benefits on a pay-as-you-go basis.

**Erie County Medical Center Corporation
(A Component Unit of the County of Erie)**

**Notes to Financial Statements
Year Ended December 31, 2015
(Dollars in Thousands)**

Note 12. Transactions With the County of Erie

Settlement agreement: On December 30, 2009, the Corporation and the County entered into a "Settlement Agreement". The Settlement Agreement resulted in the Corporation and the County entering into a number of transactions to resolve litigation and prepare for implementing the Corporation's master facility plan.

In October 2012, the Corporation and the County signed an amendment to the 2009 Settlement Agreement (the "Amendment"). The terms of the Amendment provide for the County to be reimbursed from the Corporation for certain workers compensation claims incurred by Corporation employees that were paid by the County. The Amendment also provides for the County to reimburse the Corporation, over time, for post-retirement health expenses that the Corporation incurred for Corporation employees with service time at the County.

Other transactions: Amounts that are included in operating revenues and expenses in the statements of revenues, expenses, and changes in net position, which represent related-party transactions that occurred between the Corporation and the County during the year ended December 31, 2015, are as follows:

The Corporation earned revenue totaling \$3,979 for the year ended December 31, 2015 from the County. Revenue earned relates to services provided to School 84, mental health services and various other charges related to County departments located within the Corporation's physical plant. The Corporation's expenses incurred for services provided by the County totaled \$3 for the year ended December 31, 2015. Expenses incurred include services for buildings and ground maintenance, personnel, information, legal, and social services.

The net amount due from the County of approximately \$11,800 at December 31, 2015 is non-interest bearing and reflect the Corporation's net amount owed from the County as a result of various transactions and services between parties. This balance is reported as a component of other receivables in the statement of net position.

Note 13. Self-Insured Obligations

The Corporation is self-insured for all medical malpractice claims for occurrences on or after January 1, 2004, and pursuant to agreement with the County, the County has agreed to provide the Corporation indemnification for malpractice related exposures of up to \$1,000 for both 2007 and 2006. Approximately \$387 and \$747 of indemnification remains available for 2007 and 2006, respectively. Additionally, the Corporation began purchasing excess stop loss insurance on a claims made basis for medical malpractice effective November 2008. The current policy provides \$30,000 of coverage in excess of \$3,000 of individual claims or \$10,000 in aggregate claims effective November 18, 2013. Previously the policy provided \$20,000 of coverage in excess of \$5,000 of individual claims or \$7,000 in aggregate claims.

Effective January 1, 2012, the Corporation insures a portion of its Workers' Compensation exposure through a claims made high-deductible plan. The Corporation remains responsible for the first \$750 of an individual claim payment after December 31, 2011. The Corporation is required to pledge certain assets under this arrangement. As of December 31, 2015, \$19,114 has been designated to service workers compensation claims and included as part of assets whose use is limited. The Corporation remains self-insured for Workers' Compensation claims prior to January 1, 2012. The County has assumed a portion of liabilities for all occurrences originating prior to 2004.

Erie County Medical Center Corporation
(A Component Unit of the County of Erie)

Notes to Financial Statements
Year Ended December 31, 2015
(Dollars in Thousands)

Note 13. Self-Insured Obligations (Continued)

Losses from asserted and unasserted medical malpractice and workers compensation claims are accrued based on actuarial estimates that incorporate the Corporation's past experience, the nature of each claim or incident, relevant trend factors, and estimated recoveries, if any, on unsettled claims.

The Corporation has accrued \$22,675 at 2015 for medical malpractice related exposures. Such amounts have been discounted at 2.0% for 2015 and the accrued liabilities are included within the self-insurance obligations caption of the accompanying statement of net position. Charges to expense for medical malpractice costs are included within the other operating expenses caption of the accompanying statement of revenues, expenses and changes in net position.

The Corporation has accrued \$31,204 at 2015 for workers compensation related exposures. Such amounts have been discounted at 1.25% and the liabilities are included within the self-insurance obligations caption of the accompanying statement of net position. Charges to expense for workers compensation costs approximated \$7,480 in 2015 and are included within the payroll, employee benefits and contract labor caption of the accompanying statement of revenues, expenses and changes in net position.

Eligible retirees are provided basic medical and hospitalization coverage by the Corporation as more fully described in Note 10.

The composition of self-insured obligations as of December 31, 2015 and 2014 is as follows:

	2015				
	Beginning Balance	Actuarial estimate of claims incurred	Claims Paid	Ending Balance	Due Within One Year
Other post-employment benefits	\$ 119,859	\$ 21,779	\$ (9,307)	\$ 132,331	\$ 9,109
Medical malpractice	19,252	4,093	(670)	22,675	1,242
Workers compensation	32,524	4,276	(5,596)	31,204	3,171
	<u>\$ 171,635</u>	<u>\$ 30,148</u>	<u>\$ (15,573)</u>	<u>\$ 186,210</u>	<u>\$ 13,522</u>

	2014				
	Beginning Balance	Actuarial estimate of claims incurred	Claims Paid	Ending Balance	Due Within One Year
Other post-employment benefits	\$ 110,115	\$ 18,240	\$ (8,496)	\$ 119,859	\$ 8,162
Medical malpractice	25,683	(4,272)	(2,159)	19,252	1,276
Workers compensation	32,036	6,787	(6,299)	32,524	3,135
	<u>\$ 167,834</u>	<u>\$ 20,755</u>	<u>\$ (16,954)</u>	<u>\$ 171,635</u>	<u>\$ 12,573</u>

Medical malpractice and workers compensation amounts due within one year are management's estimates based on historical claims.

**Erie County Medical Center Corporation
(A Component Unit of the County of Erie)**

**Notes to Financial Statements
Year Ended December 31, 2015
(Dollars in Thousands)**

Note 14. Commitments and Contingencies

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations is subject to future government review and interpretation as well as regulatory actions unknown or unasserted at the time. Government activity, in recent years, has increased with respect to investigations and allegations concerning possible violations by health care providers of fraud and abuse statutes and regulations, which could result in the imposition of significant fines and penalties as well as significant repayments for patient services previously billed. While no regulatory allegations have been made against the Corporation, compliance with such laws and regulations can be subject to future government review and interpretations as well as regulatory actions unknown or unasserted at this time. It is the opinion of management and its counsel that such actions, if any, will not have a material adverse effect on the Corporation's financial statements.

Loss contingency liabilities are recorded in accordance with U.S. GAAP, which requires recognition of a loss when it is deemed probable that an asset has been impaired or a liability has been incurred, and the amount of the loss can be reasonably estimated. As of December 31, 2015, the Corporation has recorded no loss contingencies except as disclosed in Note 13.

The Corporation leases various equipment and facilities under operating leases expiring at various dates through October 2023. Total rental expense for all operating leases was approximately \$3,357 in 2015.

The following is a schedule by year of future minimum lease payments under operating leases as of December 31, 2015 that have initial or remaining lease terms in excess of one year:

2016	\$	1,358
2017		1,163
2018		747
2019		558
2020		315
2021-2025		823
	\$	<u>4,964</u>

Supplementary Information

**Erie County Medical Center Corporation
(A Component Unit of the County of Erie)**

**Schedule of Funding Progress for the Postemployment Retiree Healthcare Plan
(Dollars in Thousands)**

Actuarial Valuation Date	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
January 1, 2015	\$ 300,728	\$ 300,728	\$ 115,349	260.7%
January 1, 2014	\$ 249,469	\$ 249,469	\$ 116,986	213.3%
January 1, 2013	\$ 240,503	\$ 240,503	\$ 124,649	193.0%

Erie County Medical Center Corporation
(A Component Unit of the County of Erie)

Schedule of Corporation's Contributions
NYSLRS Pension Plan
December 31, 2015
(Dollars in Thousands)

	2015	2014	2013
Contractually required contribution	\$ 29,771	\$ 29,835	\$ 27,164
Contributions in relation to the contractually required contribution	29,771	29,835	27,164
Contribution deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 ECMCC covered-employee payroll	 <u>\$ 172,851</u>	 <u>\$ 162,961</u>	 <u>\$ 151,906</u>
 Contributions as a percentage of covered-employee payroll	 17.2%	 18.3%	 17.9%

Note: The Corporation has presented as many years as information is available.

**Erie County Medical Center Corporation
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**Schedule of Corporation's Proportionate Share of Net Pension Liability
NYSLRS Pension Plan
December 31, 2015
(Dollars in Thousands)**

ECMCC proportionate of the net pension liability		0.7137%
ECMCC proportionate share of the net pension liability	\$	24,112
ECMCC covered-employee payroll		172,851
ECMCC proportionate share of the net pension liability as a percentage of it's covered-employee payroll		13.9%
Plan fiduciary net position as a percentage of the total pension liability		20.1%

Note: The Corporation has presented as many years as information is available.

Erie County Medical Center Corporation
(A Component Unit of the County of Erie)

Uniform Guidance Audit Requirements

December 31, 2015

Erie County Medical Center Corporation
(A Component Unit of the County of Erie)

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2015

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Grant Number	Federal Expenditures
U.S. Department of Health and Human Services Health Resources and Services Administration:			
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	N/A	\$ 791,461
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	N/A	416,375
HIV Care Formula Grants	93.917	2X07HA0002520	296,849
Ryan White HIV/AIDS Dental Reimbursement and Community Based Dental Partnership Grants	93.924	N/A	<u>2,000</u>
Total U.S. Department of Health and Human Services Health Resources and Services Administration Direct Programs			1,506,685
U.S. Department of Health and Human Services Office of the Secretary pass through program from:			
Health Research Inc.:			
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817	6U3REP1505200102	100,000
National Bioterrorism Hospital Preparedness Program	93.889	N/A	<u>14,000</u>
Total U.S. Department of Health and Human Services Office of the Secretary pass through programs			114,000
U.S. Department of Health and Human Services Substance Abuse and Mental Health Services Administration pass through program from:			
Research Foundation for Mental Hygiene Inc.:			
Cooperative Agreements to Implement the National Strategy for Suicide Prevention	93.764	1011825	25,000
U.S. Department of Health and Human Services Health Resources and Services Administration pass through program from:			
New York/ New Jersey AIDS Education and Training Center AIDS Education and Training Centers	93.145	5 H4A HA 0071-12	<u>58,632</u>
Total federal assistance			<u>\$ 1,704,317</u>

Note: There were no funds passed through to subrecipients by Erie County Medical Center Corporation.

See Notes to the Schedule of Expenditures of Federal Awards.

