

**2019 ANNUAL REPORT OF**  
**ERIE COUNTY MEDICAL CENTER CORPORATION**

**(AS REQUIRED BY N.Y. PUBLIC AUTHORITIES LAW)**



Respectfully Submitted by the Corporation  
March 31, 2020

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## MESSAGE FROM THE LEADERSHIP OF ECMC CORPORATION

On behalf of the over three thousand employees and many hundreds of others who work each day at one of the numerous facilities of Erie County Medical Center Corporation (“ECMC Corporation” or the “Corporation”), it is our pleasure to present this 2019 Annual Report.

In the midst of very challenging times in healthcare, the ECMC Family continued to improve quality and see more patients than ever before. Overall, patients were more acute and our ICU’s continued to be full with referrals from hospitals through Western New York. ECMC’s remarkably dedicated and compassionate caregivers rose to every challenge and maintained their high-level of quality care that our community has come to expect when they come to ECMC. No matter what, our caregivers always put the patient first.

The trend of increasing Observation Cases continued through December, growing to 38% over December 2018 (3,551 Observation Cases YTD through December versus 2,573 in 2018). These individuals still require the same amount of care as many inpatients, but the reimbursement does not cover the costs of these services. A consequence of this is a decrease YTD through December 2019 (-2.7%) of inpatient volume versus 2018. Through December 2019, General Surgeries increased by 1.7% over 2018, but like inpatients, we saw a shift to more outpatient surgeries. Through an initiative called Accelerating Excellence, our leadership and clinicians developed initiatives to grow services, finding efficiencies, and bringing expenses in line with these reimbursements to better position ECMC.

2019 was a year of great accomplishment for ECMC and we are very proud of our entire ECMC Family for having earned The Joint Commission’s Gold Seal of Approval® for a three-year full Hospital Accreditation. This outcome demonstrates ECMC’s continuous compliance with the Joint Commission’s performance standards. The Gold Seal is a symbol of quality that reflects a healthcare organization’s commitment to providing safe and quality patient care. Thanks to the commitment of our leadership team, the dedication of our caregivers and the unflagging support of the Board, this accreditation reinforces our continuing efforts to provide the highest quality care for the patients we serve. In addition, we maintained our Leapfrog B Safety Grade, demonstrating again ECMC’s commitment to providing quality care and maintaining safety standards. ECMC was only one of three hospitals in WNY that received a ‘B’ rating. Further, ECMC’s Terrace View Long-Term Care Facility earned a Five-Star Rating for Overall Quality Centers for Medicare and Medicaid Services (CMS), marking the first time in its history that Terrace View received the highest CMS rating. Additionally, being selected by BlueCross BlueShield of Western New York as a Blue Distinction Center® for Knee and Hip Replacement, is confirmation of ECMC’s commitment to providing the highest quality “True Care” in knee and hip replacement to the many thousands of patients we serve in our community as part of the Blue Distinction Specialty Care program.

All of this is possible because of the great culture at ECMC, and this year we branded that culture with the “Our Passion Our Patients” campaign. The employees were very engaged with this campaign and it continues to remind us of the kindness and compassion the ECMC Family shows to our patients. We also launched many inclusion and diversity initiatives this year to ensure that this great culture is represented of our community and we are sensitive to our very diverse workforce and patients.

We are gratified by the tremendous success of our ongoing capital campaign and the remarkable support from our community for the future Trauma & Emergency Department. With nearly \$15 million raised, there is genuine excitement building up within ECMC and throughout the region for this state-of-the-art facility. In order to ensure we have all of the necessary personnel in the new Trauma & Emergency

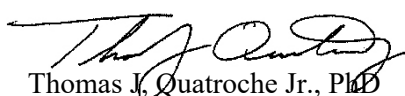
Department, which will be twice the size of the existing facility, we launched an aggressive recruitment campaign for RNs, LPNs, Team Leaders and other support staff that will be in place by the spring when the new facility opens. ECMC's new Northern Erie Clinical Services facility opened in Tonawanda on Sheridan Drive, offering an improved and welcoming environment for all who seek their services. And UBMD Internal Medicine's adult primary care services that were located at 1020 Youngs Road moved to the Internal Medicine Center at Erie County Medical Center as of December 2, 2019, which reflects our shared goal with UBMD Internal Medicine of providing high-quality, patient-focused care to the entire Western New York community.

As we continue ECMC's second century journey of providing quality, compassionate care to the tens of thousands of Western New Yorkers who depend on us, we are grateful for the opportunity to serve as our region's community hospital, helping patients from the most influential to the most vulnerable. With exciting projects underway such as the future Trauma Center and Emergency Department, the Russell J. Salvatore Atrium and completed capital improvements in CPEP, ECMC as we know it is literally transforming physically in front of us. And the exciting future of our health campus and our strong relationship with our neighbors will come further into focus as we work collaboratively on the future of the 17-acre Kensington Heights property. Added to this array of positive developments is the continuing strong collaboration with our partners in the community, the University at Buffalo, and Kaleida Health. Our integration with Kaleida continues with this year's focus on Quality, Procurement and IT. The partnership is producing quantifiably strong, efficient outcomes that will benefit the entire community and, of course, our patients.

These accomplishments, reaccreditations and honors continue to highlight the quality healthcare services achieved by our remarkable caregivers, reinforcing ECMC's continued leadership among healthcare institutions here and across the state. With strong, focused leadership and guidance from the Board, our Executive Leadership Team has achieved a collective goal of supporting our frontline caregivers to provide the very best care for our patients.

We thank our entire Western New York community for their continued support and trust in the ECMC Family.

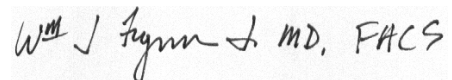
Sincerely,



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



Jonathan A. Dandes  
Chair, Board of Directors



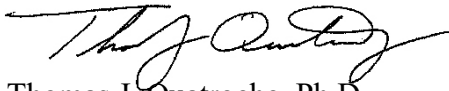
William J. Flynn Jr., MD FACS  
President, Medical Executive Committee

## 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 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, 2019.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Th. J. Quatroche", with a stylized flourish at the end.

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

A handwritten signature in blue ink, appearing to read "Jonathan T. Swiatkowski", with a stylized flourish at the end.

Jonathan T. Swiatkowski, CPA  
Chief Financial Officer

## ECMCC MISSION STATEMENT

### 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.

### 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™



## 2019 ACCOMPLISHMENTS

### February

- The **American College of Radiology's Commission on Quality and Safety** designated ECMC a Diagnostic Imaging Center of Excellence. The three-year designation Diagnostic Imaging Center of Excellence (DICOE) award signifies that ECMC delivers the highest levels of imaging quality, safety and care.

### June

- ECMC 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.
- ECMC's Victim Assistance Program awarded \$1,237,757 grant from **NYS Office of Victim Services**. Grant, disbursed over three years, will support hiring program director, 3 social workers, full-time psychologist and patient facilitator.

### July

- **The Centers for Medicare and Medicaid Services (CMS)**, part of the Department of Health and Human Services (HHS) has determined that ECMC's Terrace View Long-Term Care Facility has earned a **Five-Star Rating** for Overall Quality, marking the first time in its history that Terrace View received the highest CMS rating.
- **NYS Division of Minority and Women's Business Development** MWBE Program Performance Report graded ECMC's participation as an 'A' for Fiscal Year 2018-19, achieving 33.30% participation. The Report Cards are designed to gauge the effectiveness and success of each state Agency and Authority's MWBE efforts.

### November

- **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, rated ECMC's **overall patient safety score at 'B'**. The Leapfrog patient surveys assess: medical errors, accidents, injuries, infections and patient experiences.
- The **Joint Commission** granted ECMC three-year Comprehensive Accreditation.
- ECMC Family Health Center received a Certificate of Recognition from the **National Committee for Quality Assurance** for "systematic use of patient-centered, coordinated care management processes."

## December

- YOU Center for Wellness at Erie County Medical Center receives **NYS Department of Health** Commissioner's Special Recognition Award for World AIDS Day. Providing HIV/AIDS services since 1984, the Center uses a systematic model to envelope patients with supportive services necessary to achieve an overall viral suppression rate of 90%, compared to the national average of 59.8%.
- ECMC designated as a Blue Distinction Center for Knee and Hip Replacement 2019 **BlueCross/BlueShield of Western New York**.

## **2019 PERFORMANCE GOALS/OUTCOMES**

### Goals

- **Exceptional Quality-** Raise the standard of clinical care to improve quality, patient safety and patient experience in the acute care and ambulatory environments.
- **Performance Improvement-** Generate the margin necessary to meet our budgetary goals by lowering ECMC's overall cost position, reducing length-of-stay, and enhancing revenue cycle performance.
- **Cultural Identity-** Preserve ECMC's strong cultural identity while further instilling a sense of urgency and genuine stewardship to achieve our organizational objectives.
- **Targeted Growth-** Identify accretive growth opportunities in elective services that leverage our strength and fit within our OR and bed capacity constraints.
- **Ambulatory Network-** Buy, build or partner to establish lower-cost and convenient access points across the region, including ambulatory surgery capabilities and primary care access.
- **Risk-** Transition from DSRIP to Medicaid risk contracts whereby ECMC is responsible for managing overall healthcare spend and quality for a large portion of WNY's Medicaid population.
- **Address Community Needs-** Through partnerships and targeted investments, address the significant social determinant of health issues that impact the communities surrounding ECMC.
- **Kaleida Partnership-** Further increase interconnectivity between Kaleida and ECMC by elevating the roles of Great Lakes Integrated Network and GPPC while continuing to align key hospital-based functional areas.
- **Campus Transformation-** Address the significant deferred maintenance issues in our core facility, expand surgical and acute care capacity, and integrate the development of the adjacent Kensington Heights property.
- **Academic Alignment-** Transform the University of Buffalo relationship, both clinically and academically, to solidify ECMC as a primary academic medical center to train and retain our next generation of clinicians.

