ECMC CORPORATION
2016 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 Aaron Saykin, Esq.
Erie County Legislature Clerk Karen McCarthy
Erie County Clerk

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
Assembly Ways and Means Committee Chair Herman D. Farrell Jr.
Copies available to the public upon reasonable request

TABLE OF CONTENTS

CONTENTS

TABLE OF CONTENTS (CONTINUED)

CONTENTS

Message from the Leadership of ECMC Corporation

In 2016, ECMC took care of more members of our community than at any other time in the history of the hospital. It was our caregivers' unwavering focus on the patient that contributed to ECMC's success, supported by a hospital-wide culture that is dedicated to the delivery of quality health care services. From emergency room visits to outpatient visits to both inpatient and outpatient general surgeries, the key categories for measuring ECMC's operations demonstrated strong, positive growth. 2016 proved to be ECMC's most successful year, which is a testament to our extraordinary caregivers who, through their dedication, empathy and skill, have transformed ECMC to a hospital of choice for Western New York. While still meeting the important healthcare needs of our region's citizens and trauma patients, our hospital, working collaboratively with key partners like Kaleida Health, the University at Buffalo and community providers, has established itself as a true regional hospital that is well equipped to provide high quality services in a variety of areas, including orthopaedics, transplantation and kidney care, bariatrics, behavioral health, head and neck oncology and primary healthcare. These results highlight the incredible commitment of our over 3,000 exceptional and compassionate healthcare professionals, ensuring that our patients receive the highest quality care and their families and loved ones are treated with dignity and respect. Quality care and the overall patient experience are our highest priorities, which are reflected in the results for 2016 thanks to our physicians, nurses, and staff who assure the very best care every day, one patient at a time.

Thanks to the leadership and guidance of the ECMC Board, 2016 proved to be an incredibly productive year for the hospital and this success positions us ideally for 2017. The increased activity across the board speaks for itself: From 2010 through 2016, the hospital's growth continues to track upward: Total Inpatient – 15,007 in 2010 to 18,839 in 2016 or 22.5% growth; Total Surgeries by Service – 11,944 in 2010 to 14,552 in 2016 or 21.8% growth; Total Emergency Department Visits – 58,090 in 2010 to 69,290 in 2016 or 19.3% growth; Total Outpatient Visits – 255,264 in 2010 to 306,564 in 2016 or 20.1% growth; and Average Length of Stay – 8.4 in 2010 to 7.5 in 2016.

ECMC closed 2016 with a $2.1 million operating surplus on its total $593 million in operating revenues, reflecting the hospital's overall strong performance in health care services for the year. The hospital grew days cash on hand from 71.8 days in 2015 (with $102.4 million in cash) to 77 days in 2016 (with $115.6 million in cash) and grew revenues from $553.1 million in 2015 to $593 million in 2016. This positive activity of both strong volumes and related financial strength continues into the first two months of 2017.

Quality at ECMC - 2016

• March 2016 - Women's Choice Award® as one of America's Best Hospitals for Patient Safety. This evidence-based designation is the only patient safety award that identifies the country's best healthcare institutions based on robust criteria that considers female patient satisfaction and clinical excellence.

• April 2016 - The Leapfrog Group, a trusted independent, national not-for-profit organization founded more than a decade ago by the nation's leading employers and private health care experts, rated ECMC's overall safety score at 'B'.

• April 2016 - NYS Department of Health survey of Terrace View Long-Term Care stated that the facility has demonstrated a continuing, positive level of improvement for the care of its residents.

• May 2016 - The second-best score in the region from the federal Centers for Medicare & Medicaid Services for preventing hospital-acquired conditions.

• May 2016 - Awarded a three-star rating out of five by Centers for Medicare & Medicaid Services for patient experience. The ratings are based on 11 publicly reported measures in the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) survey. The latest update, released this week, is based on HCAHPS survey data collected between July 1, 2014, and June 30, 2015.

• May 2016 - The Gold Plus award from the American Heart Association for the diagnosis and treatment of heart failure patients.

• May 2016 - American Heart Association/American Stroke Association's Get With The Guidelines®-Stroke Gold Plus Quality Achievement Award. The award recognizes the hospital's commitment and success in ensuring stroke patients receive the most appropriate treatment according to nationally recognized, research-based guidelines based on the latest scientific evidence.

• June 2016 - Earned the Joint Commission's Gold Seal of Approval® for Opioid Treatment Accreditation by demonstrating continuous compliance with its performance standards. The Gold Seal of Approval® is a symbol of quality that reflects an organization's commitment to providing safe and effective care.

• June 2016 - Board of Directors of the United Network for Organ Sharing (UNOS) unanimously approved the release of ECMC's living donor transplantation program from probation and restored all privileges for the program.

• September 2016 – NYS OMH survey produced three-year operating certificates, demonstrating the skill, expertise and hard work of our clinicians in Behavioral Health.

• November 2016 - ECMCC earned The Joint Commission's Gold Seal of Approval® for its full Hospital Accreditation for a three-year period by demonstrating continuous compliance with its performance standards. The Gold Seal of Approval® is a symbol of quality that reflects an organization's commitment to providing safe and effective patient care.

• November 2016 – ECMC is one of two hospitals in Western New York to receive an updated 'B' Hospital Safety Grade from the Leapfrog Group.

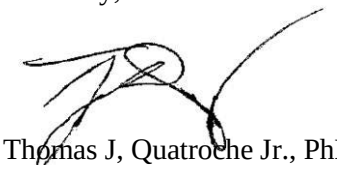
• November 2016 - National Committee for Quality Assurance (NCQA) informed ECMC that its ECMC Family Health Center achieved recognition status for "Patient-Centered Medical Home™ (PCMH™), Recognized–Level 3." The effective dates of this recognition begin November 18, 2016 and expire November 18, 2019.

• November 2016 - ECMC recognized by Apogee Physicians as "Hospital of the Year" during a national meeting in Phoenix, AZ.

With such a successful conclusion to 2016, we continue to build on our successes and look to further collaborations with our partners at Kaleida Health and the University at Buffalo. These partnerships and others in our community will help prepare us for healthcare reform and position us to transform to remain a viable organization. Whether it is via regional alliances with rural hospitals, our efforts through the Medicaid waiver with Millennium Collaborative Care, or other partnerships with community providers, ECMC will continue to be a leader in collaboration to provide better healthcare for our community.

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,



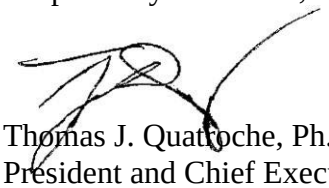
Thomas J, Quatroche Jr., PhD	Sharon L. Hanson	Kathleen Grimm, MD
President & Chief Executive Officer	Chair, Board of Directors	President, Medical Executive Committee

CERTIFICATION

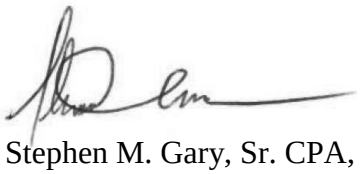
The financial reports submitted in this Annual Report have been approved by the Board of Directors of the Erie County Medical Center Corporation and are hereby certified, as indicated by signatures below, by the Chief Executive Officer and Chief Financial Officer.

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, 2016.

Respectfully submitted,



Thomas J. Quatroche, 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

2016 Marks Best Year in Erie County Medical Center Corporation's History

Every hospital operations category improves; results highlight delivery of quality healthcare services, busiest year for region's community hospital

Erie County Medical Center Corporation (ECMCC) announced that 2016 was the busiest year in the hospital's history. From emergency room visits to outpatient visits to inpatient and outpatient general surgeries, the key categories for measuring ECMC's operations demonstrated strong, positive growth.

ECMCC Chair Sharon L. Hanson said, "The Board of Directors at ECMCC are deeply appreciative of the continuing leadership of the hospital's Executive Leadership, along with the cooperation and dedication of the remarkable thousands of caregivers, who, collectively, have contributed to the overall strength and continuing success of ECMC. Quality care and the overall patient experience are our highest priorities, which are reflected in the results for 2016 thanks to our physicians, nurses, and staff who assure the very best care every day, one patient at a time. ECMC is our community's hospital and we will continue to provide the highest level of healthcare for our patients."

ECMCC President and CEO Thomas J. Quatroche Jr., Ph.D. said, "2016 proved to be ECMC's best year, which is a testament to our extraordinary caregivers who, through their dedication, empathy and skill, have transformed ECMC to the hospital of choice for Western New York. While still meeting the important healthcare needs of our region's citizens and trauma patients, our hospital, working collaboratively with key partners like Kaleida Health, the University at Buffalo and community providers, has established itself as a true regional hospital that is well equipped to provide high quality services in a variety of areas, including orthopaedics, transplantation and kidney care, bariatrics, behavioral health, head and neck oncology and primary healthcare. These results highlight the incredible commitment of our over 3,000 exceptional and compassionate healthcare professionals, ensuring that our patients receive the highest quality care and their families and loved ones are treated with dignity and respect."

Dr. Samuel Cloud, DO, 2016 President of ECMC's Medical-Dental Staff said, "ECMC is a truly regional hospital, serving the residents of Western New York with a high level of quality healthcare that is supported by a strong culture of physicians, dentists, advanced practice providers, and nurses who are focused on the very best outcome for the patients who seek our care. Through strong collaborations across multiple disciplines, ECMC's caregivers focus on providing the best care and outcomes for our patients."

As the chart below demonstrates, ECMC's operations for 2016 were not only strong versus 2015, but, in fact, are the strongest outcomes collectively in the hospital's history.

ERIE COUNTY MEDICAL CENTER CORPORATION
HOSPITAL OPERATIONS 2015-2016

		2015	2016	Variance to Prior Yr
Discharges:		18,375	18,839	2.5%
Average Length of Stay		8.0	7.5	-6.1%
Acute Case Mix Index		1.76	1.85	5.5%
General Surgeries:				
	Inpatient	5,570	5,753	3.3%
	Outpatient	6,618	6,886	4.0%
	Total	12,188	12,639	3.7%
ED Visits Total	Visits Including Admits	67,267	69,290	3.0%
Outpatient Visits		292,040	306,564	5.0%

* - Note, decrease in length of stay is, according to industry standards, a positive outcome, especially when hospitals like ECMC are caring for patients with more complex and acute illnesses.

ECMCC President and CEO Thomas J. Quatroche Jr., Ph.D. added, "With such a successful conclusion to 2016, we continue to build on our successes and look to further collaborations with our partners at Kaleida Health and the University at Buffalo. These partnerships and others in our community will help prepare us for healthcare reform and position us to transform to remain a viable organization. Whether it is via regional alliances with rural hospitals, our efforts through the Medicaid waiver with Millennium Collaborative Care or other partnerships with community providers, ECMC will continue to be a leader in collaboration to provide better healthcare for our community."

2016:
Operating Revenues of $616.5 Million
Operating Expenses of $614.4 Million
Operating Income of $2.1 Million

2015:
Operating Revenue of $553.1 Million
Operating Expenses of $552.2 Million
Operating Income of $0.9 Million

There is a $63.4 Million or a 11.5% increase in operating revenues from 2015 to 2016 and a 135% increase in operating income.

ECMCC Board Chair Receives Prestigious Statewide Healthcare Award

Sharon L. Hanson presented 2016 Healthcare Trustees of New York State Trustee Leadership and Advocacy Award

Erie County Medical Center Corporation (ECMCC) Board Chair Sharon L. Hanson has been honored with the prestigious 2016 Healthcare Trustees of New York State (HTNYS) Trustee Leadership and Advocacy Award for her over 20 years of service on the ECMCC Board. She was presented the award on September 17th at the HTNYS 37th Annual Trustees Conference attended by approximately 300 hospital trustees, physicians and administrators from across New York State.

ECMCC Chair Sharon L. Hanson said, "On behalf of our thousands of dedicated caregivers at ECMCC, as well as my fellow board members, I was deeply honored to receive the 2016 Healthcare Trustees of New York State Trustee Leadership and Advocacy Award. I share this award with all of our ECMCC family who everyday commit themselves to providing the best quality care for our patients, ensuring that each patient's experience at ECMCC meets their needs and expectations."

ECMCC President and CEO Thomas J. Quatroche Jr., Ph.D., said, "We couldn't be happier for Sharon on receiving this award and we are very appreciative of the Healthcare Trustees of New York State for recognizing her tremendous contributions to both ECMCC and our community. Sharon is the consummate board member who, for 20 years, has served ECMCC in a variety of capacities on the Board and has helped navigate the hospital through an ever changing and challenging healthcare environment. Her leadership and advocacy on behalf of our ECMCC caregivers, as well as the diverse patient population we serve, has had a profoundly positive impact on the day-to-day operation of ECMCC, as well as the vitally important collaborative relationships we have with both Kaleida Health and the University at Buffalo. We are very pleased that the Healthcare Trustees of New York State have chosen to honor her service in this way and recognize the important role of ECMCC in our community and State."

Chosen from 500 healthcare HTNYS member institutions across New York State, this award is presented annually to an individual who, according to the HTNYS, "demonstrates a profound impact in the boardroom in terms of trustee skills, time commitment, and knowledge required for effective decision making." Further, HTNYS specified in their nomination guidelines that they were interested in individuals who take "a lead role in positioning their organizations to meet the challenges of the evolving healthcare environment [and] demonstrate outstanding contributions in grassroots advocacy initiatives on behalf of a hospital or health system."

Over the years, Ms. Hanson, in various leadership positions at the hospital, has been instrumental in working with the dedicated ECMCC caregivers, the ECMCC Board and the broader community guiding ECMCC to great success. She has fought tirelessly alongside her fellow Board members to protect the very valuable mission of ECMCC to care for everyone in our community, no matter their circumstance.

Thanks to Ms. Hanson's leadership, ECMCC has never been busier in its storied history. And while the hospital's activity figures in every measureable category are up, the length of stay for patients is down, which underscores a well-designed and executed patient management system.

Ms. Hanson was selected by a national panel, which consisted of a Senior Advisor to a Chicago-based consulting firm specializing in governance, strategic planning, and facilitating change; the Vice President of Member Relations at the American Hospital Association (AHA); and the President/CEO for Texas Healthcare Trustees, a statewide association for board members of hospitals.

ECMC Corp. Board Elects New Officers

Sharon L. Hanson re-elected as Chair

The Erie County Medical Center Corporation (ECMCC) Board of Directors elected new officers.

Sharon L. Hanson was elected chair for a fourth term, having previously served three consecutive terms as chair. Hanson served on the ECMCC board of directors and the former board of managers since 1996. During that time, she chaired board committees including: executive, executive compensation and governance committees; human resources, building and grounds, and performance improvement committees.

"I am honored to be selected by my fellow board members to again serve as chair of the ECMCC board of directors," Ms. Hanson said. "This is a very exciting time for ECMC as we continue to experience strong growth in our inpatient and outpatient procedures, increased Emergency Room visits and maintain our key collaborative role in the Millennium Collaborative Care effort that is making significant advancements in forging partnerships with over 400 healthcare providers, hospitals, skilled nursing facilities, several behavioral health and developmentally disabled clinics, and community-based organizations in our region. Most importantly, our tremendous healthcare providers help us maintain our commitment to the best possible quality services and patient experience, which is our highest priority."

Other officers elected to the ECMC Corporation Board of Directors include: vice chair/chair-elect Jonathan A. Dandes, president, Rich Baseball Operations/Rich Products Corp.; vice chair Kevin E. Cichocki, D.C., co-founder, Palladian Muscular Skeletal Health; vice chair Kevin M. Hogan, Esq., partner, Phillips Lytle - Buffalo office; vice chair Michael A. Seaman, director of Treasury and Collections, City of Buffalo; secretary Douglas H. Baker, president, Mercy Flight WNY; treasurer Bishop Michael A. Badger, senior pastor, Bethesda World Harvest International Church; and president and CEO Thomas J. Quatroche Jr., Ph.D., ECMC Corp.

New York State Amends Historic ECMCC Act to Promote Collaboration

Erie County Medical Center Corporation (ECMCC) applauded Governor Andrew M. Cuomo for signing into law an amendment to the state public authorities' law, permitting ECMCC to enter into agreements for the creation and operation of integrated health care delivery services in collaboration with Kaleida Health and the University at Buffalo.

The legislation, sponsored by Assemblywoman Crystal Peoples-Stokes and Senator Michael Ranzenhofer, amended a 2003 state law that had created the Erie County Medical Center Corporation as a standalone public benefit corporation.

Great Lakes Health System of WNY Chairman Robert D. Gioia said, "This critically important amendment ensures that the progress made by Great Lakes Health will continue to the next level,

fostering activities that will improve the quality of, and access to, healthcare services. We thank Assemblywoman Crystal Peoples-Stokes and Senator Michael Ranzenhofer for sponsoring this legislation and Governor Cuomo for signing it into law."

ECMCC Chair Sharon L. Hanson said, "Working collaboratively with partners like Kaleida Health and the University at Buffalo to support, strengthen and reinforce all aspects of the services we provide to a diverse and dynamic Western New York population benefits everyone. Thanks to Governor Cuomo, Assemblywoman Peoples-Stokes and Senator Ranzenhofer for leading Western New York forward in this way."

ECMCC President and CEO Thomas J. Quatroche Jr., Ph.D., said, "This outcome is the result of the dedicated hard work of many, but would not have come about without the leadership of Governor Cuomo, Assemblywoman Peoples-Stokes and Senator Ranzenhofer. ECMCC and its partners, Kaleida Health and the University at Buffalo, are committed to providing the highest quality care and this amendment will facilitate further those efforts."

Great Lakes Health and Kaleida Health President and CEO Jody Lomeo said, "The change in the PBC law is a win for our community. Together, we can continue to collaborate and strengthen our ability to coordinate care while continuing to fulfill our mission. With the help of Governor Cuomo, Assemblywoman Peoples-Stokes, Senator Ranzenhofer and the State Legislature, we are improving the delivery of care across Western New York and making it better for the patients we serve."

University at Buffalo President Satish Tripathi said, "Our UB community is grateful to Governor Cuomo, Assemblywoman Peoples-Stokes, and Senator Ranzenhofer for their leadership on this amendment, which represents a vital step forward for the thriving life sciences economy we are building together in Western New York. Together, our region's great health care and research institutions are collaborating to establish Buffalo as a world-class destination for the best in patient care, clinical research, and medical education. This amendment significantly advances those efforts, and UB looks forward to partnering with ECMCC and Kaleida Health to ensure exceptional health care delivery for our communities."

It is important to note that the amendment does not change ECMCC's governance structure or relationship with its union partners. ECMCC is, and will remain, a public institution with a public workforce and its own balance sheet.

The amendment allows for:
• Development of a non-exclusive joint health information technology (IT) platform
• Joint marketing of health care services
• Joint purchasing of services, supplies and equipment
• Development of a joint set of clinical quality standards
• Coordination and integration of clinical services to reduce redundancy and increase efficiency
• Joint management of graduate medical education and academic affiliations
• Joint discussions with rural hospitals regarding the possibility of coordinating and integrating clinical services

Most importantly, the amendment gives ECMCC the ability to lower costs and improve quality and access to health care in Western New York.

This amendment strengthens ECMCC's continuing development of Centers of Excellence in areas such as Orthopaedics, Behavioral Health and Transplantation, as well as the growth and development of other important health service lines like Cancer Care, Head and Neck Surgery, Bariatrics, and Dental Oncology. This past year (2015) was the busiest year in ECMCC's history, and through the first quarter of 2016, ECMCC continues to grow and build on that positive trend.

The three institutions affected by this amendment have been collaborating since 2008, as a result of the recommendations made by the Commission on Health Care Facilities in the 21st Century (Berger Commission).

As a free standing public health care provider, ECMCC was at a competitive disadvantage in the current health care environment. Recent U.S. Supreme Court rulings restricted the extent to which ECMCC could collaborate. The amendment to state law changes that by leveling the playing field for ECMCC to enter into agreements like those of other health systems while maintaining its public status.

The amendment provides a physician-led solution that will permit ECMCC to pursue further initiatives intended to improve health care quality and access, while maintaining ECMCC's public character and purposes, its public workforce and its own balance sheet.

ECMCC has been a leader in coordinating clinical service planning across Western New York. Along with Kaleida Health, UB, and their private practice physicians, they have created centers of excellence around transplant, cardiac, behavioral health and laboratory services.

Jim Kelly Dedicates "Kelly Tough Room" at ECMC to Inspire Patients

Buffalo Bills Great and Pro Football Hall of Famer Jim Kelly joins family, friends and ECMCC caregivers in dedicating hospital room where he once received care

On October 18, 2016, Erie County Medical Center Corporation (ECMCC) and NFL football great and member of the NFL Hall of Fame Jim Kelly dedicated a patient room as the hospital's "Kelly Tough Room." The room is the same room where Jim received his medical care during his inpatient stays from June 2013 through June 2014. It features a variety of Jim Kelly sports memorabilia, including a framed autographed Buffalo Bills jersey that welcomes patients and visitors into the room. The room is painted with the same red, white and blue colors that are included in the official Kelly Tough logo and an inspirational quote from Jim is featured prominently on a section of one of the room's walls: "MAKE A DIFFERENCE TODAY FOR SOMEONE WHO IS FIGHTING FOR THEIR TOMORROW."

Jim Kelly said, "ECMC is a very special place where dedicated, hard-working caregivers treat every patient with "true care." I know this personally and am very thankful to the remarkable physicians, nurses and so many others who helped me get through a very challenging chapter of my life. I have been to many other places for care, but there is no place better than ECMC for compassionate, quality care. I hope that the Kelly Tough Room helps to inspire patients, as well as their families and loved ones, to meet their challenges with courage and strength, and ultimately overcome their illness."

ECMCC Chair Sharon L. Hanson said, "Jim Kelly has always been an inspirational figure in our community, first as a remarkable athlete and star of the Buffalo Bills, then as a devoted husband and father, particularly to his son Hunter, bringing much needed national and international awareness to a cruel disease and now as a cancer survivor, redefining courage and strength. We are grateful for Jim's generosity and compassion in creating this unique and very inspiring Kelly Tough Room for ECMCC."

ECMCC President and CEO Thomas J. Quatroche Jr., Ph.D. said, "We are very proud to dedicate the Kelly Tough Room, commemorating Jim's brave fight against cancer, but, perhaps more importantly, channeling Jim's strength and tenacity into the design of the room to help inspire others who will face their own health care issues. As much as Jim continues to inspire people in Western New York and across the country, our caregivers at ECMCC, particularly those who worked directly with Jim while he was in our care, are thankful to Jim for his generosity and support of ECMCC."

Thom R. Loree, MD, FACS, Chief of Department, Head and Neck Surgery and Plastic and Reconstructive Surgery said, "It was a talented and diverse team of physicians, nurses and staff who collaborated to help provide the necessary care and treatment required to help Jim recover. As much as he fought and persevered as an athlete, he fought even harder and more tenaciously as a patient and we were honored to work with Jim, his devoted family and his dedicated friends and fans as he proceeded through a very challenging period. The new Kelly Tough Room is a very fitting tribute to Jim's spirit and I am confident it will provide much inspiration to our patients."

ECMCC Awarded Hospital Accreditation from Joint Commission

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

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

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

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

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

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

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

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

ECMCC Awarded Opioid Treatment Accreditation from Joint Commission

Nation's oldest and largest nonprofit standards-setting and accrediting body in health care cites ECMC's continuous compliance with performance standards

Erie County Medical Center Corporation (ECMCC) earned the Joint Commission's Gold Seal of Approval® for Opioid Treatment Accreditation by demonstrating continuous compliance with its performance standards. The Gold Seal of Approval® is a symbol of quality that reflects an organization's commitment to providing safe and effective care.

ECMCC President and CEO Thomas J. Quatroche Jr., Ph.D., said, "ECMCC is pleased to receive Opioid Treatment Accreditation from the Joint Commission, the premier health care quality improvement and accrediting body in the nation. The opioid crisis that has affected every community across the country, including Western New York, has had a profound impact on health care institutions such as ECMC and we are grateful to our caregivers for their continued effort to help everyone that seeks our care. This accreditation is another testament to the high quality of care and the superb professionalism of our excellent caregivers who exemplify true care for the patients who come to us. Critically important state legislation signed recently by Governor Cuomo will help us further in our fight against heroin and opioid addiction."

Tracy Griffin Collander, LCSW, Executive Director, Joint Commission Behavioral Health Care Accreditation Program said, "Joint Commission accreditation provides behavioral health care organizations with the processes needed to improve in a variety of areas related to the care of individuals and their families. We commend ECMC for its efforts to elevate the standard of care it provides and to instill confidence in the community it serves.

Michael R. Cummings, MD, ECMC Associate Medical Director, Behavioral Health Services, said, "ECMC has been in the forefront of innovative and groundbreaking behavioral health treatment protocols that have solidified our position in this critically important area of healthcare. Receiving the Opioid Treatment Accreditation from the Joint Commission is further confirmation of the success and progress we have made and continue to make in providing behavioral health services on-campus at ECMC and throughout Western New York."

ECMCC underwent a rigorous on-site survey in March 2016. During the review, compliance with behavioral health care standards related to several areas, including: care, treatment, and services; environment of care; leadership; and screening procedures for the early detection of imminent harm was evaluated. On-site observations and interviews also were conducted.

Established in 1969, The Joint Commission's Behavioral Health Care Accreditation program currently accredits more than 2,250 organizations for a three-year period. Accredited organizations provide treatment and services within a variety of settings across the care continuum for individuals who have mental health, addiction, eating disorder, intellectual/developmental disability, and/or child-welfare related needs. Accreditation is customarily valid for up to thirty-six months. The Joint Commission's behavioral health care standards are developed in consultation with health care experts and providers, quality improvement measurement experts, and individuals and their families. The standards are informed by scientific literature and expert consensus to help organizations measure, assess and improve performance.

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.

"We are dedicated to delivering 'the gold standard' of care to our heart failure patients," said Thomas J. Quatroche Jr., PhD, President and CEO, ECMC Corporation. "Having the ability to track and measure our success by implementing the American Heart Association's Get With The Guidelines–Heart Failure program enables us to meet internationally-respected guidelines and affirms our commitment to achieve such results. We are proud to receive this confirmation of excellence, join the 'Target: Heart Failure Honor Roll,' and prouder still that our clinicians consistently meet these high standards to deliver this level of care to our patients."

"We are pleased to recognize ECMC for their commitment to heart failure care," said Deepak L. Bhatt, M.D., M.P.H., national chairman of the Get With The Guidelines steering committee and Executive Director of Interventional Cardiovascular Programs at Brigham and Women's Hospital and Professor of Medicine at Harvard Medical School. "Studies have shown that hospitals that consistently follow Get With The Guidelines quality improvement measures can reduce patients' length of stays and 30-day readmission rates and also reduce disparity gaps in care."

Get With The Guidelines® is the American Heart Association/American Stroke Association's hospital-based quality improvement program that provides hospitals with the latest research-based guidelines. Developed with the goal of saving lives and hastening recovery, Get With The Guidelines has touched the lives of more than 5 million patients since 2001.

ECMC Receives Get With The Guidelines-Stroke Gold Plus Quality Achievement Award

American Heart Association Award recognizes ECMC's commitment to quality stroke care

ECMC has received the American Heart Association/American Stroke Association's Get With The Guidelines®-Stroke Gold Plus Quality Achievement Award. The award recognizes the hospital's commitment and success in ensuring stroke patients receive the most appropriate treatment according to nationally recognized, research-based guidelines based on the latest scientific evidence.

To receive the Gold Plus Quality Achievement Award, hospitals must achieve 85 percent or higher adherence to all Get With The Guidelines-Stroke achievement indicators for two or more consecutive 12-month periods and achieved 75 percent or higher compliance with five of eight Get With The Guidelines-Stroke Quality measures.

These quality measures are designed to help hospital teams provide the most up-to-date, evidence-based guidelines with the goal of speeding recovery and reducing death and disability for stroke patients. They focus on appropriate use of guideline-based care for stroke patients, including aggressive use of medications such as clot-busting and anti-clotting drugs, blood thinners and cholesterol-reducing drugs, preventive action for deep vein thrombosis and smoking cessation counseling.

ECMC Corporation President and CEO Thomas J. Quatroche Jr., PhD, said, "This recognition further demonstrates our commitment to delivering advanced stroke treatments to patients quickly and safely. ECMC continues to strive for excellence in the acute treatment of stroke patients. The recognition from the American Heart Association/American Stroke Association's Get With The Guidelines-Stroke award further reinforces our team's hard work."

Paul Heidenreich, M.D., M.S., national chairman of the Get With The Guidelines Steering Committee and Professor of Medicine at Stanford University said, "The American Heart Association and American Stroke Association recognize ECMC for its commitment to stroke care. Research has shown there are benefits to patients who are treated at hospitals that have adopted the Get With The Guidelines program."