**Erie County Medical Center Corporation
(A Component Unit of the County of Erie)**

**Note to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2015**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Erie County Medical Center Corporation (the Corporation) under programs of the federal government for the year ended December 31, 2015. The information on this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Corporation, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Corporation.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

To the Board of Directors
Erie County Medical Center Corporation
Buffalo, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component units of Erie County Medical Center Corporation (the "Corporation") as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated March 28, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements, will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards (Continued)***

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RSM US LLP

March 28, 2016



RSM US LLP

Independent Auditor's Report on Compliance For the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
Erie County Medical Center Corporation
Buffalo, New York

Report on Compliance for Each Major Federal Program

We have audited Erie County Medical Center Corporation's (the "Corporation") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Corporation's major federal program for the year ended December 31, 2015. The Corporation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Corporation's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2015.

Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Report on Internal Control Over Compliance

Management of the Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

RSM US LLP

March 28 2016

**Erie County Medical Center Corporation
(A Component Unit of the County of Erie)**

**Schedule of Findings and Questioned Costs (Continued)
Year Ended December 31, 2015**

Section II - Financial Statement Findings

No findings noted.

Section III - Findings and Questioned Costs for Federal Awards

No findings noted.

**Erie County Medical Center Corporation
(A Component Unit of the County of Erie)**

**Summary Schedule of Prior Year Findings and Questioned Costs
Year Ended December 31, 2015**

Section II – Financial Statement Findings

No findings noted.

Section III - Findings and Questioned Costs for Federal Awards

No findings noted.

BY-LAWS
OF
ERIE COUNTY MEDICAL
CENTER CORPORATION

As Amended Through
October 20, 2015

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BY-LAWS
OF
ERIE COUNTY MEDICAL CENTER CORPORATION

Preamble

The State of New York has enacted legislation, codified at Article 10-C of the Public Authorities Law of the State of New York [the “Act”], creating the Erie County Medical Center Corporation [“ECMCC” or the “Corporation”]. These by-laws are intended to supplement the requirements of the Act.

ARTICLE I
OFFICES

ECMCC may maintain offices at such places within or without Erie County, New York as the Board of Directors may, from time to time, determine.

ARTICLE II
PURPOSE OF BY-LAWS

Pursuant to the broad powers granted by the Act, the Board of Directors of ECMCC [the “Board”] has adopted these By-Laws, to govern and manage its proceedings and affairs and for the advice and guidance of its members, and nothing contained in these By-Laws shall be deemed, nor are they intended in any manner or degree, to limit or restrict the power and right of the Board under existing law, to manage, control, operate and administer ECMCC and it’s personnel, patients and medical staff.

ARTICLE III
CORPORATE PURPOSE

To continue as a general, municipal hospital and provide health care services and health facilities for the benefit of the residents of the State of New York and the County of Erie, including persons in need of health care services without the ability to pay, as required by law.

ARTICLE IV
ERIE COUNTY MEDICAL CENTER CORPORATION BOARD OF DIRECTORS

Section 1. General Powers. In addition to the powers and authorities expressly conferred by these By-laws, the Board may exercise all such general and special powers of the Corporation and do all such lawful acts and things as enumerated by the Act.

Section 2. Hiring Powers. The Board shall hire, determine the compensation and benefits and annually review the performance of the Chief Executive Officer [“CEO”], President, Chief Operating Officer [“COO”], Chief Financial Officer [“CFO”], Chief Medical Officer [“CMO”], Administrator of Terrace View, Associate Administrator for Health Systems Development, Internal Auditor and General Counsel of the Corporation. No person or firm shall be hired by the Corporation to perform any of the duties of any of the foregoing without prior Board approval. The Board shall have the authority to discharge any of the foregoing executives with or without cause; provided that the removal without cause shall not prejudice the contract rights, if any, of such executive.

Section 3. Voting Directors. The Corporation shall be governed by fifteen voting Directors. The membership, term of office, selection of the voting Directors and the powers and duties of the Board shall be in accordance with the Act and these By-laws.

Section 4. Nonvoting Representatives. The Corporation shall have four nonvoting Representatives. The term of office, selection and powers and duties of the nonvoting Representatives shall be in accordance with the Act and these By-laws. For the purpose of these By-Laws, the term “member” or “Board member” shall refer to both voting Directors and non-voting Representatives.

Section 5. Resignation. Any Director or Representative may resign at any time by giving written notice to the Chairperson of the Board. Such resignation shall take effect at the time specified therein and unless otherwise specified therein the acceptance of such resignation shall not be necessary to make it effective.

Section 6. Removal. Members of the Board may be removed from office by the Board for inefficiency, neglect of duty, or misconduct of any kind, including but not limited to violation of the law, after the Board has given such member a copy of the charges against him or her and an opportunity to be heard in person or by counsel in his or her defense, upon not less than ten days notice.

Section 7. Vacancies. Vacancies occurring other than by expiration of term shall be filled for the unexpired terms in the manner provided for original appointment in accordance with the Act.

Section 8. Monthly Meetings. The Board shall hold regular monthly meetings at the ECMCC offices or other convenient locations as designated by the Board at such time as the Board may designate. In the event that a previously scheduled regular monthly meeting may not be required for a particular month, the Board may cancel that meeting.

Section 9. Annual & Special Meetings. A meeting of the Board shall be held annually at which time officers of the Corporation shall be elected. A special meeting may be called by the Chairperson or Vice Chairperson acting in the Chairperson’s absence, or by any three (3) members of the Board at any time upon proper notice under the Public Officers Law. The only action that can be taken at a special meeting is the consideration of the subject or subjects designated in the notice for the special meeting.

Section 10. Open Meetings Law. All meetings of the Board shall comply with the requirements of Article 7 of the Public Officers Law. In a regular, annual or special meeting, the Board may request an Executive Session pursuant to Article 7 of the Public Officers Law or applicable sections of the Act.

Section 11. Quorum. The powers of the Corporation shall be vested in and shall be exercised by the Board at a duly called and held meeting, where a quorum of eight Directors is present. No action shall be taken by the Corporation except pursuant to the favorable vote of at least eight Directors present at the meeting at which such action is taken.

Section 12. Telephone Meetings. The members of the Board or any committee thereof may participate in a meeting of such Board or committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

Section 13. Action by Written Consent. To the extent permitted by law, any action required or permitted to be taken by the Board or any committee thereof may be taken without a meeting if all members of the Board or the committee consent in writing to the adoption of a resolution authorizing the action. The resolution and the written consents thereto by the members of the Board or committee shall be filed with the minutes of the proceedings of the Board or committee.

Section 14. Minutes of Meetings. The Board shall keep a written record of all business conducted, including resolutions, findings, conclusions and recommendations that shall be filed with the minutes of the proceedings of the Board or committee.

Section 15. Compensation. Neither the voting Directors nor the nonvoting Representatives shall receive compensation for their services, but shall be reimbursed for all their actual and necessary expenses incurred in connection with their duties under the Act and these By-laws.

ARTICLE V OFFICERS

Section 1. General. The officers of the Corporation shall be elected by the Board and shall be comprised of a Chairperson of the Board, a Vice Chairperson of the Board, a CEO, a Secretary, an Assistant Secretary, a Treasurer, and such other officers as the Board shall from time to time provide; such officers shall exercise the duties provided by the Board and the Act.

Section 2. Election, Term of Office. The officers of the Corporation shall be elected by the Board at its annual meeting. Each officer elected shall hold office until his successor has been duly chosen and has qualified or until his or her earlier resignation or removal.

Section 3. Resignation. Any officer may resign at any time by giving written notice thereof to the Board, provided that the resignation shall not prejudice the contract rights, if any, of the Corporation. Any such resignation shall take effect at the time specified therein and unless otherwise specified therein the acceptance of such resignation shall not be necessary to make it effective.

Section 4. Removal. The Directors shall have the authority to discharge any officer with or without cause; provided that the removal without cause shall not prejudice the contract rights, if any, of the officer.

Section 5. Vacancies. In the event of a vacancy occurring in the office of the Chairperson or Vice Chairperson, any member designated by the Board shall serve as Acting Chairperson for that meeting. In the event of a vacancy occurring in any other office, any member designated by the Board shall serve as an Acting officer for that meeting.

Section 6. Chairperson of the Board. The Directors shall, by majority vote, select one of the fifteen Directors as the Chairperson of the Board. The Chairperson shall preside over all meetings of the Board and shall have such other duties as the Directors may provide. Other than the Executive Committee, the Chairperson shall serve *ex officio* on all Board committees with full voting rights. The Chairperson shall serve for a two year term of office. No member of the Board shall be permitted to serve more than two consecutive two year terms as Chairperson of the Board.

Section 7. Vice-Chairperson(s) of the Board. The Directors shall, by majority vote, select one or more of the fifteen Directors as the Vice-Chairperson of the Board. The Vice-Chairperson shall preside over all meetings where the Chairperson of the Board is absent, and shall have such other duties as the Directors may provide. The Vice-Chairperson shall serve for a two year term of office. At least one Vice-Chairperson shall be designated by a majority vote of the Board as "Vice-Chair, Chair-Elect" in the second year of that Vice-Chairperson's term of office. At the conclusion of the term of the Vice-Chair, Chair-Elect, the Board shall retain authority to appoint the Vice-Chair, Chair-Elect or any other member of the Board of Directors as Chairperson of the Board of Directors.

Section 8. Chief Executive Officer. The Board shall hire, set the compensation and annually review the performance of the CEO. The CEO (also referred to as the Administrator) shall carry out the policies of the Board, provide services to the Board; and shall be subject to the By-Laws, rules and regulations of the Board. He or she shall have all the general powers and duties of a Superintendent of a public general municipal hospital as set forth and enumerated in the General Municipal Law of the State of New York, Section 129, sub. 1 through 9 as amended and of a chief executive officer as set forth in Title 10, subpart 405.3 of the New York Codes, Rules and Regulations and the Act. The CEO shall provide leadership, direction, and administration in all aspects of the Corporation's activities and other corporate entities to ensure compliance with established objectives and the realization of quality, economical health care services, and other related lines of business. The CEO shall ensure the Corporation's compliance with all applicable laws and regulations. The CEO shall submit

monthly and special reports to the Board and its committees regarding strategic, operational and financial performance, along with the current status of ECMCC services and facilities. The CEO shall be expected to provide feedback to the Board regarding those employees hired by the Board. The CEO shall ensure that subordinate officers provide meaningful reports to the Board regarding the previous month's activities. The CEO shall coordinate with the Board, Medical Staff, and other Corporation personnel to respond to the community's needs for quality healthcare services and monitor the adequacy of the Corporation's medical activities.

Section 9. President. The Board shall hire, set the compensation and annually review the performance of the President. The duties of the President shall be distinct from the duties of other officers of the Corporation and shall be enumerated in a job description reviewed by the Executive Committee of the Board.