## Outcomes

### 1. Quality

- 2019 was a year of great accomplishment for ECMC having earned The Joint Commission's Gold Seal of Approval® for a three-year full Hospital Accreditation.
- Zero CLABSI in Critical Care and Rehab in 2019
- Maintained Leapfrog B Safety Grade.
- Terrace View Long-Term Care Facility earned a Five-Star Rating for Overall Quality Centers for Medicare and Medicaid Services (CM).
- Selected by BlueCross BlueShield of Western New York as a Blue Distinction Centers® for Knee and Hip Replacement.
- Received the American Heart Association/American Stroke Association's Get With The Guidelines®-Stroke Gold Plus Quality Achievement Award.
- American College of Radiology's Commission on Quality and Safety designated ECMC a Diagnostic Imaging Center of Excellence.

### 2. Operations

	<u>2019</u>	<u>Versus 2018</u>
Inpatient	19,996	-2.7%
Outpatient visits	306,891	-0.3%
Surgeries	13,808	+1.7%
Emergency Visits	69,391	-1.0%
Observation Cases	3,551	+38%

#### Revenue Goals:

\$8.2 Million Revenue Cycle Improvement (\$5.2 M)

\$718 Million Total Revenue (\$751 M)

Capital Campaign - \$14.9 Million

#### Strategic Planning

- Completion of 5-year Plan
- Launched Accelerating Excellence Performance Improvement Initiative

NYSNA Contract

Staffing Committee –New Nursing Positions

Growth of WellNow Urgent Care

Ortho IPA

Northern Erie Clinical Services moved to Sheridan Drive

UB Internal Medicine (Primary Care) Relocated to ECMC

Help Center

MWBE Goal Reached 32.2% for 2019

Millennium Collaborative Care 1 of 7 (25 pps) for high performance outcomes

Kensington Heights Project

- Demolished Building
- Brown Field Cleanup
- 1827 Fillmore Property Acquired
- Master Use Planning with UB School of Planning

### Physician Recruitment

Total=67

Anesthesia (3), Cardiology (1), Dentistry (4), Emergency Medicine (5), Endocrinology (1), Family Medicine (1), Gastroenterology (2), Geriatrics (1) Hematology/Oncology (5), Internal Medicine (17), Nephrology (2), Neurology (1), Neurosurgery (2), Obstetrics & Gynecology (3), Ophthalmology (1), Oral & Maxillofacial Surgery (3), Pathology (1), Primary Care (1), Psychiatry (4), Radiology (3), Rehabilitation Medicine (1), Rheumatology (2), Urology (2), and Surgery (3).

### 3. Patient Experience

Consistent strong Hospital Consumer Assessment of Healthcare Providers and Systems scores, including: overall hospital rating, communication with doctors, and cleanliness of hospital environment

- Improved Global Rating of Overall Hospital to 71.3%

### **CAPITAL PROJECTS IN PROCESS IN 2019**

<b>Project</b>	<b>Project Duration</b>
Emergency Room Renovation Project	Began December 2015
Comprehensive Psychiatric Emergency Program (CPEP) Renovations	Began January 2017
Main Lobby Renovations	Began August 2017
Water Piping/Valve	Began August 2018
Parking Access Control System	Began September 2018
Mechanical, Electrical, Plumbing and Elevator Improvements	Began November 2018
Building Envelope Replacement and Renovation	Began December 2018
Data Center Renovations	Began August 2019
Pharmacy Renovations	Began September 2019

### **REAL PROPERTY ACQUISITIONS**

The Corporation had no real property acquisitions in 2019.

## **CODE OF ETHICS**

See Appendix D. Article XI; Sections 1-8

### **INTERNAL CONTROL STRUCTURE AND PROCEDURES**

Assessment of Effectiveness of Internal Controls

New York State Public Authority Reporting System (PARIS)

Erie County Medical Center Corporation

At and For the Year Ended December 31, 2019

The evaluation of the system of internal control is an ongoing process conducted throughout the year by myself in the capacity as the Chief Financial Officer of Erie County Medical Center Corporation. In this ongoing process there is engagement and oversight by the Audit Committee of the Board of Directors with support, advice and assistance provided by the Chief Executive Officer, the Chief Operating Officer, the General Counsel and a robust internal audit function.

The conclusions of the ongoing assessment were that no control deficiencies, significant deficiencies or material weaknesses, collectively as defined in generally accepted auditing standards, in internal controls were identified, however, performance improvement opportunities to enhance internal control were identified and implemented.

Based on my ongoing assessment, the work of the internal audit function and the work of the independent audit firm for ECMC there is an effective system of internal control to safeguard assets and to assure that transactions are properly authorized.

Respectfully submitted,



Jonathan T. Swiatkowski, CPA  
Chief Financial Officer

### **PENDING LITIGATION**

The corporation is involved in several matters related to medical malpractice, workers' compensation, and business disputes as discussed in Note 14 in the enclosed audited financial statements beginning on page 42. There are no other material matters pending litigation at this time.

## **CORPORATION AND BOARD STRUCTURE**

ECMC's Board of Directors is comprised of 15 voting Directors, drawn from institutions and occupations across Western New York. Of these directors, eight are appointed by the Governor of New York – via the recommendations of the County Executive (3), County Legislature (3), the Temporary President of the NYS Senate and (1) the Speaker of the NYS Assembly (1) – and seven are appointed by the County Executive with the advice and consent of the Erie County legislature.

### **ECMC CORPORATION BOARD OF DIRECTORS**

#### **OFFICERS**

Jonathan A. Dandes  
*Chair*

Darby Fishkin, CPA  
*Vice Chair*

Eugenio Russi  
*Treasurer*

Bishop Michael A. Badger  
*Secretary*

Thomas J. Quatroche Jr., PhD  
*President & CEO*

#### **BOARD MEMBERS**

Ronald P. Bennett, Esq.

Scott A. Bylewski, Esq.

Ronald A. Chapin

Jennifer C. Persico, Esq.

Kathleen Grimm, MD

Sharon L. Hanson

Michael H. Hoffert

James Lawicki

Christopher J. O'Brien, Esq.

William A. Pauly

Jack Quinn

Michael A. Seaman

## **BOARD OF DIRECTORS REGULAR AND ANNUAL MEETINGS**

### **Tuesday, January 29, 2019 (Annual and Regular Meeting)**

- Present:** Bishop Michael Badger (via phone), Ronald A. Chapin (via phone), Jonathan Dandes, Darby Fishkin (via phone), Kathleen Grimm, MD, Sharon Hanson (via phone), Michael Hoffert (via phone), James Lawicki (via phone), Jennifer Persico (via phone), Thomas J. Quatroche, Jack Quinn, Eugenio Russi, Michael Seaman
- Excused:** Ronald Bennett, Scott Bylewski, Christopher O'Brien, William Pauly
- Also Present:** Peter Cutler, Andrew Davis, Richard Embden, William Flynn, MD, Steven Gary, Joseph Giglia, Susan Gonzalez, Al Hammonds, Donna Jones, Pamela Lee, Charlene Ludlow, Keith Lukasik, Brian Murray, MD, James Turner, Karen Ziemianski

### **Tuesday, February 26, 2019**

- Present:** Bishop Michael Badger, Scott Bylewski, Ronald A. Chapin (via phone), Anthony J. Colucci, III (via phone), Jonathan Dandes, Darby Fishkin, Kathleen Grimm, MD, Sharon Hanson, Michael Hoffert, James Lawicki, Nadine Mund, Christopher O'Brien, Jennifer Persico, Thomas J. Quatroche, Jack Quinn (via phone), Eugenio Russi, Michael Seaman
- Excused:** Ronald Bennett, William Pauly
- Also Present:** Peter Cutler, Andrew Davis, Yvonne Dubois, Richard Embden, William Flynn, MD, Steven Gary, Joseph Giglia, Susan Gonzalez, Al Hammonds, Donna Jones, Pamela Lee, Charlene Ludlow, Keith Lukasik, Nadine Mund, Brian Murray, MD, James Turner, Karen Ziemianski

### **Tuesday, March 26, 2019**

- Present:** Ronald Bennett, Bishop Michael Badger, Scott Bylewski, Ronald A. Chapin, Anthony J. Colucci, III, Jonathan Dandes, Darby Fishkin (via phone), Kathleen Grimm, MD, Sharon Hanson, Michael Hoffert (via phone), James Lawicki, Christopher O'Brien, Jennifer Persico, Thomas J. Quatroche, Jack Quinn, Eugenio Russi
- Excused:** William Pauly, Michael Seaman
- Also Present:** Donna Brown, Peter Cutler, Andrew Davis, Richard Embden, William Flynn, MD, Steven Gary, Joseph Giglia, Susan Gonzalez, Al Hammonds, Donna Jones, Pamela Lee, Charlene Ludlow, Keith Lukasik (via phone), Brian Murray, MD, James Turner, Karen Ziemianski

**Tuesday, April 30, 2019**

Present: Ronald Bennett, Ronald A. Chapin, Anthony J. Colucci, III, Jonathan Dandes, Darby Fishkin (via phone), Kathleen Grimm, MD, Sharon Hanson, Michael Hoffert, James Lawicki (via phone), Christopher O'Brien, William Pauly, Jennifer Persico, Thomas J. Quatroche, Jack Quinn, Eugenio Russi, Michael Seaman

Excused: Bishop Michael Badger, Scott Bylewski

Also Present: Donna Brown, Peter Cutler, Andrew Davis, Richard Embden, Steven Gary, Joseph Giglia, Susan Gonzalez, Al Hammonds, Donna Jones, Pamela Lee, Charlene Ludlow, Keith Lukasik, Brian Murray, MD, Ashvin Tadakamalla, MD, James Turner, Jaime Upegui, MD, Siva Harsha Yedlapati, MD, Karen Ziemianski

**Tuesday, May 28, 2019**

Present: Bishop Michael Badger, Ronald Bennett, Scott Bylewski, Anthony J. Colucci, III, Jonathan Dandes, Darby Fishkin (via phone), Kathleen Grimm, MD, Sharon Hanson, Michael Hoffert (via phone), William Pauly, Jennifer Persico (via phone), Thomas J. Quatroche, Jack Quinn (via phone), Eugenio Russi, Michael Seaman