Get With The Guidelines®-Stroke puts the expertise of the American Heart Association and American Stroke Association to work for hospitals nationwide, helping hospital care teams ensure the care provided to patients is aligned with the latest research-based guidelines. Developed with the goal to save lives and improve recovery time, Get With The Guidelines®-Stroke has impacted more than 3 million patients since 2003.

ECMC Recognized as "Hospital of the Year" by Apogee

Hospitalist physician group honors ECMC for partnership, trust, collaboration and shared vision of excellence in patient care

Erie County Medical Center (ECMC) Corporation officials announced that ECMC was recognized by Apogee Physicians as "Hospital of the Year" during a national meeting in Phoenix, AZ, on November 18, 2016.

Each year, a deserving hospital is selected from all hospitals across the country that partner with Apogee to provide hospitalist care based on specific criteria, including: relationship between the hospital, hospitalist team and Apogee senior leadership founded on trust, respect and mutually shared goals of excellent patient care; hospital is part of a great partnership with the hospitalist team, Apogee administration and senior leadership; hospital collaborates at all levels for improved patient and provider-focused care; and hospital creates and supports an environment of continual improvement.

ECMCC President and CEO Thomas J. Quatroche Jr., Ph.D., said, "Apogee has been an important part of ECMC's ability to provide quality care to our patients. They have been involved in the historic growth at ECMC, as well as the reduction of patients' length of stay to the lowest levels ever. Quality and efficiency have been their hallmark, and ECMC's results have exceeded their national counterparts."

ECMCC Chief Medical Officer Brian M. Murray, M.D., said, "I commend ECMC and Apogee physicians and all clinical and support staff for working seamlessly to provide the best medical care to those who seek our care. It is this teamwork and shared commitment to our patients that sets ECMC apart and distinguishes our caregivers."

Apogee Physicians Northeast Regional Director Dr. Jaime Upegui said, "ECMC has been an excellent partner through some really challenging times. ECMCC Chief Medical Officer Dr. Brian Murray, Associate Medical Director Dr. Arthur Orlick, and President and CEO Thomas Quatroche created an atmosphere where we could recruit to the model that we needed, which they supported. Staff was added, the rounding structure was changed, and the nurses were willing to work with us and be patient as we mutually sought what was best for our patients. Emergency Department throughput has improved and Apogee is now the preferred admitter. The Centers for Medicare and Medicaid Services HCAHPS (Hospital Consumer Assessment of Healthcare Providers and Systems) patient satisfaction survey data and LOS (Length of Stay) results are improving – all related to excellent partnerships in the hospital."

Kidney Transplants Reached Record High at ECMC in 2016; Procedures Improve Quality of Life, Give Hope

118 kidney transplants, from living and deceased donors, reach highest level of transplant activity in ECMC history; 13 pancreas transplants also performed

Erie County Medical Center Corporation (ECMCC) announced that 2016 established the highest level of kidney transplant activity in the hospital's history. As of 12/16/16, 118 kidney transplants took place at ECMC, coming from both living and deceased donors. Since 2010, kidney transplants at ECMC have increased approximately 19.4%. In addition to the kidney transplants, ECMC's Regional Transplantation and Kidney Care Center of Excellence performed 13 pancreas transplants in 2016, taking the Center's total transplants to an all-time high of 131.

Dr. Liise Kayler, MD, MS, FACS, the Program and Surgical Director of Transplantation said, "We are committed to providing the very best environment to ensure that those in need of a kidney transplant come through our process not just with a new, functioning organ, but an overall improved quality of life. We are thankful to those that have joined the state's Donate Life Registry, as well as living donors, as they all have a profoundly positive impact on the lives of those they help. These selfless acts of kindness have helped increase our ability to provide kidney transplants to those with the greatest need and we are confident that our annual transplant activities will only continue to increase."

ECMCC President and CEO Thomas J. Quatroche Jr., Ph.D., said, "ECMC's Regional Transplantation and Kidney Care Center of Excellence is comprised of dedicated, compassionate caregivers who devote themselves to providing the highest quality transplantation services with the best outcomes for patients, their families and loved ones. It is through their hard work in providing quality care and increasing access for the community, coupled with the tremendous effort of our partners at Unyts, that raising donor awareness is having a very beneficial impact on the residents of Western New York. This milestone year, leading to the most kidney transplants in ECMC's history, provides great promise for our continuing effort to be our region's leader in quality healthcare."

ECMC's Regional Transplantation and Kidney Care Center of Excellence is equipped to treat patients at every stage of kidney disease or kidney failure. The Center's transplant program has offered kidney transplants since 1964 and pancreas transplants since 2004. Our experienced multidisciplinary team serves Western New York with consistently high scores in outcomes and transplant rates from deceased donors, and also offers laparoscopic (minimally invasive) donor nephrectomy (kidney removal) procedures to promote faster recovery for live kidney donors.

Our commitment to excellence and focus on the patient experience has led to high satisfaction for recipients and living donors alike. With advanced therapies in desensitization and paired-donor exchange, ECMC's living donor transplant program has also made more transplants possible, helping recipients of those organs as well as patients on the waiting list.

ECMC is also well positioned in the forefront of major innovations in transplantation, including opportunities for patients to participate in ongoing research trials, offering patients leading-edge treatments and individualized healthcare protocols.

ECMC Living Donor Transplant Probation Lifted by National Organization

National not-for-profit, United Network for Organ Sharing, removes probation imposed in 2014

On June 8, 2016, ECMC Corporation announced that the Board of Directors of the United Network for Organ Sharing (UNOS) unanimously approved the release of ECMC's living donor transplantation program from probation and restored all privileges for the program. The UNOS Board's action came about from the recommendation of the organization's Membership and Professional Standards Committee (MPSC), which is the UNOS regulatory body.

ECMC had been placed on probation in November 2014 by the UNOS Board "based on a need to address issues relating to its evaluation of potential living donors."

Dr. Liise Kayler, MD, MS, FACS, the Program and Surgical Director of Transplantation, said, "Every member of our department has worked diligently to raise the level of excellence and quality of the services we provide to every patient that comes to us. This action by UNOS confirms the tremendous effort we have made and the continuing level of success we achieve for every procedure we perform."

ECMCC President and CEO Thomas J. Quatroche, Jr., Ph.D. said, "This is very exciting and validates our commitment to ensuring that the highest quality services are available for our patients, along with offering a great team of experienced, exceptional health care professionals who have again proved the excellence of ECMC's transplant program. Under the leadership of Dr. Liise Kayler, MD, MS, FACS, the Program and Surgical Director of Transplantation, ECMC is poised this year to double the number of transplants performed at ECMC in 2013."

In a separate announcement, OPTN/UNOS President Betsy Walsh, J.D. said, "[ECMC] demonstrated commendable improvements in quality management and training and [has] successfully addressed the concerns that led to the earlier action."

ECMC named among Best Hospitals for Patient Safety

Women's Choice Award® Cites ECMC for female patient satisfaction and clinical excellence

The Erie County Medical Center received the 2016 Women's Choice Award® as one of America's Best Hospitals for Patient Safety. This evidence-based designation is the only patient safety award that identifies the country's best healthcare institutions based on robust criteria that considers female patient satisfaction and clinical excellence.

Thomas J. Quatroche, Jr., Ph.D., ECMC President and CEO said, "Receiving this recognition from The Women's Choice Award® is another testament of ECMC's commitment to the best possible healthcare for anyone who seeks our services. A positive patient experience and quality services are our highest priorities, which are reflected among the over 3,000 exceptional and skilled caregivers who everyday work to meet the needs of our patients."

The list of over 472 award winners, including ECMC, represents hospitals that have exceptional performance in limiting a wide range of hospital-associated infections and complications from surgery and medical treatment.

Delia Passi, Founder and CEO of the Women's Choice Award said, "We honor ECMC for being named and recognized as a hospital of choice among women, for it represents the strongest and most important consumer message in today's healthcare marketplace when considering that women account for 90% of all healthcare decisions. Improving patient safety is not only a matter of error prevention; it's a focused effort to create the safest patient experience."

Hospitals that have earned this award have had a low incidence of problems arising from surgical errors and infections. The Women's Choice Award® is a trusted referral source, empowering women to make smart healthcare choices by identifying the country's best healthcare institutions based on robust criteria that consider female patient satisfaction and clinical excellence.

National Organization Provides ECMC High Safety Rating in Annual Survey

Trusted, transparent and evidence-based national tool rates over 2,500 hospitals across the United States

Erie County Medical Center announced that The Leapfrog Group, an independent, national not-for-profit organization founded more than a decade ago by the nation's leading employers and private health care experts, has rated ECMC's overall safety score at 'B', which places it among 638 other hospitals across the country receiving such a score. The Leapfrog patient surveys assesses: medical errors, accidents, injuries, infections and patient experiences.

Thomas J. Quatroche Jr., Ph.D., ECMC President and CEO, said, "This updated hospital safety ranking, from such a widely respected national organization, is further evidence of the extraordinary work our caregivers perform every day in every facet of patient care. ECMC prides itself in providing our patients with the best possible experience and quality service while they are in our care. This important national survey confirms that outside, independent assessors concur that ECMC is succeeding in our effort to provide true care."

Dr. Brian Murray, ECMC Chief Medical Officer said, "This is a tremendously gratifying recognition of the high quality of care that our excellent caregivers provide to our patients. ECMC's high standard of care is evident in every service area of the hospital and we take great pride in this type of outside affirmation."

On its website, The Leapfrog Group states that they "strive to make giant 'leaps' forward in the safety, quality and affordability of health care in the U.S. by promoting transparency through our data collection and public reporting initiatives. The survey is a trusted, transparent and evidence-based national tool in which more than 2,500 hospitals voluntarily participate free of charge."

Of the 2,571 hospitals issued a Hospital Safety Score, 798 earned an A, 639 earned a B, 957 earned a C, 162 earned a D and 15 earned an F.

ECMC Scores High with Patient Ratings

ECMC has been awarded a three-star rating out of five by CMS for patient experience. This was among the highest scores in Western New York. The ratings are based on 11 publicly reported measures in the Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS) survey.

This rating is a testament to ECMC's extraordinary caregivers who not only ensure that patients receive great clinical care, but also create an environment of healing. Whether they work in environmental services, nursing at the bedside, the transporting of patients, or in an area that supports clinical staff, our ECMC caregivers all play an important role in patient experience at ECMC. We will continue to strive for even higher star ratings in the future, and we are confident that with the compassionate, kind, and sincere care provided every day we will reach that goal.

We thank our excellent ECMC caregivers for their tireless dedication and commitment to ensuring that every patient has a great experience and leaves ECMC understanding what "true care" is all about.

Terrace View Long-Term Care Commended for Favorable State Survey

Annual NYS Department of Health survey shows continuing improvement for long-term health care services

Terrace View Long-Term Care Facility demonstrated a continuing, positive level of improvement for the care of its residents based on a NYS Department of Health survey.

Sharon L. Hanson, Chair, Erie County Medical Center Corporation (ECMCC) Board of Directors said, "Thanks to the dedicated caregivers and staff at Terrace View, the quality and care for the residents continues to improve every year, highlighting the great professionalism and compassion of everyone associated with this tremendous facility."

Thomas J. Quatroche Jr., Ph.D., ECMC Corp. President and CEO said, "ECMC's guiding mission is to provide every patient the highest quality of care delivered with compassion, which is reflected in Terrace View's very positive survey from state DOH. I commend all of the excellent caregivers at this vitally important facility; they have demonstrated repeatedly their commitment to the residents they care for."

Anthony De Pinto, Administrator, Terrace View Long-Term Care said, "The entire staff at Terrace View has worked tirelessly and with great determination to annually improve the level of care they provide our residents. I am confident this type of effort will continue and our future state Health surveys will only get better."

Terrace View Long-Term Care Facility is a state-of-the-art residence that provides high quality care, comfort, skilled nursing services and rehabilitation services for seniors and others needing long-term care in a convenient location on the ECMC Health Campus in the Delevan-Grider community of Buffalo. This highly efficient long-term care facility and nursing home is designed to be patient-centered with a

neighborhood design that focuses on the best care. Terrace View is comprised of a: 390-bed nursing home; 66-bed short-term rehabilitation area; 20-bed ventilation unit; 16-bed behavioral intervention unit; and a 10-bed bariatric unit. Dedicated specialty beds for seniors with Alzheimer's and dementia residents receive 24-hour physician and skilled nursing care when needed and are right next door to all the resources and facilities of the ECMC hospital in the event of a serious illness or emergency.

ECMC Opens New, State-Of-The-Art Center for Orthopaedic Care

New facility doubles number of exam rooms; improves patient safety and convenience

On April 7th, the Erie County Medical Center dedicated its new, state of-the-art Center for Orthopaedic Care, which includes 14 spacious exam rooms (double what had existed previously) and new safety features and improved patient amenities designed to ensure a better overall patient experience. The new 6,900 square foot Center is nearly four times larger than the hospital's former orthopaedic clinic, which opened in 1978.

In February 2015, members of ECMC's Executive Leadership, Orthopaedics and Ambulatory Services finalized plans to do a complete overhaul of ECMC's Orthopedic Clinic, moving it to a new location on the hospital's first floor, emphasizing the goal of improving care for our patients. From 2000 to 2010, patient visits to the former Orthopaedic Clinic increased by approximately 46% and between 2010 and 2015, 57,262 patient visits occurred at that location.

Sharon L. Hanson, Chair, Erie County Medical Center Corporation (ECMCC) Board of Directors said, "Together with the Salvatore Orthopaedic Unit that opened last year, our new Center for Orthopaedic Care will bring the highest level of outpatient orthopaedic care to patients throughout Western New York. This new facility has nearly double the number of exam rooms and all corridors feature handrails for patient safety and convenience. The unit's upgrades also include dedicated physician and nurse work areas and spacious registration and checkout areas for patient convenience, helping to ensure that our patients' experience meets their expectations."

Caregivers from Orthopaedics and Ambulatory Services collaborated on a Lean Six Sigma project dedicated to resolving various issues affecting their patients, including wait times, helping to design the new outpatient Center to improve service and enhance efficiency. Lean Six Sigma is a methodology that relies on a collaborative team effort to improve performance by systematically removing waste. The outcome is the new modern, state-of-the-art facility that replaces a cramped, outmoded inefficient space that did not meet the needs of patients, physicians, clinical caregivers or the important teaching of residents.

Thomas J. Quatroche Jr., Ph.D., ECMC President and CEO, said, "Patient experience is our highest priority and this new Center for Orthopaedic Care provides another demonstration of ECMC's commitment to the highest possible quality healthcare for anyone who seeks our services. This new facility, combined with our inpatient Russell Salvatore Orthopaedic unit and the Ambulatory Surgery Center, provides orthopaedic patients the best possible experience along the entire continuum of care. A positive patient experience and quality services are essential aspects of our overall delivery of healthcare services, which are reflected among the over 3,000 exceptional and skilled caregivers who everyday work to meet the needs of our patients."

Dr. Philip Stegemann, Chief of ECMC Orthopaedics, said, "ECMC is a special place, with dedicated caregivers, physicians, and now we have a beautiful new environment in this well-designed Center for Orthopaedic Care, which is conducive to healing for our patients. The patient has always been at the center of the care we deliver, and this new unit takes this level of commitment to our patients to another

level. Our mission not only involves patient care, but also education. It's an ideal space for teaching orthopaedic residents, medical students, nurse practitioners, and physician assistants."

Other state-of-the-art features in the Center include in-room call and code systems, improved ventilation, widened doorways to accommodate varying sizes of wheelchairs and stretchers, and secure badge entry to clinical care areas. There is also a newly created pass-through to the Radiology Department, creating ease of access and improved throughput.

ECMC Awarded Gilead Sciences "Focus Grant"

Funds will support HIV, hepatitis B and C testing and testing-related services

On December 22, 2016, ECMC Corporation officials announced that ECMC has been awarded a grant from Gilead Sciences, Inc., to develop a replicable model program that embodies best practices in HIV and/or hepatitis screening and linkage to care.

The biopharmaceutical company Gilead researches, develops, manufactures, and markets human pharmaceuticals for certain diseases, including the hepatitis C virus (HCV), hepatitis B virus (HBV) and the Human Immunodeficiency Virus (HIV). Gilead will provide these funds to ECMC through its Frontlines of Communities in the United States (FOCUS) Program to financially support these efforts.

ECMCC President and CEO Thomas J. Quatroche Jr., Ph.D., said, "We are thankful to Gilead for this grant, which will enable ECMC to better serve patients and improve their quality of life. The Centers for Disease Control and US Preventive Services recommendations, backed by this key support from Gilead, will help our caregivers to more effectively address the health and wellness needs of these patient populations throughout Western New York."

ECMCC Immunodeficiency Program Manager Ellen O'Brien said, "We are grateful to Gilead for granting these funds. These dollars will enable us to develop a program structured to deal with the current gap in care caused by the inability to identify and ultimately treat many HIV-, Hep C- and Hep B-infected individuals."

As described in the Gilead grant application, "a growing body of research shows that opt-out testing can play a strong role in getting more individuals tested, extending earlier and better care to infected individuals, improving quality of life, and promoting better disease management that reduces new infections. In light of the 2006 Centers for Disease Control (CDC) recommendations for routine opt-out HIV testing, the 2012 CDC recommendations for HCV screening, the US Preventive Services Task Force recommendations for routine HIV, HCV, and HBV screening, and other recognized best practices in HIV, HCV, and HBV screening," Gilead has awarded this grant funding to ECMC to develop and promote a replicable model program that embodies best practices in HIV, HCV, and/or HBV screening and linkage to care.

In 2010, Gilead Sciences, Inc. launched the FOCUS program (On the Frontlines of Communities in the United States) to address one of the most pressing problems driving human immunodeficiency virus (HIV) and acquired immunodeficiency syndrome (AIDS) transmissions. At the time, an estimated one in five HIV-positive Americans, or approximately 230,000 people, did not know that he or she was infected. FOCUS was enhanced in 2013 to address Hepatitis C (HCV) and again in 2015 to address Hepatitis B (HBV) as a result of both the Centers for Disease Control and Prevention (CDC) and the United States Preventive Services Task Force (USPSTF) recommendations for HCV and HBV testing.

Employee of the Year 2016

Elizabeth "Liz" Weiss, Senior Medical Secretary, has been with ECMC for eight years and has worked in the hospital's Nursing Department for that entire period. As Employee of the Year, Liz received a $1,000 check, an engraved crystal bowl, two tickets to next year's Springfest Gala and a one-year dedicated parking space for Employee of the Year.

Nurses of the Year 2016

At ECMC, outstanding care is made possible through the experience, hard work, and dedication of our nurses. From the compassion they bring to every bedside, to the leadership that helps their peers thrive in their own commitment to nursing excellence, we're proud to call some of nursing's best our own. Maria Hyjek, RN, BSN, Nursing Care Coordinator, was recognized as ECMC Nurse of Distinction for 2016. Georgia McPartlan, RN, BSN, WCC, Team Leader, Surgery/Ostomy and Wound Care, was recognized as ECMC Outstanding Staff Nurse for 2016.

Volunteer of the Year 2016

Marcia Vanderlinden was recognized as the 2016 Volunteer of the Year. Marsha joined the Volunteer Board in 2005 after retiring. She is currently the acting Vice President of the Volunteer Board and has served many years in this position.

Daisy Nursing Award Winners for 2016

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

Stephanie Blair, RN, of 10th floor, was the recipient of the Daisy Award. Stephanie received her nomination from a patient she cared for on her floor. She was honored for her integrity, her compassionate care, and her ability to make the patient feel at ease. The patient felt that Stephanie personified the ECMC mission of compassionate care while attending to her at all times.

Kimberly Degnan, RN, of 10th floor, was the recipient of the Daisy Award. Kim was nominated by a kidney transplant family after she sat with them and eased their fears and anxiety. The family was so impressed and touched by Kim's care that they wrote a beautiful nomination letter to our Daisy Committee.

Jennifer Weierheiser, RN, 7th floor, has been honored as a Daisy Award winner. With all her patients and families, Jen takes the time to connect on a personal level. For example, Jen was able to make one grateful 92-year-old woman feel like her wishes and concerns were always addressed, while providing emotional support and allowing for the patient to maintain her independence. Jen's care, compassion, humor and respect for the patient and for the traumatic event she had experienced gave the patient and her family the coping skills to get through each day with small victories and hope for more.

ECMC hosts 2016 Critical Care Nursing Conference

The Erie County Medical Center Corporation (ECMCC) held the Critical Care Nursing Conference for 2016, "Basing Your Practice on the Evidence." The annual conference is designed to provide knowledge of the best practices, current trends, and contemporary topics pertaining to the care and management of the critically ill patient. Through the knowledge and experts in the field, nurses are able to base their practice on the evidence.

ECMC Rehab Services hosts second annual Rehab Symposium

In the spring of 2016, ECMC and the ECMC Foundation held its second Rehab Symposium, titled "A Multidisciplinary Approach to the Neurologically Impaired Patient." For this conference, many of the Rehabilitation Department's experienced clinicians were invited to speak on a variety of topics pertaining to rehabilitation for patients with neurological diagnoses and impairments. Area therapists, rehab professionals, and therapy students from the community were invited to learn about some of the unique and specialty services that are available at ECMC. The keynote speaker was Susan Bennett, PT, DPT, EdD, NCS, MSCS, who lectured on "Rehabilitation in Multiple Sclerosis: Promoting Functional Recovery and Neuroplasticity." Over 110 people attended the conference which included a vendor fair. The feedback from the attendees was overwhelmingly positive.

ECMC Physical Therapy Dept. at School 84 Earns Clinical Education Award

The Physical Therapy Department at Public School #84 Health Care Center for Children at ECMC was recently awarded the "Outstanding Center for Physical Therapy 2015 Clinical Education Award" by the New York / New Jersey Physical Therapy Clinical Education Consortium. School #84 Health Care Center for Children, located on the ECMC Health Campus, is the designated school in the district for students with severe disabilities and illnesses and has 165 students in grades K-12. ECMC provides one senior physical therapist and one staff physical therapist at the school.

The winner of this award demonstrates the following criteria: promotes best practice, offers a diverse or advanced clinical experience to physical therapy students, has well designed clinical teaching methods and/or materials and demonstrates outstanding communication skills with students and academic programs. The nomination was made by the clinical education staff from D'Youville College. A ceremony to present this award took place at School #84. Representatives from D'Youville College, Daemen College, the University at Buffalo, ECMC, Associated Physical and Occupational Therapists and former physical therapy students of School #84 were present during the award presentation.

ECMC Symposium Featured Wound Care Experts

On September 24th, 2016, the ECMC Center for Wound Care and Hyperbaric Medicine and the ECMC Foundation held the fifth annual "Wound Care Symposium." The event was titled, "The Future of Wound and Hyperbaric Medicine: Can Your Practice Survive?" The Center for Wound Care and Hyperbaric Medicine at ECMC provides specialized treatment for chronic or non-healing wounds that have not significantly improved from conventional treatments. Several distinguished wound care specialists addressed approximately seventy clinicians in attendance during this conference. The Center for Wound Care and Hyperbaric Medicine at ECMC represents a partnership between ECMC and SerenaGroup™, Inc. The Center provides specialized treatment for chronic or non-healing wounds, which are defined as sores or wounds that have not significantly improved from conventional treatments.

CEO Tom Quatroche joined Governor Cuomo after Ride for Breast Cancer Screening

ECMCC President & CEO Tom Quatroche Jr., PhD, was proud to help welcome Governor Andrew M. Cuomo, Sandra Lee and Lieutenant Governor Kathy Hochul for the conclusion of the final leg of the state's first-ever breast cancer motorcycle ride – touring upstate New York and riding through the Capital Region, Mohawk Valley, Central New York, the Finger Lakes and Western New York.

The ride supported the Governor's comprehensive "Get Screened, No Excuses" campaign, which marks the nation's most aggressive effort to eliminate barriers to treatment, remove insurance hurdles and expand access to life-saving screenings. The ECMC Foundation's Mobile Mammography Unit was invited to participate in the event, helping to raise awareness on the importance of early breast cancer screening and treatment. Since ECMC Foundation's Mobile Mammography Coach was launched in 2012, over 11,000 women were screened on the coach.

Buffalo Bills and ECMC host 11th Annual Billieve Weekend featuring Buffalo Bills and Mobile Mammography

October 14th, 2016, kicked-off the Billieve Weekend in Western New York with the annual Billieve VIP party at 716 Food & Sports. Members of the Buffalo Bills and their families were on-hand to show their support for breast cancer awareness and the ECMC Mobile Mammography Coach. The fun began with a Friday night kickoff party with food and entertainment. On Sunday the 16th, the Buffalo Bills played the San Francisco 49ers and once again showed how much they Billieve in supporting Breast Cancer Awareness and the ECMC Mobile Mammography Coach. ECMC breast cancer survivors were honored during pre-game festivities on the football field as part of the NFL's Crucial Catch Campaign.

ECMC Oral Cancer Screening Program Opened to High-risk Individuals

Oral cancer is a quiet but deadly disease. Oftentimes it exhibits no symptoms until after it has spread outside the mouth, typically to the neck. The earlier these cancers can be detected, the better chances that they can be successfully treated. The ECMC Early Oral Cancer Detection and Diagnosis Screening Program is designed to detect head and neck abnormalities and cancers at the earliest and most treatable stages. Individuals at risk for head and neck cancer are currently eligible for screening as part of a research study entitled: *A Biorepository and Databank for Identifying Biomarkers for Oral Cancer*. The Department of Dentistry/Oral Oncology & Maxillofacial Prosthetics together with the Department of Head & Neck/Plastic & Reconstructive Surgery brings surgeons and dentists together to better understand, prevent, and treat these types of cancers.

ECMC joins hundreds of Organizations to Increase Colorectal Cancer Screening Rates across the Nation

March is Colorectal Cancer Awareness Month and ECMC celebrated in 2016 by making the pledge to help increase colorectal cancer screening rates by supporting the 80% by 2018 initiative, led by the American Cancer Society (ACS), the Centers for Disease Control and Prevention (CDC) and the National Colorectal Cancer Roundtable (a coalition co-founded by ACS and CDC). Dr. John Fudyma, Associate Director, ECMC Corporation, joined Mayor Byron Brown and other participating representatives at Buffalo City Hall to sign the pledge.

Colorectal cancer is the nation's second-leading cause of cancer-related deaths in the U.S. when men and women are combined; however, it is one of only a few cancers that can be prevented. Through colorectal cancer screening, doctors can find and remove hidden growths (called "polyps") in the colon, before they become cancerous. While colorectal cancer incidence rates have dropped in the U.S. among adults 50 and older, it is still the second leading cause of cancer death in the United States, despite being highly preventable, detectable and treatable. In fact, it is estimated that in 2016, 134,490 cases of colorectal cancer will be diagnosed.

"80% by 2018" is a National Colorectal Cancer Roundtable (NCCRT) initiative to substantially reduce colorectal cancer as a major public health problem and work towards the goal of 80% of adults aged 50 and older being regularly screened for colorectal cancer by 2018. Leading public health organizations, such as NCCRT, CDC and the ACS are rallying organizations to embrace this shared goal. If the goal of 80% by 2018 goal is achieved, 277,000 cases and 203,000 colorectal cancer deaths would be prevented by 2030.

9th Annual ECMC Summer Youth Internship Program A Huge Success

Hospital program continues to stand as the only such program in the region

On June 29, 2016, the ECMC Corporation's 9th Annual Summer Youth Internship Program held an orientation for 125 high school students who participated in a four-week comprehensive self-development program for area high school students administered by the ECMC Foundation. Fifty percent of the participating students come from Buffalo Mayor Byron Brown's Summer Youth Employment and Internship Program.

The program offers summer interns a 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 includes a hospital-based career exploration program; a heart health education program, an accident prevention course and/or a CPR certification course.

Buffalo Mayor Byron Brown said, "My annual summer youth employment and internship program has put thousands of young people from neighborhoods all throughout our city to work and this opportunity at ECMC will provide these high school students with real-life health care workplace experience, where they'll see firsthand the demands of a critically important work environment that has such an important impact on the lives of citizens. I am very appreciative and thankful that ECMC partnered with my Administration on this very worthy summer youth employment initiative, providing valuable work experience that will lead our children to realize a brighter future."

ECMCC President and CEO Thomas J. Quatroche Jr., Ph.D., said, "Healthcare is a growing industry in Western New York, and ECMC is proud to play our part to educate our youth and provide opportunities to serve the patients of our community. These students are brought into the daily workings of ECMC and are provided an in-depth understanding of how our hospital functions and cares for the patients we serve. Thanks to the strong support of Mayor Brown and the ECMC Foundation, this is an excellent opportunity for the students to become better acquainted with the important role hospitals play in serving our community."