Section 10. Secretary & Assistant Secretary. The Board shall, by majority vote, select either Directors or Representatives to serve as the Secretary and Assistant Secretary. The Secretary shall send notices for all meetings of the Board. The Secretary shall act as custodian for all records and reports, and shall be responsible for keeping and reporting of adequate records of all meetings of the Board. The Secretary may delegate these duties to another officer to act on his/her behalf. The Secretary will approve and sign the minutes of all meetings of the Board which shall be kept in an official record book. In the absence of the Secretary at any meeting, the Assistant Secretary or any member designated by the Chairperson shall act as the Secretary for that meeting.

Section 11. Treasurer. The Board shall, by majority vote, select either a Director or a Representative to serve as the Treasurer. The Treasurer shall monitor the financial affairs of ECMCC as managed by the officers of the Corporation and. The Treasurer will also have the power to establish bank accounts in the name of the Corporation. He or she shall do and perform all other duties incident to the office of Treasurer as may be prescribed by the Board from time to time.

ARTICLE VI COMMITTEES

General Rules

Section 1. General. The Standing Committees of the Board shall be: the Executive Committee, the Quality Improvement Committee, the Finance Committee, the Audit and Compliance Committee, the Building and Grounds Committee, the Human Resources Committee, the Executive Compensation Committee, the Ethics Committee, the Terrace View Quality Improvement Committee, the Governance Committee, the Investment Committee and the Contracts Committee. At the discretion of the Chairperson, and upon the advice of the Board, additional special committees may be appointed to address specific issues.

Section 2. Appointment of Committees. The Chairperson of the Board shall appoint all members of standing and special committees. Appointments will be made at the first regular meeting following the annual election of officers, or at such other time deemed necessary

by the Chairperson. The Chairperson of the Board shall appoint a Chairperson for each committee. Committee Chairpersons shall serve one year terms of office. The Chairperson may appoint individuals other than Board members to committees either standing or special, except the Executive Committee.

Section 3. Resignation. A committee member may resign at any time by giving written notice to the Chairperson of the Board. Such resignation shall take effect at the time specified therein and unless otherwise specified therein the acceptance of such resignation shall not be necessary to make it effective.

Section 4. Removal. Committee members may be removed from committee membership by the Board for inefficiency, neglect of duty, or misconduct of any kind, including but not limited to, violation of the law, after the board has given such member a copy of the charges against him or her and an opportunity to be heard in person or by counsel in his or her defense, upon not less than ten days notice.

Section 5. Vacancies. Vacancies occurring otherwise than by expiration of term of office shall be filled for the unexpired terms by appointment from the Chairperson of the Board.

Section 6. Quorum. At a committee meeting, a quorum shall be one-half the number of members of the committee.

Section 7. Voting. Only the members of the Board serving on a Standing or Special Committee, an appointed non-member of the Board and the Chairperson of the Board serving ex officio, shall have a vote.

Section 8. Minutes. Each committee meeting shall have an agenda, time convened and adjourned recorded, and shall submit minutes of its meeting to the Secretary of the Board in advance of the regular monthly meeting.

Standing Committees

Section 9. The Executive Committee. The Executive Committee shall consist of four (4) members. The Corporation's General Counsel shall serve ex officio as a member of the Executive Committee. Other members of the Board may be added when advisable. The Chairperson shall preside at all meetings of the Committee. The Executive Committee shall meet at least quarterly, or upon the call of the Chairperson.

Section 10. The Quality Improvement Committee. The Quality Improvement Committee shall consist of three (3) members. The Chairperson of the Committee may, in his or her discretion, request the presence of other persons, as the issues before the Committee may dictate. The Committee shall meet at least quarterly, or upon the call of the Chairperson. The Committee shall be responsible for the following:

- a. Inform the Board of patient safety, performance improvement and quality assurance issues of relevance to ECMCC.
- b. Establishment, maintenance and operation of a coordinated quality assurance program integrating the review of activities of all hospital services in order to enhance the quality of patient care and to identify and prevent professional malpractice. The specific responsibilities of the Committee are further set forth in the quality assurance plan of the hospital.
- c. Other duties and responsibilities as may be assigned from time to time by the Board.

Section 11. The Finance Committee. The Finance Committee shall consist of five (5) financially literate members of the Board. The Chairperson of the Committee may, in his or her discretion, request the presence of other persons, as the issues before the Committee may dictate. The Finance Committee shall meet at least quarterly, or upon the call of the Chairperson. The Committee shall be responsible for the following:

- a. Review relevant budgets of the Corporation and maintain ongoing oversight of the financial situation of the Corporation.
- b. Oversee, evaluate, and where appropriate, make recommendations with respect to financial operations of the Corporation.
- c. Other duties and responsibilities as may be assigned from time to time by the Board.

Section 12. The Audit & Compliance Committee. The Audit & Compliance Committee shall consist of at least four (4) members. At least three (3) of the Committee's members shall be independent, as that term is defined by state law. The Corporation's General Counsel shall serve ex officio as a member of the Audit & Compliance Committee. The Chairperson of the Committee may, in his or her discretion, request the presence of other persons, as the issues before the committee may dictate. The Audit & Compliance Committee shall meet at least quarterly, or upon the call of the Chairperson. The Committee shall be responsible for the following:

- a. Oversight of any independent auditors engaged by ECMCC.
- b. Oversight of all ECMCC internal audit processes.
- c. Other duties and responsibilities as may be assigned from time to time by the Board.
- d. Collaboration with the Quality Improvement Committee in the establishment and maintenance of a coordinated quality assurance program.
- e. Collaboration with the Compliance Officer on the establishment, maintenance and operation of a comprehensive compliance program, which shall comply with the Office of the Inspector General Compliance Program Guidance for Hospitals. Specifically, the Committee shall:
 - a. Analyze the legal requirements and specific risk areas of the health care industry
 - b. Assess existing policies that address legal requirements and risk areas for possible incorporation into the ECMCC compliance program
 - c. Work with ECMCC departments to develop standards of conduct and policies and procedures to promote compliance with the ECMCC compliance program

- d. Recommend and monitor the development of internal systems and controls to carry out ECMCC's standards, policies and procedures as part of its daily operations
- e. Determine appropriate strategy to promote compliance with the ECMCC compliance program and detection of possible violations, including fraud reporting mechanisms
- f. Develop a system to solicit, evaluate and respond to complaints and problems.

Section 13. Buildings and Grounds Committee. The Buildings and Grounds Committee shall consist of three (3) members. The Corporation's General Counsel shall serve ex officio as a member of the Buildings and Grounds Committee. The Chairperson of the Committee may, at his or her discretion, request the presence of other persons, as the issues before the Committee may dictate. The Buildings and Grounds Committee shall meet at least quarterly, or upon the call of the Chairperson. The Committee shall be responsible for the following:

- a. Evaluation and provision of recommendations with respect to proposed and ongoing construction and renovation projects and budgets.
- b. Other duties and responsibilities as may be assigned from time to time by the Board.

Section 14. The Human Resources Committee. The Human Resources Committee shall consist of three (3) members. The Chairperson of the Committee may, in his or her discretion, request the presence of other persons, as the issues before the Committee may dictate. The Committee will meet at least quarterly or or upon the call of the Chairperson. The Committee shall be responsible for the following:

- a. Establishment of a formal channel of communication among the Board, ECMCC management and the Labor Unions.
- b. Responsibility for assuring that appropriate guidelines are in place and monitored to ensure and maintain open communication.
- c. Discussion of issues that arise in the operation of the hospital as they affect all parties.
- d. Other duties and responsibilities as may be assigned from time to time by the Board.

Section 15. The Executive Compensation/Evaluation Committee. The Executive Compensation/Evaluation Committee shall consist of no more than four (4) members of the Board. No person whose compensation is determined by the Executive Compensation/Evaluation Committee may serve as a member of the Committee. The Chairperson of the Committee may, in his or her discretion, request the presence of other persons, as the issues before the committee may dictate. The Executive Compensation/Evaluation Committee shall meet at least quarterly, or upon the call of the Chairperson. The Committee shall be responsible for the following:

- a. Evaluation, at least annually, of the CEO, President, COO, CFO, Administer of Terrace View, Associate Administrator for Health Systems Development, Medical Director, Internal Auditor, and General Counsel of the Corporation.

- b. Determination of the compensation, including benefits, of the above listed Corporation executives.
- c. Other duties and responsibilities as may be assigned from time to time by the Board.

Section 16. The Ethics Committee. The Ethics Committee shall consist of at least one (1) member. The Committee Chairperson may, at their discretion, request the presence of other persons, as the issues before the committee may dictate. The Ethics Committee shall meet at least quarterly, or upon the call of the Chairperson. The Committee shall be responsible for the following:

- a. Promotion of ethics, integrity, and compliance with laws, policies, and procedures.
- b. Other duties and responsibilities as may be assigned from time to time by the Board.

Section 17. The Terrace View Quality Improvement Committee. The Terrace View Quality Improvement Committee shall consist of at least one (1) member. The Committee shall meet at least quarterly, or upon the call of the Chairperson. The Committee shall be responsible for the following:

- a. Establishment and maintenance of a coordinated quality assurance program as specifically applicable to Terrace View.
- b. Other duties and responsibilities as may be assigned from time to time by the Board.

Section 18. The Governance Committee. The Governance Committee shall consist of at least four (4) independent members, as that term is defined in New York Public Authorities Law §2825. The Chief Executive Officer and the General Counsel for the Corporation shall serve as members of the Committee, and the Chairperson of the Board may attend Committee meetings, but will not be a member of the Committee and will not vote. The Committee Chairperson may, at his or her discretion, request the presence of other persons as issues before the Committee may dictate. The Governance Committee shall meet at least semi-annually, or upon the call of the Committee Chairperson. The Committee shall be responsible for the following:

- a. Provision of information to the Board regarding current best governance practices.
- b. Review of corporate governance trends.
- c. Recommend updates to the Corporation's governance principles.
- d. Provision of advice to the Governor and to the Erie County Executive in their appointment of potential Board members regarding the skills and experience required of Board members.
- e. Annually review and, as necessary, make recommendations to the Board regarding updating of the Corporation's Bylaws.
- f. Other duties and responsibilities as may be assigned from time to time by the Board.