Excused: Ronald A. Chapin, James Lawicki, Christopher O'Brien,

Also Present: Donna Brown, Peter Cutler, Andrew Davis, Steven Gary, Joseph Giglia, Susan Gonzalez, Al Hammonds, Donna Jones, Pamela Lee, Charlene Ludlow, Keith Lukasik, Brian Murray, MD, James Turner, Karen Ziemianski

**Tuesday, June 25, 2019**

Present: Bishop Michael Badger, Ronald Bennett, Scott Bylewski (via phone), Ronald A. Chapin (via phone), Anthony J. Colucci, III, Jonathan Dandes, Kathleen Grimm, MD, Sharon Hanson, Michael Hoffert, James Lawicki, Christopher O'Brien, William Pauly, Jennifer Persico, Thomas J. Quatroche, Jack Quinn (via phone), Eugenio Russi, Michael Seaman

Excused: Darby Fishkin

Also Present: Donna Brown, Peter Cutler, Andrew Davis, Steven Gary, Joseph Giglia, Susan Gonzalez, Al Hammonds, Donna Jones, Pamela Lee, Charlene Ludlow, Keith Lukasik, Brian Murray, MD, James Turner, Karen Ziemianski

## **Tuesday, July 30, 2019**

Present: Bishop Michael Badger, Ronald Bennett, Scott Bylewski, Ronald A. Chapin, Anthony J. Colucci, III, Jonathan Dandes, Darby Fishkin, Kathleen Grimm, MD, Sharon Hanson, Michael Hoffert, James Lawicki, Christopher O'Brien, Jennifer Persico, Thomas J. Quatroche, Jack Quinn, Eugino Russi, Michael Seaman

Excused: William Pauly

Also Present: Donna Brown, Peter Cutler, Andrew Davis, Steven Gary, Joseph Giglia (via phone), Susan Gonzalez, Al Hammonds, Donna Jones, Pamela Lee, Charlene Ludlow, Keith Lukasik, Brian Murray, MD, James Turner, Karen Ziemianski

## **Friday, August 30, 2019 – Special Meeting**

## **Tuesday, September 24, 2019**

Present: Bishop Michael Badger, Ronald Bennett, Scott Bylewski, Ronald A. Chapin (via phone), Anthony J. Colucci, III, Jonathan Dandes, Darby Fishkin, Kathleen Grimm, MD, Sharon Hanson, Michael Hoffert (via phone), James Lawicki, Christopher O'Brien, William Pauly, Thomas J. Quatroche, Jack Quinn, Eugenio Russi, Michael Seaman

Excused: Jennifer Persico

Also Present: Donna Brown, Samuel Cloud, MD, Andrew Davis, Richard Embden, William Flynn, MD, Steven Gary, Joseph Giglia, Susan Gonzalez, Al Hammonds, Donna Jones, Pamela Lee, Charlene Ludlow, Keith Lukasik, James Turner, Karen Ziemianski

## **Tuesday, October 29, 2019**

Present: Ronald Bennett, Scott Bylewski, Anthony J. Colucci, III, Jonathan Dandes, Darby Fishkin, Kathleen Grimm, MD (via phone), Sharon Hanson, Michael Hoffert, James Lawicki, Christopher O'Brien (via phone), William Pauly, Jennifer Persico, Thomas J. Quatroche, Eugino Russi, Michael Seaman

Excused: Bishop Michael Badger, Ronald Chapin, Jack Quinn

Also Present: Donna Brown, Peter Cutler, Andrew Davis, Richard Embden, Stephen Gary, Joseph Giglia, Susan Gonzalez, Al Hammonds, Donna Jones, Pamela Lee, Charlene Ludlow, Keith Lukasik, James Turner

## **Tuesday, November 26, 2019**

Present: Bishop Michael Badger (via phone), Ronald Bennett, Scott Bylewski, Ronald Chapin, Anthony J. Colucci, III (via phone), Jonathan Dandes, Darby Fishkin (via phone), Kathleen Grimm, MD, Sharon Hanson (via phone), Christopher O'Brien (via phone), William Pauly, Jennifer Persico, Jack Quinn, Thomas J. Quatroche, Eugenio Russi, Michael Seaman

Excused: Michael Hoffert, James Lawicki

Also Present: Donna Brown, Peter Cutler, Richard Embden, Stephen Gary, Joseph Giglia, Al Hammonds, Donna Jones, Charlene Ludlow, Keith Lukasik, Brian Murray, MD, James Turner, Karen Ziemianski

### COMMITTEES OF THE BOARD

<b>STANDING COMMITTEE</b>	<b># OF MEMBERS</b>	<b>BOARD MEMBERSHIP</b>	<b>STAFF</b>
<b>EXECUTIVE/ OFFICERS</b>  <i>Call of Chair</i>	<b>5</b>	<u><b>Jonathan Dandes – Chair</b></u> Bishop Michael A. Badger Darby Fishkin Sharon L. Hanson Eugenio Russi  <i>A.J. Colucci, III, ex officio</i>	A.J. Colucci, III Andrew Davis Jonathan Swiatkowski Brian Murray, MD Thomas Quatroche Joseph Giglia  Jeffra Wilson (Asst.)
<b>QUALITY IMPROVEMENT/ PATIENT SAFETY</b>  <i>Meets Monthly</i>	<b>5</b>	<u><b>MICHAEL HOFFERT – Chair</b></u> Kathleen Grimm James Lawicki Michael Seaman Jack Quinn	Andrew Davis Thomas Quatroche Donna Jones Brian Murray, MD Karen Ziemianski Pam Lee James Turner  Lisa Giacomazza (Asst.)
<b>FINANCE</b>  <i>Meets Monthly</i>	<b>4</b>	<u><b>MICHAEL A. SEAMAN – Chair</b></u> Scott Bylewski Ronald A. Chapin Darby Fishkin	A.J. Colucci, III Andrew Davis Jonathan Swiatkowski Thomas Quatroche  Lynn Sacha (Asst.)
<b>AUDIT &amp; COMPLIANCE</b>  <i>Call of Chair</i>	<b>4</b>	<u><b>DARBY FISHKIN – Chair</b></u> Bishop Michael Badger Scott Bylewski James Lawicki  <i>A.J. Colucci, III, ex officio</i>	Andrew Davis Jonathan Swiatkowski Thomas Quatroche  Lynn Sacha (Asst.)

<b>EXECUTIVE COMPENSATION</b>  <i>Call of Chair</i>	<b>3</b>	<b><u>JONATHAN DANDES – Chair</u></b> Sharon Hanson Christopher O’Brien	A.J. Colucci, III Thomas Quatroche Joseph Giglia
<b>GOVERNANCE</b>  <i>Call of Chair</i>	<b>3</b>	<b><u>SHARON HANSON – Chair</u></b> Ronald Chapin Jennifer Persico  <i>Thomas Quatroche, ex officio</i> <i>A.J. Colucci, III, ex officio</i>	Joseph Giglia Lindy Nesbitt  Lori Hoffman (Asst.)
<b>HUMAN RESOURCES</b>  <i>Call of Chair</i>	<b>3</b>	<b><u>MICHAEL BADGER – Chair</u></b> Michael Hoffert Michael Seaman	Joseph Giglia  Cory Wright (Asst.)
<b>INVESTMENT</b>  <i>Call of Chair</i>	<b>3</b>	<b><u>EUGENIO RUSSI - Chair</u></b> Sharon L. Hanson Jack Quinn	Jonathan Swiatkowski Thomas Quatroche  Lynn Sacha (Asst.)
<b>BUILDINGS &amp; GROUNDS</b>  <i>Ad-Hoc Committee</i> <i>Call of Chair</i>	<b>3</b>	<b><u>RONALD BENNETT – Chair</u></b> Michael Hoffert William Pauly Jennifer Persico	Andrew Davis Thomas Quatroche James Turner  Michelle Kroupa (Asst.)
<b>M/WBE</b>  <i>Call of Chair</i>	<b>3</b>	<b><u>BISHOP MICHAEL BADGER – Chair</u></b> Ronald A. Chapin Kathleen Grimm, MD	A.J. Colucci, III Thomas Quatroche Diane Artieri Sarina Rohloff Lindy Nesbitt
<b>POST-ACUTE QI</b>  <i>Call of Chair</i>	<b>3</b>	<b><u>RONALD CHAPIN – Chair</u></b> Michael Seaman Christopher O’Brien	Andrew Davis Thomas Quatroche Anthony DePinto
<b>CONTRACTS</b>  <i>Meets Quarterly</i>	<b>3</b>	<b><u>JENNIFER PERSICO - Chair</u></b> Ronald Bennett Christopher O’Brien	A.J. Colucci, III Lindy Nesbitt  Lori Hoffman (Asst.)

## CONFIDENTIAL EVALUATION OF BOARD PERFORMANCE

The below is the evaluation tool utilized by ECMC for its annual Evaluation of Board Performance.

**Evaluation Tool: Completed on** \_\_\_\_\_

Criteria	Agree	Somewhat Agree	Somewhat Disagree	Disagree
Board members have a shared understanding of the mission and purpose of ECMCC.				
The policies, practices and decisions of the Board are always consistent with this mission.				
Board members comprehend their role and fiduciary responsibilities and hold themselves and each other to these principles.				
The Board has adopted policies, by-laws, and practices for the effective governance, management and operations of ECMCC and reviews these annually.				
The Board sets clear and measurable performance goals for ECMCC that contribute to accomplishing its mission.				
The decisions made by Board members are arrived at through independent judgment and deliberation, free of political influence or self-interest.				
Individual Board members communicate effectively with executive staff so as to be well informed on the status of all important issues.				
Board members are knowledgeable about ECMCC's programs, financial statements, reporting requirements, and other transactions.				
The Board meets to review and approve all documents and reports prior to public release and is confident that the information being presented is accurate and complete.				
The Board knows the statutory obligations of ECMCC and if ECMCC is in compliance with state law.				
Board and committee meetings facilitate open, deliberate and thorough discussion, and the active participation of members.				
Board members have sufficient opportunity to research, discuss, question and prepare before decisions are made and votes taken.				
Individual Board members feel empowered to delay votes, defer agenda items, or table actions if they feel additional information or discussion is required.				
The Board exercises appropriate oversight of the CEO and other executive staff, including setting				

performance expectations and reviewing performance annually.				
The Board has identified the areas of most risk to ECMCC and works with management to implement risk mitigation strategies before problems occur.				
Board members demonstrate leadership and vision and work respectfully with each other.				