ECMC Now Offering Portable Hemodialysis System for Home Use

Home Hemodialysis Treatments Can Improve Health and Quality of Life

The ECMC Dialysis Center announced it is offering home hemodialysis with the NxStage System One, the only truly portable hemodialysis system cleared by the FDA for home use during the day or overnight. More patients in the community now have the opportunity to experience the health and quality of life benefits of more frequent and/or longer home hemodialysis treatments.

Chronic kidney failure, also known as End-Stage Renal Disease, or ESRD, is a life-threatening condition that occurs when both kidneys are no longer able to process the body's wastes and excess fluids. To survive, ESRD patients require kidney replacement therapy for the rest of their lives either in the form of a transplant or some type of dialysis. More than 500,000 patients in the U.S. suffer from ESRD, and that number is expected to double in the next 10 to 15 years due to the alarming rise in diabetes, obesity and hypertension.

Hemodialysis, the cycling of the patient's blood through a filter and back to the patient, is the most common form of kidney replacement therapy. For the majority of people, this means going to an outpatient center three times a week for about four hours each session. This is a demanding regimen that intrudes upon family life, work and vacation planning. Although this treatment method is effective for many patients, research has shown significant health benefits can be attained from more frequent or longer duration hemodialysis, which is only logistically practical to do in the home setting. ECMC is now offering its ESRD patients this new treatment option that makes the potential benefits of home hemodialysis more attainable.

"Performing more frequent or longer dialysis in the home provides patients with better clinical outcomes as well as an improved quality of life," said Mandip Panesar, MD, Medical Director, Hemodialysis Unit, ECMC. "Patients have been very receptive to the NxStage system since it offers them the ability to perform sessions in their home, with more freedom and flexibility as to when and where they do their treatments. Because it mimics a working kidney more closely, more frequent and longer hemodialysis has been shown to reduce the stress on the heart, improve post-dialysis recovery time, better control blood pressure with fewer medications, provide improved mental and physical health, and lower the risk of death."

ECMCC Appoints New Chief Operating Officer

New COO brings over 20 years of experience in health care administration, financial management and quality care

On August 30, 2016, the Erie County Medical Center Corporation announced the appointment of Andrew L. Davis, MBA, as the organization's new Chief Operating Officer. The appointment of Mr. Davis came following a national search to fill the position. A resident of Braintree, MA, Mr. Davis has served in a variety of senior management positions in health care organizations in Florida, Massachusetts, North Carolina and Washington, D.C.

ECMCC Chair Sharon L. Hanson said, "We are thrilled to announce that Andy Davis is joining ECMCC as Chief Operating Officer. He brings a depth and wealth of experience that will contribute significantly to our ongoing delivery of health care services, as well as play a key role in the development and execution of future activities throughout our system of care."

ECMCC President and CEO Thomas J. Quatroche Jr., Ph.D., said, "ECMCC was fortunate to meet and interview several highly qualified candidates for this critically important senior management position and Andy emerged as the very best individual from a talented group of applicants. His strong background in

health care, financial and operations management, knowing well the complexity of managing hospitals in an ever changing landscape, will play a key role as we continue ECMCC's commitment to deliver the highest quality care for the residents of Western New York. As we continue to grow and expand our strategic collaborations with entities like Kaleida Health and the University at Buffalo, along with ECMCC's key role in the Millennium Collaborative Care effort, I am confident Andy's background and experience will strengthen further the various initiatives we pursue jointly with our health care partners."

Most recently, Andy Davis served as Interim Chief Executive Officer at United Medical Center in Washington, D.C., a 354-bed acute care hospital and skilled nursing facility. Prior to that position, he was President of Steward Carney Hospital in Massachusetts. He began his career in the early 1990's as a staff accountant, rising to senior auditor for a CPA firm in Pensacola, FL, whose clients included health care facilities, non-profit organizations that received federal funding and assisted living facilities. Over the next 18 years, Andy served six different health care facilities in various financial management capacities, including Director of Internal Audit, Assistant Controller and Chief Financial Officer, ascending eventually to Chief Operating Officer at Franklin Regional Medical Center in North Carolina and Chief Executive Officer at Sandhills Regional Medical Center and then Davis Regional Medical Center, both located in North Carolina.

ECMC Announces Hiring of Vice President of Communications and External Affairs

Peter K. Cutler was hired as the organization's Vice President of Communications and External Affairs. In this position, Mr. Cutler is responsible for all internal and external communications, publications, web site and social media, and community and government relations.

"We are very pleased that Peter is joining the ECMC family, bringing his years of communications, public affairs and public policy experience to our organization," Thomas Quatroche, President & CEO, ECMCC said. "His extensive knowledge of public communications, depth of experience in both the public and private sectors, and his understanding of issues connected to our community will be a tremendous asset for ECMC."

A Buffalo native and graduate of Bennett High School, Cutler has served in the administration of two New York State Governors – Mario M. Cuomo (Brooklyn Regional Representative; Deputy Director of Scheduling; and Director of Communications, NYS Dormitory Authority) and Andrew M. Cuomo (Director of Communications, NYS Department of Corrections and Community Supervision; Director Of Communications, NYS Division of Homeland Security and Emergency Services; Director of Communications and Special Projects, Erie Canal Harbor Development Corporation/Empire State Development, Buffalo Regional Office) – and two Buffalo mayoral administrations – Anthony M. Masiello (Director of Communications) and Byron W. Brown (Director of Communications). He began his professional career at ABC-News in New York City and has also worked in Buffalo for two advertising/public relations companies, Eric Mower Associates and the former Travers Collins Company. He received his Bachelor of Arts degree in History from Lake Forest College in Lake Forest, IL. He and his wife reside in Buffalo.

ECMC's Linda Schwab One of First in Nation to become Board Certified Trauma Registered Nurse

As of 2016, The Board of Certification for Emergency Nursing (BCEN) now recognizes ECMC Trauma Program Manager Linda Schwab, MS, RN, as a Trauma Certified Registered Nurse (TCRN). Schwab becomes one of the first trauma nurses in the country to take and pass the new exam to earn this credential through the BCEN. The TCRN is the first trauma-specific, national credential that designates expertise in trauma.

According to the BCEN, "The certification exam incorporates the body of knowledge in trauma nursing across the continuum of care, from injury prevention through reintegration to home. To qualify for the exam, one must hold either a current unrestricted Registered Nurse License in the United States or its Territories, or a nursing certificate equivalent to a Registered Nurse in the United States." BCEN also recommends an average of 1,000 practice hours per year across the trauma care continuum over a two year period before taking the exam.

Linda Schwab has served in various clinical positions during her 35 years at ECMC. As Trauma Program Manager (2004-present) she works regionally and in collaboration with statewide committees to establish trends in the incidence of traumatic accidents and to implement research-based practice changes in trauma care and public health policy. She is extensively involved in outreach education for injury prevention.

Since the early 1960s, ECMC has set trends in trauma and emergency care, developing practices, procedures and in some cases devices (such as the first crash cart) that have since become standards of care now utilized in hospitals across the nation and the globe. ECMC is designated a Regional Adult Trauma Center by the New York State Department of Health (2015) and Nationally Verified as a Level 1 Trauma Center by the American College of Surgeons (2015). ECMC has achieved the best trauma survival rate of all trauma centers in the State, according to a July 2006 report from the New York State Department of Health (www.health.state.ny.us). ECMC offers trauma and burn educational programs for professionals as well as the general public.

Dr. Michael Cummings Appointed Associate Medical Director, Behavioral Health Services

Erie County Medical Center Corporation formally announced the appointment of Michael R. Cummings, MD, to the position of Associate Medical Director, Behavioral Health Services.

ECMC Corporation President and CEO Thomas J. Quatroche Jr., PhD, said, "Dr. Cummings has a proven record of success as Executive Director of our Behavioral Health Center of Excellence. His expertise and highly regarded reputation for innovative and groundbreaking behavioral health treatment protocols have solidified ECMC's leading position in this critically important area of healthcare. Appointing him as Associate Medical Director is the next logical step as we address the need to further enhance and augment these services on-campus and in our community."

ECMC Corporation Chief Medical Officer Brian M. Murray, MD, said, "This is a well-deserved appointment for Dr. Cummings, who has been acting in this capacity for the past two months and has already made a tremendous impact on our programs in addition to his role as Executive Director of Behavioral Health at ECMC."

Dr. Cummings is also the Assistant Professor and Vice Chair of the Division of Community Psychiatry in the Department of Psychiatry, the State University of New York at Buffalo (S.U.N.Y. Buffalo), and the

Program Director of Pediatric Behavioral Health for Women and Children's Hospital of Buffalo. He has clinical and administrative oversight of adolescent and adult forensic care within much of Erie County, oversight of high-needs children and adults within community mental health centers and the CPEP (Comprehensive Psychiatric Emergency Program) and responsibility for teaching and supervising clinicians within these settings. He also oversees all psychiatric and chemical dependency services at ECMC and at Women and Children's Hospital of Buffalo.

Dr. Cummings studied nutritional sciences at Cornell University as an undergraduate and completed medical school and residencies in psychiatry and child psychiatry at S.U.N.Y. Buffalo.

Dr. Cummings has received numerous awards, most recently the Mental Health Association of Erie County Outstanding Professional of the Year Award and he has authorized many publications in his field.

Dr. Kathleen Grimm appointed Director of Palliative Medicine

Dr. Kathleen T. Grimm, MD, MHSc, was appointed Director of Palliative Medicine at ECMC. Dr. Grimm has already been providing palliate care at ECMC and has established a diverse community outreach team. She is a strong advocate for the role of palliative care in filling the large gap between the onset of chronic disease and the need for hospice care at the end of life. Dr. Grimm is also working to address the large disparities in care in chronic diseases and has been making presentations on The Conversation Project, the initiative to encourage conversations about wishes and plans for end-of- life care. Based on her passion for this work and ECMC's mission of care, Dr. Grimm provides these services to the ECMC community as the new Director of Palliative Medicine.

Dr. Grimm is a graduate of the School of Medicine and Biomedical Sciences at UB and completed a four-year residency in combined Internal Medicine/ Pediatrics in Buffalo. Following her residency, she was in private practice for over ten years, then worked at the UB Medicine/Pediatrics Linwood Avenue Clinic and at Children's Hospital of Buffalo Adolescent Clinic, where she actively participated in the teaching of residents and medical students. Dr. Grimm completed a master's program in bioethics at the University of Toronto in 2008.

ECMC VP of Clinical Integration Dr. John Fudyma recognized for exceptional teaching skills

John Fudyma, MD, MPH, received honorable mention for the Siegel Award. This award is given by UB medical students to honor exceptional teachers who have outstanding instructional skill, ability to stimulate thinking and develop understanding in students, demonstration of sensitivity toward the human condition, and ability to serve as a role model for students. Dr. Fudyma is the Division Chief for General Internal Medicine at both UB and UBMDIM, an associate professor at UB and Vice President of Clinical Integration at Erie County Medical Center Corporation.

Mary Rhinehart appointed Director of Critical Care Education

Mary Rhinehart, RN, MSN, was appointed to the position of Director of Critical Care Education. Mary comes with a vast array of critical care experience including trauma and burn care previously at ECMC. Mary has worked as manager of hospital development for Unyts and most recently a Critical Care Educator. She holds her master's degree in nursing education, and is currently an adjunct Nursing Professor at Daemen College.

Kelly Showard Appointed Director of Community Relations

Kelly Showard, MS, was appointed Director of Community Relations. Kelly is experienced in developing, coordinating, and implementing programs aimed at eliminating racial, ethnic and socioeconomic health inequities including issues of disparity. In this position, she is responsible for developing and managing community partnerships with businesses, service providers, community-based groups, faith communities, public and private organizations, non-profit organizations and school districts. Kelly served as the director of communications for Millennium Collaborative Care, the Medicaid redesign program of WNY created to reduce avoidable emergency room visits and hospitalizations. Previously, Kelly was the program manager for health engagement outreach for the eight counties of Western New York with the P2 Collaborative of WNY. Her work focused on empowering communities to address social determinants of health they believed would have the greatest impact on their health.

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, 2016 is included in this report

(ii) Grant and Subsidy programs - please see page 49 of Audited Financial Report "Schedule of Expenditures of Federal Awards"

(iii) Operating and Financial Risks

The Operating and Financial Risks are discussed within the Audited Financial Report attached.

(iv) Current Bond Ratings

Information related to the long term debt and bonds of ECMCC are contained within the audited financial report attached. There are no ratings associated with the debt of ECMCC and the reader should look to the ratings of Erie County whose relationship with the debt is also discussed within the audited financial report.

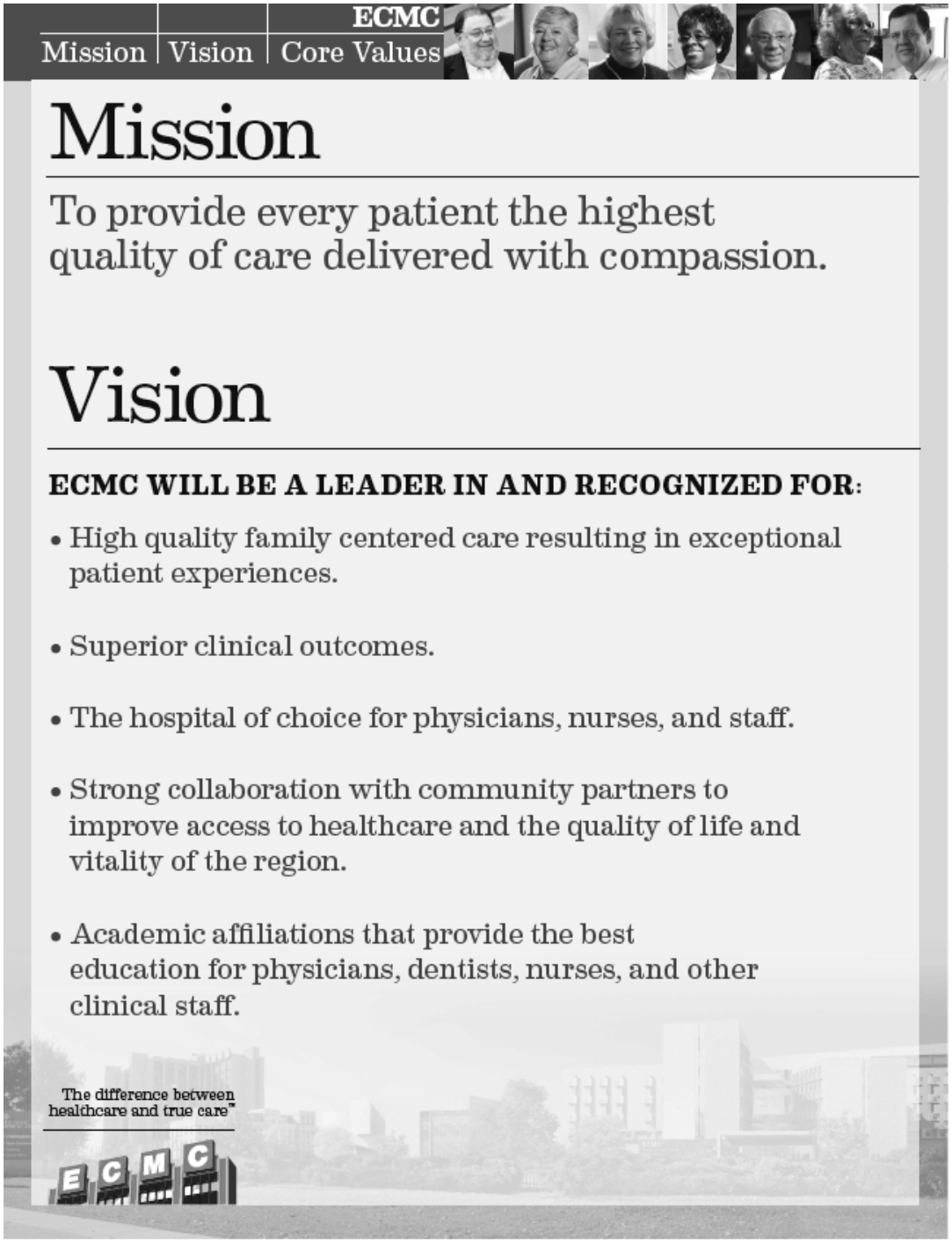
(v) Long Term Liabilities and Employee Benefit Plans

Long term liabilities, including those associated with employee benefit plans are presented in the audited financial report attached.

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 care™
ECMC


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™
ECMC

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

Authority Performance Measurement Report
December 31, 2016

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
2. Business performance – expand clinical growth, maintain profitability
3. Focus on Patient Experience
4. Focus on Collaboration/Care Redesign

Authority Performance Measurement Report
December 31, 2016

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

List of Performance Results – 2016:

1. Achieve and maintain a high level of quality in all clinical services
    - Received Joint Commission Accreditation through September 2019
    - 2016 Women's Choice Award: Best Hospital for Patient Safety
    - Leapfrog score "B"
    - Terrace View Star Rating: 3 Stars
    - Achieved AHA – GWTG Stroke and CHF Gold Plus recognition
    - NCQA recognition for patient center medical home Level 3
    - OMH survey- 3 year operating certificates received
    - 21 successful surveys completed by various regulatory agencies

2. Business performance – expand clinical growth, maintain profitability
    - Added physicians in orthopedics (2), cardiology (3), bariatrics (1) , new hospitalist (1), and neurosurgeon (1)
    - Orthopedic Center opened April 7th, 2016
    - Opened 16th Surgical suite
    - MWBE Goal Exceeded
    - Continued improvement in Average Length of Stay
    - 2.5% increase in inpatient discharges (18,839 vs. 18,375)
    - 3.7% increase in general surgeries (12,639 vs. 12,188)
    - 3.0% increase in emergency room visits (69,290 vs. 67,267)
    - 5.0% increase in outpatient visits (306,564 vs. 292,040)
    - 25.5% increase in transplant surgeries (128 vs. 102)
    - Reduced employee turnover by 50%
    - Reduced ALC patient volume

3. Focus on Patient Experience
    - CMS Patient Experience: 3 Stars (1 of only 2 hospitals in WNY)
    - Continued five (5) year trend of improvement in HCAPS scores
    - Serenity Room opened
    - Painted and Installed Healing Ceiling tiles
    - Implemented post discharge follow up program
    - Patient Experience open house
    - Implemented the "Quiet at Night" initiative
    - Hiring of Patient Experience Manager
    - Patient Advisory Council : Mapping patient touch points
    - Dedicated Patient Experience corridor combining Patient Experience Office, Patient Advocates, Pastoral Care, Clinical Patient Liaison, and Family Center

4. Focus on Collaboration/Care Redesign
    - Seamless integration of HEALTHeLINK within our inpatient electronic medical record
    - Improvement in Medicaid transportation services
    - Community Stroke Awareness program
    - Trauma training
    - Mash Urgent Care Center collaboration
    - Community Outreach Recruitment program

Authority Performance Measurement Report
December 31, 2016

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

List of Performance Goals – 2017:

1. Achieve and maintain a high level of quality in all clinical services

2. Business performance/Operations – expand clinical growth, maintain profitability

3. Focus on Patient Experience

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 2016.

$2,860,000 of bonds matured or were redeemed in 2016.

$81,930,000 of 2004 bonds remain outstanding at December 31, 2016.

Erie County Loan Payable

No debt was issued, called, or re-financed during 2016.

$5,000,710 in principal payments were made in 2016.

$75,810,973 of debt is outstanding at December 31, 2016.

Key Government Finance Master Tax Exempt Lease/Purchase Agreement

During 2015, the Corporation entered into a $10,000,000 capital lease obligation

$2,115,958 in principal payments were made in 2016.

$7,807,816 of debt is outstanding at December 31, 2016.

Key Bank Loan

During 2016, the Corporation entered into a $8,100,000 business loan

No principal payments were made in 2016.

$8,100,000 of debt is outstanding at December 31, 2016.

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
Abbey	Denise	L	Behavioral Health Clinical Manager	109,950.55
Ahmed	Mohamed	S	Medical Specialist PT	146,442.86
Amsterdam	Daniel		Director Laboratory	175,362.38
Anders	Mark	J	Medical Specialist	114,409.50
Arnold	William	R	Nursing Informatics Mgr	112,978.00
Bailey	Steven	E	Nursing Supervisor LTC	111,148.61
Bartosiewicz	Christine	M	General Duty Nurse	105,315.51
Beauchamp	Sandra	A	Nurse Case Manager	103,356.72
Beckman-[redacted]	Karen	M	Clinical Nurse Specialist Emerg Svcs	132,370.34
Bethea	Marquita	E	Director of Admissions LTC	100,334.88
Billittier	Anthony	J	Assistant Medical Director ECMC	216,153.23
Blair	Lindsey	N	Charge Nurse	101,280.47
Borton	Angela	R	Pharmacist	112,092.99
Brinker	Debra	L	Charge Nurse	100,369.22
Brinkworth	Jennifer	L	Charge Nurse	111,457.02
Brock	Carole	D	Anesthetist	182,323.29
Brown	Dana	A	Anesthetist	183,567.58
Brown	Donna	M	Associate Hospital Administrator	112,999.68
Brown	Lisa	K	Director of Nursing Service LTC	107,019.00
Brown	Jillian	S	Behavioral Health Clinical Manager	100,708.97
Brundin Jr	Douglas	A	Anesthetist	171,616.32
Burke	Mark	S	Attending Physician	567,068.42
Burridge	Suzanne	L	Pharmacist ECMC	118,122.90
Burt	Mary	M	Charge Nurse	103,943.68
Bystrak	Cathy		General Duty Nurse	117,117.00
Carcaterro	Shawn	E	Minimum Data Set Specialist	103,552.47
Carroll	Laurel	A	Behavioral Health Clinical Manager	104,110.72
Caruana	Joseph	A	Attending Physician	398,973.38
Cassetta	David	C	Charge Nurse	120,949.60
Cavaretta	Mark	F	Attending Physician	347,509.22
Cherkis	Jennifer	L	Transplant Coordinator	156,391.98
Chizuk	Steven	M	Director of Budget ECMCC	118,000.61
Cieri	Margaret	M	Nursing Care Coordinator	116,997.04
Cirillo	Joseph	B	Director Public Relations Communication	100,352.06
Cleckley	Shonda	S	Unit Manager Behavioral Health	100,933.99
Cleland	Richard		Chief Executive Officer ECMC	599,999.92
Colebeck	Amanda	C	Dentist MC	126,923.20
Colomaio	Rosemarie	F	Nurse Case Manager	106,920.19
Colucci	Anthony	J	General Counsel RPT	527,824.73
Coniglio	Julia	G	Anesthetist	156,638.87

Cramer	Peggy	M	Consultant IV PT	187,478.59
Culkin-	Julianne	M	Chief Human Resources Officer	259,615.60
Cumbo	John	N	Director of Technical Services	151,315.62
Cutler	Peter	K	VP of Communications & External Affairs	141,851.60
Cutrona	Sandra	R	Director of Medical Records	105,557.52
Czajka	Valerie		Nursing Supervisor LTC	102,712.62
D'Amaro	Gerald	F	Administrative Director of Laboratory Se	102,981.00
Darling-	Mollyann		Charge Nurse	130,004.82
Davis	Howard	I	Anesthesiologist ECMC MC	498,920.42
Davis	Kristen	M	Vice President Managed Care	146,394.00
Davis	Andrew	L	Chief Operating Officer ECMC	121,538.34
Davis	Cassandra	A	Assistant VP Ambulatory Services	103,292.16
DeLaPlante	Suzanne	J	Clinical Perfusionist	131,004.98
DelGuidice	Natalie		Clinical Pharmacy Specialist	120,368.44
DelPrince	Becky	S	VP of Systems and Integrated Care	159,227.68
DelVecchio	Regina	A	Staff Counsel ECMC	126,153.06
Denisco	Dawn	M	Anesthetist	187,365.93
DePinto	Anthony	T	Administrator LTC	144,499.40
Dhillon	Jaspreet	K	Attending Physician RPT	240,227.30
Diina	David	J	Nurse Practitioner Rehab Services	143,455.97
Dipirro	Michele	L	Nursing Team Leader LTC	118,253.94
Dobson	Judy	L	VP Medical Surgical Nursing Svcs.	160,268.71
Dolansky	Evan	P	Pharmacist ECMC	117,560.35
Durante	Shelley	A	Anesthetist	178,523.86
Dvinova	Larisa	M	Charge Nurse	102,488.47
Eckert	Patricia	L	Senior Ultrasonographer	123,500.13
Ejimadu	Fidelia	C	Charge Nurse	101,056.45
Erhardt	Robert	M	Chief Hospital Public Safety Officer	161,835.16
Ervolina	Daryl	M	Senior Pharmacist ECMC	129,597.01
Everett	Charles	W	Anesthesiologist ECMC MC	490,511.73
Fagan	Lisa	M	Transplant Coordinator	127,965.55
Farrell	Kristin	R	Nursing Team Leader	111,785.52
Feidt	Leslie	A	Chief Information Officer ECMC	209,703.37
Fenner	Nicholas	J	Pharmacist	114,415.26
Ferguson	Richard	E	Clinical Director RPT	320,575.63
Flynn	Douglas	G	AVP Facility Construction Maint.	171,753.00
Flynn	William	J	Clinical Director	158,221.92
Forgensi	Stacey		Anesthetist	160,194.47
Frustino	Jennifer	L	Junior Dentist Dental Oncology	212,085.36
Fryling	Kathleen	M	Transplant Coordinator	134,449.68
Furnari	Graziella		Clinical Pharmacy Specialist	120,824.29
Gagne	Melissa	S	Vice President Compensation & Benefits	144,749.42
Gallineau	Anne-Marie		Nursing Care Coordinator	120,272.25
Gary	Stephen	M	Chief Financial Officer ECMC	449,039.08
Gatti	Donna	M	Director CPEP	105,001.00
Gerard	David	G	Senior Pharmacist ECMC	148,604.91
Gerretsen	Carly	A	Nurse Practitioner Plastics Recons Surg	116,199.97
Gerwitz	Randy	A	Director Pharmacy	161,889.74
Gian	Kathleen	M	General Duty Nurse	122,746.76
Giordano	Donald	J	Clinical Resource Nurse Emerg Services	104,857.24
Gonzalez	Susan	M	Executive Director ECMC Foundation	152,589.88

Gorczynski II	Thomas	S	Information Technology Systems Architect	117,662.38
Green	Karen	A	Nursing Supervisor LTC	121,545.25
Grolemund	Stephanie	A	Anesthetist	156,285.70
Grzebinski	Jane	F	Pharmacist ECMC	124,896.53
Grzybowski	Helen	T	In-Service Education Coordinator	102,382.68
Gunther	Mark	W	Assistant VP of BH & Community	120,000.39
Hartman	Sandra	A	Nursing Care Coordinator	109,216.19
Haseley	Nicole	M	Transplant Coordinator	122,472.29
Hastings	Lisa	A	Anesthetist	175,694.84
Hauss	Lisa Marie		Unit Manager Medical/Surgical	106,128.42
Haynes	Judith	M	Unit Manager Medical/Surgical	110,964.74
Hearon	David	H	Charge Nurse	116,597.72
Hepburn	Jeremy		Unit Manager Medical/Surgical	107,525.66
Hidalgo	Francisco		Code Compliance Manager	108,617.32
Hill	Tara	J	Charge Nurse	195,721.55
Hinderliter	Vanessa	S	Director Finance ECMC	120,092.06
Hoerner	Audrey	A	Nurse Practitioner Burn Treatment	125,348.28
Hoffman	Mary	L	Senior VP of Operations ECMC	350,000.04
Horesh	Fayelyn	J	Anesthetist	155,957.57
Hughes	Robert	L	Nurse Case Manager	100,676.86
Hunter	Dorathy	M	Charge Nurse	135,191.70
Hynes	Anne	Z	Nursing Supervisor LTC	110,517.18
Jensen	Erik	J	Anesthesiologist ECMC MC	538,955.75
Johnson	Jarrod	G	Senior VP of Operations ECMC	261,019.35
Johnson	Marie	A	Assistant Vice President of Rehabilitation	130,371.25
Johnson	Maureen	B	General Duty Nurse	105,992.04
Jones-Carter	Sandra	D	Charge Nurse	103,301.65
Kajtoch	Susan	F	Nursing Team Leader LTC	130,058.09
Kapral	Elizabeth	B	Dentist MC	129,981.43
Kayler	Liise	k	Clinical Director RPT	165,409.36
Keenan	Lisa	A	Chief Clinical Psychologist	109,732.64
Kiblin	Patricia	A	Unit Manager Medical/Surgical	111,134.75
Kimori	Everesto	M	Charge Nurse	124,695.03
Klenk	Scott	D	Anesthetist	179,458.88
Kline	Timothy	J	Unit Manager Critical Care	102,079.61
Knox	Nicole	L	Director of Transplantation	100,001.17
Kolbert	Cynthia		Charge Nurse	101,401.16
Konikoff	Karen	S	Assistant VP of Critical Care & Emergency	149,086.23
Kordasiewicz	Lynn	M	Nurse Practitioner Wound Care	120,076.13
Korff	Kathryn	C	Junior Dentist Dental Oncology	149,451.54
Kossoff	Ellen	B	Pharmacist ECMC	112,169.82
Ksiazek	Susan		Dir Of Med Staff Quality Education	153,014.51
Labelle	Marc	P	Assistant Vice President of Surgical Ser	112,904.09
Lakso	Madonna	L	Charge Nurse	104,420.98
Lauer	Sandra	L	Director of Continuum Care	111,115.60
Lavarnway	Nicole	M	Nursing Supervisor LTC	113,751.90
Lawley	Melinda	M	Unit Manager Critical Care	102,110.94
Lehman	Leorosa	O	Asst Director Clinical Lab Pathology	130,789.96
Lelonek	Susan	M	Charge Nurse	105,248.19
Lenhard	Eric		Pharmacist ECMC	110,206.01
Leyh	Virginia	M	Transplant Coordinator	140,361.16