Section 19. The Investment Committee. The Investment Committee shall consist of at least three (3) members. The Chair of the Finance Committee and the Chief Executive Officer shall be members of the Investment Committee and the Chief Financial

Officer shall serve as staff to the Committee. The Committee Chairperson may, at his or her discretion, request the presence of other persons as issues before the Committee may dictate. The Investment Committee shall meet at least semi-annually, or upon the call of the Committee Chairperson. The Committee shall be responsible for the following:

- a. Recommendations regarding the designation of the Corporation's investment officer.
- b. Recommendations regarding investment policies and procedures consistent with applicable law and the needs of the Corporation.
- c. Implementation of appropriate internal controls for investments.
- d. Recommendations regarding the selection of the Corporation's investment advisors and investment managers.
- e. Review of independent audits of the investment program.
- f. Review of quarterly reports from the Corporation's investment advisors and investment managers.
- g. Reports to the Board on a quarterly basis.
- h. Monitoring the Corporation's system of internal controls and the performance of the Corporation's investment advisors and investment managers.
- i. Other duties and responsibilities as may be assigned from time to time by the Board.

Section 20. The Contracts Committee. The Contracts Committee shall consist of at least three (3) members. The Contracts Committee shall review and make recommendations to the Board with respect to the approval of all contracts required to be approved by the Board pursuant to Corporation policy and applicable law, including Section 2879(3)(b)(ii) of the Public Authorities Law. The Contracts Committee shall meet at least quarterly or upon the call of the Committee Chairperson. The Committee shall be responsible for the following:

- a. Review of contracts of the Corporation requiring Board approval and making recommendations to the Board regarding contracts of the Corporation.
- b. Annual review of contracts requiring such review pursuant to Corporation policy and/or applicable law.
- c. Reports to the Board on a monthly basis regarding the foregoing subsections.
- d. Other duties and responsibilities as may be assigned from time to time by the Board.

ARTICLE VII MEDICAL/DENTAL STAFF

Section 1. Organization. The Board shall cause to be created a medical staff organization to be known as the ECMC Medical Dental Staff ("Medical Staff") whose membership shall be comprised of certain categories of health care practitioners, as determined by the Board. Members of the Medical Staff may only practice within the scope of privileges granted by the Board.

Section 2. Medical Staff Governance Documents. The Medical Staff shall develop, adopt and at least once every three years review the following Medical Staff Governance Documents: By-Laws; Rules & Regulations; Credentials Procedures Manual; and

an interest in revenues or other contractual rights. The Board has the exclusive authority to create subsidiaries or other entities related to the Corporation.

ARTICLE XII
CODE OF ETHICS AND CONFLICTS OF INTEREST

Section 1. Responsibility of Members of the Board and Employees. This Code of Ethics shall apply to all officers and employees of the Corporation. These policies shall serve as a guide for official conduct and are intended to enhance the ethical and professional performance of the Corporation's directors and employees and to preserve public confidence in the Corporation's mission. It is accordingly the responsibility of each member of the Board and each employee to perform

- a. Each member of the Board and all employees of the Corporation shall perform their duties with transparency, without favor and refrain from engaging in outside matters of financial or personal interest, including other employment, that could impair independence of judgment, or prevent the proper exercise of one's official duties.
- b. Each member of the Board and all employees shall not directly or indirectly, make, advise, or assist any person to make any financial investment based upon information available through the director's or employee's official position that could create any conflict between their public duties and interests and their private interests.
- c. Each member of the Board and all employees shall not accept or receive any gift or gratuities where the circumstances would permit the inference that: (a) the gift is intended to influence the individual in the performance of official business or (b) the gift constitutes a tip, reward, or sign of appreciation for any official act by the individual. This prohibition extends to any form of financial payments, services, loans, travel reimbursement, entertainment, hospitality, thing or promise from any entity doing business with or before the Corporation.
- d. Each member of the Board and all employees shall not use or attempt to use their official position with the Corporation to secure unwarranted privileges for themselves, members of their family or others, including employment with the Corporation or contracts for materials or services with the Corporation.
- e. Each member of the Board and all employees must conduct themselves at all times in a manner that avoids any appearance that they can be improperly or unduly influenced, that they could be affected by the position of or relationship with any other party, or that they are acting in violation of their public trust.
- f. Each member of the Board and all employees may not engage in any official transaction with an outside entity in which they have a direct or indirect financial

interest that may reasonably conflict with the proper discharge of their official duties.

- g. Each member of the Board and all employees shall manage all matters within the scope of the Corporation's mission independent of any other affiliations or employment. Directors, including ex officio board members, and employees employed by more than one government entity shall strive to fulfill their professional responsibility to the Corporation without bias and shall support the Corporation's mission to the fullest.
- h. Each member of the Board and all employees shall not use Corporation property, including equipment, telephones, vehicles, computers, or other resources, or disclose information acquired in the course of their official duties in a manner inconsistent with State or local law or policy and the Corporation's mission and goals.
- i. Each member of the Board and all employees are prohibited from appearing or practicing before the Corporation for two (2) years following employment with the Corporation consistent with the provisions of Public Officers Law.

Section 2. Implementation of Code of Ethics. This Code of Ethics shall be provided to all members of the Board and all employees upon commencement of employment or appointment and shall be reviewed annually by the Governance Committee.

Section 3. Compliance. The members of the Board agree to comply with all applicable local and state regulations and laws regarding conflicts of interest.

Section 4. Conflict of Interest Policy. The Board shall develop, implement, and update as needed a written policy governing conflicts of interest by members of the Board. The policy shall be reviewed annually by the Governance Committee and included and incorporated into these By-Laws as Appendix A.

Section 5. Disclosure of Personal Interest and Abstention. It is the responsibility of every Board member to disclose to the Chairperson of the Board any personal or business interest in any matter that comes before the Board for consideration. Each member of the Board shall abstain from voting on any matter in which he or she has a personal or business interest.

Section 6. Self-Dealing. The Corporation shall not engage in any transaction with a person, firm, or other business entity in which one or more of the Board members has a financial interest in such person, firm or other business entity, unless such interest is disclosed in good faith to the Board, and the Board authorizes such transaction by a vote sufficient for such purpose, without counting the vote of the interested Board member.

Section 7. Influence of Decision Makers. No member of the Board shall use his or her position to influence the judgment or any decision of any Corporation employee concerning the procurement of goods or services on behalf of the Corporation.

Section 8. No Forfeit of Office or Employment. Except as provided by law, no officer, member, or employee of the state or of any public corporation shall forfeit his or her office or employment by reason of his or her acceptance of appointment as a director, nonvoting representative, officer, or employee of the Corporation, nor shall such service as such a director, nonvoting representative, officer or employee be deemed incompatible or in conflict with such office or employment; and provided further, however, that no public officer elected to his or her office pursuant to the laws of the state or any municipality thereof may serve as a member of the governing body of the Corporation during his or her term of office.

ARTICLE XII
AMENDMENTS

These By-Laws of the Board may be amended by the affirmative vote of a quorum of members at the annual meeting, special or regular meetings of the Board, provided that a full presentation of such proposed amendment(s) shall have been presented to the Board at least thirty (30) days prior to the meeting, unless waived by majority of the whole number of the members of the Board.

The difference between
healthcare and true care.



Erie County Medical Center Corporation

Operating and Capital Budgets

For the year ending 2016



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Management Discussion and Analysis

Management Discussion and Analysis

September 30, 2016

The 2016 Operating and Capital Budget (the “Budget”) presented in the following pages was developed by the Executive Leadership Team of Erie County Medical Center Corporation (“ECMCC”) and its management personnel. The Budget is consistent with the ECMCC Strategic Plan and reflects investments made or to be made over the budget year. Investment returns, of course, are not only measured in financial terms, but also in terms of achieving the ECMCC mission, improving clinical quality, service excellence, and the health of the communities ECMCC serves.

Budgetary assumptions are a key component of the process that was followed in developing the Budget. The following summarizes Management’s perspective in the development of these assumptions.



Management Discussion and Analysis

Budget Goals:

The achievement of an operating margin is a critical factor in generating sufficient cash flows to support the investment of capital in new programs and services. As a result of the institution's mission to serve those unable to pay and reimbursement rate pressures that have lowered payment ECMCC has budgeted an operating margin of 0.3% which is an improvement from the projected 2015 operating margin of 0.2%. This level of operating margin will allow ECMC to meet its obligations, and continue to invest in new capital.

Activity Levels:

The Budget has been prepared on a consistent basis with current and prior year actual results. Further consideration was given to historical trends, the changes in evidence based medicine supporting clinical practice utilization rates, the goals of the NYS Medicaid Redesign effort, including the Delivery System Reform Incentive Payment program (DSRIP), changing regulations and payer payment policies, and other factors. Management believes that the levels of activity contained within the Budget are attainable.



Management Discussion and Analysis

Revenue and Reimbursement:

Gross revenue price increases have not been factored into the budget as a result of data analysis indicating that such increases may not be supported by market factors. Management also recognizes that many persons covered under health insurance programs are facing increasing responsibility for co insurance and deductible amounts and is mindful of the pressure that increasing prices places on the health care consumer, noting that there is potential for volume growth for persons with increases in their out of pocket expenses. Most payers do not pay based on gross fees established and the impact of a lack of price increase has been deemed immaterial to the results of operations of ECMC. Reimbursement from government payers has been incorporated based on current regulations and, where Management has evaluated as probable, proposed regulations. Reimbursement from commercial payers has been incorporated into the Budget based on current contracts, or at rates that Management has evaluated as probable for contracts currently being negotiated. Increases in net revenue associated with revenue cycle improvement initiatives have also been incorporated at levels that Management believes are readily attainable. Other Operating Revenue has been budgeted based on historical experience and adjusted for new developments. Disproportionate Share, IGT and UPL payments have been budgeted based on the most current information available to Management at the time the Budget has been prepared.



Management Discussion and Analysis

Operating Expenses:

Operating expenses have been budgeted based on the volume of anticipated activity and adjusted for salary rate increases consistent with collective bargaining agreements, estimated benefit cost increases, supply and other expense inflation rates as well as impacts of critical performance improvement initiatives. Management believes that the expenses contained in the Budget are reasonable and attainable.

Non-Operating Revenue:

Non-Operating Revenues have been budgeted based on interest and dividend income only and do not consider realized or unrealized investment gains or losses associated with market movements.



Management Discussion and Analysis

Cash Flows:

Operating expenses have been budgeted based on the volume of anticipated activity and adjusted for salary rate increases consistent with collective bargaining agreements, estimated benefit cost increases, supply and other expense inflation rates as well as impacts of critical performance improvement initiatives. Management believes that the expenses contained in the Budget are reasonable and attainable.

Range of Outcomes and Contingency Plans:

Management has considered the sensitivity of each material assumption within the Budget and has included a schedule quantifying the range of potential outcomes for those assumptions. Management believes that the Budget is reasonably positioned within the range of potential outcomes and recognizes its responsibility for achieving these results. To this end, Management is actively engaged in developing plans to mitigate any unfavorable impact from potential events.