## ECMC CORPORATION EXECUTIVE ADMINISTRATION

Thomas J. Quatroche Jr., PhD  
*President and Chief Executive Officer*

Andrew L. Davis, MBA  
*Chief Operating Officer*

Brian M. Murray, MD  
*Chief Medical Officer*

Stephen M. Gary, CPA  
*Chief Financial Officer*

Karen Ziemianski, MS, RN  
*Senior Vice President of Nursing*

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

Pamela Lee, MBA, MS, RN  
*Senior Vice President of Operations*

Joseph T. Giglia, II, Esq.  
*General Counsel and Chief Human Resources Officer*

Anthony J. Colucci, III, Esq.  
*Executive Vice President*

Donna M. Brown  
*Associate Hospital Administrator*

Peter K. Cutler  
*Vice President of Communications and External Affairs*

Charlene Ludlow, MHA, RN, CIC  
*Vice President and Chief Quality & Safety Officer*

Keith Lukasik  
*Chief Strategy Officer*

Donna Jones, MHA, MSN, RN, FACHE, CPHQ  
*Chief Quality Officer*

Richard C. Embden Sr.  
*Vice President of Integrated Technology Systems*

Al Hammonds  
*Executive Director, Millennium Collaborative Care*

Susan M. Gonzalez  
*Executive Director, ECMC Foundation*

## **ECMC CORPORATION MEDICAL-DENTAL STAFF OFFICERS**

William J. Flynn Jr., MD, FACS  
*President*

Kathleen Grimm, MD  
*Immediate Past President*

Michael Cummings, MD  
*President-Elect*

Jennifer Pugh, MD, MBA, FACEP  
*Treasurer*

Rebecca Calabrese, MD  
*Secretary*

## **PRIMARY CORPORATION**

### **Erie County Medical Center Corporation**

ECMC Corporation was established as a New York State Public Benefit Corporation and since 2004 has included an advanced academic medical center with 573 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™.

ECMC Corporation Employees: 3,881

## **SUBSIDIARY INFORMATION**

### **PPC Strategic Services, LLC**

ECMC 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, 2019 and 2018, respectively.

The assets of PPC Strategic Services LLC were unwound during 2019. Expenses were approximately \$6 thousand.

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 sole member of this entity is Erie County Medical Center Corporation.

Employees: 29

### **Grider Community Gardens, LLC**

This entity is wholly owned and controlled by the Corporation. The Corporation's net investment as of December 31, 2019 and 2018 is approximately \$462 thousand and \$488 thousand, respectively, and is reflected in other non-current assets of the parent company's financial statements.

The sole member of this entity is Erie County Medical Center Corporation.

Employees: None

### **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 sole member of this entity is Erie County Medical Center Corporation.

Employees: 6

**1827 Fillmore LLC**

This entity was formed in order to purchase real estate adjacent to the current health campus for the purpose of future development. Its activities to date consist of remediating and improving land adjacent to the ECMC campus and is consolidated into ECMC Corporation.

Net position as of December 31, 2019 and 2018 is \$815 and (\$104) thousand, respectively.

The sole member of this entity is Erie County Medical Center Corporation.

Employees: None

## **APPENDIX A**

### **Financial Reports**

# **Erie County Medical Center Corporation**

(A Component Unit of the County of Erie)

Financial Report  
December 31, 2019

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## **Independent Auditor's Report**

RSM US LLP

To the Board of Directors  
Erie County Medical Center Corporation

### **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, 2019 and 2018, 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 Corporation'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 Corporation'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 opinion.

### **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, 2019 and 2018, 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 the management's discussion and analysis on pages 3-11 as well as the required supplementary information data on pages 50-52 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 report dated March 17, 2020 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.

*RSM US LLP*

March 17, 2020

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

**Management's Discussion and Analysis  
December 31, 2019  
(Dollars in Thousands)**

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**Management's Discussion and Analysis**

The Corporation is considered a discrete component unit of the County of Erie, New York with its mission to provide every patient the highest quality of care delivered with compassion. The Corporation fully embraces and is proud to serve as the safety net provider for greater western region of New York State, supporting persons in need who lack the ability to pay.

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

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, 2019. 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 discretely presented component units (i) ECMC 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.

**Introduction**

During 2019 the Corporation continued our second century journey of providing high quality, compassionate care to the tens of thousands of Western New Yorkers who depend on us, serving as our region's community hospital, helping patients from the most influential to the most vulnerable. The Corporation continued progress on multiple construction projects with some nearing completion such as the future Level 1 Trauma Center and Emergency Department, the recently opened Russell J. Salvatore Atrium and improvements at our Comprehensive Psychiatric Emergency Program (CPEP). Our landscape is physically transforming in front of us. The exciting future of our health campus and our strong continuing collaboration with our partners in the community is producing quantifiably strong, efficient outcomes that will benefit the entire community and, of course, our patients. In this context, we are proud to present the following discussion and analysis.

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

**Management's Discussion and Analysis**  
**December 31, 2019**  
**(Dollars in Thousands)**

**Operations Analysis**

The Corporation completed calendar year 2019 providing another year of record levels of combined inpatient and outpatient services to Western New York residents and, given its unique services, to many others beyond this region. Significant volumes of patient encounters (not expressed in thousands) are as follows:

	2014	2015	2016	2017	2018	2019	% Increase 2014 - 2019
Inpatients	17,789	18,378	18,839	19,260	20,555	19,996	12.4%
Surgeries	13,360	14,364	14,552	14,818	15,315	15,606	16.8%
Emergency	66,418	67,296	69,290	68,862	70,110	69,391	4.5%
Outpatients	295,676	305,737	316,691	314,927	321,661	322,625	9.1%
Dialysis	22,224	24,617	27,291	24,772	25,063	27,549	24.0%

The favorable trend reflects the trust that the Western New York community, our physicians and our employees placed in ECMCC and has translated into favorable financial results despite financial challenges in the industry. Notable achievements in 2019 include:

- The American College of Radiology's Commission on Quality and Safety designated ECMCC a Diagnostic Imaging Center of Excellence.
- ECMCC received the American Heart Association/American Stroke Association's Get With The Guidelines®-Stroke Gold Plus Quality Achievement Award.
- The Centers for Medicare and Medicaid Services (CMS), part of the Department of Health and Human Services (HHS), has determined that ECMCC's Terrace View Long-Term Care Facility has earned a Five-Star Rating for Overall Quality, marking the first time in its history that Terrace View received the highest CMS rating.
- NYS Division of Minority and Women's Business Development MWBE Program Performance Report graded ECMCC's participation as an 'A' for Fiscal Year 2018-19, achieving 33.3% participation.
- 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, rated ECMCC's overall patient safety score at 'B'.
- The Joint Commission granted ECMCC three-year Comprehensive Accreditation.
- ECMCC Family Health Center received a Certificate of Recognition from the National Committee for Quality Assurance for "systematic use of patient-centered, coordinated care management processes."
- YOU Center for Wellness at Erie County Medical Center receives NYS Department of Health Commissioner's Special Recognition Award for World AIDS Day.
- ECMCC designated as a Blue Distinction Center for Knee and Hip Replacement 2019 BlueCross/BlueShield of Western New York.
- Conducted 20 different staff training programs with a total of 4,526 participants.
- Recruitment of 74 new physicians to the Medical Staff across 16 disciplines.

In addition to the favorable financial results and health care quality of the Corporation, the first-ever capital campaign, to raise funds for a new Level 1 Adult Trauma Center and Emergency Department, saw continued growth with total contributions, including pledges reaching \$14,931 at December 31, 2019. ECMC Foundation, Inc., the Corporation's principal fundraising entity completed another year with 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, employee participation in annual fundraising has increased vastly since 2011 and reached 43% in 2019.

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

**Management's Discussion and Analysis  
December 31, 2019  
(Dollars in Thousands)**

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**Operations Analysis (Continued)**

Adoption of GASB 83 – Asset Retirement Obligations

The Corporation adopted Governmental Accounting Standards Board (GASB) Statement No. 83 – *Asset Retirement Obligations*. The pronouncement required the cumulative effect of the change on all prior periods to be recognized as a charge against beginning net position, which amounted to \$1,991. Further information related to this matter is discussed in Note 7 to the financial statements.

**Financial Metric Analysis**

The Corporation's total net position increased in 2019 because of favorable results from operations as further discussed below, favorable investment performance and additional capital contributions received as part of the capital campaign.

Comparative financial ratios for the Corporation to the 2018 (most recent publicly available audited data) 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			PBC Average
	2019	2018	2017	2018
Operating margin	0.04%	0.6%	0.5%	-4.5%
Operating cash flow margin	4.8%	6.0%	6.2%	0.9%
Debt service coverage	3.8	3.1	4.1	1.0
Days cash on hand	119.0	112.1	101.5	57.5
Days in accounts receivable	58.2	61.5	69.1	39.0
Average age of plant	14.7	14.1	12.8	19.8

The financial ratios reflect favorable results of operations and generally favorable performance compared to NYS Public Benefit Corporation Hospitals. Days cash on hand increased as a result of favorable operating performance, Care Restructuring Enhancement Pilot (CREPS) Program grant proceeds and the collection of current year and prior year disproportionate share revenue (DSH). Days in accounts receivable decreased by 3.3 days (5.4%) due to additional collections and settlements or additional reserves on aging balances, primarily related to the April 2017 malware attack. Average age of plant increased by 0.6 years as a result of depreciation in excess of routine asset replacements due to a major focus on the construction projects noted above and those projects not yet placed in service in 2019.