Lezynski	Sharon	A	General Duty Nurse	115,894.02
Liebel	Bruce	K	Reimbursement Director ECMC	107,597.59
Lim	Meghan	K	Pharmacist	111,473.40
Longobardi	Theresa		In-Service Education Coordinator	110,489.57
Loree	Thom	R	Clinical Director	732,083.46
Luangrath	Phousavath	N	General Duty Nurse	111,529.54
Ludlow	Charlene	J	VP of Safety & Security	176,272.88
Lymburner	Leslie	K	Controller	173,359.76
Mailloux	Justine	A	General Duty Nurse	124,534.06
Maki	Shirley	A	General Duty Nurse	102,624.00
Malovich	Jeanne	M	In-Service Education Coordinator	101,899.21
Marczak	Juliet	M	Nurse Practitioner Plastics Recons Surg	108,093.14
Marella	Melissa	A	Ultrasonographer	101,011.41
Markiewicz	Anthony	A	Vice President Clinical Business Intel.	158,013.46
Martin	Donna	M	Renal Services Support Nurse - Peritonea	126,250.74
Mason	Molly	A	Anesthetist RPT	124,034.87
Mazur	Christopher		Pharmacist ECMC	113,797.48
Mcdougall	Sarah	N	Pharmacist	110,748.71
McGuigan	Jessica	L	Unit Manager Medical/Surgical	104,824.01
Melvin	Sonja	M	Unit Manager Medical/Surgical	106,226.15
Mentecky	Donna	M	Senior Pharmacist ECMC	132,974.18
Meyers	Shannon		Anesthetist	156,899.72
Miano	Joanne	C	Nurse Case Manager	100,202.93
Michaliszyn	Krystyna	A	Chief Clinical Laboratory Technologist	106,248.55
Minhas	Parveen	K	Nurse Practitioner Transplant	141,465.42
Mitchell	Shawn	D	General Duty Nurse RPT	136,391.97
Moessinger	Lawrence	V	Director Info System Development	132,490.91
Montesano	Susan		Nurse Case Manager	105,625.37
Moscato	Carla	J	Anesthetist	156,914.45
Mund	Nadine	M	Director of Corporate Compliance	123,545.24
Murawski	Phyllis	A	VP Transplantation & Renal Care	171,346.80
Murray	Brian	M	Medical Director ECMC	457,097.00
Myers	David	P	Anesthesiologist ECMC MC	482,119.80
Nasca	Maureen	S	Chief of Service Dentistry	392,147.62
Nawojski	Kari	A	General Duty Nurse	101,497.87
Nazzarett	Jody	L	Nursing Team Leader	101,341.35
Neff	Melissa	A	Unit Manager Cardiac Cath Lab	148,837.51
Nicosia	Cheryl	A	Clinical Nurse Specialist Critical Care	124,895.67
Norcia	Deborah	C	Pharmacist ECMC	117,146.23
Oddo	Donna	M	Nursing Care Coordinator Emergency Dept	135,227.24
Ormond	JoAnn		VP Revenue Cycle	152,308.75
Osmola	Joann	C	Senior Clinical Laboratory Technologist	150,054.00
Ott	Michael	C	Clinical Coord Pharmacy Services	133,169.70
Palczewski	Dolores	M	Chief Clinical Laboratory Technologist	106,808.74
Panesar	Mandip		Chief Medical Information Officer RPT	156,484.81
Paolini	Karen	L	Nurse Practitioner Transplant	198,083.54
Parker	Michael	A	Psychiatric Social Worker	101,361.32
Pawenski	Edward	J	Director of Oncology Dentistry and Prost	108,511.31
Picciano	Thomas	D	Nurse Case Manager	104,780.82
Pilat	Cynthia	J	Charge Nurse	108,087.24
Plotkin	Scott	N	Anesthesiologist ECMC MC	482,463.43

Popat	Saurin	R	Attending Physician Con PT	356,876.27
Potter	Christopher	D	Systems Administrator	112,235.08
Price	Donna	M	Nurse Case Manager	101,868.89
Przespolewski	Eugene	R	Senior Pharmacist ECMC	133,104.05
Pulka	Ashley	L	Pharmacist ECMC	111,136.70
Quatroche Jr.	Thomas		Chief Executive Officer ECMC	762,085.42
Rathgeber	Pandora	P	General Duty Nurse	100,586.17
Reed	Kristine	A	Nurse Clinician Renal	168,431.81
Resetarits	Christopher	M	Anesthetist	155,752.22
Rhinehart	Mary	C	Director Critical Care & Nursing Education	111,058.40
Riley	Pamela		Unit Manager Medical/Surgical	102,456.99
Rizzo	Heather	R	Anesthetist	111,459.38
Robinson	Constance	O	Nursing Supervisor LTC	114,454.89
Rogers	Timothy	J	Senior Hospital Public Safety Officer	111,719.90
Rogers	Nancy	S	Clinical Nurse Specialist Behavioral Health	110,152.58
Rojek	Janet	M	Pharmacist ECMC	129,411.74
Roland	Lynnette	M	Nursing Team Leader LTC	113,615.28
Rossitto	Rachael	A	Senior Dentist Dental Oncology	238,596.12
Ruh	Christine	A	Clinical Pharmacy Specialist	122,457.29
Sacks	Andrew	J	Anesthesiologist RPT MC	299,946.45
Sammarco	Michael	J	Chief Financial Officer ECMC	215,891.23
Sands	Robert	P	Anesthesiologist ECMC MC	482,111.44
Scharf	Jennifer	R	Staff Counsel ECMC	132,306.82
Schunke	Katrina	M	Pharmacist ECMC	121,251.74
Schurr	Karen	D	Clinical Asst to VP Surg Card Svcs	109,778.52
Schwab	Linda		Trauma Program Manager	124,091.20
Schwanekamp	Karen	A	Anesthetist	178,365.72
Scrocco	Mary Carol		Nurse Practitioner Cardiovascular Lab	128,857.78
Seay	Michelle	D	Clinical Patient Care Liaison	107,272.84
Shapiro	David	I	Anesthesiologist RPT MC	265,541.07
Shea	Mary Molly	E	Patient Safety Clinical Investigation Co	120,930.71
Sheehan	James	G	Nurse Case Manager	105,562.91
Sheppard	Judith	E	Nursing Supervisor LTC	122,801.99
Shisler	Tomi	E	Nurse Practitioner Transplant	168,517.38
Siskin	Stewart	B	Pharmacist ECMC	112,373.98
Sitgreaves	Theressa	A	Assistant Vice President Surgical Nursing	113,519.15
Skomra	Richard	L	Chief Anesthetist	238,332.69
Smith	Deborah		General Duty Nurse	108,396.22
Sperry	Howard	E	Clinical Director Medicine	279,918.50
Stegemann	Philip	M	Chief of Orthopedic Surgery	117,148.20
Steinhart	Lorne	H	Special Asst to CEO	120,202.98
Stercula	Edna	M	Anesthetist	178,165.55
Steward	Kevin	R	Nursing Care Coordinator	112,988.18
Stobnicki	Cortney	B	Anesthetist	157,916.90
Strek	Richard	J	Senior Clinical Laboratory Technologist	114,124.56
Stroud	Kerry	A	Nursing Care Coordinator	119,131.51
Swain	Maureen	A	Charge Nurse	101,254.79
Syed	Masroor	A	Anesthesiologist ECMC MC	482,119.80
Tabi Mensah	Harold		General Duty Nurse	111,676.30
Tague	Dana	E	Nurse Practitioner Rehab Services	150,073.98
Tait	Christopher	A	Nurse Case Manager	105,210.76

Tarbell	Ross	J	Senior Pharmacist ECMC	144,602.88
Thompson	Denise	B	Behavioral Health Clinical Manager	102,369.36
Thorpe	Lisa	F	Supervisor of Rehab Medicine	115,063.20
Tomljanovich	Paul	I	Attending Physician Con PT	201,778.75
Tornambe	Lynne	L	Pharmacist ECMC	118,306.96
Turner	James	T	Senior VP of Surgical and Ambulatory Ser	262,904.35
Turner	Charlaina	J	Assistant Head Nurse	115,380.04
Vail	Robert	R	Healthcare Information Security Officer	136,957.76
Venti	Kimberly	A	Director of Campaigns & Major Gifts	103,942.85
Victor-	Ann	E	Consultant IV	124,815.60
Walleshauser	Caitlin	M	Ultrasonographer	101,071.59
Walters	Dawn	K	VP Behavioral Health & Rehab Services	188,472.82
Walters	Kimberly	J	General Duty Nurse	106,940.53
Waterstram	Richard	C	Behavioral Health Clinical Manager	101,733.00
Weber	Barbara	A	Nursing Team Leader Radiology	137,844.03
Weibel	Paula	K	Pharmacist ECMC	116,538.90
Weiss	Katherine	A	Pharmacist ECMC	142,278.36
Wheaton	Tina	M	Renal Services Support Nurse-HHT	133,112.47
Whitehead	Lynn	M	Clinical Teacher	130,711.53
Wilde	Colleen	S	Unit Manager Post Anesthesia Care	118,132.93
Wohaibi	Eyad	M	Attending Physician	108,650.00
Wolf	Joann	S	Nursing Team Leader	100,079.11
Worthy	Cornell		Supervisor HVAC System	113,916.70
Yotter	Emily	A	General Duty Nurse	104,615.41
Zakrzewski	Thomas	J	Nursing Supervisor LTC	116,653.87
Ziemianski	Karen	A	Senior VP of Nursing	305,217.25
Zimpfer	Anne	M	Charge Nurse	132,477.77

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

Project	**Project Duration**	**Project Cost**
Emergency Room Renovation Project	Began December 2015	$0.7 million
Orthopedic Clinic Renovations	July 2015 to September 2016	$3.5 million
Security System/Access Control Improvements	Began August 2015	$2.0 million
Cardiac Cath Lab	July 2015 to May 2016	$1.0 million
Pathology Renovations	Began September 2015	$0.5 million
Grider Family Health Renovations	January 2016 to November 2016	$0.4 million
Flood Remediation	October 2015 to May 2016	$0.4 million
Ground Floor Consolidation	January 2016 to November 2016	$0.2 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 of [4] all real property of such authority having an estimated fair market value in excess of fifteen thousand dollars that the authority [5] acquires or disposes of during such period. The report shall contain [6] 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 transferred title of the property in Alden that was previously the Erie County Home to Erie County. This property had a net carrying value of $3,355,745.

(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 2016.

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

Independent auditors did not identify any deficiencies in internal control to be material weaknesses.

The independent audit also did not identify any significant deficiencies for 2016. Additionally, there were no significant deficiencies reported in 2015 that management attention during 2016.

Assessment of Effectiveness of Internal Controls New York State PARIS Reporting System for 2016

Throughout 2016 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 integrity of financial reporting and other matters were continuously evaluated. This evaluation included my personal inquiry of various members of the Executive Leadership Team, the staff assigned to key functions within the Finance function and it various cycles, as well as 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. In addition to my personal evaluation, the regular work of the ECMCC Internal Audit function, The Controller of ECMCC and Director of Finance of ECMCC involves their continued evaluation of systems of internal accounting control including implementing any necessary changes in the systems to assure assets are safeguarded.

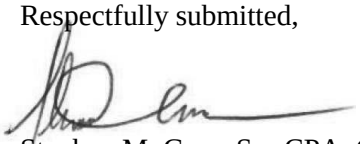
After the completion of an Enterprise Wide Risk Assessment and its acceptance by the Audit Committee of The Board of Directors, Management coordinated internal audit activities with respect to several business cycles. Opportunities for improvement in processes and internal controls were identified and implemented together with a process for the ongoing monitoring of the improvements. The results of the internal audit activities as well as the ongoing monitoring have been a regular agenda item for the Audit Committee of The Board of Directors.

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 External Independent Auditor.

During 2016, ECMCC cooperated with and participated in an audit by the Office of The New York State Comptroller (OSC) related to certain compensation paid for the period 2013 through 2015. The report of the OSC, including Management’s response can be found in the OSC website. The majority of opportunities for improvements noted in that report were identified by Management and corrected prior to the commencement of this audit as a result of the activities noted above and its prior assessments. The remainder of opportunities were minor in nature, were corrected immediately when brought to Management's attention and represent what Management believes is a misunderstanding or misapplication of rules within a complex academic health care organization by the OSC.

Based on the forgoing, it is my ongoing assessment that there is an effective system of internal accounting control to safeguard the assets of ECMCC and that improvement to that system are made as required to assure its ongoing effectiveness.

Respectfully submitted,



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

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 26, 2016 (Annual Meeting)
Tuesday, February 23, 2016
Tuesday, March 22, 2016
Tuesday, April 26, 2016
Tuesday, May 31, 2016
Tuesday, June 28, 2016
Tuesday, July 26, 2016
Tuesday, August 30, 2016
Tuesday, September 27, 2016
Tuesday, October 25, 2016
Tuesday, November 29, 2016

(iii) **Descriptions of major authority units, subsidiaries, and –** please see Section II-1
A description of the major units and subsidiaries in included in Note 1 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 Report.

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

See separate PDF "ECMC Budget Plan 2017"

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 14 in the enclosed audited financial statements beginning on page 43. 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 was established as a New York State Public Benefit Corporation and since 2004 has included an advanced academic medical center with 602 inpatient beds, on- and off-campus health centers, more than 30 outpatient specialty care services and Terrace View, a 390-bed long-term care facility. ECMC is Western New York's only Level 1 Adult Trauma Center, as well as a regional center for burn care, behavioral health services, transplantation, medical oncology and head & neck cancer care, rehabilitation and a major teaching facility for the University at Buffalo. Most ECMC physicians, dentists and pharmacists are dedicated faculty members of the university and/or members of a private practice plan. More Western New York residents are choosing ECMC for exceptional patient care and patient experiences—*the difference between healthcare and true care*™.

PPC Strategic Services LLC

The Corporation is the sole owner of this enterprise, which was established to enable the Corporation to enter into various other business relationships, and to provide management services to them, as needed. The accounts of PPC Strategic Services LLC are consolidated into the accounts of the Corporation as of, and for the years ended, December 31, 2016 and 2015, respectively.

The assets of PPC Strategic Services LLC consist of cash, intercompany receivables, and furniture totaling approximately $2 million at year-end 2016. Net Position was approximately $1,663,000 at December 31, 2016, and $1.3 million at the previous year-end. Operating Revenue was approximately $6.3 million while expenses totaled $5.9 million.

PPC Strategic Services LLC (formerly named ECMCC Strategic Services, LLC) owns Greater Buffalo Niagara SC Venture, LLC, a presently inactive entity. The ownership interest is accounted for utilizing the equity method of accounting.

The Officers of this entity are the CEO and CFO for Erie County Medical Center Corporation.

Grider Community Gardens, LLC

This entity is wholly owned and controlled by the Corporation. The Corporation's net investment as of December 31, 2016 and 2015 is approximately $483 thousand and $428 thousand, respectively, and is reflected in other non-current assets of the parent company's financial statements.

The Officers of this entity are the CEO and CFO for Erie County Medical Center Corporation.

Grider Support Services, LLC

This entity was formed to act as a Management Services Organization ("MSO") for oncology and physician services for ECMC Hospital. The entity acts as a pass through entity, and has no substantial assets or liabilities, or significant operating results. Its activity is consolidated into ECMC Corporation operations.

The Officers of this entity are the CEO and CFO for Erie County Medical Center Corporation.

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, D.C.
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

William A. Pauly

Kevin Pranikoff, M.D.

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

Andrew L. Davis, M.B.A.
Chief Operating Officer

Jarrod Johnson, M.B. A., F.A.C.H.E.
Senior Vice President of Operations

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

James Turner, RN, BSN
Senior Vice President, Surgical and Outpatient Services

Leslie Feidt
Chief Information Officer

Julia Culkin-Jacobia
Chief People Officer

Anthony J. Colucci, III
General Counsel

Donna M. Brown
Associate Hospital Administrator

Peter K. Cutler
Vice President of Communications and External Affairs

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

Al Hammonds
Executive Director, Millennium Collaborative Care

Susan M. Gonzalez
Executive Director, ECMC Foundation

ECMC Corporation Medical-Dental Staff Officers

Kathleen Grimm, M.D.
President

Sam Cloud, D.O.
Immediate Past President

William Flynn, M.D.
President-Elect

Michael Cummings, M.D.
Treasurer

Jennifer Pugh, MD
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	3,412
PPC Strategic Services, LLC	74
Grider Community Gardens, LLC	None
Preferred Physician Care, PC	49
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
MCKESSON DRUG CO	Annual		18,341,267.38	Equipment & Supplies
CARDINAL VALUE LINK	6/1/2012	5/31/2017	11,140,938.12	Equipment & Supplies
UBMD PSYCHIATRY	8/1/2016	7/31/2019	11,041,905.59	Medical Professional Services
MORRISON'S HEALTHCARE INC	3/1/2013	2/29/2020	10,265,901.57	Dietary/Cafeteria
UPSTATE NY TRANSPLANT	Annual		9,360,821.44	Organ Acquisition
APOGEE MEDICAL MANAGEMENT	9/1/2015	8/31/2017	8,026,212.84	Medical Professional Services
GREAT LAKES MEDICAL IMAGING, LLC	9/1/2015	8/31/2018	7,695,239.76	Professional Services
THE RESEARCH FOUNDATION	7/1/2014	6/30/2016	6,514,098.22	Professional Services
LP CIMINELLI INC	7/18/2016	3/31/2017	6,100,111.00	Construction & Equipment
DEPUY ACE MEDICAL COMPANY	4/8/2013	4/7/2016	4,361,596.40	Equipment & Supplies
ACADEMIC MEDICAL SERVICES, INC.	1/1/2015	12/31/2017	4,169,840.40	Medical Professional Services
UNIV. @ BFLO SURGEONS, INC.	6/1/2015	5/31/2018	3,670,295.05	Medical Professional Services
SYNTHES	4/8/2013	4/7/2016	2,798,128.90	Equipment & Supplies
CARDINAL HEALTH MED PROD &	5/1/2013	4/30/2016	2,388,638.60	Equipment & Supplies
STRYKER ORTHOPAEDICS	5/25/2012	5/24/2015	2,250,201.70	Equipment & Supplies
GLOBUS MEDICAL INC	Annual		2,243,855.00	Equipment & Supplies
KALEIDA HEALTH	1/19/2016	1/18/2019	3,466,112.65	Professional Services/DSRIP
UNIVERSITY EMERGENCY MEDICAL	11/15/2012	11/14/2016	2,188,046.21	Medical Professional Services
PRECISION INC/BIOMET ORTHO	Annual		2,182,116.30	Equipment & Supplies
ATLAS HEALTH CARE LINEN SERVICES	7/1/2004	6/30/2006	2,038,706.54	Equipment & Supplies
UB FAMILY MEDICINE INC.	7/1/2016	6/30/2019	1,966,268.49	Medical Professional Services
	7/1/2013	6/30/2016		
NIAGARA FALLS MEMORIAL MED CENTER	8/18/2015	8/17/2018	1,580,113.70	DSRIP
	7/23/2015	3/31/2017		
	11/1/2015	10/31/2017		
ROCHE DIAGNOSTIC CORP	11/19/2010	12/13/2017	1,434,183.67	Equipment & Supplies
THE MARTIN GROUP LLC	6/9/2014	6/8/2018	1,433,213.91	Professional Services
TOSHIBA AMERICA MEDICAL SYSTEMS	8/18/2008	8/17/2012	1,410,177.67	Equipment & Supplies
IMMCO DIAGNOSTICS INC	Annual		1,380,223.47	Medical Professional Services
BUFFALO INTERNIST AND ASSOCIATES	7/14/2008	12/31/2017	1,251,470.91	Medical Professional Services
COVIDIEN	4/1/2015	3/31/2020	1,156,047.69	Equipment & Supplies
	6/3/2014	6/2/2020		
DELL MARKETING LP	3/24/2009	3/23/2011	1,092,056.46	Equipment & Supplies
SUPERIOR PAYMENT PLAN, LLC	3/31/2016	3/30/2017	1,078,371.08	Insurance
	11/19/2016	11/18/2017		
SIEMENS MEDICAL SOLUTIONS	3/31/2015	3/30/2020	1,020,376.24	Equipment & Supplies
	5/24/2012	5/23/2017		
	1/14/2010	1/13/2018		
CITY OF BUFFALO		NA	1,010,898.45	Utility/Water
MCKESSON	9/26/2008	9/25/2017	1,000,686.06	Professional Services
NATIONAL GRID		NA	956,025.16	Utility

HEWLETT-PACKARD COMPANY	6/30/2013	6/29/2017	932,558.41	Equipment & Supplies
UNIV. ORTHOPAEDIC SERVICES	1/1/2012	12/31/2013	930,432.93	Medical Professional Services
MEDICAL INFORMATION TECHNOLOGIES IN	7/14/2011	7/13/2017	907,281.00	Technology Services
	1/31/2016	1/30/2021		
LIMA USA INC	Annual		833,095.00	Equipment & Supplies
SUICIDE PREVENTION &	1/1/2015	12/31/2017	825,957.50	Medical Professional Services
FREED MAXICK CPAs PC	2/3/2017	2/1/2018	823,137.66	Professional Services
	3/21/2016	3/20/2017		
	3/1/2016	3/28/2017		
BUFFALO BILLS, LLC	5/29/2013	2/28/2018	795,000.00	Advertising
CARDINAL HEALTH	1/19/2013	1/18/2016	757,100.00	Equipment & Supplies
OLEAN GENERAL HOSPITAL	11/22/2015	3/31/2017	753,754.37	DSRIP
CREEKRIDGE CAPITAL	4/1/2011	4/30/2016	745,491.56	Leasing Services
SERENAGROUP, INC.	3/1/2015	2/28/2020	741,130.71	Medical Professional Services
	6/15/2016	6/14/2017		
STRYKER SPINE	5/25/2012	5/24/2015	729,776.22	Equipment & Supplies
JERICHO ROAD COMMUNITY HEALTH	12/1/2015	11/30/2017	725,976.00	DSRIP
THE McGUIRE GROUP PHARMACY CORP	7/1/2014	6/30/2017	725,705.52	Equipment & Supplies
STRYKER INSTRUMENTS	5/25/2012	5/24/2015	687,248.24	Equipment & Supplies
PRODIGY SURGICAL/ARTHREX	Annual		668,931.64	Equipment & Supplies
LAWLEY SERVICE, INC	5/1/2016	4/30/2019	667,909.00	Professional Services/Insurance
PHILIPS MEDICAL SYSTEMS	1/1/2011	3/28/2017	659,358.82	Equipment & Supplies
	4/1/2016	3/31/2019		
	1/1/2016	12/31/2016		
	5/1/2015	4/30/2020		
	7/8/2015	7/7/2016		
	1/1/2017	12/31/2017		
BUFFALO PAPER AND TWINE CO	Annual		658,886.05	Equipment & Supplies
COLUCCI AND GALLAHER PC	Annual		654,693.75	Professional Services
HYLAND SOFTWARE, INC.	Annual		636,539.16	Software/Support
BUFFALO CARIOLOGY AND PULMONARY	5/1/2013	4/30/2016	628,472.34	Medical Professional Svcs.
FRESENIUS MED CARE NA	7/1/2010	8/30/2011	609,466.27	Equipment & Supplies
ALLSCRIPTS-MISYS LLC	6/30/2015	6/29/2018	603,138.00	Software/Support
	12/7/2016	12/6/2017		
	12/13/2016	12/12/2021		
NUANCE	Annual		598,313.32	Software/Support
ZIMMER UPSTATE NY INC	2/11/2015	2/10/2020	593,211.67	Equipment & Supplies
FLEETWOOD LEASING, LLC	6/30/2014	6/29/2017	566,133.00	Leasing Services
INTEGRA LIFESCIENCES CORP	Annual		564,998.09	Equipment & Supplies
GREATER BUFFALO UNITED IPA, INC	Annual		555,681.00	Equipment & Supplies
SUTURE EXPRESS	Annual		547,532.65	Equipment & Supplies
CHUBB & SON	Annual		539,760.31	Insurance
WESTERN NEW YORK RURAL AREA HEALTH	4/1/2015	3/31/2017	535,112.40	Professional Services/DSRIP
BUFFALO PRENATAL-PERINATAL	11/1/2015	10/31/2017	530,270.00	DSRIP
SCOTT DANAHY	3/31/2016	3/30/2017	525,698.41	Professional Services

STERICYCLE INC	2/1/2017	1/31/2022	502,241.84	Equipment & Supplies
ABBOTT LABORATORIES DIAGNOSTIC DIV	4/15/2011	4/14/2021	491,913.70	Equipment & Supplies
	7/18/2008	7/17/2017		
	12/2/2013	12/3/2019		
UB FOUNDATION ACTIVITES	Annual		591,551.88	Graduate Medical Education Office
I.K. SYSTEMS, INC.	7/1/2015	6/30/2017	487,167.88	Equipment & Supplies
CTG HEALTH SOLUTIONS	1/19/2016	2/28/2018	484,320.48	DSRIP
	2/16/2015	12/31/2016		
SUPPLEMENTAL HEALTH CARE	Annual		476,492.72	Medical Professional Services
CANNON DESIGN INC	Annual		470,906.07	Professional Services
ROACH, BROWN,	Annual		465,401.07	Professional Services
MERGE HEALTHCARE	7/10/2015	7/9/2016	465,348.55	Equipment & Supplies
PATERSON, PAUL	Annual		460,599.13	Professional Services
SMITH & NEPHEW ENDOSCOPY	3/26/2016	3/25/2019	460,423.69	Equipment & Supplies
1285 GROUP, LLC	3/12/2013	4/11/2023	448,681.19	Leasing Services
4628 GROUP, INC.	10/14/2013	2/28/2026	447,706.89	Leasing Services
WILLIAM BELLES PC	4/1/2011	3/31/2016	440,887.42	Professional Services
KCI	Annual		440,297.02	Equipment & Supplies
PLS III	Annual		429,207.56	Patient Transportation
NATIONAL FUEL GAS		NA	426,388.05	Utility
BIOCARE	Annual		421,764.17	Equipment & Supplies
UB NEUROSURGERY, INC.	9/1/2015	8/31/2018	418,960.02	Medical Professional Services
VERIZON SELECT SERVICES	Annual		416,437.89	Telecommunications
ORLICK, ARTHUR	1/1/2016	12/31/2017	410,637.54	Medical Professional Services
SOUTHERN TIER COMMUNITY	11/1/2015	10/31/2017	410,541.00	DSRIP
LAB CORP OF AMERICA	Annual		409,823.78	Equipment & Supplies
NAVIN, HAFFTY & ASSOC	7/31/2013	7/30/2015	397,733.41	Professional Services
L&M GROUP LTD	Annual		395,405.64	Professional Services
MEDTRONIC INC NEUROLOGICAL DIV	4/2/2013	4/1/2016	391,766.00	Equipment & Supplies
	12/9/2016	12/8/2017		
	2/11/2014	2/10/2018		
REVENUE CYCLE COMPASS	9/30/2013	6/29/2017	390,636.00	Professional Services
UB PATHOLOGISTS INC.	12/1/2010	11/30/2015	389,993.25	Medical Professional Services
JOHNSON & JOHNSON HLTH CARE SYS INC	4/8/2013	4/7/2016	388,179.11	Equipment & Supplies
KIDENEY ARCHITECTS PC	11/23/2015	11/22/2017	387,701.34	Professional Services
PHARMERICA	Annual		374,510.79	Equipment & Supplies
SYSTEMS MANAGEMENT PLANNING	10/14/2014	10/13/2017	368,936.25	Professional Services
CORE BTS INC	8/14/2009	3/31/2013	359,272.29	Equipment & Supplies
THE NATIONAL WITNESS PROJECT, INC.	8/24/2015	4/30/2016	358,738.06	DSRIP
	4/1/2016	3/31/2017		
UNIV. OPHTHALMOLOGY SERVICE, INC.	4/1/2013	9/30/2016	356,647.46	Medical Professional Services
RICOTTA & VISCO	Annual		353,177.69	Professional Services
CHAUTAUQUA COUNTY	4/19/2016	3/31/2017	343,246.00	DSRIP
MENTAL HEALTH SERVICES	3/28/2016	3/31/2017	343,246.00	DSRIP