Regulatory Budget Reporting Requirements

- All Requirements have been met
 - NYCRR, Part 203, Chapter V, Title 2
 - This package communicates each of the 18 requirements
- New York State Office Of The State Comptroller
 - ECMCC Developed Best Practice Checklist
- PARIS Submission and Certification



Budget Process

- Executive Leadership (ELT) Adopt Budget Schedule and Goals
- Review Budget Schedule, Goal and Macro Assumptions with Finance Committee of ECMCC Board
- ELT and Department / Service Line Leadership (D/SLL) Develop Patient Volumes
- Using Patient Volumes, Revenue Budget is prepared and D/SLL Prepare Detailed Expense Budgets
- ELT Sequestered Meetings to Manage to Challenge Budgets and Make Decisions to Achieve Goals
- ELT Budget Recommendation Reviewed by Finance Committee of ECMCC Board
- Budget Recommendation Reviewed by ECMCC Board



Key Financial Ratios

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>Projected</u> <u>2015</u>	<u>Budget</u> <u>2016</u>
Operating Margin %	0.3%	0.3%	0.2%	0.2%	0.2%	0.3%
Moody's Median	2.6%	2.5%	2.0%	2.6%	2.6%	2.6%
Operating EBITDA %	5.1%	5.5%	6.3%	7.5%	7.0%	6.7%
Moody's Median	9.5%	9.6%	9.0%	9.6%	9.6%	9.6%
FTE's	2,751	2,733	2,823	2,902	3,012	3,139
Days Cash On Hand	187.0	139.3	112.8	75.3	65.4	67.5
Moody's Median	174.4	191.3	201.4	205.8	205.8	205.1
Debt Covenant	57	57	57	57	57	57
Debt Service Coverage	2.3	2.0	1.9	2.3	2.0	2.0
Moody's Median	4.2	4.3	4.2	4.6	4.6	4.6
Debt Covenant	1.1	1.1	1.1	1.1	1.1	1.1
Debt to Total Capitalization	68.7%	65.9%	63.2%	61.8%	61.6%	59.5%
Moody's Median	39.3%	38.5%	35.2%	33.7%	33.7%	33.7%
Salaries, Wages & Benefits % of Revenue	73.5%	69.5%	73.4%	65.7%	65.8%	65.8%
Supply Expense % of Revenue	17.2%	17.5%	17.4%	16.0%	15.2%	14.9%
Benefit % of Salaries and Wages	63.2%	63.5%	57.2%	54.7%	53.7%	48.0%
Days In Accounts Receivable, net	41.8	41.9	48.0	43.5	54.6	57.6
Moody's Median	45.2	50.2	49.9	49.5	49.5	49.5



Statement of Revenues and Expenses (Thousands)

	2014 Audited		2015 Projected Actual		2016 Budget		Increase (Decrease)	
	Actual	%	Projected	%	Budget	%		%
Net Patient Revenue	457,121	100.0%	460,216	100.0%	487,584	100.0%	27,368	5.9%
Provision for Uncollectable Accounts	(25,397)	-5.6%	(8,782)	-1.9%	(9,183)	-1.9%	(401)	4.6%
Adjusted Net Patient Revenue	431,724	94.4%	451,434	98.1%	478,401	98.1%	26,967	6.0%
Disproportionate Share / IGT and UPL Payments	65,883	15.3%	60,566	13.4%	61,232	12.8%	666	1.1%
Other Operating Revenues	17,082	4.0%	23,662	5.2%	15,176	3.2%	(8,486)	-35.9%
Total Operating Revenues	514,689	119.2%	535,662	118.7%	554,809	116.0%	19,147	3.6%
Operating Expenses								
Salaries and Wages	183,473	42.5%	193,415	42.8%	212,713	44.5%	19,298	10.0%
Employee Benefits	100,296	23.2%	103,777	23.0%	102,037	21.3%	(1,740)	-1.7%
Physician & Resident Fees	65,971	15.3%	67,004	14.8%	70,360	14.7%	3,356	5.0%
Purchased Services	42,104	9.8%	41,645	9.2%	37,091	7.8%	(4,554)	-10.9%
Supplies	68,933	16.0%	68,616	15.2%	71,164	14.9%	2,548	3.7%
Other Expenses	15,452	3.6%	23,955	5.3%	24,166	5.1%	211	0.9%
Depreciation	29,168	6.8%	28,258	6.3%	27,759	5.8%	(499)	-1.8%
Interest	8,350	1.9%	8,112	1.8%	8,019	1.7%	(93)	-1.1%
Total Operating Expenses	513,747	119.0%	534,782	118.5%	553,309	115.7%	18,527	4.1%
Income from Operations	942	0.2%	880	0.2%	1,500	0.3%	620	70.5%
Non Operating Revenues	3,184	0.7%	3,726	0.8%	3,000	0.6%	(726)	-19.5%
Excess of Revenues Over Expenses	4,126	1.0%	4,606	1.0%	4,500	0.9%	(106)	-2.3%



Balance Sheets (Thousands)

	2014 Audited 12/31/2014	%	2015 Projection 12/31/2015	%	2016 Budget 12/31/2016	%	Increase (Decrease) %
Assets							
Current Assets							
Cash and Investments	9,521	1.7%	19,754	3.4%	22,558	3.9%	2,804
Patient Accounts Receivable, Net	51,491	8.9%	67,516	11.7%	75,481	13.1%	7,965
Other Current Assets	89,459	15.5%	64,831	11.2%	65,027	11.3%	196
Total Current Assets	150,471	26.1%	152,101	26.4%	163,066	28.2%	10,965
Assets Whose Use Is Limited							
Self Insurance Programs	58,242	10.1%	36,801	6.4%	39,268	6.8%	2,467
Restricted Under Third Party Agreements	26,089	4.5%	60,346	10.5%	61,663	10.7%	1,317
Designated Long Term Investments	21,837	3.8%	23,228	4.0%	24,389	4.2%	1,161
Total Assets Whose Use Is Limited	106,168	18.4%	120,375	20.9%	125,320	21.7%	4,945
Property and Equipment, Net	288,997	50.1%	272,801	47.3%	257,621	44.6%	(15,180)
Other Assets	31,286	5.4%	31,952	5.5%	31,919	5.5%	(33)
Total Assets	576,922	100.0%	577,229	100.0%	577,926	100.0%	697
Liabilities and Net Assets							
Current Liabilities							
Current Portion of Long Term Debt	8,137	1.4%	10,169	1.8%	10,711	1.9%	542
Accounts Payable and Accrued Expenses	97,282	16.9%	84,201	14.6%	85,073	14.7%	872
Liability to Third Party Payers, Net	20,511	3.6%	11,403	2.0%	14,352	2.5%	2,949
Total Current Liabilities	125,930	21.8%	105,773	18.3%	110,136	19.1%	4,363
Long Term Debt							
Self Insurance Liabilities	166,579	28.9%	165,883	28.7%	155,172	26.8%	(10,711)
Total Liabilities	165,382	28.7%	183,052	31.7%	186,713	32.3%	3,661
Net Assets	457,891	79.4%	454,708	78.8%	452,021	78.2%	(7,050)
Unrestricted	107,830	18.7%	111,320	19.3%	114,704	19.8%	3,384
Restricted	11,201	1.9%	11,201	1.9%	11,201	1.9%	-
Total Net Assets	119,031	20.6%	122,521	21.2%	125,905	21.8%	3,384
Total Liabilities and Net Assets	576,922	100.0%	577,229	100.0%	577,926	100.0%	697



Statement of Cash Flow (Thousands)

	Audited <u>2014</u>	Projected <u>2015</u>	Budget <u>2016</u>
Cash Flows From Operating Activities			
Excess of Revenues Over Expenses	4,126	4,606	4,500
Depreciation & Amortization	29,168	28,258	27,759
(Increase) Decrease in Patient Accounts Receivable, Net	(1,487)	(16,025)	(7,965)
(Increase) Decrease in Other Current Assets	(18,522)	23,962	(163)
Increase (Decrease) in Accounts Payable and Accrued Exp.	3,040	(6,669)	872
Increase (Decrease) in Third Party Payer Settlements	(1,623)	(9,108)	2,949
Increase (Decrease) in Self Insurance Liabilities	4,375	17,670	3,661
Increase (Decrease) in Other Liabilities	15,152	(6,412)	-
Net Cash Provided By (Used In) Operating Activities	<u>34,229</u>	<u>36,282</u>	<u>31,613</u>
Cash Flows From Investing Activities			
(Increase) Decrease in Assets Whose Use is Limited	22,523	(14,207)	(4,945)
Cash Flows From Financing Activities			
Additions to Property and Equipment	(29,552)	(12,062)	(12,579)
Principal Payments on Long Term Debt	(5,639)	1,336	(10,169)
Other Financing Activities, Net	(22,669)	(1,116)	(1,116)
Net Cash (Used In) Financing Activities	<u>(57,860)</u>	<u>(11,842)</u>	<u>(23,864)</u>
Net Increase (Decrease) in Cash and Investments	(1,108)	10,233	2,804
Cash and Investments, Beginning	<u>10,629</u>	<u>9,521</u>	<u>19,754</u>
Cash and Investments, Ending	<u>9,521</u>	<u>19,754</u>	<u>22,558</u>



Operating Performance Reconciliation

(Thousands)

	<u>Operating Revenues</u>	<u>Operating Expenses</u>	<u>Operating Income</u>
Projected 2015 Operating Income	535,662	534,782	880
Payor Rate Increases/Decreases, Net of Bad Debt	1,308		1,308
Volume Changes, Net	15,169	8,116	7,053
Revenue Cycle Improvements	5,845	767	5,078
Incremental Professional Fees Revenue	6,274	570	5,704
DSRIP/IAAF/ Planning Grant Revenue	(6,676)		(6,676)
Reduction in Overtime		(1,170)	1,170
Wage Increases and Other Salary Changes		15,855	(15,855)
Benefits Changes, Net		(1,740)	1,740
Physician Fees		3,357	(3,357)
Reduction in Consulting and purchases services		(5,246)	5,246
Discretionary Spend Reduction		(1,502)	1,502
Supply Chain Initiatives		(1,700)	1,700
Supply and Pharmacy Cost Inflation		745	(745)
All Other, Net	<u>(2,616)</u>	<u>632</u>	<u>(3,248)</u>
Budgeted 2016 Operating Income	<u>554,966</u>	<u>553,466</u>	<u>1,500</u>



Principal Assumptions

- Volume
- Patient Revenue and Reimbursement
- IGT / UPL Payments
- Other Revenues
- Expenses
- Cash Flows