**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.

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

**Management's Discussion and Analysis**  
**December 31, 2019**  
**(Dollars in Thousands)**

**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.

**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:

	2019	2018	2019-2018	
			\$ Change	% Change
<b>Assets</b>				
Current assets, excluding assets whose use is limited	\$ 189,310	\$ 218,540	\$ (29,230)	(13.4)
Assets whose use is limited	277,229	258,102	19,127	7.4
Capital assets, net	319,358	265,542	53,816	20.3
Other assets	27,074	26,854	220	0.8
<b>Total assets</b>	<b>812,971</b>	<b>769,038</b>	<b>43,933</b>	<b>5.7</b>
<b>Deferred outflows of resources</b>	<b>116,898</b>	<b>107,080</b>	<b>9,818</b>	<b>9.2</b>
<b>Total assets and deferred outflows</b>	<b>\$ 929,869</b>	<b>\$ 876,118</b>	<b>\$ 53,751</b>	<b>6.1</b>
<b>Liabilities</b>				
Current liabilities	\$ 246,645	\$ 203,267	\$ 43,378	21.3
Noncurrent liabilities	733,866	694,606	39,260	5.7
<b>Total liabilities</b>	<b>980,511</b>	<b>897,873</b>	<b>82,638</b>	<b>9.2</b>
<b>Deferred inflows of resources</b>	<b>98,402</b>	<b>140,237</b>	<b>(41,835)</b>	<b>(29.8)</b>
<b>Net Position</b>				
Net investment in capital assets	112,081	95,282	16,799	17.6
Restricted	142,045	62,017	80,028	129.0
Unrestricted	(403,170)	(319,291)	(83,879)	26.3
<b>Total net position</b>	<b>(149,044)</b>	<b>(161,992)</b>	<b>12,948</b>	<b>(8.0)</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 929,869</b>	<b>\$ 876,118</b>	<b>\$ 53,751</b>	<b>6.1</b>

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

**Management's Discussion and Analysis  
December 31, 2019  
(Dollars in Thousands)**

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**Statements of Net Position (Continued)**

Overall, total assets and deferred outflows of resources increased \$53,751 from 2018 to 2019.

The following variances in total assets are noteworthy:

Total current assets, excluding the current portion of assets whose use is limited, decreased by \$29,230 due to the following:

- Cash, cash equivalents and investments decreased by \$27,980.
- Patient accounts receivable, net, decreased by \$2,715 as a result of collection efforts offset by current year increase in net patient service revenue. Overall increases in volume noted earlier in combination with contracted rates increases to a 2.6% growth in average daily revenue.
- Other receivables, decreased by \$927 which is due to a \$12,009 decrease in Medicaid DSH and UPL program receivables offset by a \$4,384 increase of the CREPS Program grant receivable, \$3,198 decrease in receivables from joint ventures, and a \$9,048 increase in due from third party payors. In addition, there was an \$849 increase in health insurance rebates and other receivables.
- Assets whose use is limited, including current portion, increased by a net of \$19,127, which is due to an increase of \$67,706 due to receipt of DSRIP grant funds offset by a \$47,917 decrease from the use of proceeds from the 2017 financing for various construction and renovation projects and capitalized interest during construction, \$2,382 due to increased reserve account funding for actuarial liabilities, and \$3,641 decrease in collateral held for workers compensation claims.
- Capital assets, net, increased by \$53,816 due to investments in new capital assets being greater than depreciation expense. Significant investments in capital assets are summarized in a following section.

Overall, total liabilities and deferred inflows increased \$40,803 and net position increased \$12,948 from 2018.

The following variances in total liabilities are noteworthy:

Total current liabilities increased by \$43,378 due to the following:

- Accounts payable and accrued salaries and benefits increased by \$45,841 due to timing of payments, \$19,591 of which was related to capital asset acquisitions.
- Accrued other liabilities decreased by \$1,950 largely as a result of an increase in short term self-insured obligations and post-retirement health obligations of \$2,196 and offset by a decrease in payables to affiliated organizations of \$3,198.
- Unearned revenue increased by \$3,487 due to recognition of revenue related to CREPs grant funds and receipt of DSRIP grant funds exceeding DSRIP grant expenses during the year.
- Estimated net third party liabilities decreased by \$3,964 as a result of changes in management estimates.
- An increase in the net pension liability was recognized during 2019 in the amount of \$32,563 due to changes in actuarial assumptions and investment performance of the New York State and Local Retirement System (NYSLRS) further described in Note 9.
- The long-term portion of self-insured obligations decreased by \$6,589 due to favorable claim activity and claims management along with changes in actuarial estimates for self-insured retentions for malpractice and workers' compensation claims greater than payments made on those claims. The current portion of these self-insured obligations increased by \$1,965.

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

**Management's Discussion and Analysis**  
**December 31, 2019**  
**(Dollars in Thousands)**

**Statements of Net Position (Continued)**

- The liability for OPEB increased by \$22,829 primarily as a result of the decrease in the discount rate as disclosed in Note 10, coupled with the repeal of the Cadillac tax.
- Net position increased by \$12,928 due to capital contributions.

**Statements of Revenues, Expenses, and Changes in Net Position**

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

	2019	2018	2019-2018	
			\$ Change	% Change
Net patient service revenue	\$ 543,370	\$ 529,548	\$ 13,822	2.6
Disproportionate share revenue (DSH)	89,802	72,071	17,731	24.6
DSRIP grants	80,880	22,339	58,541	262.1
Other operating revenue	36,799	37,074	(275)	(0.7)
<b>Total operating revenues</b>	<b>750,851</b>	<b>661,032</b>	<b>89,819</b>	<b>13.6</b>
Operating expenses:				
Payroll and employee benefits	365,993	331,069	34,924	10.5
Professional fees	92,777	89,801	2,976	3.3
Purchased services	69,434	59,088	10,346	17.5
Supplies	97,065	96,230	835	0.9
Other operating expenses	25,155	24,152	1,003	4.2
DSRIP grant expenses	64,319	21,192	43,127	203.5
Depreciation and amortization	28,659	27,930	729	2.6
<b>Total operating expenses</b>	<b>743,402</b>	<b>649,462</b>	<b>93,940</b>	<b>14.5</b>
<b>Operating income</b>	<b>7,449</b>	<b>11,570</b>	<b>(4,121)</b>	<b>(35.6)</b>
Non-operating expenses:				
Investment gain (loss)	5,895	(4,567)	10,462	229.1
Interest expense	(7,135)	(7,733)	598	(7.7)
<b>Income (loss) before capital contributions</b>	<b>6,209</b>	<b>(730)</b>	<b>6,939</b>	<b>950.5</b>
Capital contributions	6,739	1,750	4,989	285.1
<b>Total change in net position</b>	<b>12,948</b>	<b>1,020</b>	<b>11,928</b>	<b>1,169.4</b>
Net position – beginning of year, as restated (Note 7)	(161,992)	(163,012)	1,020	0.6
Net position - end of year	\$ (149,044)	\$ (161,992)	\$ 12,948	8.0

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

**Management's Discussion and Analysis  
December 31, 2019  
(Dollars in Thousands)**

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

Overall, operating revenues increased by \$89,819 or 13.6% in 2019 with increases attributable to the following:

- Net patient service revenue increased \$13,822, or 2.6% in 2019. Volumes increased across multiple lines of business, as presented in the table in the section entitled "Operations Analysis".
- DSH increased by \$17,731 or 24.6%, in 2019 as a result of an increase in uncompensated care cost for services provided.
- DSRIP grant revenue increased by \$58,541 primarily due to receipt of \$44,340 in high performance fund program receipts. The remaining increase of \$14,201 is attributed to other DSRIP program awards and proceeds. Total DSRIP revenue earned by the corporation related to the program increased \$15,414 of which \$14,641 relates to the high performance fund program noted awards received for meeting specific milestones within the DSRIP program.
- Other operating revenue decreased by \$275, or 0.7%, in 2019, principally as the result of a decrease of \$2,675 in CREPs and other grant revenue offset by an increase in revenue from discretely presented component units of \$1,079 and \$1,321 in other operations revenue.

Operating expenses increased \$93,940 or 14.5%, in 2019. Expense increases are attributable to the following:

- Payroll and employee benefit expenses have increased by \$34,924 or 10.5% as the net result of increases in staffing levels in order to accommodate additional overall volume of services provided, staffing level increases and wage increases associated with collective bargaining agreements, increased active employee and retiree health insurance expense, increases in post-retirement health obligations and increases in workers' compensation expenses. Salaries and employee benefit expense increased by 4.8% of net patient service revenue, from 62.5% in 2018 to 67.4% of net patient service revenue in 2019.
- Purchased services expense increased by \$10,346 or 17.5% as a result of operational investments in information systems technology, dietary operations and revenue cycle operations throughout 2019.
- Supply expenses as a percentage of net patient service revenue improved slightly from 18.2% in 2018 to 17.9% in 2019.
- DSRIP grant expenses increased by \$43,127 as a result of the participation high performance fund program award expenses accrued in 2019.

**Capital Assets, Net**

At December 31, 2019, the Corporation had capital assets, net of accumulated depreciation, of \$319,358 compared to \$265,542 at December 31, 2018, representing an increase of \$53,816 or 20.3%.

During 2019, the Corporation invested \$82,525 in various capital projects. Noteworthy investments include, additional investments in the development of a new Level 1 Adult Trauma Center and Emergency Department, including its enabling projects (\$31,038) and the main lobby project (\$10,867). Construction of these projects began in 2017 and are scheduled to be completed in 2020. In addition, the Corporation continued investment into various mechanical, electrical, plumbing and building envelope improvements (\$14,054), parking lot expansion and land improvements (\$5,827), CPEP renovations (\$1,032) and began implementing a new ambulatory electronic medical records system (\$4,118) along with various other facility infrastructure projects. Other additions to capital assets included other medical and non-medical equipment, software and furniture and fixtures.