NORTHPOINTE COUNCIL, INC	3/28/2016	3/31/2017	343,246.00	DSRIP
COMMUNITY SERVICES FOR THE	4/5/2016	3/31/2017	343,246.00	DSRIP
MID-ERIE MENTAL HEALTH	3/29/2016	3/31/2017	343,246.00	DSRIP
LAKESHORE BEHAVIORAL HEALTH INC	3/28/2016	3/31/2017	343,246.00	DSRIP
	9/15/2016	9/14/2019		
HORIZON HEALTH SERVICES	4/4/2016	3/31/2017	343,246.00	DSRIP
CARESTREAM HEALTH INC	9/16/2015	9/15/2018	336,984.90	Equipment & Supplies
SIEMENS INDUSTRY INC	5/24/2012	5/23/2017	326,166.63	Repairs & Maintenance
	1/14/2010	1/13/2018		
	3/31/2015	3/30/2020		
	3/31/2015	3/30/2020		
KARL STORZ ENDOSCOPY-AMERICA	11/1/2016	10/30/2017	325,172.27	Equipment & Supplies
ALLOSOURCE	Annual		317,188.53	Equipment & Supplies
HILL-ROM CO INC	8/26/2009	8/25/2010	315,840.32	Equipment & Supplies
APOGEE MEDICAL MANAGEMENT	9/1/2015	8/31/2017	308,291.64	Medical Professional Services
MEDTRONIC SPINAL AND BIOLOGICS	4/2/2013	4/1/2016	306,249.00	Equipment & Supplies
	12/9/2016	12/8/2017		
	2/11/2014	2/10/2018		
SYNTHES MAXILLOFACIAL	4/8/2013	4/7/2016	303,017.55	Equipment & Supplies
PHILIPS MEDICAL SYSTEMS NA CO	1/1/2011	3/28/2017	296,890.86	Equipment & Supplies
	4/1/2016	3/31/2019		
	1/1/2016	12/31/2016		
	5/1/2015	4/30/2020		
	7/8/2015	7/7/2016		
	1/1/2017	12/31/2017		
UNIVERSITY GYNECOLOGISTS	10/1/2016	9/30/2019	296,889.00	Medical Professional Services
ERIE NIAGARA NEUROSURGERY PLLC	7/1/2011	12/31/2014	292,893.02	Medical Professional Services
GREAT LAKES BUILDING SYSTEMS INC.	Annual		292,312.50	Equipment & Supplies
3M HEALTH INFORMATION	9/24/2008	9/23/2017	292,235.13	Software/Support
	9/18/2012	9/17/2017		
UB ORAL AND MAXILLOFACIAL	2/1/2012	1/31/2015	287,194.70	Medical Professional Services
W L GORE & ASSOC INC	Annual		285,106.00	Equipment & Supplies
COOK INC	Annual		284,597.72	Equipment & Supplies
OFFICE MAX	Annual		281,482.83	Equipment & Supplies
IPC HOSPITALIST OF NEW YORK PC	7/1/2013	6/30/2017	281,248.00	Medical Professional Services
COMMUNITY HEALTH CENTER	10/1/2015	9/30/2018	277,686.00	DSRIP
S & V ASSOCIATES LLC	1/22/1996	10/31/2022	277,296.38	Leasing Services
PENTAX MEDICAL CO	10/1/2014	9/30/2017	273,381.39	Equipment & Supplies
	12/1/2016	11/30/2017		
INTEGRATED ONCOLOGY	Annual		273,236.46	Medical Professional Services
SIMPLEX GRINNELL	5/1/2013	4/30/2014	272,915.29	Repairs & Maintenance
GREATER NEW YORK HOSPITAL	Annual		268,770.00	Professional Services
TELETRACKING	3/1/2016	8/31/2020	256,327.55	Telecommunications
SECURE ENVIRONMENT SOLUTIONS, LLC	4/8/2013	4/7/2018	255,916.24	Professional Services
TORNIER INC	Annual		254,398.22	Equipment & Supplies

CENTRAL RADIOPHARMACEUTICAL SVC	3/14/2008	3/13/2011	251,063.97	Medical Professional Services
US POSTAL SERVICE		NA	250,000.00	Postage
UNIV. UROLOGY INC.	1/1/2012	12/31/2015	243,296.84	Medical Professional Services
OPTUM360 LLC	Annual		242,987.95	Medical Professional Services
ZOLL MEDICAL CORPORATION	11/1/2016	10/31/2018	238,637.81	Equipment & Supplies
CATTARAUGUS COUNTY HEALTH	3/29/2016	3/31/2017	235,035.00	DSRIP
SCHOFIELD CERTIFIED HOME CARE	3/30/2016	3/31/2017	235,035.00	DSRIP
PRESS GANEY ASSOCIATES INC	7/1/2014	6/30/2017	234,595.36	Professional Services
CATHOLIC MEDICAL PARTNERS	4/1/2015	3/31/2017	232,630.88	DSRIP
KRONOS	Annual		232,103.95	Software/Support
FIBERTECH TECHNOLOGIES	Annual		230,781.17	Equipment & Supplies
EAGLE CLAIMS	3/31/2016	3/30/2017	230,050.00	Insurance
MENTAL HEALTH ASSOCIATION	Annual		230,021.75	Medical Professional Services
LAKE PLAINS COMMUNITY CARE NETWORK	8/18/2015	8/17/2018	222,674.38	DSRIP
BOSTON SCIENTIFIC/MICROVASIVE DIV	4/28/2016	4/27/2018	222,467.12	Equipment & Supplies
	9/1/2016	10/8/2019		
BAXTER HEALTHCARE CORP	11/25/2008	11/24/2017	217,667.85	Equipment & Supplies
COMPLIANCE & ADMINISTRATIVE	Annual		217,444.20	Professional Services
HEALTHCARE ASSOC OF NYS	Annual		216,677.62	Professional Services
BARD PERIPHERAL VASCULAR INC	Annual		214,736.00	Equipment & Supplies
METRO COMMUNICATIONS	Annual		213,378.00	Telecommunications
PATTERSON DENTAL INC	Annual		212,895.59	Equipment & Supplies
DCB ELEVATOR CO INC	1/1/2014	12/31/2018	209,316.19	Equipment & Supplies
CONMED LINVATEC	10/26/2012	10/25/2015	208,883.91	Equipment & Supplies
EXPERIAN HEALTH, INC.	Annual		208,024.45	Software/Support
PEOPLE INC	3/29/2016	3/31/2017	205,681.00	DSRIP
THE CHAUTAUQUA CENTER	3/30/2016	3/31/2017	205,681.00	DSRIP
ASPIRE OF WNY, INC	3/29/2016	3/28/2017	205,681.00	DSRIP
CHAUTAUQUA COUNTY CHAPTER OF	4/6/2016	3/31/2017	205,681.00	DSRIP
PLANNED PARENTHOOD OF	4/12/2016	3/31/2017	205,681.00	DSRIP
NORTHWEST BUFFALO COMMUNITY	4/4/2016	3/31/2017	205,681.00	DSRIP
EHS, INC.	3/25/2016	3/31/2017	205,681.00	DSRIP
STERIS CORPORATION	8/1/2016	7/31/2017	405,993.07	Equipment & Supplies
STERLING COURIER SYSTEMS	Annual		204,139.05	Courier Services
ASI SIGNAGE INNOVATIONS	1/1/2013	12/31/2018	201,512.50	Professional Services
INNERSPACE OFFICE INTERIORS	Annual		194,091.84	Equipment & Supplies
CONVENTUS ORTHOPAEDICS, INC.	Annual		193,001.00	Equipment & Supplies
BLOUNT CONSULTING SOLUTIONS, LLC	4/1/2016	12/31/2016	193,000.00	DSRIP
MEDTRONIC MIDAS REX	4/2/2013	4/1/2016	184,519.29	Equipment & Supplies
	12/9/2016	12/8/2017		
	2/11/2014	2/10/2018		
STANDARD REGISTER, INC.	Annual		180,946.22	Equipment & Supplies
BAYER CORPORATION	7/30/2015	12/18/2018	180,619.14	Equipment & Supplies
	1/13/2016	1/12/2017		

	4/1/2016	3/31/2020		
STRYKER CRANIOMAXILLOFACIAL	5/25/2012	5/24/2015	180,456.86	Equipment & Supplies
XEROX CORPORATION	3/12/2012	3/11/2017	174,358.09	Leasing Services
BRIODY HEALTH CARE FACILITY LLC	3/25/2016	3/31/2017	173,957.00	DSRIP
THE MCGUIRE GROUP INC.	7/1/2014	6/30/2017	173,957.00	Professional Services
NIAGARA REHAB & NURSING	3/31/2016	3/31/2017	173,957.00	DSRIP
BOSTON SCIENTIFIC CORPORATION	4/28/2016	4/27/2018	170,730.20	Equipment & Supplies
	9/1/2016	10/8/2019		
ISKALO ASSET FUND II LLC	Annual		169,635.76	Leasing Services
ADVANTAGE SPORT & FITNESS INC	Annual		168,154.38	Equipment & Supplies
DRFIRST.COM INC	9/1/2011	8/31/2017	168,152.00	Software/Support
BAXTER BIOSCIENCE	11/25/2008	11/24/2017	167,960.35	Equipment & Supplies
ALLEGIANCE HEALTHCARE CORP	Annual		167,740.23	Equipment & Supplies
MID-CITY OFFICE FURNITURE	Annual		165,138.80	Equipment & Supplies
MAGAVERN, MAGAVERN & GRIMM LLP	Annual		164,395.96	Professional Services
AQUA SCIENCES INC	Annual		163,983.43	Equipment & Supplies
JEAN JUREK ASSOCIATES INC	9/21/2015	9/20/2018	163,875.90	Professional Services
SYSTEMS PERSONNEL INC	7/2/2015	7/1/2016	160,516.16	Professional Services
WNYHEALTHENET LLC	Annual		160,000.00	Professional Services
AMER RED CROSS BLOOD SVCS	1/1/2011	12/31/2017	159,348.62	Blood Products
RONCO SPECIALIZED SYSTEMS INC	Annual		158,286.25	Equipment & Supplies
DRAGER MEDICAL	4/1/2012	3/31/2018	154,986.13	Equipment & Supplies
ECOLAB/MICROTEK MEDICAL	Annual		153,240.50	Equipment & Supplies
UNITED NETWORK FOR ORGAN SHARING	Annual		150,447.00	Organ Acquisition
SYSMEX	8/23/2010	8/1/2017	147,859.05	Equipment & Supplies
HEALTHY COMMUNITY ALLIANCE, INC.	8/13/2015	8/12/2018	143,692.65	DSRIP
BE WELL HEALTHCARE MEDICINE	1/1/2017	12/31/2019	143,219.38	Professional Services
NAT'L ASSOC PUBLIC HOSPITALS		NA	140,250.00	Membership Dues
JOHN W DANFORTH CO	Annual		140,060.91	Equipment & Supplies
THE ADVISORY BOARD COMPANY	6/30/2014	6/29/2017	137,374.00	Professional Services
HERITAGE CONTRACT	Annual		136,565.20	Professional Services
FOXY DELIVERY SERVICE INC	2/28/2011	2/27/2014	135,846.25	Courier Services
RSM US LLP	Annual		135,550.00	Professional Services
PARAGON 28, INC.	Annual		132,083.99	Equipment & Supplies
NYS OFFICE OF MENTAL HEALTH	9/30/2016	9/29/2017	132,008.75	Professional Services
SIEMENS MEDICAL	5/24/2012	5/23/2017	131,718.23	Equipment & Supplies
	1/14/2010	1/13/2018		
	3/31/2015	3/30/2020		
	3/31/2015	3/30/2020		
CDW GOVERNMENT INC	Annual		130,377.30	Equipment & Supplies
SIRTEX MEDICAL, INC.	Annual		128,000.00	Equipment & Supplies
NXSTAGE MEDICAL INC	5/1/2015	10/31/2017	126,590.14	Equipment & Supplies
KEYBANK	Annual		125,992.00	Interest on LOC
AMER MEDICAL SYSTEMS	Annual		125,326.00	Equipment & Supplies
MARK R. JAJKOWSKI, MD, PLLC	3/1/2013	2/28/2014	124,642.35	Professional Services
BOSTON SCIENTIFIC CORP	4/28/2016	4/27/2018	123,440.00	Equipment & Supplies
	9/1/2016	10/8/2019		
TRI-DELTA RESOURCES CORP	9/1/2014	8/31/2017	121,500.00	Software/Support
GENERAL PHYSICIAN SUB II, PLLC	1/1/2013	12/31/2013	120,375.00	Medical Professional Services

JOHNSON & JOHNSON HEALTH CARE SYS	4/8/2013	4/7/2016	120,323.56	Equipment & Supplies
GERIATRIC ASSOCIATES LLP	2/1/2011	7/31/2013	119,166.58	Medical Professional Services
WNY INDEPENDENT LIVING	4/28/2012	4/30/2015	117,976.98	Professional Services
THE CRIMSON INITIATIVE	3/31/2012	3/30/2022	116,785.00	Equipment & Supplies
HERITAGE PARK REHAB	3/28/2016	3/31/2017	115,971.00	DSRIP
AIRGAS EAST	9/10/2012	7/31/2017	115,956.92	Equipment & Supplies
CONSORTIUM INFORMATION SERVICES INC	1/1/2010	12/31/2010	115,242.00	Professional Services
NEUWATER AND ASSOCIATES	5/21/2015	4/30/2018	114,517.55	Professional Services
BUFFALO TRANSPORTATION INC.	Annual		114,175.15	Patient Transportation
VERATHON MEDICAL	Annual		113,797.30	Equipment & Supplies
MICROSOFT	Annual		113,153.00	Hardware/Software
	1/26/2016	1/25/2018		
	6/15/2016	6/30/2019		
ERIE NIAGARA AREA HEALTH EDUCATION	11/1/2015	10/31/2017	112,640.05	DSRIP
VERIZON WIRELESS	Annual		112,082.41	Telecommunications
LIQUITECH INC	8/1/2012	7/31/2015	111,221.36	Equipment & Supplies
VIVIAN L. LINDFIELD MD PC	6/1/2012	5/31/2017	108,329.00	Professional Services
	2/15/2012	2/14/2021		
	5/1/2014	5/1/2017		
PIRAMAL CRITICAL CARE, INC.	2/4/2011	2/4/2014	108,000.00	Equipment & Supplies
BARD/DAVOL	9/17/2012	12/31/2015	107,815.63	Equipment & Supplies
PRE-EMPLOY.COM INC	Annual		107,730.92	Professional Services
THE BRISTOL HOME	3/18/2014	3/17/2017	107,516.00	Professional Services
INSIGNIA HEALTH, LLC	5/1/2015	4/30/2019	106,884.00	DSRIP
AMER EXPRESS CPS ECH	8/4/2015	8/3/2020	106,854.67	Equipment & Supplies
TRI-ANIM HEALTH SERVICES INC	2/23/2011	2/22/2014	106,846.07	Equipment & Supplies
HIMAGINE SOLUTIONS, INC.	Annual		106,498.39	Professional Services
CRANEWARE INC	8/31/2007	7/31/2012	105,892.00	Software/Support
TERUMO MEDICAL CORPORATION	Annual		104,672.45	Equipment & Supplies
CATAPULT	2/14/2017	2/13/2018	104,308.94	Professional Services
MINNTECH CORPORATION	2/4/2009	2/3/2010	104,099.38	Equipment & Supplies
OLYMPUS AMERICA INC	Annual		103,632.66	Equipment & Supplies
FIRE SAFETY SYS INC	Annual		102,145.72	Equipment & Supplies
CAREFUSION	7/1/2016	6/30/2021	101,641.90	Equipment & Supplies
	7/29/2013	7/28/2018		
BUFFALO HOSPITAL SUPPLY CO	5/4/2006	5/3/2011	100,584.84	Equipment & Supplies

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.

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, 2016

Contents

RSM

RSM US LLP

Independent Auditor's Report

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 years ended December 31, 2016 and 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 audits. We conducted our audits 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. The financial statements of ECMC Foundation, Inc., the Grider Initiative, Inc., and Research for Health in Erie County, Inc. were not audited in accordance with *Government Auditing Standards*.

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.

Opinions

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, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

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 Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our reports dated March 22, 2017 and 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 these reports 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. These reports are 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 22, 2017

Management's Discussion and Analysis

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

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, 2016. The purpose of the Discussion and Analysis is to provide the reader with objective data to evaluate the Corporation. This narrative and the financial statements and footnotes, are the responsibility of the Corporation's management.

The financial statements (the statements of net position, the statements of revenues, expenses and changes in net position and the statements 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 a focus on continuously improving the quality of the care ECMCC delivers and each patient's experience, the ongoing collaborative efforts with physicians, the investment in building and maintaining its culture, the execution of its strategic plan and the investments made over the past five years, the Corporation completed calendar year 2016 providing a record level of services to Western New York residents and, given its unique services, to many others beyond this region. The Corporation is sustaining its role of being the provider of choice for patients, physicians and its own staff. Significant volumes of patient encounters (not expressed in thousands) are as follows:

	2011	2012	2013	2014	2015	2016	% increase 2011 - 2016
Inpatients	15,238	16,091	16,316	17,789	18,378	18,839	23.6%
Surgeries	12,442	12,712	12,714	13,360	14,364	14,552	17.0%
Emergency	61,418	63,930	64,698	66,418	67,296	69,290	12.8%
Outpatients	250,707	252,524	253,781	295,676	305,737	316,691	26.3%
Dialysis	12,216	19,926	21,350	22,224	24,617	27,291	123.4%

The favorable growth reflects the trust that the Western New York community, our physicians and our employees placed in ECMCC and has translated into favorable financial results. Notable achievements in 2016 include:

- Recruitment of physicians to bariatric surgery, orthopedic surgery to, cardiology, neurosurgery, and hospitalist medicine.
- Continuation of a five (5) year trend in annual improvements in HCAHPS (Hospital Consumer Assessment of Healthcare Providers and Systems) scores.
- The Joint Commission accreditation through September 2019 as a result of a successful survey.
- National Committee for Quality Assurance (NCQA) recognition for Level 3 patient centered medical home.
- Women's Choice Award as Best Hospital for Patient Safety
- Employee turnover rate reduced by 50% from 12.0% to 6.0%

In addition to the favorable financial performance of the Corporation, the ECMC Foundation, Inc. began a capital campaign to raise funds for a new Level 1 Trauma Center and Emergency Department and established record levels of attendance at signature events including: The Springfest Gala, October breast cancer awareness month, its annual golf tournament and other events. Of particular note is the growth of the Corporation's employees participating in the Foundation's annual fund drive from 336 in 2015 to 1,109 in 2016, a 230% increase in a single year.

(Dollars in Thousands)

Financial Metric Analysis

The Corporation's total net position decreased $1,387 in 2016 and increased $3,342 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 2016 (most recent available) based on the average of published and publicly available data for Urban Hospitals, Teaching Hospitals and Government Hospitals as well as the average of NYS Public Benefit Corporation (PBC) hospitals are presented in the following table. The financial statements used for the calculation of the following ratios, where appropriate, have been reclassified to conform to the presentation used in the development of the benchmarks, consistent with GAAP for entities not subject to GASB standards.

	ECMCC			Blended Benchmark	PBC Average
	2016	2015	2014	2016	2016
Operating margin	0.3%	0.1%	0.2%	2.0%	-5.8%
Operating cash flow margin	6.3%	6.7%	7.5%	10.6%	0.9%
Debt to total capitalization	63.5%	61.9%	61.8%	26.1%	296.8%
Debt service coverage	2.1	2.5	3.0	4.2	0.8
Days cash on hand	74.7	70.8	75.0	120.8	45.4
Days in accounts receivable	50.3	53.0	44.0	46.8	41.5
Average age of plant	11.8	12.8	10.0	11.5	16.0

The financial ratios reflect improved results of operations and generally favorable performance compared to both the blended benchmark and other health care NYS Public Benefit Corporations. The decrease in net position in 2016 is the net result of an increase from operations of $1,969 that was offset by a decrease associated with the transfer of certain assets to Erie County of $3,356.

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.

Statements 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.

(Dollars in Thousands)

Statements of Net Position (Continued)

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 and academic operations of the Corporation, and may be used at the discretion of the Board of Directors to meet current expenses for any purpose.

Condensed Statements of Net Position are as follows:

			2016-2015	
	2016	2015	$ Change	% Change
Assets				
Current assets, excluding assets whose use is limited	$ 187,569	$ 173,023	$ 14,546	8.4
Assets whose use is limited	106,297	124,922	(18,625)	(14.9)
Capital assets, net	259,577	279,812	(20,235)	(7.2)
Other assets	34,891	36,467	(1,576)	(4.3)
Total assets	588,334	614,224	(25,890)	(4.2)
Deferred outflows of resources	126,808	6,184	120,624	195.1
Total assets and deferred outflows	$ 715,142	$ 620,408	$ 94,734	15.3
Liabilities				
Current liabilities	$ 111,243	$ 130,424	$ (19,181)	(14.7)
Noncurrent liabilities	464,793	365,972	98,821	27.0
Total liabilities	576,036	496,396	79,640	16.0
Deferred inflows of resources	20,603	4,122	16,481	400.0
Net Position				
Net investment in capital assets	94,747	107,223	(12,476)	(11.6)
Restricted	18,411	32,258	(13,847)	(42.9)
Unrestricted	5,345	(19,591)	24,936	127.3
Total net position	118,503	119,890	(1,387)	(1.2)
Total liabilities, deferred inflows and net position	$ 715,142	$ 620,408	$ 94,734	15.3

Overall, total assets and deferred outflows of resources increased $94,734 from 2015 to 2016, $120,811 of which is associated with deferred outflows of resources relating to the New York State and Local Retirement System (NYSLRS) Pension Plan.

Statements of Net Position (Continued)

The following variances in total assets are noteworthy:

Total current assets, excluding the current portion of assets whose use is limited, increased by $14,546 due to the following:

- Cash, cash equivalents and investments decreased by $5,810 largely due to timing of a $25,000 contribution to the NYSLRS retirement system to take advantage of an early payment discount as well as the timing of accounts payable payments.
- Patient accounts receivable, net, decreased by $461 as a result of improvements in revenue cycle performance. Increases in volumes noted earlier contributed to a 4.7% growth in average daily revenue which was offset by a reduction in days revenue in receivable of 2.7 days or 5.1%.
- Other receivables increased by $12,082, of which $20,040 is associated with the award of the Care Restructuring Enhancement Pilot (CREPS) Program grant offset by decreases in Medicaid DSH (IGT) and Upper Payment Limit (UPL) program receivables.
- Supplies and prepaid expenses increased by $8,735, of which $8,175 is due to a new note receivable from a related party.

- Assets whose use is limited decreased by $18,625, $8,604 of which is due to the timing of Delivery System Reform Incentive Payment (DSRIP) grant funds expended and transfers to operating cash to support the retirement system contribution noted above.
- Capital assets, net, decreased by $20,235 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 decreased by $1,576 largely as a result of transactions with Erie County.

Overall, total liabilities increased $79,640 from 2015 to 2016. Net position had a decrease of $1,387 (1.2%) in 2016 from 2015.

The following variances in total liabilities are noteworthy:

Total current liabilities decreased by $19,181 due to the following:

- Accounts payable and accrued salaries and benefits decreased by $11,821 due to timing of payments as noted above.
- Other accrued liabilities decreased by $9,295 as a result of a payment made to Erie County of $7,257.
- Unearned revenue decreased by $8,604 due to receipt of DSRIP grant funds expended.
- Estimated third-party payer settlements increased by $2,347 as a result of anticipated cost report settlements.

- An increase in the net pension liability was recognized in 2016 in the amount of $91,894 due to changes in actuarial assumptions made by and investment performance of the NYSLRS further described in Note 9.
- Current and long-term portions of self-insured obligations increased by $18,076 due to changes in actuarial estimates for post-employment health insurance and obligations for self-insured retentions for malpractice and workers' compensation claims greater than payments made on those claims.

(Dollars in Thousands)

Statements of Revenues, Expenses, and Changes in Net Position

Condensed Statements of Revenues, Expenses and Changes in Net Position are as follows:

	2016	2015	2016-2015 $ Change	2016-2015 % Change
Net patient services revenue	$ 489,931	$ 467,748	$ 22,183	4.7
Disproportionate share revenue (DSH)	71,500	59,237	12,263	20.7
Delivery System Reform Incentive Payment (DSRIP) grants	23,966	4,499	19,467	432.7
Other operating revenue	31,149	21,590	9,559	44.3
Total operating revenues	616,546	553,074	63,472	11.5
Operating expenses:				
Payroll, employee benefits and contract labor	314,761	297,397	17,364	5.8
Professional fees	74,380	70,260	4,120	5.9
Purchased services	42,680	43,959	(1,279)	(2.9)
Supplies	78,363	74,063	4,300	5.8
Other operating expenses	24,430	26,250	(1,820)	(6.9)
Delivery System Reform Incentive Payment (DSRIP) grant expenses	23,062	4,059	19,003	468.2
Depreciation and amortization	28,673	27,929	744	2.7
Total operating expenses	586,349	543,917	42,432	7.8
Operating income before pension expense, amortization component	30,197	9,157	21,040	229.8
Pension expense, amortization component	20,040	-	20,040	100.0
Operating income	10,157	9,157	1,000	10.9
Total net non-operating expenses	8,188	6,390	1,798	28.1
Net income	1,969	2,767	(798)	(28.8)
Transfer and capital contributions	(3,356)	575	(3,931)	(683.7)
Change in net position	(1,387)	3,342	(4,729)	(141.5)
Net position, beginning of year*	119,890	116,548	3,342	2.9
Net position, end of year	$ 118,503	$ 119,890	$ (1,387)	(1.2)

* - Net position was restated at December 31, 2014 by (2,483) due to the adoption of GASB Nos. 68 and 71

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

Overall, operating revenues increased by $63,472 or 11.5% in 2016 with increases attributable to the following:

- Net patient service revenue increased $22,183, or 4.7% in 2016. Volumes increased for both inpatient and outpatient lines of business. Total discharges increased 2.5% from 18,378 to 18,839. Outpatient visits increased 3.6% from 305,737 to 316,691. ER visits increased 2.9% from 67,296 to 69,290.
- DSH increased by $12,263, or 20.7%, in 2016 principally due to changes in the amount of uncompensated care provided and changes in estimates for Upper Payment Limit (UPL) funding associated with Terrace View.
- DSRIP grant revenue increased by $19,467 or 432.7% as a result of the maturity of DSRIP program operations and achievement of DSRIP goals.
- Other operating revenue increased by $9,559, or 44.3%, in 2016. During 2016, the Corporation was awarded a four year grant for the CREPS Program discussed in a subsequent section. The grant resulted in $20,000 of grant revenue in 2016. This is offset by a decrease in other grant revenue sources, primarily Interim Access Assurance Fund (IAAF) grants.

Operating expenses increased $42,432 or 7.8%, in 2016. Expense increases are attributable to the following:

- Payroll and employee benefit expenses have increased by $17,364 (5.8%) as the net result of increases in staffing levels due to the aforementioned volume increases, increased payroll and other taxes as a result of that growth, wage increases associated with collective bargaining agreements, increased active employee and retiree health insurance expense offset by productivity improvements and reduction in overtime usage. Salaries and employee benefit expense decreased by 2.7% of total operating revenue, from 52.8% in 2015 to 51.1% of total operating revenue in 2016.

- Supply expenses have increased from 15.8% of net patient revenue to 16.0% of net patient revenue due to increases in pharmaceuticals and an increase in surgical volumes.

- DSRIP grant expenses have increased as a result of the operations noted above.

Capital Assets, Net, and Long-Term Debt

At December 31, 2016, the Corporation had capital assets, net of accumulated depreciation, of $259,577 compared to $279,812 at December 31, 2015, representing a decrease of $20,235 or 7.2%.