Volume Assumptions

	2014 Actual	2015 Projection	2016 Budget	Increase (Decrease) 15 - 16 %
Discharges	17,796	18,703	19,020	317 1.7%
Average Length of Stay				
Acute	6.4	6.6	5.9	(0.7) -10.6%
Behavioral Health	12.3	12.0	11.5	(0.5) -4.2%
Observation	2,369	2,219	2,226	7 0.3%
Outpatient Visits				
Clinics	105,178	109,561	118,146	8,585 7.8%
Behavioral Health	86,494	87,095	87,363	268 0.3%
Dialysis	21,270	22,914	25,722	2,808 12.3%
Therapies	47,423	55,012	55,012	- 0.0%
Diagnostic Procedures	48,712	44,278	44,448	170 0.4%
Other	8,101	8,209	8,209	- 0.0%
Total	<u>317,178</u>	<u>327,069</u>	<u>338,900</u>	<u>11,831 3.6%</u>
Surgical Cases				
Inpatient	5,668	5,988	6,252	264 4.4%
Outpatient	<u>7,700</u>	<u>8,273</u>	<u>8,973</u>	<u>700 8.5%</u>
Total	<u>13,368</u>	<u>14,261</u>	<u>15,225</u>	<u>964 6.8%</u>
Emergency Visits	54,297	54,039	54,211	172 0.3%
CPEP Visits	12,121	12,686	12,718	32 0.3%
Terrace View Occupancy %	97.9%	97.7%	97.7%	0% 0.0%



Revenue and Reimbursement Assumptions

Hospital Services

- **Medicare**
 - Rates based on FFY 2016 Regulation– 1.9% market basket increase
 - Rate updated for Readmission Factor, VBP Adjustment Factor
 - Wage Index/GAF Factors, IME and DSH per Regulation
- **Medicaid**
 - 2016 base rate at most current information available
 - No increase to rates
- **Local Commercial Payers**
 - No increase to contract rates
- **Other Commercial Payers**
 - No increases to contract rates
- **Other Payers**
 - No increases to contract rates
- **Bad Debt and Charity Care – 1.8 % of net patient revenue**



Revenue and Reimbursement Assumptions

Terrace View Services

- **Medicare**
 - 3.0% rate increase
 - 2.5% rate increase due to patient complexity
- **Medicaid**
 - 3.0% rate increase due to patient complexity
- **Local Commercial Payers**
 - No increase to contract rates
- **Other Commercial Payers**
 - No increase to contract rates
- **Other Payers**
 - No increase to contract rates
- **Bad Debt - 3.0 % of net patient revenue**



IGT and UPL Revenue

	Audited <u>2014</u>	Projected <u>2015</u>	Budget <u>2016</u>
IGT	52,143	49,965	49,491
UPL	13,740	10,601	11,741
Total	<u>65,883</u>	<u>60,566</u>	<u>61,232</u>



Other Revenues

	2014 <u>Actual</u>	2015 <u>Projected</u>	2016 <u>Budget</u>
Rent Revenue	961	981	1,420
Grant Revenue	5,477	3,971	3,774
IAAF Grant Award	3,084	5,400	-
DSRIP Grant Revenue	-	2,670	3,617
Planning Grant Award	577	2,223	-
I.T. Meaningful Use Incentive Award	700	375	200
Parking Revenues	318	295	228
Local Payer Quality Incentive Payments	960	376	575
Other	5,005	7,371	5,520
	<u>17,082</u>	<u>23,662</u>	<u>15,334</u>



DSRIP

- Revenue recognized to offset:
 - Direct MCC program expense
 - Direct ECMCC program expense
 - Allocated ECMCC support services
- Conduit revenue and expense for other MCC participants have net zero impact to ECMCC



Salary Expense

Salaries & Wages:

- Increase of \$19.3 Million or 10.0%
- Assumptions
 - Net increase of 127 FTE's
 - 2.0% wage increase for MC
 - Wage/step increases per agreements with; NYSNA, AFSCME and CSEA
 - 2.25% Average inflation rate, 5.2% total with step increases
 - Overtime reduction from 4.0% of hours to 3.8% of hours



Salary Expense Reconciliation

	<u>FTE's</u>	<u>Thousands of \$</u>
Projected 2015 FTE's / Salaries and Wages	3,012	193,415
Increases In Staffing Levels		
Due to Patient Volume	71	4,613
Contract Labor / DSRIP		663
Other	<u>66</u>	<u>4,834</u>
Total Increases In Staffing	<u>137</u>	<u>10,110</u>
Collective Bargaining Agreement Increases		
Step Increases (3.0%)		5,635
Inflation Increases (2.1%)		<u>4,226</u>
Total Collective Bargaining Agreement Increases		<u>9,861</u>
Management / Confidential Inflation Increase (2.0%)		497
Reduction in Overtime	<u>(10)</u>	<u>(1,170)</u>
Budget 2016 FTE's / Salaries and Wages	<u>3,139</u>	<u>212,713</u>



Benefits Expense

- Benefits:
- Net decrease of \$1.7 Million or (1.2%)
 - Increases:
 - Health insurance – active and retiree’s
 - Payroll taxes on increased salaries
 - Decreases:
 - New York State Pension due to GASB 68 Adoption
 - Post Retiree Health Insurance due to GASB 45/75
 - Workers’ Compensation
 - Assumptions
 - 6% Health/Dental insurance rate increase



Other Operating Expenses

Physician & Residents:

- Net increase of \$3.4 Million (5.0%)
 - Increases in contractual obligations offset by growth in professional fee revenue
 - \$5 Million for continued funding of Advanced Medical Home

Contractual Fees:

- Net decrease of \$4.4 Million (10.6%)
 - Reduction in consulting and purchases services
 - \$1.5 Million reduction for anticipated management initiatives
 - Increase in Information Technology

Medical Supplies:

- Net increase of \$2.5 Million (3.7%)
 - 4.0% increase in pharmaceuticals
 - \$1.7 Million projected decrease in costs due to GPO contract
 - \$3.5 Million increase in Transplant related volume increase
 - 2.0% increase in other supplies



Cash Flow Assumptions

- Net increase in cash of \$2.8 Million (15.4%)
 - 65.4 days cash to 67.5 days cash
- Accounts receivable increase of \$7.9 Million (11.8%)
 - 54.6 days to 57.6 days due to LCD-10 transition
- Consistent other Net Working Capital accounts
- No change in actuarial positions
- Capital budget spend of \$8.6 Million
- Long Term Debt repayments per debt agreements



Range of Assumptions Impact Analysis (Thousands)

	<u>Worst Case</u>	<u>Budget</u>	<u>Best Case</u>
Volume	3,527	7,053	14,106
Revenue Cycle Improvement	2,923	5,845	5,845
Professional Billings Improvement	1,273	2,545	2,545
Medicare Reimbursement	1,137	1,137	1,421
Advanced Medical Home	(5,000)	(5,000)	(3,750)
ICD 10	TBD	TBD	TBD
DRG Weight Changes	TBD	TBD	TBD
IGT/UPL Payments	(3,000)	-	-
Other Operating Revenue - Rent	400	400	686
Overtime Management	-	1,170	2,340
Vacancy Factor	6,650	9,500	9,500
Workers Comp Initiatives	-	650	1,355
GASB 68	3,500	3,500	4,500
GASB 45	-	2,000	4,000
Discretionary Spend Reduction	750	1,502	2,250
Supply Chain Savings	1,000	1,700	4,500
Totals	<u>13,159</u>	<u>32,002</u>	<u>49,298</u>

Range of Outcomes \$ 36,140
% Into Range 52%



Mitigating Factors and Contingency Plans

- HRIS selection and implementation
- Project Management Office and Department “SWAT” team for ongoing 2015 and 2016 improvement initiatives
- Recruited Business Intelligence leader for timely service line evaluation and ongoing measurement
- Selective coordination of support services functions across Great Lakes Health
- Dedicated budget staff and developing structured monitoring process with manager accountability
- GPO contractual risk for achievement of supply chain savings
- Phase in to capital budget funding at 100% of prior year depreciation expense



Emerging Issues and Accounting Pronouncements

- DSRIP
- Medicare Bundled Payment Project
- Aligned Incentive Programs
- Managed Care Requirement for LTC
- ICD-10 Implementation (10/1/15)
- GASB 45/75 Transition
- ASC 605 & ASU-2014-09 – Revenue Recognition
- ASC 842 – Leases Exposure Draft – Accounting for Leases



Capital Budget Summary

- \$8.7 Million spend
 - \$4 Million carry-over projects
 - \$4.7 Million new spend
- Contingency fund allocation of new spend
- \$6 Million additional spend available with meeting specific financial performance criteria
- \$3.7 Million remaining Lease Line availability



Calculation of Capital Budget Availability for 2016

Budgeted Operating Income Target	1,500
Depreciation Expense	27,759
Pension Expense	22,000
Pension Funding	<u>(25,100)</u>
Net Pension Use of Cash	(3,100)
Principal Payments on Long Term Debt	(10,169)
The Grider Initiative Equity Transfer	(1,116)
GASB 45 Funding Policy	<u>(5,995)</u>
Gross Amount Available for Capital Budget	8,879
Current Committed Construction Renovation Projects	<u>(4,000)</u>
Net Capital Available	<u>4,879</u>



5 Year Financial Projections

- Phase in to a 1% Operating Margin
- Current volume levels
- Flat reimbursement Rates; Payer reductions offset by Revenue Cycle improvements
- Current level of IGT/UPL payments
- Continued trend in benefits % of salary expense reduction
- Supply and other expense inflation consistent with current trend
- Sets framework for Management Action Plan



Statement of Revenues and Expenses – Projected (Thousands)

	Audited 2014	Projected 2015	Budget 2016	2017	2018	Projected 2019	2020	2021
Net Patient Service Revenue	414,885	451,434	478,401	486,010	493,650	501,315	508,998	517,529
Disproportionate Share, IGT and UPL Revenue	65,883	60,566	61,232	61,232	61,232	61,232	61,232	61,232
Other Operating Revenue	33,921	23,663	15,176	15,480	15,789	16,105	16,427	16,756
Total Operating Revenue	514,689	535,663	554,809	562,722	570,671	578,652	586,657	595,516
Operating Expenses								
Salaries and Benefits	283,769	297,192	314,750	322,905	331,164	339,687	348,428	357,566
Supplies	68,932	68,616	71,164	74,483	77,956	81,589	85,392	89,516
Physician Fees and Professional Services	108,075	108,648	107,450	110,137	112,891	115,713	118,606	121,571
Other Expenses	15,453	23,959	24,167	24,406	24,650	24,896	25,145	25,397
Depreciation and Amortization	29,168	28,258	27,759	25,599	23,130	22,802	23,830	25,512
Interest	8,350	8,111	8,019	7,524	7,104	6,671	6,225	5,801
Total Operating Expenses	513,747	534,784	553,309	565,054	576,893	591,359	607,626	625,362
Income (Loss) Before Management Actions	942	879	1,500	(2,332)	(6,222)	(12,707)	(20,970)	(29,846)
Increase Revenue / Reduced Expense Requirement	-	-	-	5,146	10,217	18,493	26,837	35,801
Income From Operations	942	879	1,500	2,814	3,995	5,787	5,867	5,955
Non Operating Revenues	3,184	3,726	3,000	3,000	3,000	3,000	3,000	3,000
Excess of Revenues Over Expenses	4,126	4,605	4,500	5,814	6,995	8,787	8,867	8,955
Operating Margin %	0.2%	0.2%	0.3%	0.5%	0.7%	1.0%	1.0%	1.0%