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

**Management's Discussion and Analysis  
December 31, 2019  
(Dollars in Thousands)**

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**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. Corporation employees of the Civil Service Employee Association (CSEA) are covered by a contract negotiated in concert with Erie County, New York, which contains a sub-bargaining unit representing only Corporation employees. The agreement began in 2018 and runs through December 31, 2022. Registered Nurses (RNs) are covered under an agreement with the New York State Nurses Association (NYSNA). This agreement expired on December 31, 2018 and a new agreement was negotiated during 2019, which is in effect through December 31, 2022. The Corporation's agreement with the American Federation of State, County and Municipal Employees (AFSCME), a contract negotiated in concert with the County of Erie, New York, and ratified with AFSCME employees in 2017 runs through December 31, 2022.

**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 continues to be debated through the date of this report, however the individual insurance mandate, a central tenant to the Health Reform Law was repealed as part of the Tax Reform Bill and signed into law in December 2017. 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 promulgated 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. This grant period ends on March 31, 2020 and has not been extended beyond that date.

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

**Management's Discussion and Analysis  
December 31, 2019  
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**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 all of the goals for years 1 through 3 and substantially all of the goals from year 4 of the program and has recognized related revenue in the amount of \$22,500 and \$25,750, in the 2019 and 2018 financial statements, respectively.

**Medicare and Medicaid Reimbursement**

The future state of both reimbursement levels and reimbursement methods related to the Medicare and Medicaid programs remains uncertain. Budget proposals related to both of these programs for the upcoming year may significantly alter reimbursements or methodologies, thus changing the environment in which we conduct business as the Corporation relies heavily on these programs for reimbursement for services. The impact of these state and federal budget proposals are unknown at this time but could materially impact the Corporation.

**COVID-19**

A pandemic, epidemic or outbreak of an infectious disease could adversely impact our business. The infectious disease known as COVID-19, or other public health crisis, could diminish the public trust in healthcare facilities, especially facilities with patients affected by infectious diseases. If any of our facilities were involved, or perceived as being involved, in treating such patients, other patients might fail to seek care at our facilities, or our reputation may be negatively affected. Further, a pandemic, epidemic or outbreak might adversely impact our business by causing a temporary shutdown or diversion of patients, by disrupting or delaying production or delivery of pharmaceuticals or other medical supplies or by causing staffing shortages in our facilities. Although we have disaster plans in place and operate pursuant to infectious disease protocols, the potential impact of a pandemic, epidemic or outbreak of an infectious disease is difficult to predict and could adversely impact our business, financial condition or results of operations.

**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, 2019 and 2018**  
**(Dollars in Thousands)**

	2019	2018
<b>Assets and Deferred Outflows</b>		
Current assets:		
Cash and cash equivalents	\$ 13,771	\$ 19,076
Investments	10,125	32,800
Assets whose use is limited	195,804	173,089
Patient accounts receivable, net	86,572	89,287
Other receivables	64,685	65,612
Supplies, prepaids and other	14,157	11,765
<b>Total current assets</b>	<b>385,114</b>	<b>391,629</b>
Assets whose use is limited	81,425	85,013
Capital assets, net	319,358	265,542
Other assets, net	27,074	26,854
<b>Total assets</b>	<b>812,971</b>	<b>769,038</b>
Deferred outflows of resources:		
Pension	55,673	88,634
Other post employment benefits	44,691	892
Other	16,534	17,554
<b>Total deferred outflows of resources</b>	<b>116,898</b>	<b>107,080</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 929,869</b>	<b>\$ 876,118</b>
<b>Liabilities, Deferred Inflows and Net Position</b>		
Current liabilities:		
Current portion of long-term debt	\$ 11,090	\$ 11,126
Accounts payable	102,856	59,502
Accrued salaries, wages and employee benefits	24,048	21,561
Accrued other liabilities	48,619	50,569
Unearned revenue	58,614	55,127
Estimated third-party payor settlements	1,418	5,382
<b>Total current liabilities</b>	<b>246,645</b>	<b>203,267</b>
Long-term debt, net	236,779	246,199
Net pension liability	57,240	24,677
Self-insured obligations	36,064	42,654
Other post employment benefits	399,980	377,151
Other	3,803	3,925
<b>Total liabilities</b>	<b>980,511</b>	<b>897,873</b>
Deferred inflows of resources:		
Pension	28,011	87,326
Other post employment benefits	70,391	52,911
<b>Total deferred inflows of resources</b>	<b>98,402</b>	<b>140,237</b>
<b>Net Position:</b>		
Net investment in capital assets	112,081	95,282
Restricted:		
Nonexpendable	-	-
Expendable	142,045	62,017
Unrestricted	(403,170)	(319,291)
<b>Total net position</b>	<b>(149,044)</b>	<b>(161,992)</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 929,869</b>	<b>\$ 876,118</b>

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, 2019 and 2018**  
**(Dollars in Thousands)**

	2019	2018
Operating revenues:		
Net patient service revenue, net of provision for bad debts of \$19,591 and \$14,321 for 2019 and 2018, respectively	\$ 543,370	\$ 529,548
Disproportionate share revenue (DSH)	89,802	72,071
DSRIP grants	80,880	22,339
Other operating revenue	36,799	37,074
<b>Total operating revenues</b>	<b>750,851</b>	<b>661,032</b>
Operating expenses:		
Payroll and employee benefits	365,993	331,069
Professional fees	92,777	89,801
Purchased services	69,434	59,088
Supplies	97,065	96,230
Other operating expenses	25,155	24,152
DSRIP grant expenses	64,319	21,192
Depreciation and amortization	28,659	27,930
<b>Total operating expenses</b>	<b>743,402</b>	<b>649,462</b>
<b>Operating income</b>	<b>7,449</b>	<b>11,570</b>
Non-operating expenses:		
Investment gain (loss)	5,895	(4,567)
Interest expense	(7,135)	(7,733)
<b>Total non-operating expenses</b>	<b>(1,240)</b>	<b>(12,300)</b>
<b>Income (loss) before capital contributions</b>	<b>6,209</b>	<b>(730)</b>
Capital contributions	6,739	1,750
<b>Total change in net position</b>	<b>12,948</b>	<b>1,020</b>
Net position – beginning of year, as restated (Note 7)	(161,992)	(163,012)
Net position – end of year	\$ (149,044)	\$ (161,992)

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, 2019 and 2018**  
**(Dollars in Thousands)**

	<b>2019</b>	<b>2018</b>
Cash flows from operating activities:		
Receipts from patients and third party payors	\$ 533,230	\$ 496,956
Payments to employees for salaries and benefits	(356,538)	(319,931)
Payments to vendors for supplies and other	(308,875)	(256,226)
Other receipts	210,968	144,992
<b>Net cash provided by operating activities</b>	<b>78,785</b>	<b>65,791</b>
Cash flows from capital and related financing activities:		
Purchases of capital assets	(83,681)	(40,229)
Borrowings on long-term debt	1,805	2,453
Payments on long term debt	(11,261)	(17,634)
Interest paid on long term debt	(7,135)	(7,733)
<b>Net cash used in capital and related financing activities</b>	<b>(100,272)</b>	<b>(63,143)</b>
Cash flows from investing activities:		
Purchases of assets whose use is limited, net	(19,127)	(1,875)
Investment gain (loss)	5,895	(4,567)
Sales (purchases) of investments, net	22,675	(2,785)
Capital contributions	6,739	1,750
<b>Net cash provided by (used in) investing activities</b>	<b>16,182</b>	<b>(7,477)</b>
<b>Net change in cash and cash equivalents</b>	<b>(5,305)</b>	<b>(4,829)</b>
Cash and cash equivalents:		
Beginning	19,076	23,905
Ending	\$ 13,771	\$ 19,076

**Noncash capital and related financing activities:**

Included in accounts payable at December 31, 2019 and 2018 was \$19,591 and \$10,493, 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, 2019 and 2018**  
**(Dollars in Thousands)**

	<b>2019</b>	<b>2018</b>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 7,449	\$ 11,570
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	28,659	27,930
Provision for bad debts	19,591	14,321
Changes in assets, deferred outflows, liabilities and deferred inflows:		
Patient accounts receivable	(16,876)	(7,634)
Other receivables	2,637	(3,851)
Supplies, prepaids and other	(2,612)	13,168
Deferred outflows of resources	(9,818)	(19,999)
Accounts payable	43,354	11,498
Accrued liabilities	1,620	12,934
Unearned revenue	3,487	13,508
Estimated third-party payor settlements	(5,674)	(15,429)
Self-insured obligations	(6,589)	(7,860)
Net pension liability	32,563	(46,867)
OPEB	22,829	(58,118)
Deferred inflows of resources	(41,835)	120,620
<b>Net cash provided by operating activities</b>	<b>\$ 78,785</b>	<b>\$ 65,791</b>

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, 2019 and 2018**  
**(Dollars in Thousands)**