The Corporation invested $1,524 in the development of a new Level 1 Trauma Center, and Emergency Department, including its enabling projects. Construction of this project is expected to begin mid-2017. In addition, the Corporation invested $1,661 in a new orthopedics center, $357 in its laboratories and made other routine asset replacements.

At December 31, 2016, the Corporation had $173,983 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) was in effect through December 31, 2015. The contract is being negotiated in concert with the County of Erie, New York and 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, New York. The County has ongoing contractual and legal obligations to the Corporation and the Corporation has ongoing contractual and legal obligations to the County.

Health Reform Law

The status of Health Reform including the Health Reform Law has been a matter of a great debate through the 2016 election cycle and continues through the date of this report. President Trump has proposed to repeal and replace what President Obama signed into law known as the Patient Protection and ACA which includes sweeping changes to how health care is provided, and paid for, in the United States. President Obama 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 various proposals being promulugated and 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 (DSRIP) Program.

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 which began April 1, 2015. 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. Secondarily, 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 hospitals 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 a group of nearly 400 health care partners led by the Corporation and known as Millennium Collaborative Care (MCC). In December 2014, MCC submitted its application for DSRIP program funding to begin the process of reform. Through 2016 the Corporation and MCC have worked diligently to achieve the goals established for the first and second year of the grant which ends on March 31, 2017.

Care Restructuring Enhancement Pilot (CREPS) Program Grant

The Corporation was awarded a grant under the CREPS Program administered by the New York State Department of Health. The total award amount is approximately $97,260 over the period April 1, 2016 to March 31, 2020 in state fiscal year annual distribution amounts of $43,930, $30,010, $13,320, and $10,000, respectively. The Corporation is responsible for achieving certain goals of the CREPS Program in each year in order to qualify for the funding. The Corporation believes it has achieved substantially all of the goals for year 1 of the program and has recognized related revenue in the amount of $20,040.

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)

Statements of Net Position
December 31, 2016 and 2015
(Dollars in Thousands)

	2016	2015
Assets and Deferred Outflows		
Current assets:		
Cash and cash equivalents	$ 15,389	$ 29,682
Investments	19,814	11,331
Assets whose use is limited	23,849	37,179
Patient accounts receivable, net	67,374	67,835
Other receivables	68,982	56,900
Supplies, prepaids and other	16,010	7,275
Total current assets	211,418	210,202
Assets whose use is limited	82,448	87,743
Capital assets, net	259,577	279,812
Other assets, net	34,891	36,467
	376,916	404,022
Total assets	588,334	614,224
Deferred outflows of resources:		
Pensions	125,771	4,960
Other	1,037	1,224
Total deferred outflows of resources	126,808	6,184
Total assets and deferred outflows of resources	$ 715,142	$ 620,408
Liabilities, Deferred Inflows and Net Position		
Current liabilities:		
Current portion of long-term debt	$ 18,811	$ 10,619
Accounts payable	32,001	44,651
Accrued salaries, wages and employee benefits	20,017	19,188
Accrued other liabilities	30,203	39,498
Unearned revenue	5,087	13,691
Estimated third-party payor settlements	5,124	2,777
Total current liabilities	111,243	130,424
Long-term debt, net	155,172	165,883
Net pension liability	116,006	24,112
Self-insured obligations	190,141	172,688
Other	3,474	3,289
Total liabilities	576,036	496,396
Deferred inflows of resources - pensions	20,603	4,122
Net Position		
Net investment in capital assets	94,747	107,223
Restricted:		
Nonexpendable	-	-
Expendable	18,411	32,258
Unrestricted	5,345	(19,591)
Total net position	118,503	119,890
Total liabilities, deferred inflows and net position	$ 715,142	$ 620,408

See notes to the financial statements.

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

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2016 and 2015
(Dollars in Thousands)

	2016	2015
Operating revenues:		
Net patient service revenue, net of provision for bad debts of $10,590 and $10,565 at 2016 and 2015, respectively	$ 489,931	$ 467,748
Disproportionate share revenue	71,500	59,237
Delivery System Reform Incentive Payment (DSRIP) grants	23,966	4,499
Other operating revenue	31,149	21,590
Total operating revenues	616,546	553,074
Operating expenses:		
Payroll, employee benefits and contract labor	314,761	297,397
Professional fees	74,380	70,260
Purchased services	42,680	43,959
Supplies	78,363	74,063
Other operating expenses	24,430	26,250
Delivery System Reform Incentive Payment (DSRIP) grant expenses	23,062	4,059
Depreciation and amortization	28,673	27,929
Total operating expenses	586,349	543,917
Operating income before pension amortization component	30,197	9,157
Pension expense, amortization component	20,040	-
Operating income	10,157	9,157
Non-operating revenue (expenses):		
Investment income	773	2,931
Contributions to component unit	(955)	(1,081)
Interest expense	(8,006)	(8,240)
Total net non-operating expenses	(8,188)	(6,390)
Net income	1,969	2,767
Transfer to Erie County	(3,356)	-
Capital contributions	-	575
Total change in net position	(1,387)	3,342
Net position – beginning of year	119,890	116,548
Net position – end of year	$ 118,503	$ 119,890

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, 2016 and 2015
(Dollars in Thousands)

	2016	2015
Cash flows from operating activities:		
Receipts from patients and third party payors	**$ 480,657**	$ 443,954
Payments to employees for salaries and benefits	**(328,140)**	(274,221)
Payments to vendors for supplies and other	**(263,781)**	(199,252)
Other receipts	**118,011**	92,694
Net cash provided by operating activities	**6,747**	63,175
Cash flows from non-capital financing activities:		
Settlements with Erie County	**(9,258)**	(9,120)
Payments from Erie County	**2,000**	2,000
Transfer to Erie County	**(3,356)**	-
Transfers to component unit	**(955)**	(1,081)
Net cash used in non-capital financing activities	**(11,569)**	(8,201)
Cash flows from capital and related financing activities:		
Purchases of capital assets	**(9,861)**	(14,309)
Capital contributions	**-**	575
Borrowings on long-term debt	**8,100**	10,000
Payments on long term debt	**(10,619)**	(8,214)
Interest paid on long term debt	**(8,006)**	(8,240)
Net cash used in capital and related financing activities	**(20,386)**	(20,188)
Cash flows from investing activities:		
Sales (purchases) of assets whose use is limited, net	**18,625**	(6,225)
Investment income	**773**	2,931
Purchases of investments, net	**(8,483)**	(8,061)
Net cash provided by (used in) investing activities	**10,915**	(11,355)
Net change in cash and cash equivalents	**(14,293)**	23,431
Cash and cash equivalents:		
Beginning	**29,682**	6,251
Ending	**$ 15,389**	$ 29,682

Noncash capital and related financing activities:
Included in accounts payable at December 31, 2016 and 2015 was $1,423 and $4,435, respectively, of invoices related to capital asset acquisitions

(Continued)

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

Statements of Cash Flows (Continued)
Years Ended December 31, 2016 and 2015
(Dollars in Thousands)

	2016	2015
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	**$ 10,157**	$ 9,157
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	**28,673**	27,929
Provision for bad debt	**10,590**	10,565
Patient accounts receivable	**(10,129)**	(26,909)
Other receivables	**(12,082)**	10,283
Supplies, prepaids and other	**(7,159)**	(3,680)
Deferred outflows of resources	**(120,624)**	24,557
Accounts payable	**(11,227)**	6,140
Accrued liabilities	**(1,023)**	12,213
Unearned revenue	**(8,604)**	7,368
Estimated third-party payor settlements	**2,347**	(17,733)
Self-insured obligations	**17,453**	7,304
Net pension liability	**91,894**	(8,141)
Deferred inflows of pension resources	**16,481**	4,122
Net cash provided by operating activities	**$ 6,747**	$ 63,175

See notes to the financial statements.

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

Statements of Net Position - Discretely Presented Component Units
December 31, 2016 and 2015
(Dollars in Thousands)

	2016				2015			
	ECMC Foundation, Inc.	The Grider Initiative, Inc.	Research for Health in Erie County, Inc.	**Total (memorandum only)**	ECMC Foundation, Inc.	The Grider Initiative, Inc.	Research for Health in Erie County, Inc.	Total (memorandum only)
Assets								
Current assets:								
Cash and cash equivalents	$ 602	$ 275	$ 67	**$ 944**	$ 644	$ 283	$ 2	$ 929
Investments	644	-	985	**1,629**	689	-	1,042	1,731
Assets whose use is limited	1,418	-	-	**1,418**	898	-	-	898
Other receivables	1,856	955	-	**2,811**	1,251	1,080	-	2,331
Supplies, prepaids and other	23	-	-	**23**	43	-	-	43
Total current assets	4,543	1,230	1,052	**6,825**	3,525	1,363	1,044	5,932
Other receivables	1,045	-	-	**1,045**	1,311	-	-	1,311
Endowment and other investments	58	10,635	-	**10,693**	58	10,567	-	10,625
Equipment and vehicles, net	269	-	-	**269**	318	-	-	318
	1,372	10,635	-	**12,007**	1,687	10,567	-	12,254
Total assets	$ 5,915	$ 11,865	$ 1,052	**$ 18,832**	$ 5,212	$ 11,930	$ 1,044	$ 18,186
Liabilities and Net Position								
Current liabilities:								
Accounts payable	$ 861	$ -	$ 3	**$ 864**	$ 481	$ -	$ 5	$ 486
Funds held in custody for others	324	-	-	**324**	344	-	-	344
Total current liabilities	1,185	-	3	**1,188**	825	-	5	830
Related party	650	955	-	**1,605**	650	1,088	-	1,738
Interest payable	28	-	-	**28**	17	-	-	17
	678	955	-	**1,633**	667	1,088	-	1,755
Total liabilities	1,863	955	3	**2,821**	1,492	1,088	5	2,585
Net Position								
Restricted:								
Nonexpendable	50	10,000	-	**10,050**	50	10,000	-	10,050
Expendable	3,607	-	-	**3,607**	3,047	-	-	3,047
Unrestricted	395	910	1,049	**2,354**	623	842	1,039	2,504
Total net position	4,052	10,910	1,049	**16,011**	3,720	10,842	1,039	15,601
Total liabilities and net position	$ 5,915	$ 11,865	$ 1,052	**$ 18,832**	$ 5,212	$ 11,930	$ 1,044	$ 18,186

See notes to the financial statements.

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

Statements of Revenues, Expenses and Changes in Net Position - Discretely Presented Component Units
Years Ended December 31, 2016 and 2015
(Dollars in Thousands)

	2016				2015			
	ECMC Foundation, Inc.	The Grider Initiative, Inc.	Research for Health in Erie County, Inc.	**Total (memorandum only)**	ECMC Foundation, Inc.	The Grider Initiative, Inc.	Research for Health in Erie County, Inc.	Total (memorandum only)
Operating revenues:								
Grants, contributions and special events	$ 3,309	$ -	$ -	**$ 3,309**	$ 2,617	$ -	$ -	$ 2,617
Other operating revenue, net	9	-	-	**9**	13	-	-	13
Total operating revenues	3,318	-	-	**3,318**	2,630	-	-	2,630
Operating expenses:								
Program services and grants	752	955	28	**1,735**	1,221	1,081	19	2,321
Fundraising	1,281	-	-	**1,281**	597	-	-	597
Other operating expenses	992	-	5	**997**	675	8	3	686
Total operating expenses	3,025	955	33	**4,013**	2,493	1,089	22	3,604
Operating income (loss)	293	(955)	(33)	**(695)**	137	(1,089)	(22)	(974)
Non-operating revenue:								
Contributions from related party	-	955	-	**955**	-	1,081	-	1,081
Investment income	39	68	43	**150**	10	(27)	4	(13)
Change in net position	332	68	10	**410**	147	(35)	(18)	94
Net position – beginning of year	3,720	10,842	1,039	**15,601**	3,573	10,877	1,057	15,507
Net position – end of year	$ 4,052	$ 10,910	$ 1,049	**$ 16,011**	$ 3,720	$ 10,842	$ 1,039	$ 15,601

See notes to the financial statements.

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") as amended in 2016. 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 602-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 and three chemical dependency and alcohol rehabilitation clinics located throughout the County. The Corporation serves as the region's only Level 1 adult 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 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, as amended, 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 New York 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 (5) 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, law, 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 Heath 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").

Note 1. Organization (Continued)

Medical School Collaboration: The Corporation serves as a primary teaching hospital for the University School of Medicine and Biomedical Sciences (the "Medical School"). An agreement governs the relationship between the Corporation and 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 169 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. The component units discussed below are included because the nature and significance of their relationship to the Corporation are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete under criteria set forth by the Governmental Accounting Standards Board (GASB).

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 retention 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. 462 Grider Street, Buffalo, NY 14215.

Research for Health in Erie County, Inc.: Research for Health in Erie County, Inc. (RHEC) is a nonprofit organization dedicated to support research activities relating to the causes, nature, and treatment of diseases, disorders, and defects of particular importance to the public health in areas served by the Corporation. 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.

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 and administrative services, 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 and was formed for the purpose of purchasing and holding properties in proximity to the Corporation's 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. Under this basis of accounting, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the Corporation are included in the statements of net position.

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." The discretely presented component units, as previously described, report under Financial Accounting Standards Board (FASB) standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features.

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, self-insured obligations, 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 $1,827 and $2,539 in total operating revenue for the years ended December 31, 2016 and 2015, respectively. 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.

(Dollars in Thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

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.

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, 2016 and 2015 was approximately $18,962 and $17,133, respectively.

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 at December 31, 2015 was $23,617 of securities guaranteed by Governmental National Mortgage Association and insured by the U.S. Department of Housing and Urban Development (HUD) related to an investment in Kaleida Health's Gates Vascular Institute located on the Buffalo Niagara Medical Campus. Kaleida Health, HUD and the owners of the securities restructured the transaction during 2016 and the securities held by the Corporation were redeemed. Proceeds from this redemption were $18,595.

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, is as follows:

	2016	2015
Medicaid Disproportionate Share (DSH) and Upper Payment Limit (UPL)	$ 42,160	$ 47,675
Care Restructuring Enhancement Pilot (CREPS) Program Grant	20,040	-
Other	6,782	9,225
	$ 68,982	$ 56,900

(Dollars in Thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

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 as a direct increase to the component of net investment in capital assets.

Deferred outflows of resources: Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and therefore will not be recognized as an outflow of resources (expense) until that time. Deferred outflows of resources consist primarily of unrecognized items not yet charged to pension expense related to the net pension liability.

Deferred inflows of resources: Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and therefore will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources consist primarily of the unamortized portion of certain items related to the Corporation's pension.

Other assets: Amounts due from the County, as noted in Note 13, 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, 2016 and 2015, the Corporation's share of the net assets of Collaborative Care amounted to $7,047 and $7,144, respectively.

Unearned revenue: Unearned revenue represents funds received by the Corporation for the DSRIP Program 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, 2016 and 2015, within the caption accrued salaries, wages and employee benefits in the amount of $11,004 and $11,545, respectively.

Note 2. Summary of Significant Accounting Policies (Continued)

Net position: Net position is 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: The restricted expendable component of net position consists of constraints placed on net position through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The restricted nonexpendable component of net position is permanently unavailable for use. The earnings on the nonexpendable net position are classified as restricted expendable.

Unrestricted: This component of net position consists of net position that does not meet the definition of other components of net position described above. 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.

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 $10,244 and $12,255 for the years ended December 31, 2016 and 2015, respectively. Additionally, the Corporation provided approximately $3,476 and $2,890 in discounts to self-pay patients for the years ended December 31, 2016 and 2015, respectively.

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, restricted - expendable net positions are released to unrestricted net position and reported in the statements of activities as net position released from restrictions.

Note 2. Summary of Significant Accounting Policies (Continued)

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 2016 and 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.

Recent and pending accounting pronouncements: 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, proving 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 was effective for the year ended December 31, 2016 and the reporting and disclosure requirements are 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. 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.

Note 2. Summary of Significant Accounting Policies (Continued)

In March 2016, GASB issued Statement No. 82, *Pension Issues, an amendment of GASB Statements No. 67, 68 and 73*. The objective of this Statement is to address issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. 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.

In November 2016, GASB issued Statement No. 83, *Capital Asset Retirement Obligations*. The objective of this Statement is to address accounting and financial reporting for certain asset retirement obligations. An asset retirement obligation is defined as a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The Corporation has not yet determined the impact this statement will have on the financial statements.

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The Statement establishes criteria for identifying fiduciary activities and the focus of the criteria generally is on (1) whether the government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. 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 22, 2017, the date the financial statements were issued.

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.

(Dollars in Thousands)

Note 3. Net Patient Service Revenue (Continued)

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 statements of revenues, expenses and changes in net position is comprised of the following for the years ended December 31:

	2016		
	ECMC	Terrace View	Total
Gross charges	$ 921,658	$ 89,792	$ 1,011,450
Less			
Discounts and allowances	470,793	40,136	510,929
Provision for bad debts	9,030	1,560	10,590
	$ 441,835	$ 48,096	$ 489,931

	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
	$ 417,419	$ 50,329	$ 467,748

(Dollars in Thousands)

Note 3. Net Patient Service Revenue (Continued)

Net patient service revenue by payor for the years ended December 31 is as follows:

	2016			
	ECMC	Terrace View	Total	%
Medicare*	$ 148,849	$ 7,063	$ 155,912	31.8%
Medicaid*	160,698	37,262	197,960	40.4%
Other third party payors	129,742	1,264	131,006	26.8%
Self-pay	2,546	2,507	5,053	1.0%
	$ 441,835	$ 48,096	$ 489,931	100.0%

	2015			
	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%
	$ 417,419	$ 50,329	$ 467,748	100.0%

*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.

(Dollars in Thousands)

Note 3. Net Patient Service Revenue (Continued)

Patient accounts receivable consist of the following at December 31:

	2016		
	ECMC	Terrace View	Total
Gross accounts receivable	$ 121,255	$ 14,275	$ 135,530
Less			
Discounts and allowances	46,685	2,509	49,194
Provision for bad debts	14,976	3,986	18,962
	$ 59,594	$ 7,780	$ 67,374

	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
	$ 61,175	$ 6,660	$ 67,835

Concentration of credit risk: The Corporation grants credit without collateral to its patients, most of whom are insured under third-party payor arrangements. The mix of net receivables from patients and third-party payors at December 31 is as follows:

	2016	2015
Medicare	25.8%	29.7%
Medicaid	28.1%	28.5%
Commercial insurance and HMO's	24.3%	23.3%
No-fault	9.3%	8.1%
Self-pay	5.9%	2.4%
Other	6.6%	8.0%
Total	100.0%	100.0%

Note 4. Disproportionate Share Revenue

The Medicaid DSH program is designed to provide Federal funds to certain hospitals to help offset the cost of uncompensated care provided to the uninsured. Each state has a specified Federal DSH allotment. In addition, New York State law authorizes the DOH to make supplemental DSH medical assistance payments to public hospitals located in Erie County, Nassau County, and Westchester County. For long term care facilities, DSH revenue is recognized in accordance with Upper Payment Limit (UPL) regulations promulgated by CMS.

In 2016 and 2015, DSH funding recorded by the Corporation totaled $71,500 and $59,237, respectively. The DSH funding process is complex and includes both tentative and final settlements for various state fiscal years which are subject to the availability of state and federal funding among other factors. As a result, DSH revenue is estimated and final settlements may vary significantly from the initial estimates.

For hospital services, DSH revenue of $50,327 and $42,503 was recognized in 2016 and 2015, respectively. In addition during 2016 and 2015, the Corporation recognized $21,173 and $16,734, respectively, of UPL revenue for Terrace View and the existing hospital-based skilled nursing unit which was assimilated into Terrace View. The UPL for New York State fiscal years 2015-2016 and 2016-2017, for public nursing homes has not yet been finalized. As a result, UPL revenue for the long term care units are estimates based on historical experience.

In addition, the Centers for Medicare and Medicaid Services (CMS) has indicated that cost reports dating back to the 2014 reporting year and the methodology employed to calculate DSH revenue are subject to audit. At this time, the impact of the CMS audit activity on the Corporation's DSH revenue is not certain. Management has taken what it believes to be reasonable and appropriate steps to assure compliance with the CMS methodology.

(Dollars in Thousands)

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

Cash and cash equivalents and investments: The Corporation's investments are made in accordance with State regulations and its own investment policy. The investment policy is regularly reviewed by an investment committee of the Board which evaluates the performance of investment managers and monitors compliance with the investment policy.

The Corporation's investments are generally reported at fair value, as discussed in Note 2. The carrying amounts of cash and cash equivalents, investments and assets whose use is limited are included in the Corporation's Statements of Net Position as follows:

	2016	2015
Cash and cash equivalents	$ 15,389	$ 29,682
Investments	19,814	11,331
Assets whose use is limited – current	23,849	37,179
Assets whose use is limited – non-current	82,448	87,743
	$ 141,500	$ 165,935
Current Portion of Assets Whose use is Limited		
Patient and residents trust cash	$ 360	$ 428
Restricted for debt service [(a)]	2,811	2,807
Equipment funds [(b)]	1,261	6,636
Designated for self-insurance obligations [(c)]	4,408	4,413
Designated for retiree health obligations [(c)]	9,737	9,109
Designated for DSRIP program [(c)]	5,087	13,691
NYS voluntary defined contribution plan escrow	185	95
Total current portion of assets whose use is limited	$ 23,849	$ 37,179
Noncurrent Portion of Assets Whose use is Limited		
Restricted for debt service [(a)]	$ 9,253	$ 9,123
Designated for long-term investment [(c)]	18,594	23,617
Designated for retiree health obligations [(c)]	15,094	15,722
Designated for self-insurance obligations [(c)]	20,309	20,167
Restricted – insured workers compensation collateral [(d)]	19,198	19,114
Total noncurrent portion of assets whose use is limited	$ 82,448	$ 87,743

[(a)] Funds restricted by operation of indenture agreement
[(b)] Unspent loan proceeds for equipment
[(c)] Funds internally designated by operation of board authority
[(d)] Funds restricted – insured workers compensation collateral agreement

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, 2016 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, 2016 and 2015, totaled $25,749 and $36,846, respectively. $941 and $972 of the deposits were insured at December 31, 2016 and 2015, respectively. 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 to 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.

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 had no holdings in Federal National Mortgage Association (Fannie Mae) issues in 2016 (6.0% in 2015). At December 31, 2016 holdings were 6.3% (5.4% in 2015), in Federal Home Loan Mortgage Corporation (Freddie Mac) issues.

(Dollars in Thousands)

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

Fair value of financial instruments: The Corporation has 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 3 assets.

	2016			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 15,389	$ -	$ -	$ 15,389
Investments and assets whose use is limited:				
Cash and cash equivalents	58,095	-	-	58,095
Marketable equity securities:				
Mid-cap core equities	1,728	-	-	1,728
Mid-cap value equities	1,682	-	-	1,682
Value equities	1,838	-	-	1,838
Growth equities	9,235	-	-	9,235
Global core equities	3,450	-	-	3,450
Short-term fixed income	-	33,785	-	33,785
Corporate bonds	-	7,407	-	7,407
Government bonds	-	8,891	-	8,891
Total investments	76,028	50,083	-	126,111
Total	$ 91,417	$ 50,083	$ -	$ 141,500

(Dollars in Thousands)

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

	2015			
	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	55,396	80,857	-	136,253
Total	$ 85,078	$ 80,857	$ -	$ 165,935

Note 6. Capital Assets

Capital asset activity for the years ended December 31 is as follows:

	2016			
	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance
Capital assets – being depreciated				
Land and land improvements	$ 20,020	$ 269	$ -	$ 20,289
Buildings and improvements	414,180	6,623	(124)	420,679
Fixed/major moveable equipment	146,433	5,762	(5)	152,190
Total capital assets – being depreciated	580,633	12,654	(129)	593,158
Less accumulated depreciation	(308,742)	(28,468)	-	(337,210)
Total capital assets – being depreciated, net	271,891	(15,814)	(129)	255,948
Capital assets – not being depreciated				
Construction in progress	4,565	5,124	(6,060)	3,629
Idle property, net	3,356	-	(3,356)	-
Total capital assets, net	$ 279,812	$ (10,690)	$ (9,545)	$ 259,577

(Dollars in Thousands)

Note 6. Capital Assets (Continued)

	2015			
	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, 2016 and 2015 includes costs associated with the planning and design of the emergency department expansion project, as well as construction and remodeling costs for the pathology clinic and 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. As a result, the building was reclassed to idle property. The Corporation transferred title to these assets effective March 2016 to Erie County as stipulated in the 2009 settlement agreement (Note 13).

Depreciation expense amounted to $28,468 and $27,769 for the years ended December 31, 2016 and 2015, respectively.

Note 7. Accrued Other Liabilities

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

	2016	2015
Due to Erie County	$ 7,912	$ 16,550
Workers compensation claims	3,247	3,171
Due to discretely presented component units	2,121	2,629
Medical malpractice claims	1,161	1,242
Other post-employment benefits (OPEB)	9,737	9,109
Interest costs	809	814
Other	5,216	5,983
Total	$ 30,203	$ 39,498

(Dollars in Thousands)

Note 8. Indebtedness

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

	2016				
	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Erie County - Guaranteed Senior Revenue Bonds, Series 2004	$ 84,790	$ -	$ (2,860)	$ 81,930	$ 3,020
Erie County – 2011 loan payable	80,812	-	(5,001)	75,811	5,191
Key Bank loan	-	8,100	-	8,100	8,100
Capital lease obligation - 2014	977	-	(643)	334	334
Capital lease obligation - 2015	9,923	-	(2,115)	7,808	2,166
Total debt	$ 176,502	$ 8,100	$ (10,619)	$ 173,983	$ 18,811

	2015				
	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Erie County - Guaranteed Senior Revenue Bonds, Series 2004	$ 87,500	$ -	$ (2,710)	$ 84,790	$ 2,860
Erie County – 2011 loan payable	85,629	-	(4,817)	80,812	5,001
Capital lease obligation - 2014	1,587	-	(610)	977	643
Capital lease obligation - 2015	-	10,000	(77)	9,923	2,115
Total debt	$ 174,716	$ 10,000	$ (8,214)	$ 176,502	$ 10,619

Future annual principal payments applicable to long term debt for the years subsequent to December 31, 2016 are as follows:

2017	$ 18,811
2018	10,791
2019	11,223
2020	10,506
2021	9,768
2022-2026	55,789
2027-2031	43,045
2032-2034	14,050
Total	$ 173,983

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. Interest rates on the bonds range from 5.5% to 5.7% at December 31, 2016 and 2015, respectively, with principal payments ranging from $3,020 to $7,220 due annually on November 1 with interest payments due semi-annually on May 1 and November 1.

Note 8. Indebtedness (Continued)

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.

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, 2016 and 2015 and, accordingly, no sinking funds have been established. The loan payable has a final maturity of October 1, 2028. Principal and interest (rate at 3.7% at December 31, 2016 and 2015) of $662 are due monthly.

During 2016, the Corporation signed a business loan agreement with Key Bank. Interest is payable monthly at the 1-month LIBOR rate, plus 2.25% (3.75% at December 31, 2016). Principal and all accrued interest is due July 2017.

During 2014, the Corporation entered into a capital lease agreement in the amount of $1,698, the proceeds of which were used to rent a speech recognition and transcription system. The agreement requires principal and interest payments (cost of capital is estimated at 5.3%) of $56 and matures June 2017.

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 (cost of capital is estimated at 2.3%) of $194 and matures June 2020. At December 31, 2016 and 2015, $1,261 and $6,636, respectively, of the proceeds remained unspent and are held in escrow.

Note 9. Pension Plan

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 440,000 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. The net pension liability is measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position. The net pension liability should be measured as of a date (measurement date) no earlier than the end of the employer's prior fiscal year, consistently applied from period to period.

(Dollars in Thousands)

Note 9. Pension Plan (Continued)

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, 2016 and 2015, the Corporation reported a liability of $116,006 and $24,112, respectively, for its proportionate share of the NYSLRS net pension liability. The total pension liability used to calculate the net pension liability is determined by an actuarial valuation as of April 1st each year and rolled forward to March 31st. 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 2016 and 2015, which was 0.7228% and 0.7137%, respectively.