Balance Sheet – Projected

(Thousands)

	Audited 2014	Projected 2015	Budget 2016	2017	2018	Projected 2019	2020	2021
ASSETS								
Current Assets								
Cash	9,521	19,754	22,558	27,821	26,915	26,111	24,858	21,344
Patient Accounts Receivable	51,491	67,516	75,481	74,019	74,641	75,251	75,846	76,550
Other Current Assets	89,459	64,831	65,027	65,228	65,434	65,645	65,861	66,083
Total Current Assets	150,471	152,101	163,066	167,068	166,990	167,007	166,565	163,977
Assets Whose Use Is Limited	106,168	120,375	125,320	132,213	139,450	147,049	155,028	163,406
Property and Equipment	288,997	272,801	257,621	247,289	240,799	235,344	230,895	229,214
Other Assets	31,286	31,952	31,919	31,919	31,919	31,919	31,919	31,919
Total Assets	576,922	577,229	577,926	578,488	579,158	581,319	584,408	588,516
LIABILITIES AND NET ASSETS								
Current Liabilities								
Accounts Payable and Accrued Expenses	56,350	49,681	50,553	53,166	54,711	56,309	57,960	59,699
Estimated Third Party Payer Settlements	20,511	11,403	14,352	14,580	14,809	15,039	15,270	15,526
Current Portion of Long Term Debt	8,137	10,169	10,711	10,791	11,223	10,506	9,768	10,202
Total Current Liabilities	84,998	71,253	75,616	78,538	80,743	81,855	82,998	85,426
Long Term Debt	166,579	165,883	155,172	144,381	133,157	122,651	112,884	102,682
Self Insurance Reserves	165,382	183,052	186,713	190,447	194,256	198,141	202,104	206,146
Other Liabilities	40,932	34,520	34,520	34,520	34,520	34,520	34,520	34,520
Total Liabilities	457,891	454,708	452,021	447,886	442,677	437,167	432,506	428,775
Net Assets								
Unrestricted	107,830	111,320	114,704	119,402	125,280	132,951	140,701	148,541
Restricted	11,201	11,201	11,201	11,201	11,201	11,201	11,201	11,201
Total Net Assets	119,031	122,521	125,905	130,603	136,481	144,152	151,902	159,742
Total Liabilities and Net Assets	576,922	577,229	577,926	578,489	579,158	581,319	584,408	588,516



Statement of Cash Flow - Projected (Thousands)

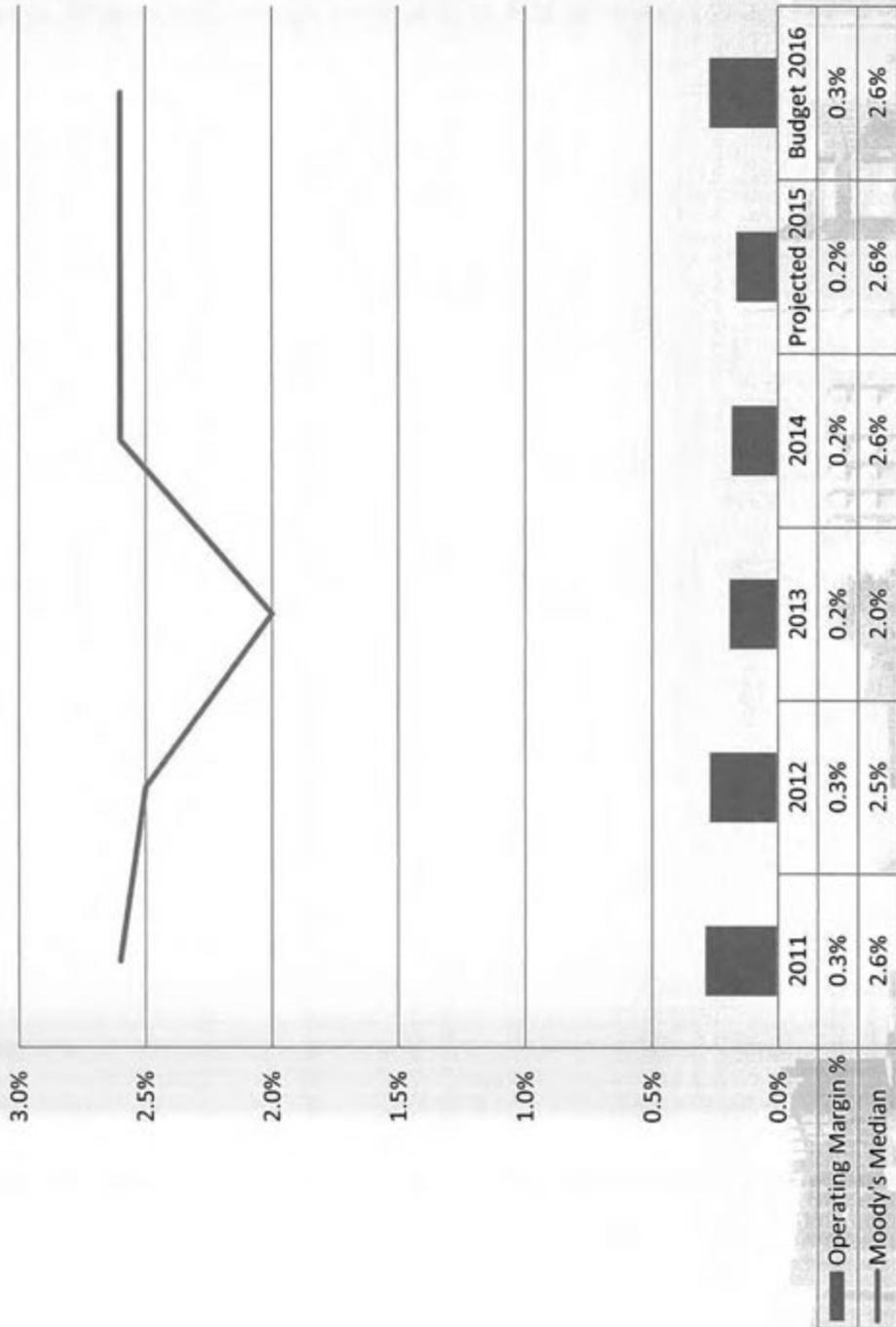
	Audited		Projected		Budget		Projected			
	2014	2015	2015	2016	2016	2017	2018	2019	2020	2021
Cash Flows From Operating Activities										
Excess of Revenues Over Expenses	4,126	4,606	4,606	4,500	4,500	5,814	6,995	8,787	8,867	8,955
Depreciation & Amortization	29,168	28,258	28,258	27,759	27,759	25,599	23,130	22,802	23,830	25,512
(Increase) Decrease in Patient Accounts Receivable, Net	(1,487)	(16,025)	(16,025)	(7,965)	(7,965)	1,463	(623)	(610)	(595)	(704)
(Increase) Decrease in Other Current Assets	(18,522)	23,962	23,962	(163)	(163)	(201)	(206)	(211)	(216)	(222)
Increase (Decrease) in Accounts Payable and Accrued Exp.	3,040	(6,669)	(6,669)	872	872	2,613	1,545	1,598	1,651	1,739
Increase (Decrease) in Third Party Payer Settlements	(1,623)	(9,108)	(9,108)	2,949	2,949	228	229	230	230	256
Increase (Decrease) in Self Insurance Liabilities	4,375	17,670	17,670	3,661	3,661	3,734	3,809	3,885	3,963	4,042
Increase (Decrease) in Other Liabilities	15,152	(6,412)	(6,412)	-	-	-	-	-	-	-
Net Cash Provided By (Used In) Operating Activities	34,229	36,282	36,282	31,613	31,613	39,250	34,879	36,481	37,729	39,578
Cash Flows From Investing Activities										
(Increase) Decrease in Assets Whose Use is Limited	22,523	(14,207)	(14,207)	(4,945)	(4,945)	(6,893)	(7,237)	(7,599)	(7,979)	(8,378)
Cash Flows From Financing Activities										
Additions to Property and Equipment	(29,552)	(12,062)	(12,062)	(12,579)	(12,579)	(15,267)	(16,640)	(17,347)	(19,382)	(23,830)
Principal Payments on Long Term Debt	(5,639)	1,336	1,336	(10,169)	(10,169)	(10,711)	(10,792)	(11,223)	(10,505)	(9,768)
Other Financing Activities, Net	(22,669)	(1,116)	(1,116)	(1,116)	(1,116)	(1,116)	(1,116)	(1,116)	(1,116)	(1,116)
Net Cash (Used In) Financing Activities	(57,860)	(11,842)	(11,842)	(23,864)	(23,864)	(27,094)	(28,548)	(29,686)	(31,003)	(34,714)
Net Increase (Decrease) in Cash and Investments	(1,108)	10,233	10,233	2,804	2,804	5,263	(906)	(804)	(1,253)	(3,514)
Cash and Investments, Beginning	10,629	9,521	9,521	19,754	19,754	22,558	27,821	26,915	26,111	24,858
Cash and Investments, Ending	9,521	19,754	19,754	22,558	22,558	27,821	26,915	26,111	24,858	21,344