	2019				2018			
	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)
<b>Assets</b>								
Current assets:								
Cash and cash equivalents	\$ 1,681	\$ 273	\$ 4	\$ 1,958	\$ 860	\$ 273	\$ 6	\$ 1,139
Investments	-	-	1,020	1,020	-	-	996	996
Other receivables	3,016	-	-	3,016	2,744	-	-	2,744
Supplies, prepaids and other	125	-	-	125	135	-	-	135
<b>Total current assets</b>	<b>4,822</b>	<b>273</b>	<b>1,024</b>	<b>6,119</b>	<b>3,739</b>	<b>273</b>	<b>1,002</b>	<b>5,014</b>
Other receivables	2,489	-	-	2,489	3,120	-	-	3,120
Endowment and other investments	6,080	10,407	-	16,487	5,714	10,668	-	16,382
Equipment and vehicles, net	50	-	-	50	123	-	-	123
	<b>8,619</b>	<b>10,407</b>	<b>-</b>	<b>19,026</b>	<b>8,957</b>	<b>10,668</b>	<b>-</b>	<b>19,625</b>
<b>Total assets</b>	<b>\$ 13,441</b>	<b>\$ 10,680</b>	<b>\$ 1,024</b>	<b>\$ 25,145</b>	<b>\$ 12,696</b>	<b>\$ 10,941</b>	<b>\$ 1,002</b>	<b>\$ 24,639</b>
<b>Liabilities and Net Position</b>								
Current liabilities:								
Accounts payable	\$ 392	\$ -	\$ -	\$ 392	\$ 283	\$ -	\$ -	\$ 283
Funds held in custody for others	640	-	-	640	462	-	-	462
<b>Total current liabilities</b>	<b>1,032</b>	<b>-</b>	<b>-</b>	<b>1,032</b>	<b>745</b>	<b>-</b>	<b>-</b>	<b>745</b>
Related party	5,431	550	-	5,981	1,449	-	-	1,449
<b>Total liabilities</b>	<b>6,463</b>	<b>550</b>	<b>-</b>	<b>7,013</b>	<b>2,194</b>	<b>-</b>	<b>-</b>	<b>2,194</b>
<b>Net Position</b>								
Restricted:								
Nonexpendable	50	10,000	-	10,050	50	10,000	-	10,050
Expendable	4,400	130	-	4,530	8,617	941	-	9,558
Unrestricted	2,528	-	1,024	3,552	1,835	-	1,002	2,837
<b>Total net position</b>	<b>6,978</b>	<b>10,130</b>	<b>1,024</b>	<b>18,132</b>	<b>10,502</b>	<b>10,941</b>	<b>1,002</b>	<b>22,445</b>
<b>Total liabilities and net position</b>	<b>\$ 13,441</b>	<b>\$ 10,680</b>	<b>\$ 1,024</b>	<b>\$ 25,145</b>	<b>\$ 12,696</b>	<b>\$ 10,941</b>	<b>\$ 1,002</b>	<b>\$ 24,639</b>

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, 2019 and 2018**  
**(Dollars in Thousands)**

	2019				2018			
	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	\$ 6,661	\$ -	\$ -	\$ 6,661	\$ 6,106	\$ -	\$ -	\$ 6,106
<b>Total operating revenues</b>	<b>6,661</b>	<b>-</b>	<b>-</b>	<b>6,661</b>	<b>6,106</b>	<b>-</b>	<b>-</b>	<b>6,106</b>
Operating expenses:								
Program services and grants	8,487	-	21	8,508	3,062	-	31	3,093
Fundraising	1,502	-	-	1,502	1,440	-	-	1,440
Other operating expenses	196	1,079	1	1,276	204	1	1	206
<b>Total operating expenses</b>	<b>10,185</b>	<b>1,079</b>	<b>22</b>	<b>11,286</b>	<b>4,706</b>	<b>1</b>	<b>32</b>	<b>4,739</b>
<b>Operating income (loss)</b>	<b>(3,524)</b>	<b>(1,079)</b>	<b>(22)</b>	<b>(4,625)</b>	<b>1,400</b>	<b>(1)</b>	<b>(32)</b>	<b>1,367</b>
Non-operating revenue:								
Investment income (loss)	-	268	44	312	-	(127)	15	(112)
<b>Change in net position</b>	<b>(3,524)</b>	<b>(811)</b>	<b>22</b>	<b>(4,313)</b>	<b>1,400</b>	<b>(128)</b>	<b>(17)</b>	<b>1,255</b>
Net position – beginning of year	10,502	10,941	1,002	22,445	9,102	11,069	1,019	21,190
Net position – end of year	\$ 6,978	\$ 10,130	\$ 1,024	\$ 18,132	\$ 10,502	\$ 10,941	\$ 1,002	\$ 22,445

See notes to the financial statements.

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

**Notes to the Financial Statements  
Year Ended December 31, 2019  
(Dollars in Thousands)**

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**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 573 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 non-voting representatives, as well. The directors and non-voting members serve staggered 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. Board leaders are appointed by the Board.

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

**Notes to the Financial Statements  
Year Ended December 31, 2019  
(Dollars in Thousands)**

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**Note 1. Organization (Continued)**

**Great Lakes Health System:** The Corporation is a member of Great Lakes Health System of Western New York (Great Lakes). Great Lakes is a not-for-profit, community-based corporation comprised of unified partners whose objective is to provide the highest quality of healthcare to the residents of Western New York. Great Lakes is comprised of the Corporation, Kaleida Health, The Center for Hospice and Palliative Care and the State University of New York at Buffalo (the "University").

**Great Lakes Health Integrated Network:** The Corporation, together with Kaleida Health has formed Great Lakes Health Integrated Network (GLIN) with each maintaining a 50% ownership interest. As of December 31, 2019 and 2018 capital contributions due to GLIN totaled \$1,250 and \$4,448, respectively. Contributions are used to pay for physician incentives under a physician incentive program and routine operating expenses.

**Medical School Collaboration:** The Corporation serves as a primary teaching hospital for the Jacobs School of Medicine and Biomedical Sciences of the State University of New York at Buffalo (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 Medical School by providing the clinical settings for the Medical School'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 175 full-time equivalent medical 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 not-for-profit 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 not-for-profit 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.

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

**Notes to the Financial Statements  
Year Ended December 31, 2019  
(Dollars in Thousands)**

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**Note 1. Organization (Continued)**

**Research for Health in Erie County, Inc.:** Research for Health in Erie County, Inc. (RHEC) is a not-for-profit 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 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 external funding in recent years and its revenue comes primarily from investment income. 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.

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.

**1827 Fillmore, LLC:** This entity is controlled by the Corporation and was formed for the purchase and development of property immediately adjacent 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 reserves, malpractice reserves, pension obligations, other post-employment benefits, 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.

**Erie County Medical Center Corporation  
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**Note 2. Summary of Significant Accounting Policies (Continued)**

Included in net patient service revenue are adjustments to prior year estimated third-party payor settlements, and their related estimated receivables and payables that were originally recorded in the period the related services were rendered, as well as adjustments to the net realization rate for collections on patient accounts receivable. These adjustments are made in the normal course of operations and amounts reported are consistent with the approach in prior years. The adjustments to prior year estimates and other third-party reimbursement 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 a decrease of \$6,457 and an increase of \$3,119 in total operating revenue for the years ended December 31, 2019 and 2018, respectively.

**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 (FDIC) 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 adjustments 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, 2019 and 2018 was approximately \$43,700 and \$31,266, 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.

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.

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**Note 2. Summary of Significant Accounting Policies (Continued)**

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

	2019	2018
Medicaid Disproportionate Share (DSH) and Upper Payment Limit (UPL) (Note 4)	\$ 42,839	\$ 54,848
Due from affiliated organizations and joint ventures	2,284	5,482
Due from third party payors	11,255	2,207
Care Restructuring Enhancement Pilot (CREPS) Program Grant (Note 12)	4,384	-
Health insurance rebates	1,257	1,411
Other	2,666	1,664
	<u>\$ 64,685</u>	<u>\$ 65,612</u>

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

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

When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected for the period. Amortization of capital leases is computed using the straight-line method over the lease term or the estimated useful life of the asset, whichever is shorter. Maintenance and repairs are charged to expense as incurred with significant renewals and betterments being capitalized. During periods of construction, the Corporation capitalizes interest incurred with borrowings for construction. Capitalized interest was \$11,309 and \$6,234 for the years ended December 31, 2019 and 2018, respectively.

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 and retiree health expense related to the net pension liability and post-employment benefit obligations, and items related to the 2017 financing transaction as described below.

The 2017 financing transaction included the payment of points, in the amount of \$17,040 to Erie County associated with the differential in interest rate on the 2017 financing using the credit rating of Erie County and the rate that the Corporation was projected to pay independent of a relationship with Erie County. The points are being amortized on the interest method over the term of the 2017 financing. The unamortized amount of points at December 31, 2019 and 2018 is \$13,557 and \$15,076, respectively. The 2017 financing transaction also included the advance refunding of the 2011 financing, the proceeds of which were used to finance the construction of the Terrace View Nursing Home on the Corporation's campus. The deposit required to the advance refunding escrow was greater than the balance outstanding on the 2011 financing in the amount of \$2,038 and is being amortized on the interest method over the life of the advance refunding component of the transaction. The unamortized portion of this advance refunding at December 31, 2019 and 2018 is \$1,464 and \$1,701, respectively.

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**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 and other post-employment benefits.

**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, 2019 and 2018, the Corporation's share of the net assets of Collaborative Care amounted to \$694 and \$692, respectively.

Great Lakes Integrated Network (GLIN) was formed in 2018 by ECMCC and Kaleida Health System. GLIN was formed to support, manage and negotiate value based contracts and/or risk based contracts with third party payors for the purpose of managing population health and anticipated payment reform. GLIN is a development stage enterprise with the Corporation's share of contributed capital supporting organizational development. The Corporation's share of GLIN's profit or loss is recognized as a non-operating expense. At December 31, 2019 and 2018, the Corporation's share of the net assets of GLIN amounted to \$(774) and \$134, respectively.

**Unearned revenue:** Unearned revenue represents funds received by the Corporation for the DSRIP and CREPS 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, 2019 and 2018, within the caption accrued salaries, wages and employee benefits in the amount of \$13,580 and \$12,851, respectively.

**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.

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**Note 2. Summary of Significant Accounting Policies (Continued)**

**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 \$13,852 and \$12,426 for the years ended December 31, 2019 and 2018, respectively. Additionally, the Corporation provided approximately \$1,818 and \$3,721 in discounts to self-pay patients for the years ended December 31, 2019 and 2018, 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 with donor restrictions. When a donor restriction expires, restricted - expendable net positions are released to unrestricted net position. The Foundation is conducting a capital campaign to raise funds to support the construction of a new Level 1 Adult Trauma Center, Emergency Department and other capital needs in support of the mission of the Corporation. Receivables for pledges associated with this campaign are recorded net of a reserve for uncollectible pledges and are discounted to present value using a 1.6% discount rate, over the expected collection period of the pledges.