(a) Actuarial Assumptions

The total pension liability for the March 31, 2016 measurement date was determined using an actuarial valuation as of April 1, 2015 with update procedures used to roll-forward the total pension liability to March 31, 2016. The actuarial valuations used the following actuarial assumptions:

Inflation	2.5%
Salary increases	3.8%, including inflation
Investment rate of return	7.0%, net of pension plan investment expense
Cost of living adjustments	1.3%
Mortality improvement	Society of Actuaries MP-2014

The total pension liability for the March 31, 2015 measurement date was determined using an actuarial valuation as of April 1, 2014 with update procedures used to roll-forward the total pension liability to March 31, 2015. The actuarial valuations used 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%
Mortality improvement	Society of Actuaries MP-2014

(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 using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table at December 31, 2016 and 2015:

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%	21.1%
Cash	2.0%	2.3%
	100.0%	

(c) Discount Rate

The discount rate used to measure the total pension liability as of December 31, 2016 and 2015 was 7.0% and 7.5%, respectively. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the NYSLRS fiduciary net position was projected to be available to make all projected future benefit payments of current plan 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 7.0% at December 31, 2016 and 7.5% at December 31, 2015, 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 or 1-percentage-point higher than the current rate:

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Corporation's proportionate share of the net pension liability	$ 261,584	$ 116,006	$ (7,002)

2015

	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)

(Dollars in Thousands)

Note 9. Pension Plan (Continued)

(d) Deferred Outflows and Inflows of Resources

At December 31, the Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred outflows of resources:		
Differences between expected and actual actuarial experience	$ 586	$ 772
Net difference between projected and actual earnings on pension plan investments	68,821	4,188
Changes in assumptions	30,935	-
Corporation contributions subsequent to the measurement date	25,235	-
Other	194	-
Total	$ 125,771	$ 4,960
Deferred inflows of resources:		
Differences between expected and actual actuarial experience	$ 13,751	$ -
Changes in proportion and differences between Corporation contributions and proportionate share of contributions	6,852	4,122
Total	$ 20,603	$ 4,122

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.

(e) Annual Pension Expense

The Corporation's annual pension expense for calendar years ending 2016 and 2015, which includes contributions toward the actuarially determined accrued liability and the amortization of deferred inflows of resources, was approximately $39,500 and $20,800, respectively. During 2016, the NYSLRS changed (reduced) the discount rate by 0.5% and incurred $68,821 in investment losses compared to actuarial assumed investment returns. This resulted in an increase in the net pension liability of $99,072 that is being amortized over five years. The amortization component of total pension expense has been separately presented on the statements of revenues, expenses and changes in net position.

(Dollars in Thousands)

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 2016 and 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.

Annual OPEB cost and net OPEB obligation: The Corporation's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of U.S. GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the Corporation's annual OPEB cost for the years 2016, 2015 and 2014, the amount actually contributed to the plan, and changes in the net OPEB obligation:

	2016	2015	2014
Annual OPEB Cost and Net OPEB Obligation			
Annual required contribution	$ 29,003	$ 21,205	$ 17,712
Interest on net OPEB obligation	6,286	5,693	5,230
Adjustment to annual required contribution	(8,365)	(5,119)	(4,702)
Annual OPEB cost	26,924	21,779	18,240
Contributions made	(10,961)	(9,307)	(8,496)
Increase in net OPEB obligations	15,963	12,472	9,744
Net OPEB obligation – beginning of year	132,331	119,859	110,115
Net OPEB obligation – end of year	$ 148,294	$ 132,331	$ 119,859

(Dollars in Thousands)

Note 10. Other Post-Employment Benefits (OPEB) (Continued)

The following table illustrates the Corporation's annual OPEB cost, percentage of annual OPEB cost contributed, and the net OPEB obligation at end of year:

	2016	2015	2014
Annual OPEB cost	$ 26,924	$ 21,779	$ 18,240
Percentage of annual OPEB cost contributed	40.7%	42.7%	46.6%
Net OPEB obligation at end of year	$ 148,294	$ 132,331	$ 119,859

Actuarial method and assumptions: Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of the valuation and on the pattern of cost sharing between the employer and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the January 1, 2016 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 4.75% investment rate of return, which is the projected long-term earning rate of the assets expected to be available to pay benefits. Since the Corporation does not currently segregate funding for these benefits, the appropriate rate is the expected return on the Corporation's general assets. Actuarial assumptions included an annual healthcare cost trend rate of 7.50% initially, reduced by decrements to an ultimate rate of 3.9% for the pre-65 plan and an initial rate of 5.8%, reduced by decrements to an ultimate rate of 3.9% for the post-65 plan over a long-term period. An assumed initial rate of 10.5%, reduced by decrements to an ultimate rate of 3.9% was used for the prescription drug plan over the same time frame. All rates included a 2.25% inflation assumption. The Unfunded Actuarial Accrued Liability (UAAL) is being amortized using the level dollar amortization period. The amortization period is 30 years.

Note 11. Delivery System Reform Incentive Payment (DSRIP) Program

In April 2014, the federal government approved a New York State Medicaid waiver request to reinvest $8 billion in federal savings to support implementation of transformative reforms to the State's healthcare system. Delivery system reforms will primarily be implemented through $7.4 billion of DSRIP Incentive payments for community-level collaborations to achieve programmatic objectives with a goal of reducing avoidable hospital use by 25% over five years. Additionally, $500 million was awarded through an Interim Access Assurance Fund (IAAF) to ensure the financial viability of critical safety net providers during the period prior to DSRIP implementation.

The IAAF, part of the DSRIP program, is a grant program authorized under the recently approved $8 billion Medicaid 1115 waiver. Its purpose is to assist safety net hospitals in severe financial distress and major public hospital systems to sustain key healthcare services as they participate with other providers to develop proposals for systems of integrated services delivery to be funded and implemented under the DSRIP. The Corporation was awarded a total of $8,484 for IAAF in 2014. The Corporation recorded $5,400 of IAAF grant revenue during the year ended December 31, 2015. In June 2015, the New York State Department of Health (NYSDOH) announced DSRIP valuation awards, which represent the total potential amount that each Performing Provider System (PPS) is eligible to earn in performance payments over the five years of the DSRIP program. The Corporation-led PPS received a valuation award of $243,020.

Note 11. Delivery System Reform Incentive Payment (DSRIP) Program (Continued)

As the DSRIP program requires, the Corporation serves as fiduciary or lead entity for a coalition of Medicaid provider and social services organizations referred to as a Performing Provider System (PPS). The PPS is referred to as Millennium Collaborative Care (MCC). Since April 2014, the Corporation has dedicated significant effort to enterprise-level and PPS-level preparation for participation in the DSRIP program, and in execution of NYSDOH required organizational and project planning essential to implementing and managing DSRIP program efforts. Notable activities include the establishment of PPS governance structures and the operationalization of MCC which is dedicated to DSRIP implementation and management.

During 2016, net DSRIP payments received by the Corporation totaled $15,355 ($18,190 in 2015). In addition, $23,966 and $4,499 was recorded as grant revenue for the years ended December 31, 2016 and 2015, respectively, based on meeting the eligibility requirements. Finally, $23,062 and $4,059, of related grant program expenses were incurred during 2016 and 2015, respectively.

Note 12. Care Restructuring Enhancement Pilot (CREPS) Program Grant

During 2016, the federal government approved a NYS Medicaid waiver request establishing the CREPS Program. The Corporation was awarded a grant under the CREPS Program administered by the New York State Department of Health. The total award amount is approximately $97,260 over the period April 1, 2016 to March 31, 2020 in state fiscal year annual distribution amounts of $43,930, $30,010, $13,320, and $10,000, respectively. The Corporation is responsible for achieving certain goals of the CREPS Program in each year in order to qualify for the funding. The Corporation believes it has achieved substantially all of the goals for year 1 of the program and has recognized related revenue in the amount of $20,040.

Note 13. 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.

Note 13. Transactions With the County of Erie (Continued)

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 years ended December 31, 2016 and 2015, are as follows:

The Corporation earned revenue totaling $2,953 and $2,800 for the years ended December 31, 2016 and 2015, respectively, 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 $9 and $3 for the years ended December 31, 2016 and 2015, respectively. Expenses incurred include services for laboratory fees.

The net amount due from the County of approximately $18,800 and $11,800 at December 31, 2016 and 2015, respectively, 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 14. 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 $732 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 April 1, 2016, the Corporation became self-insured for workers compensation claims through a combination of self-insurance and a high-deductible plan for certain periods as follows: The Corporation maintains a stop-loss insurance policy for the claims in excess of $750. Effective January 1, 2012, the Corporation insured 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, 2016 and 2015, $19,198 and $19,114, respectively, 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.

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 $27,310 and $22,675 at 2016 and 2015, respectively, for medical malpractice related exposures. Such amounts have been discounted at 2.0% for 2016 and 2015 and the accrued liabilities are included within the accrued other liabilities and 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 statements of revenues, expenses and changes in net position.

(Dollars in Thousands)

Note 14. Self-Insured Obligations (Continued)

The Corporation has accrued $28,682 and $31,204 at 2016 and 2015, respectively, for workers compensation related exposures. Such amounts have been discounted at 1.25% and the liabilities are included within the accrued other liabilities and self-insurance obligations captions of the accompanying statement of net position. Charges to expense for workers compensation costs approximated $6,177 and $7,480 in 2016 and 2015, respectively, and are included within the payroll, employee benefits and contract labor caption of the accompanying statements 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, 2016 and 2015 is as follows:

	2016				
	Beginning Balance	Actuarial estimate of claims incurred	Claims Paid	Ending Balance	Due Within One Year
Other post-employment benefits	$ 132,331	$ 26,924	$ (10,961)	$ 148,294	$ 9,737
Medical malpractice	22,675	5,372	(737)	27,310	1,161
Workers compensation	31,204	4,361	(6,883)	28,682	3,247
	$ 186,210	$ 36,657	$ (18,581)	$ 204,286	$ 14,145

	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
	$ 171,635	$ 30,148	$ (15,573)	$ 186,210	$ 13,522

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

Note 15. 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. Management and its counsel are not aware of any such actions that will have a material adverse effect on the Corporation's financial statements.

(Dollars in Thousands)

Note 15. Commitments and Contingencies (Continued)

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, 2016 and 2015, the Corporation has recorded no loss contingencies except as disclosed in Note 14.

The Corporation leases various equipment and facilities under operating leases expiring at various dates through May 2026. Total rental expense for all operating leases was approximately $3,600 and $3,400 in 2016 and 2015, respectively.

The following is a schedule by year of future minimum lease payments under operating leases as of December 31, 2016 that have initial or remaining lease terms in excess of one year:

2017	$	2,524
2018		1,571
2019		1,226
2020		770
2021		747
2022-2026		2,643
	$	9,481

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, 2016	$ 335,639	$ 335,639	$ 112,351	298.7%
January 1, 2015	$ 300,728	$ 300,728	$ 115,349	260.7%
January 1, 2014	$ 249,469	$ 249,469	$ 116,986	213.3%

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

Schedule of Corporation's Contributions
NYSLRS Pension Plan
December 31, 2016
(Dollars in Thousands)

	2016	2015	2014	2013
Contractually required contribution	$ 26,722	$ 29,771	$ 29,835	$ 27,164
Contributions in relation to the contractually required contribution	26,722	29,771	29,835	27,164
Contribution deficiency	$ -	$ -	$ -	$ -
ECMCC covered-employee payroll	$ 186,218	$ 172,851	$ 162,961	$ 151,906
Contributions as a percentage of covered-employee payroll	14.3%	17.2%	18.3%	17.9%

Note: During December 2016, the Corporation prepaid its 2017 contribution to the plan in the amount of $25,235 to take advantage of a prepayment discount in the amount of $214.

Note: GASB requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Corporation wil present information for those year for which information is available.

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

Schedule of Corporation's Proportionate Share of Net Pension Liability
NYSLRS Pension Plan
December 31, 2016
(Dollars in Thousands)

	2016	2015
ECMCC proportionate of the net pension liability	0.7228%	0.7137%
ECMCC proportionate share of the net pension liability	$ 116,006	$ 24,112
ECMCC covered-employee payroll	186,218	172,851
ECMCC proportionate share of the net pension liability as a percentage of it's covered-employee payroll	62.3%	13.9%
Plan fiduciary net position as a percentage of the total pension liability	90.7%	97.9%

Note: GASB requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the Hospital will present information for those years for which information is available.

Erie County Medical Center Corporation

(A Component Unit of the County of Erie)

Uniform Guidance Audit Requirements

December 31, 2016

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, 2016

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	$ 744,981
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	H12HA24856	357,244
Ryan White HIV/AIDS Dental Reimbursement and Community Based Dental Partnership Grants	93.924	N/A	23,196
Total U.S. Department of Health and Human Services Health Resources and Services Administration Direct Programs			1,125,421
U.S. Department of Health and Human Services pass through program from:			
Health Research Inc.:			
Hospital Preparedeness Program (HPP) Ebola Preparedness and Response Activities	93.817	6U3REP1505200102	23,428
National Bioterrorism Hospital Preparedness Program	93.889	NU90TP000515	49,000
HIV Care Formula Grants	93.917	X07HA00025	232,358
Research Foundation for Mental Hygiene Inc.:			
Cooperative Agreements to Implement the National Strategy for Suicide Prevention	93.764	1011825	37,500
New York/ New Jersey AIDS Education and Training Center			
AIDS Education and Training Centers	93.145	5 H4A HA 0071-12	29,044
Total U.S. Department of Health and Human Services Pass Through Programs			371,330
Total Expenditures of Federal Awards			$ 1,496,751

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, 2016

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Erie County Medical Center Corporation (the Corporation) under programs of the federal government for the year ended December 31, 2016. 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).

For purposes of the Schedule, federal awards include all federal assistance entered into directly between the Corporation and the federal government and sub-awards from nonfederal organizations made under federally sponsored agreements. The Schedule does not include payments received under Medicare and Medicaid reimbursement programs. Because the Schedule presents only a selected portion of the activities of the Corporation, it is not intended to, and does not, present the financial position, changes in net position and 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. The Corporation has elected to not exercise its option to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Other Federal Awards

There were no federal awards expended for noncash assistance, insurance, or any loans, loan guarantees, or interest subsidies outstanding at December 31, 2016.

Note 4. Subrecipients

The Corporation did not provide federal awards to any subrecipients during the year ended December 31, 2016.

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RSM US LLP

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*

Independent Auditor's Report

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, 2016, 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 22, 2017. The financial statements of ECMC Foundation, Inc., the Grider Initiative, Inc. and Research for Health in Erie County, Inc. were not audited in accordance with *Government Auditing Standards,* and accordingly, this report does not include reporting on internal controls over financial reporting or instances of reportable noncompliance associated with ECMC Foundation, Inc., the Grider Initiative, Inc. and Research for Health in Erie County, Inc.

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*.

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 22, 2017

RSM

RSM US LLP

Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

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 each of the Corporation's major federal programs for the year ended December 31, 2016. The Corporation's major federal programs are 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 each of the Corporation's major federal programs 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 each 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 each of its major federal programs for the year ended December 31, 2016.

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 each 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
We have audited the financial statements of December 31, 2016 as of and for the year ended December 31, 2016 and have issued our report thereon dated March 22, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

March 22, 2017

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

Schedule of Findings and Questioned Costs
Year Ended December 31, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		yes	X	no
Significant deficiency(ies) identified?		yes	X	none reported
Noncompliance material to financial statements noted?		yes	X	no

Federal Awards

Internal control over major programs:				
• Material weakness(es) identified?		yes	X	no
• Significant deficiency(ies) identified?		yes	X	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?		yes	X	no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.153	Coordinated Services and Access to Research for Women, Infants, Children, and Youth
93.917	HIV Care Formula Grants

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000			
Auditee qualified as a low risk auditee?	X	yes		no

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, 2016

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

TABLE OF CONTENTS

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

Collegial Intervention, Peer Review, Fair Hearing & Appellate Review Procedures. These Governance Documents shall establish controls that are designed to ensure the achievement and maintenance of the highest quality medical care and high standards of professional and ethical practice. The Board shall approve all such Medical Staff Governance Documents.

Section 3. Appointment of Medical Staff. Appointments and reappointments to the Medical Staff shall be made by the Board. The Board shall be responsible for granting and defining the scope of the clinical privileges to be exercised by each member of the Medical Staff, including but not limited to providing approval of modifications, suspensions and termination of such privileges and Medical Staff membership in accordance with the Medical Staff Governance Documents and written ECMCC policies. In acting on matters of Medical Staff membership and scope of privileges, the Board shall consider the recommendations of the Medical Staff's Medical Executive Committee. The procedures for Medical Staff appointment are more specifically outlined in the Medical Staff's Credentials Procedure Manual.

Section 4. Authority for Medical Staff Conduct. Ultimate responsibility for the conduct of the Medical Staff remains with the Board. The Board shall enforce compliance with all medical staff Governance Documents by all members of the Medical Staff. No assignment, referral or delegation of authority by the Board to the Medical Director, COO, CEO, the Medical Staff or any other person shall preclude the Board from exercising the authority required to meet its responsibility for the conduct of the Corporation. The Board retains the right to rescind any such delegation.

Section 5. Duties of the Medical Staff. The Board shall delegate to the Medical Staff the authority to monitor, evaluate and document professional performance of Medical Staff members in accordance with its Governance Documents. The Board shall hold the Medical Staff accountable, through the chiefs of service of the departments and the Medical Director, for making recommendations based on well-defined and written criteria related to the goals and standards of the Corporation concerning Medical Staff appointments, reappointments and clinical privileges.

Section 6. Quality of Patient Care. The Medical Staff is accountable to the Board for the quality of care provided to patients.

Section 7. Rights at Meetings. Members of the Medical Staff shall be entitled to be heard at all public meetings and committee meetings of the Board.

ARTICLE VIII
STANDARDS OF PATIENT CARE

Section 1. Patient Care Practices. The Board shall require that the following patient care practices are implemented, shall monitor ECMCC's compliance with these patient care practices, and shall take corrective action as necessary to attain compliance:

a. Every patient of ECMCC, whether an in-patient, emergency patient, or out-patient, shall be provided care that meets generally accepted standards of professional practice.

b. Every patient is under the care of a health care practitioner who is a member of the medical staff.

c. Patients are admitted to ECMCC only on the recommendation of a member of the medical staff permitted by the State law and Medical Staff Governance Documents to admit patients to the hospital.

d. A physician, a registered physician's assistant or a nurse practitioner, under the general supervision of a physician, is on duty at all times in the hospital.

e. A physician shall be responsible for the care of each patient with respect to any medical or psychiatric problem that is present on admission or develops during hospitalization.

f. In the event that human research is conducted within ECMCC, written policies and procedures shall be adopted and implemented pursuant to the provisions of Public Health Law Article 24-A for the protection of human subjects.

g. ECMCC shall have available at all times personnel sufficient to meet patient care needs.

ARTICLE IX
THE SCHOOL OF MEDICINE
STATE UNIVERSITY OF NEW YORK AT BUFFALO

The Board strongly supports the relationship between ECMCC and the School of Medicine and Biomedical Sciences of the State University of New York at Buffalo through an affiliation agreement. The Board shall take all appropriate action to retain and enhance the benefits arising from said relationship provided that the Board shall hold uppermost the discharge of its legal and fiduciary duties to ECMCC.

ARTICLE X
SUBSIDIARY CORPORATIONS AND ENTITIES

Except as expressly limited by law, the Corporation may exercise and perform all or part of its purposes, powers, duties, functions or activities through one or more subsidiary corporations or companies owned or controlled wholly or in part by the Corporation, which shall be formed pursuant to the Business Corporation Law, the Limited Liability Company Law, or the Not-For-Profit Corporation Law. Any such subsidiary may be authorized to act as a general or limited partner in a partnership or as a member of a limited liability company and to enter into an arrangement calling for an initial and subsequent payment by such subsidiary in consideration of

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.

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Erie County Medical Center Corporation Operating and Capital Budgets

For the year ending 2017

Table of Contents

Management Discussion and Analysis

Management Discussion and Analysis
September 30, 2017

The 2017 Operating and Capital Budgets (the "Budget") presented in the following pages was developed by the Executive Leadership Team of Erie County Medical Center Corporation ("ECMCC") and its management staff. 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, expense inflation greater than reimbursement rate growth ECMCC has budgeted an operating margin of 0.2%. This level of performance is consistent with the projected 2016 operating margin and 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 analysis indicating that such increases are not supported by market factors. With increasing consumer responsibility for healthcare costs such price increases may hinder access to ECMC and volume growth**.** Most insurers do not pay based on gross fees established, however in many cases co-insurance and deductible amounts are based on gross fees, and management has determined the impact of a lack of price increase on revenues is out weighed by the potential growth and the overall results of operations of ECMCC. 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 attainable. Other Operating Revenue has been budgeted based on historical experience. Disproportionate Share 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:

Cash Flows have been budgeted on the result of operations, investments in capital assets, required principal payments on Long-Term debt and funding of employee benefits plans consistent with GASB 45 and GASB 68, and a stable net working capital position.

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.

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
- Authority Budget Office
- 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 Meetings 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

	2013	2014	2015	Projected 2016	Budget 2017
Operating Margin %	0.2%	0.2%	0.2%	0.2%	0.2%
NYS PBC Average %	-5.5%	-3.0%	-5.8%	-6.1%	-6.1%
Operating EBITDA %	6.3%	7.5%	6.7%	6.4%	6.8%
NYS PBC Average %	1.2%	3.6%	0.9%	0.0%	0.0%
FTE's	2,823	2,902	3,153	3,194	3,258
Days Cash On Hand	122.6	84.3	71.9	65.1	57.1
Debt Covenant	57.0	57.0	57.0	57.0	57.0
NYS PBC Average	42.9	57.0	45.4	50.2	50.2
Debt Service Coverage	1.9	2.6	2.4	1.9	1.7
Debt Covenant	1.1	1.1	1.1	1.1	1.1
NYS PBC Average	0.9	1.8	0.8	0.3	0.3
Debt to Total Capitalization	63.2%	61.8%	66.8%	76.4%	75.3%
NYS PBC Average %	258.7%	268.9%	296.8%	201.9%	201.9%
Salaries, Wages & Benefits % of Revenue	73.4%	65.7%	63.7%	64.9%	64.1%
Supply Expense % of Revenue	17.4%	16.0%	15.9%	16.3%	15.7%
Benefit % of Salaries and Wages	57.2%	54.7%	47.4%	49.9%	47.9%
Days In Accounts Receivable, net	48.0	43.5	52.9	51.1	50.9
NYS PBC Average	54.1	45.9	41.5	39.2	39.2

Statement of Revenues and Expenses

(Thousands)

	2015 Audited		2016 Projected		2017 Budget		Increase (Decrease)	
	$	%	$	%	$	%	$	%
Net Patient Revenue	465,083	100.0%	484,856	100.0%	509,502	100.0%	24,646	5.1%
Disproportionate Share / IGT and UPL Payments	59,237	12.7%	63,717	13.1%	63,717	12.5%	-	0.0%
Other Operating Revenues	26,089	5.6%	35,499	7.3%	42,751	8.4%	7,252	20.4%
Total Operating Revenues	550,409	118.3%	584,072	120.5%	615,970	120.9%	31,898	5.5%
Operating Expenses								
Salaries and Benefits	296,405	63.7%	314,459	64.9%	326,687	64.1%	12,228	3.9%
Physician Fees & Professional Services	113,509	24.4%	108,885	22.5%	117,142	23.0%	8,257	7.6%
Supplies	73,762	15.9%	78,798	16.3%	79,895	15.7%	1,097	1.4%
Other Expenses	29,863	6.4%	44,523	9.2%	50,663	9.9%	6,140	13.8%
Depreciation	27,906	6.0%	28,371	5.9%	28,087	5.5%	(284)	-1.0%
Interest	8,233	1.8%	8,036	1.7%	12,496	2.5%	4,460	55.5%
Total Operating Expenses	549,678	118.2%	583,072	120.3%	614,970	120.7%	31,898	81.2%
Income from Operations	731	0.2%	1,000	0.2%	1,000	0.2%	-	0.0%
Non Operating Revenues	2,611	0.6%	(1,579)	-0.3%	1,278	0.3%	2,857	180.9%
Excess of Revenues Over Expenses	3,342	0.7%	(579)	-0.1%	2,278	0.4%	2,857	493.4%

The difference between healthcare and true care™

Balance Sheets

(Thousands)

	2015 Audited		2016 Projected		2017 Budget		Increase (Decrease)	
	$	%	$	%	$	%	$	%
Assets								
Current Assets								
Cash and Investments	40,885	6.6%	36,045	4.5%	27,926	3.6%	(8,119)	-22.5%
Patient Accounts Receivable, Net	67,529	10.9%	67,867	8.4%	71,051	9.3%	3,184	4.7%
Other Current Assets	64,154	10.3%	59,377	7.3%	47,572	6.2%	(11,805)	-19.9%
Total Current Assets	172,568	27.8%	163,289	20.2%	146,549	19.1%	(16,740)	-10.3%
Total Assets Whose Use Is Limited	124,922	20.1%	220,841	27.3%	164,432	21.4%	(56,409)	-25.5%
Property and Equipment, Net	279,525	45.1%	255,154	31.5%	293,697	38.3%	38,543	15.1%
Other Assets	43,023	6.9%	169,537	21.0%	162,537	21.2%	(7,000)	-4.1%
Total Assets	620,038	100.0%	808,821	100.0%	767,215	100.0%	(41,606)	-5.1%
Liabilities and Net Assets								
Current Liabilities								
Current Portion of Long Term Debt	10,620	1.7%	10,711	1.3%	10,791	1.4%	80	0.7%
Accounts Payable and Accrued Expenses	87,933	14.2%	63,934	7.9%	64,614	8.4%	680	1.1%
Liability to Third Party Payers, Net	2,777	0.4%	11,403	1.4%	11,983	1.6%	580	5.1%
Total Current Liabilities	101,330	16.3%	86,048	10.6%	87,388	11.4%	1,340	1.6%
Other Liabilities	56,957	9.2%	154,317	19.1%	122,137	15.9%	(32,180)	-20.9%
Long Term Debt	165,883	26.8%	267,172	33.0%	254,293	33.1%	(12,879)	-4.8%
Self Insurance Liabilities	175,977	28.4%	183,052	22.6%	183,967	24.0%	915	0.5%
Total Liabilities	500,147	80.7%	690,589	85.4%	647,785	84.4%	(42,804)	-6.2%
Total Net Assets	119,891	19.3%	118,232	14.6%	119,430	15.6%	1,198	1.0%
Total Liabilities and Net Assets	620,038	100.0%	808,821	100.0%	767,215	100.0%	(41,606)	-5.1%

The difference between healthcare and true care™

Statement of Cash Flow

(Thousands)	Audited 2015	Projected 2016	Budget 2017
Cash Flows From Operating Activities			
Excess of Revenues Over Expenses	3,342	(579)	2,278
Depreciation & Amortization	27,906	28,371	28,087
(Increase) Decrease in Patient Accounts Receivable, Net	(16,038)	(338)	(3,184)
(Increase) Decrease in Other Current Assets	12,718	(121,737)	18,805
Increase (Decrease) in Accounts Payable and Accrued Exp.	38,501	(23,999)	680
Increase (Decrease) in Third Party Payer Settlements	(17,734)	8,626	580
Increase (Decrease) in Self Insurance Liabilities	7,230	7,075	915
Increase (Decrease) in Other Liabilities	12,472	97,360	(32,180)
Net Cash Provided By (Used In) Operating Activities	68,397	(5,221)	15,981
Cash Flows From Investing Activities			
(Increase) Decrease in Assets Whose Use is Limited	(17,954)	(95,919)	56,409
Cash Flows From Financing Activities			
Additions to Property and Equipment	(18,384)	(4,000)	(66,630)
Principal Payments on Long Term Debt	1,787	101,380	(12,799)
Other Financing Activities, Net	(2,482)	(1,080)	(1,080)
Net Cash (Used In) Financing Activities	(19,079)	96,300	(80,509)
Net Increase (Decrease) in Cash and Investments	31,364	(4,840)	(8,119)
Cash and Investments, Beginning	9,521	40,885	36,045
Cash and Investments, Ending	40,885	36,045	27,926

Operating Performance Reconciliation

(Thousands)

	Operating Revenues	Operating Expenses	Operating Income
Projected 2016 Operating Income	584,072	583,072	1,000
Payor Rate Increases/Decreases, Net of Bad Debt	4,734		4,734
Volume Changes, Net	13,109	5,681	7,428
Revenue Cycle Improvements	6,000		6,000
DSRIP/IAAF/ Planning Grant Revenue	7,578	6,835	743
Reduction in Overtime		(220)	220
Wage Increases and Other Salary Changes		7,452	(7,452)
Benefits Changes, Net		1,110	(1,110)
Physician Fees		5,647	(5,647)
Increase in Purchased Services		2,610	(2,610)
Increase in Interest Expense		4,460	(4,460)
Supply Chain Initiatives		(2,200)	2,200
Supply and Pharmacy Cost Inflation		2,905	(2,905)
All Other, Net	477	(2,382)	2,859
Budgeted 2017 Operating Income	615,970	614,970	1,000