The difference between
healthcare and true care

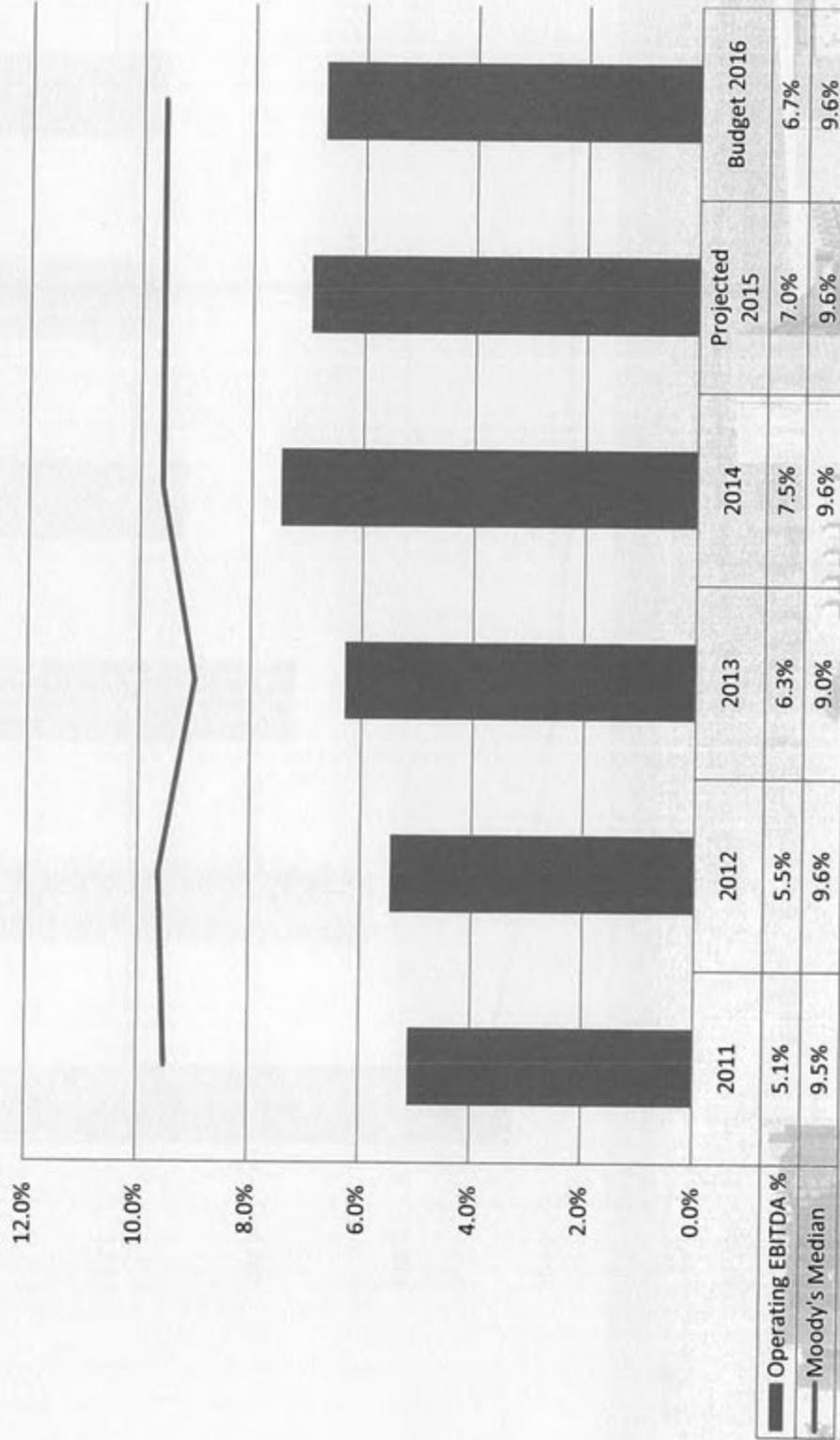


Operating Margin





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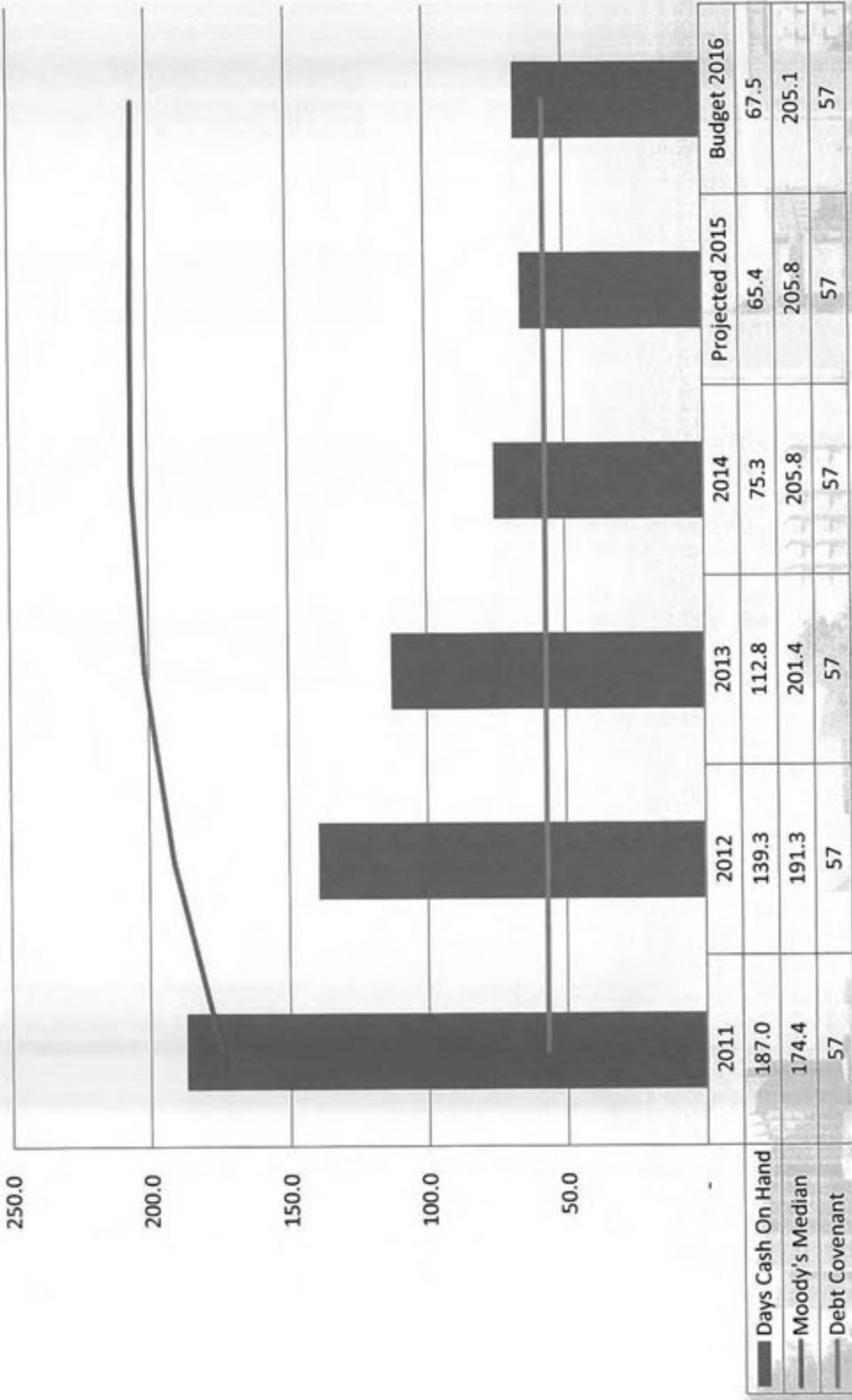




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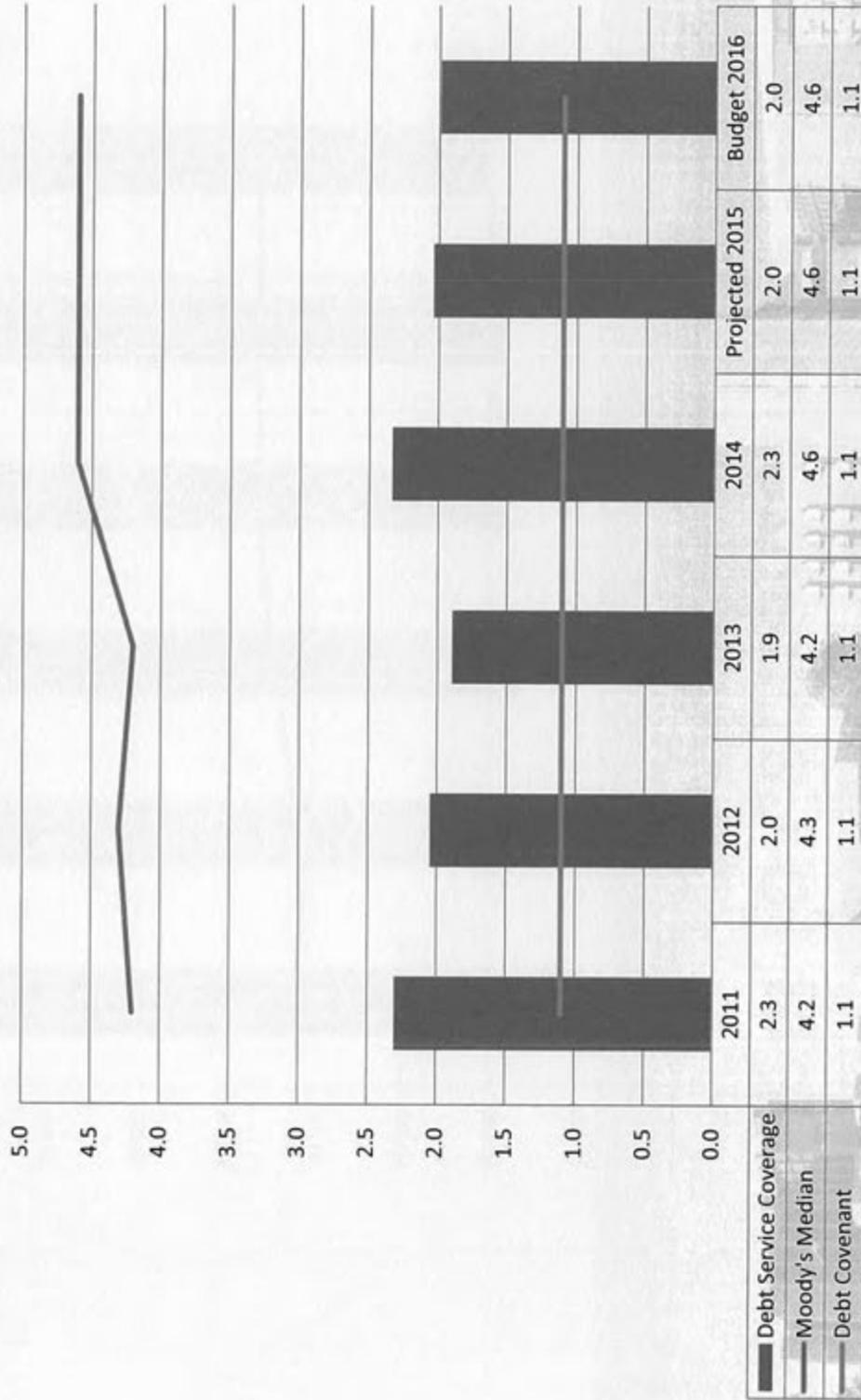


Days Cash on Hand





Debt Service Coverage





Debt to Capitalization