Principal Assumptions

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

Volume Assumptions

	2015 Actual	2016 Projection	2017 Budget	Increase (Decrease) 16 - 17	%
Discharges	18,378	18,732	18,755	23	0.1%
Average Length of Stay					
Acute	6.3	6.6	6.3	(0.3)	-4.5%
Other	11.1	10.7	10.9	0.2	1.9%
Total	8.1	7.8	7.8	-	0.0%
Observation	4,421	4,483	4,483	-	0.0%
Outpatient Visits					
Clinics	107,040	110,341	121,412	11,071	10.0%
Behavioral Health	32,978	35,210	35,560	350	1.0%
Chemical Dependency	53,592	51,406	51,406	-	0.0%
Dialysis	25,036	27,340	28,584	1,244	4.6%
Therapies	71,425	70,000	73,271	3,271	4.7%
Transplant/Vascular	5,147	6,508	6,821	313	4.8%
Total	295,218	300,805	317,054	16,249	5.4%
Surgical Cases					
Inpatient	5,525	5,814	5,916	102	1.8%
Outpatient	6,763	7,369	7,868	499	6.8%
Ancillary	1,283	1,474	1,474	-	0.0%
Total	13,571	14,657	15,258	601	4.1%
Emergency Visits	54,854	57,225	57,225	-	0.0%
CPEP Visits	12,434	12,312	12,312	-	0.0%
Terrace View ADC	381	377	386	9	2.4%

Revenue and Reimbursement Assumptions

Hospital Services

- Medicare
  - Rates based on FFY 2017 final rule; 1.22% market basket increase
  - Continued reductions in outlier payments and others
  - Final DRG weight (case mix) change +.0047
- Medicaid
  - 0.8% increase in operating rates
  - Continued capital payment
- Workers' Comp / No Fault
  - 1.0% increase in operating rates
- Other Payers
  - Per contracts in effect
  - Commercial increase range 1.7% to 4.75%
  - Medicare plans range -2.0% to 2.0%
  - Medicaid plans range 0.0% to 1.0%
  - $987 Thousand value based purchasing incentives

Revenue and Reimbursement Assumptions

Terrace View Services

- Medicare
  - 2.4% rate increase
- Medicaid
  - No increase to rates
  - CMI budget at 1.1
- Commercial Payers
  - Per contracts in effect

IGT and UPL Revenue

	Audited 2015	Projected 2016	Budget 2017
IGT	42,503	50,777	50,777
UPL	16,734	12,940	12,940
Total	59,237	63,717	63,717

Other Revenues

	2015 Actual	2016 Projected	2017 Budget
Rent Revenue	2,823	1,180	1,306
Grant Revenue	3,352	2,690	2,370
IAAF Grant Award	5,400	-	-
DSRIP Grant Revenue	5,143	23,719	31,297
Planning Grant Award	1,579	-	-
I.T. Meaningful Use Incentive Award	324	375	-
Parking Revenues	277	267	272
Local Payer Quality Incentive Payments	614	963	987
Other	6,522	6,305	6,519
	26,034	35,499	42,751

Millennium Collaborative Care

	2016		2017	
	Projected	%	Budget	%
Grant Revenue	23,719	100.0%	31,297	100.0%
Grant Expenses:				
To DSRIP participating providers	14,921	62.9%	21,371	68.3%
DSRIP administrative expenses	7,710	32.5%	8,096	25.9%
Total Expense's	22,631	95.4%	29,466	94.1%
Net Distribution to ECMCC	1,088	4.6%	1,831	5.9%

Salary Expense Reconciliation

		FTE's	Thousands of $
Projected 2016 FTE's / Salaries and Wages		3,194	209,845
Increases In Staffing		65	3,878
Collective Barginning Agreement Increases			
95.2% of Employees	3,103		
Step Increases (1.4%)			2,646
Pay Increases per CBA's (2.3%)			4,257
Total Collective Barginning Agreement Increases (3.7%)			6,903
Management Confidential Increases (2.0%)			
4.8% of Employees	156		549
Reduction in Overtime		-	(220)
Budget 2017 FTE's / Salaries and Wages	3,259	3,259	220,955

Benefits Expense

Benefits:

- Net increase of $1.1 Million or (1.1%)
  - 49.9% of salaries to 47.9% of salaries
- Increases:
  - Health insurance – active and retiree's
    - 5% increase on Health/Dental insurance
    - 10% increase in Pharmacy
  - Payroll taxes on increased salaries
- Decreases:
  - Workers' Compensation

Other Operating Expenses

Physician & Residents:

- Net increase of $5.6 Million (8.3%)
  - Increases in contractual obligations offset by growth in professional fee revenue
  - Increases in number of physicians offset by enhanced revenue
  - $3.1 Million for continued funding of Advanced Medical Home

Contractual Fees:

- Net increase of $2.6 Million (6.4%)
  - Reduction in consulting, purchased services and maintenance contracts
  - Increase in Information Technology

Medical Supplies:

- Net increase of $1.1 Million (1.4%)
  - 1.0% increase in pharmaceuticals, 10% inflation offset by anticipated utilization and cost saving measures
  - $2.2 Million projected decrease in costs due to GPO contract
  - $3.3 Million increase in Transplant related volume increase

Cash Flow Assumptions

- Net decrease in cash of $8 Million (22.5%)
  - 65.1 days cash to 57.1 days cash
- Accounts receivable increase of $3.1 Million (4.7%)
  - 51.1 days to 50.9 days
- Consistent other Net Working Capital accounts
- No change in actuarial positions
- Capital budget spend of $7.5 Million plus carryover of $6M for a total of $13.6M
- Long Term Debt repayments per debt agreements
- New Long Term Debt to support capital projects

Range of Assumptions Impact Analysis

(Thousands)

	Worst Case	Budget	Best Case
Revenue Cycle Improvement	3,000	6,000	9,000
Medicare Rate Update 10/1/17	-	-	400
IGT/UPL Payments	61,000	63,717	66,000
Overtime Management	-	220	2,000
PTO Adjustment for Retirees	600	1,200	1,900
HRIS Implementation Savings	-	400	800
Terrace View Pharmacy RFP	420	840	1,000
Supply Chain Savings	500	2,200	4,000
Totals	65,520	74,577	85,100

Range of Outcomes $ 19,580

% Into Range 46%

Performance Improvement Opportunities

- High reliability organization focus
- HRIS implementation
- Selective coordination of support services functions across Great Lakes Health
- Structured budget tools and monitoring process with manager accountability
- GPO contractual risk for achievement of supply chain savings
- Clinical process variation analysis

Emerging Issues and Accounting Pronouncements

- DSRIP
- Debt Issuance
- Medicare Bundled Payment Project/CJR
- Managed Care Requirement for LTC
- GASB 45/75 Transition
- GASB 68 Assumptions
- ASC 605 & ASU-2014-09 – Revenue Recognition
- ASC 842 – Leases Exposure Draft – Accounting for Leases

Capital Budget Summary

- $13.6 Million spend
  - $6.1 Million carry-over projects
  - $7.5 Million new spend
- Contingency fund allocation of new spend

Financing Transaction

- Goals
  - Provide capital for critical projects on ECMC campus
  - Maintain affordable Debt Service structure
- Structure
  - Erie County stronger credit rating provides favorable interest rate
  - Refinance 2011 debt in addition to providing new money
  - Maintain current debt service profile

5 Year Financial Projections

- Phase in to a 0.45% Operating Margin
- Volume adjusted for anticipated completion of Emergency Department
- Reimbursement rate increases
- IGT/UPL increases based on current projections
- Continued trend in benefits % of salary expense reduction
- Supply and other expense inflation consistent with current trend

Statement of Revenues and Expenses – Projected

(Thousands)

	Audited 2015	Projected 2016	Budget 2017	2018	2019	Projected 2020	2021	2022
Net Patient Service Revenue	465,083	484,856	509,502	521,189	542,830	563,311	581,134	594,086
Disproportionate Share, IGT and UPL Revenue	59,237	63,717	63,717	69,582	73,218	76,892	80,602	84,341
Other Operating Revenue	26,089	35,499	42,751	41,734	39,898	38,062	36,226	34,390
Total Operating Revenue	550,409	584,072	615,970	632,505	655,946	678,265	697,962	712,817
Operating Expenses								
Salaries and Benefits	296,405	314,459	326,687	338,858	351,711	367,329	382,340	391,434
Physician Fees and Professional Services	113,509	108,885	117,142	120,071	123,072	126,149	129,303	132,535
Supplies	73,762	78,798	79,895	83,749	87,738	92,048	96,017	99,250
Other Expenses	29,863	44,523	50,663	49,909	48,611	47,274	45,896	44,477
Depreciation and Amortization	27,906	28,371	28,087	26,363	26,406	26,849	26,446	27,383
Interest	8,233	8,036	12,496	11,974	16,440	16,241	15,167	14,530
Total Operating Expenses	549,678	583,072	614,970	630,924	653,978	675,891	695,170	709,609
Income From Operations	731	1,000	1,000	1,581	1,968	2,374	2,792	3,208
Non Operating Revenues	2,611	(1,579)	1,278	1,278	1,278	1,278	1,278	1,278
Excess of Revenues Over Expenses	3,342	(579)	2,278	2,859	3,246	3,652	4,070	4,486
Operating Margin %	0.13%	0.17%	0.16%	0.25%	0.30%	0.35%	0.40%	0.45%

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Balance Sheet – Projected

(Thousands)

	Audited 2015	Projected 2016	Budget 2017	2018	2019	Projected 2020	2021	2022
ASSETS								
Current Assets								
Cash	40,885	36,045	27,926	35,160	27,156	20,986	25,626	34,131
Patient Accounts Receivable	67,529	67,867	71,051	70,111	71,535	72,690	74,990	76,662
Other Current Assets	64,154	59,377	47,572	47,772	47,977	48,187	48,402	48,623
Total Current Assets	172,568	163,289	146,549	153,042	146,667	141,863	149,018	159,415
Assets Whose Use Is Limited	124,922	220,841	164,432	115,693	105,231	98,557	95,936	96,313
Property and Equipment	279,525	255,154	293,697	330,654	327,868	313,089	301,392	290,616
Other Assets	43,023	169,537	162,537	46,541	39,691	32,941	26,291	19,741
Total Assets	620,038	808,821	767,215	645,931	619,458	586,450	572,638	566,085
LIABILITIES AND NET ASSETS								
Current Liabilities								
Accounts Payable and Accrued Expenses	87,933	63,934	64,614	65,759	66,847	68,095	69,253	70,678
Estimated Third Party Payer Settlements	2,777	11,403	11,983	12,257	12,766	13,248	13,667	13,972
Current Portion of Long Term Debt	10,620	10,711	10,791	11,223	10,506	9,768	10,202	10,660
Total Current Liabilities	101,330	86,048	87,388	89,240	90,119	91,111	93,122	95,310
Long Term Debt	165,883	267,172	254,293	240,918	228,195	216,144	203,588	190,503
Self Insurance Reserves	175,977	183,052	183,967	184,887	185,812	186,741	187,674	188,613
Other Liabilities	56,957	154,317	122,137	99,677	71,957	46,507	39,317	39,317
Total Liabilities	500,147	690,589	647,785	614,722	576,083	540,503	523,701	513,743
Net Position	119,891	118,232	119,430	31,209	43,375	45,947	48,937	52,343
Total Liabilities and Net Assets	620,038	808,821	767,215	645,931	619,458	586,450	572,638	566,085

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Statement of Cash Flow - Projected

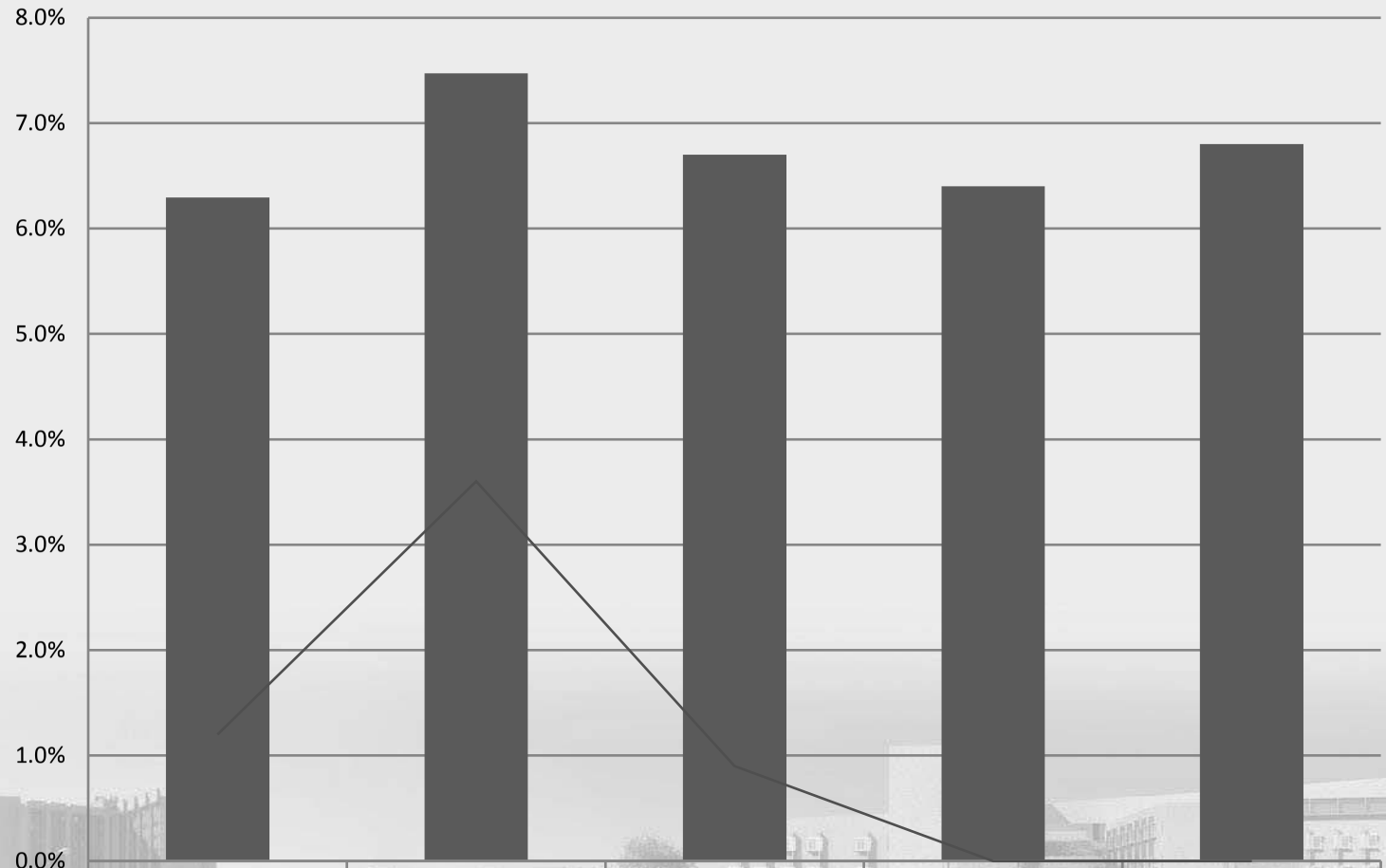
(Thousands)

	Audited 2015	Projected 2016	Budget 2017	2018	2019	Projected 2020	2021	2022
Cash Flows From Operating Activities								
Excess of Revenues Over Expenses	3,342	(579)	2,278	2,859	3,246	3,652	4,070	4,486
Depreciation & Amortization	27,906	28,371	28,087	26,363	26,406	26,849	27,697	30,776
(Increase) Decrease in Patient Accounts Receivable, Net	(16,038)	(338)	(3,184)	940	(1,424)	(1,156)	(2,300)	(1,671)
(Increase) Decrease in Other Current Assets	12,718	(121,737)	18,805	115,796	6,645	6,540	6,435	6,329
Increase (Decrease) in Accounts Payable and Accrued Exp.	38,501	(23,999)	680	1,145	1,087	1,248	1,158	1,425
Increase (Decrease) in Third Party Payer Settlements	(17,734)	8,626	580	275	509	482	419	305
Increase (Decrease) in Self Insurance Liabilities	7,230	7,075	915	920	924	929	934	938
Increase (Decrease) in Other Liabilities	12,472	97,360	(32,180)	(22,460)	(27,720)	(25,450)	(7,190)	-
Net Cash Provided By (Used In) Operating Activities	68,397	(5,221)	15,981	125,838	9,674	13,094	31,222	42,588
Cash Flows From Investing Activities	(17,954)	(95,919)	56,409	48,739	10,462	6,675	2,620	(377)
Cash Flows From Financing Activities								
Additions to Property and Equipment	(18,384)	(4,000)	(66,630)	(63,320)	(23,620)	(12,070)	(16,000)	(20,000)
Principal Payments on Long Term Debt	1,787	101,380	(12,799)	(12,943)	(13,440)	(12,789)	(12,122)	(12,627)
Other Financing Activities, Net	(2,482)	(1,080)	(1,080)	(91,080)	8,920	(1,080)	(1,080)	(1,080)
Net Cash (Used In) Financing Activities	(19,079)	96,300	(80,509)	(167,343)	(28,140)	(25,939)	(29,202)	(33,707)
Net Increase (Decrease) in Cash and Investments	31,364	(4,840)	(8,119)	7,234	(8,004)	(6,170)	4,640	8,504
Cash and Investments, Beginning	9,521	40,885	36,045	27,926	35,160	27,156	20,986	25,626
Cash and Investments, Ending	40,885	36,045	27,926	35,160	27,156	20,986	25,626	34,131

Operating Margin

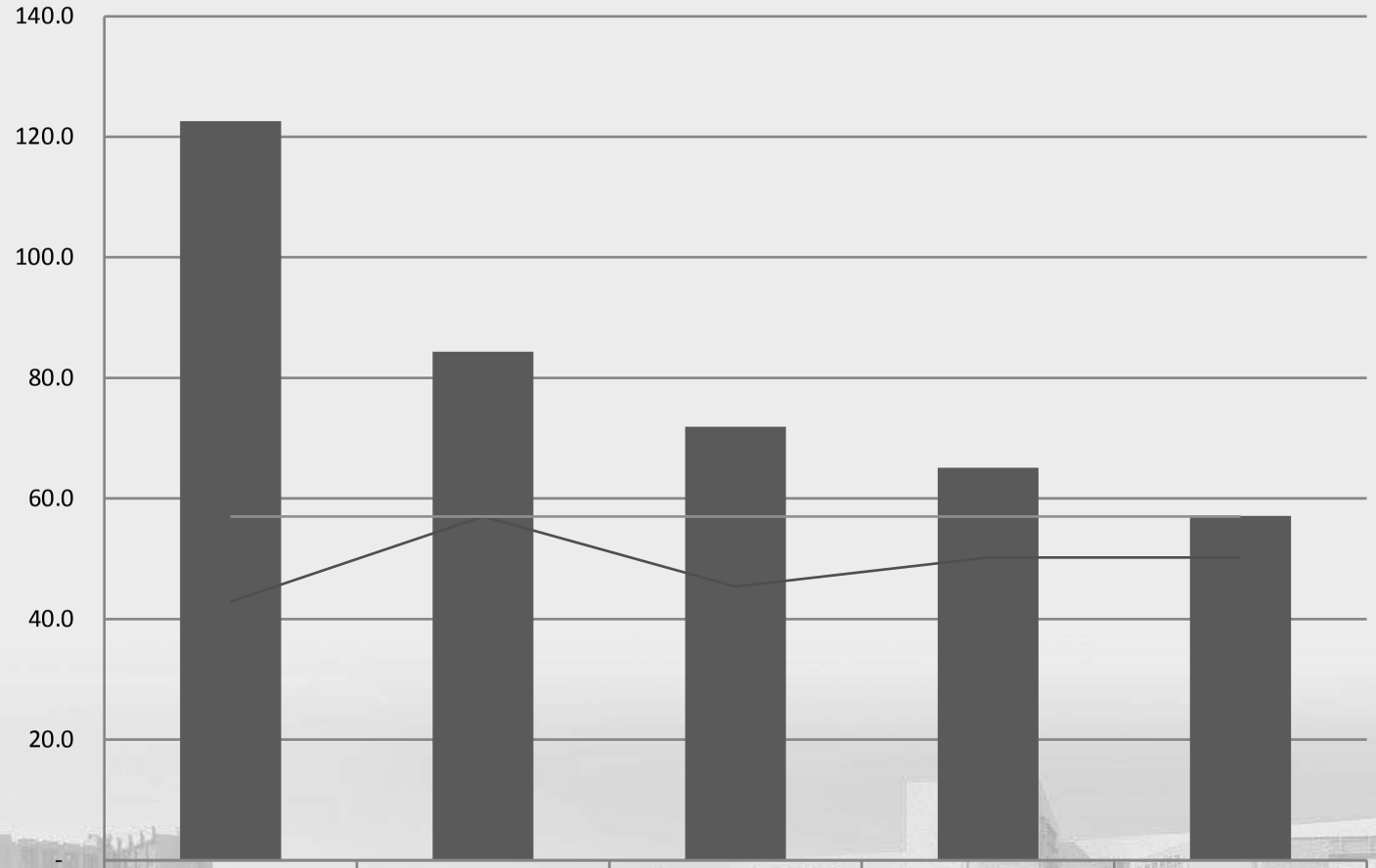
	2013	2014	2015	Projected 2016	Budget 2017
Operating Margin %	0.2%	0.2%	0.2%	0.2%	0.2%
NYS PBC Average %	-5.5%	-3.0%	-5.8%	-6.1%	-6.1%

EBITDA



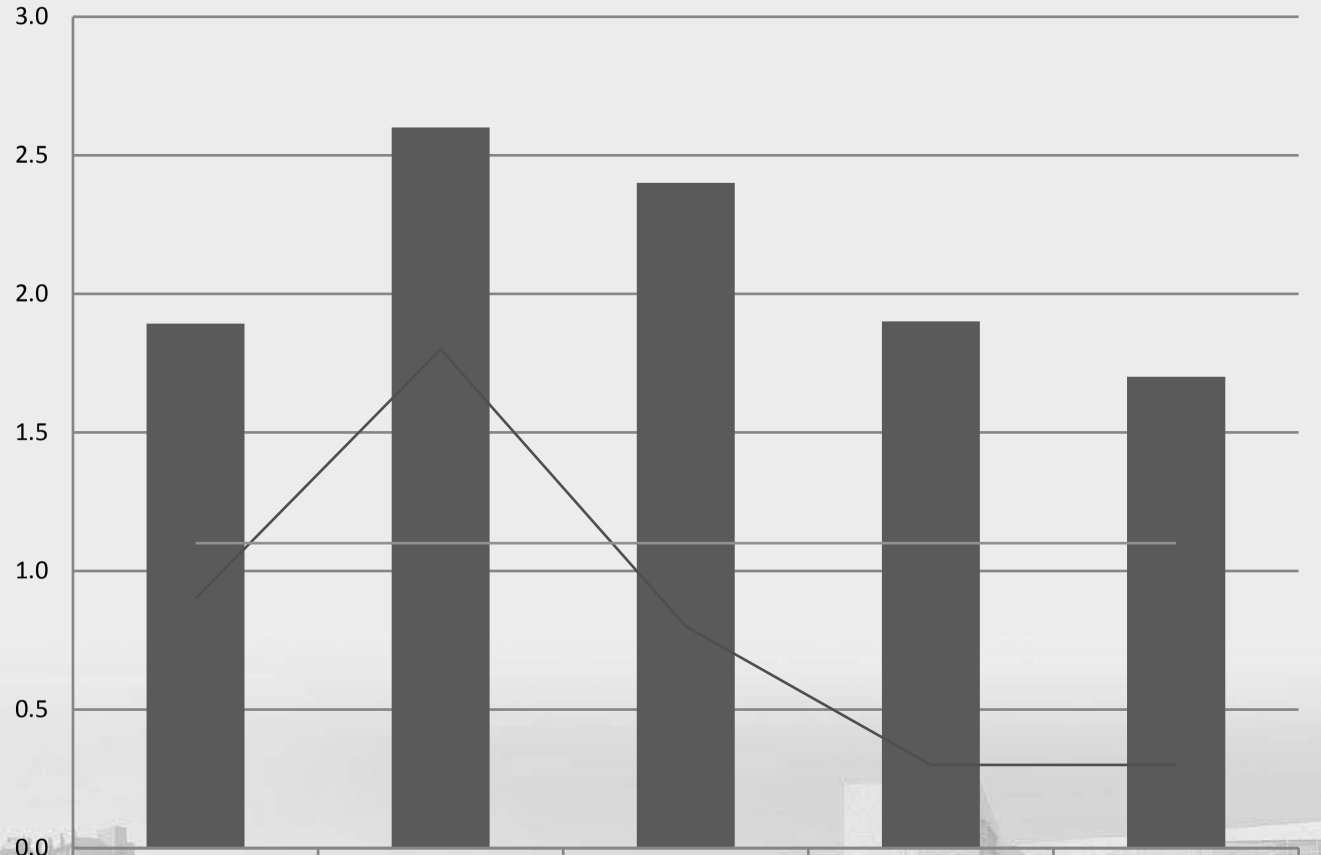
	2013	2014	2015	Projected 2016	Budget 2017
Operating EBITDA %	6.3%	7.5%	6.7%	6.4%	6.8%
NYS PBC Average %	1.2%	3.6%	0.9%	0.0%	0.0%

Days Cash on Hand



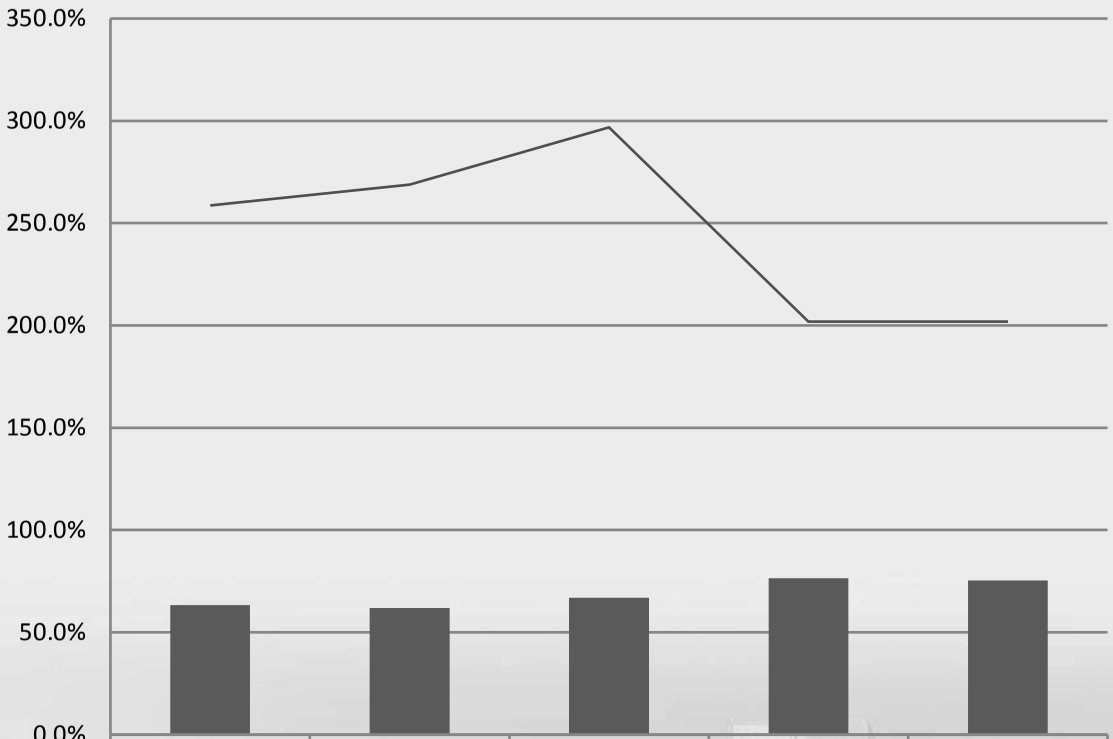
	2013	2014	2015	Projected 2016	Budget 2017
Days Cash On Hand	122.6	84.3	71.9	65.1	57.1
NYS PBC Average	42.9	57.0	45.4	50.2	50.2
Debt Covenant	57	57	57	57	57

Debt Service Coverage



	2013	2014	2015	Projected 2016	Budget 2017
Debt Service Coverage	1.9	2.6	2.4	1.9	1.7
NYS PBC Average	0.9	1.8	0.8	0.3	0.3
Debt Covenant	1.1	1.1	1.1	1.1	1.1

Debt to Capitalization



	2013	2014	2015	Projected 2016	Budget 2017
Debt to Total Capitalization	63.2%	61.8%	66.8%	76.4%	75.3%
NYS PBC Average %	258.7%	268.9%	296.8%	201.9%	201.9%