**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 adjustments 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.

**Erie County Medical Center Corporation  
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**Note 2. Summary of Significant Accounting Policies (Continued)**

**Contributed services:** RHEC receives contributions from the Corporation consisting primarily of donated space, equipment, and personnel support. During 2019 and 2018, 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 contribution revenue. 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:** The Corporation adopted GASB Statement No. 83, *Certain 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 impact of the adoption of this statement was not material, this Statement is applied retroactively by restating net position of prior year financial statements in order to conform to the 2019 presentation as presented in Note 7.

Effective January 1, 2019, the Corporation adopted GASB 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. There was no significant impact on the Corporation's financial statements due to the adoption of Statement No. 84.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases. Under this Statement, a lessee is required to recognize a lease liability and a right to use asset as a single model for lease accounting based on the principle that leases are financing instruments. The requirements of this Statement are effective for financial reporting periods beginning after December 15, 2019. The Corporation has not yet determined the impact this Statement will have on the financial statements.

Effective January 1, 2019, the Corporation adopted GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve the information that is disclosed in notes to governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. There was no significant impact on the Corporation's financial statements due to the adoption of Statement No. 88.

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**Note 2. Summary of Significant Accounting Policies (Continued)**

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simply accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 and should be applied prospectively. The Corporation has not yet determined the impact this Statement will have on the financial statements, however, expects the impact to be material.

Effective January 1, 2019, the Corporation adopted GASB Statement No. 90, *Majority Equity Interests*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. There was no significant impact on the Corporation's financial statements due to the adoption of Statement No. 90.

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The Corporation has not yet determined the impact this statement will have on the financial statements.

**Reclassifications:** Certain prior-year amounts have been reclassified to conform to the current-year presentation. Such reclassifications had no effect on previously reported operating income or changes in net position.

**Subsequent events:** The Corporation has evaluated subsequent events for potential recognition and/or disclosure through March 17, 2020, the date the financial statements were issued.

**Erie County Medical Center Corporation**  
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**Note 3. Net Patient Service Revenue and Patient Accounts Receivable**

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

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

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.

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:

	2019	2018
Gross charges	\$ 1,191,460	\$ 1,094,720
Less:		
Discounts and allowances	628,499	550,851
Provision for bad debts	19,591	14,321
	<u>\$ 543,370</u>	<u>\$ 529,548</u>

**Erie County Medical Center Corporation**  
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**Note 3. Net Patient Service Revenue and Patient Accounts Receivable (Continued)**

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

	2019		2018	
		%		%
Medicare*	\$ 186,281	34.3%	\$ 187,390	35.4%
Medicaid*	160,960	29.6%	164,080	31.0%
Commercial and other third party payors	165,434	30.4%	149,335	28.2%
No-fault	24,777	4.6%	25,045	4.7%
Self-pay	5,918	1.1%	3,698	0.7%
	<u>\$ 543,370</u>	<u>100.0%</u>	<u>\$ 529,548</u>	<u>100.0%</u>

\* Medicare and Medicaid include Managed Care plans.

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

Patient accounts receivable consist of the following at December 31:

	2019	2018
Gross accounts receivable	\$ 205,428	\$ 180,658
Less:		
Discounts and allowances	75,156	60,105
Allowance for bad debts	43,700	31,266
	<u>\$ 86,572</u>	<u>\$ 89,287</u>

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:

	2019	2018
Medicare*	26.8%	28.5%
Medicaid*	24.9%	28.4%
Commercial and other third party payors	32.6%	30.0%
No-fault	12.2%	9.9%
Self-pay	3.5%	3.2%
<b>Total</b>	<u>100.0%</u>	<u>100.0%</u>

\* Medicare and Medicaid include Managed Care plans.

**Erie County Medical Center Corporation  
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**Notes to the Financial Statements  
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**Note 4. Disproportionate Share Revenue**

The Medicaid DSH program is designed to provide 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 2019 and 2018, DSH funding recorded by the Corporation totaled \$89,802 and \$72,071, 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 \$74,407 and \$55,656 was recognized in 2019 and 2018, respectively. In addition, during 2019 and 2018 the Corporation recognized \$15,395 and \$16,415, respectively, of UPL revenue for Terrace View. The UPL for New York State fiscal year 2019-2020, 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 2017 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.

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**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:

	2019	2018
Cash and cash equivalents	\$ 13,771	\$ 19,076
Investments	10,125	32,800
Assets whose use is limited – current	195,804	173,089
Assets whose use is limited – non-current	81,425	85,013
	<u>\$ 301,125</u>	<u>\$ 309,978</u>
Current portion of assets whose use is limited:		
Patient and residents trust cash	\$ 347	\$ 299
Restricted for debt service <sup>(a)</sup>	2,291	6,356
Restricted for capital projects <sup>(d)</sup>	40,850	84,628
Designated for self-insurance obligations <sup>(b)</sup>	8,544	6,672
Designated for retiree health obligations <sup>(b)</sup>	12,903	12,252
Designated for DSRIP program <sup>(b)</sup>	130,091	62,385
NYS voluntary defined contribution plan escrow	237	93
Medical and dental staff funds	541	404
<b>Total current portion of assets whose use is limited</b>	<u><b>\$ 195,804</b></u>	<u><b>\$ 173,089</b></u>
Noncurrent portion of assets whose use is limited:		
Restricted for debt service <sup>(a)</sup>	\$ 9,664	\$ 9,469
Designated for long-term investment <sup>(b)</sup>	18,595	18,595
Designated for retiree health obligations <sup>(b)</sup>	11,928	12,579
Designated for self-insurance obligations <sup>(b)</sup>	29,462	28,953
Restricted – insured workers compensation collateral <sup>(c)</sup>	11,776	15,417
<b>Total noncurrent portion of assets whose use is limited</b>	<u><b>\$ 81,425</b></u>	<u><b>\$ 85,013</b></u>

<sup>(a)</sup> Funds restricted by operation of indenture agreement

<sup>(b)</sup> Funds internally designated by operation of Board authority

<sup>(c)</sup> Funds restricted – insured workers compensation collateral agreement

<sup>(d)</sup> Unspent proceeds from borrowings, which are to be used for construction projects

**Erie County Medical Center Corporation  
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**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, 2019 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, 2019 and 2018, totaled \$71,815 and \$52,051, of which \$863 and \$897 of the deposits were insured at December 31, 2019 and 2018, 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, as well as the relevant provisions of the ECMCC Act. 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.

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

**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) or Federal Home Loan Mortgage Corporation (Freddie Mac) issues at December 31, 2019 and 2018.

**Fair value of financial instruments:** Fair value is defined in the accounting standards as the amount 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.

	2019			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 13,771	\$ -	\$ -	\$ 13,771
Investments and assets whose use is limited:				
Cash and cash equivalents	229,201	-	-	229,201
Marketable equity securities:				
Small/Mid-cap equities	3,716	-	-	3,716
Growth equities	1,513	-	-	1,513
Core equities	8,700	-	-	8,700
International equities	8,990	-	-	8,990
US fixed income	29,900	-	-	29,900
International fixed income	-	5,334	-	5,334
<b>Total investments and assets whose use is limited</b>	<b>282,020</b>	<b>5,334</b>	<b>-</b>	<b>287,354</b>
<b>Total</b>	<b>\$ 295,791</b>	<b>\$ 5,334</b>	<b>\$ -</b>	<b>\$ 301,125</b>

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

	2018			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 19,076	\$ -	\$ -	\$ 19,076
Investments and assets whose use is limited:				
Cash and cash equivalents	159,533	-	-	159,533
Marketable equity securities:				
Small/Mid-cap equities	3,584	-	-	3,584
Value equities	1,887	-	-	1,887
Growth equities	11,313	-	-	11,313
International equities	3,665	-	-	3,665
US fixed income	-	38,538	-	38,538
International fixed income	-	7,711	-	7,711
Government bonds	-	64,671	-	64,671
<b>Total investments and assets whose use is limited</b>	179,982	110,920	-	290,902
<b>Total</b>	<b>\$ 199,058</b>	<b>\$ 110,920</b>	<b>\$ -</b>	<b>\$ 309,978</b>

**Note 6. Capital Assets, Net**

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

	2019			
	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance
Capital assets – being depreciated				
Land and land improvements	\$ 23,646	\$ 5,085	\$ -	\$ 28,731
Buildings and improvements	424,954	10,547	-	435,501
Fixed/major moveable equipment	177,380	7,678	(2,278)	182,780
<b>Total capital assets – being depreciated</b>	625,980	23,310	(2,278)	647,012
Less accumulated depreciation	(393,287)	(28,610)	2,179	(419,718)
<b>Total capital assets – being depreciated, net</b>	232,693	(5,300)	(99)	227,294
Capital assets – not being depreciated				
Construction in progress	32,849	68,891	(9,676)	92,064
<b>Total capital assets, net</b>	<b>\$ 265,542</b>	<b>\$ 63,591</b>	<b>\$ (9,775)</b>	<b>\$ 319,358</b>

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**Note 6. Capital Assets, Net (Continued)**

	2018			
	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance
Capital assets – being depreciated				
Land and land improvements	\$ 20,526	\$ 3,120	\$ -	\$ 23,646
Buildings and improvements	422,295	2,718	(59)	424,954
Fixed/major moveable equipment	162,296	15,588	(504)	177,380
<b>Total capital assets – being depreciated</b>	605,117	21,426	(563)	625,980
Less accumulated depreciation	(365,579)	(27,873)	165	(393,287)
<b>Total capital assets – being depreciated, net</b>	239,538	(6,447)	(398)	232,693
Capital assets – not being depreciated				
Construction in progress	8,467	31,447	(7,065)	32,849
<b>Total capital assets, net</b>	<u>\$ 248,005</u>	<u>\$ 25,000</u>	<u>\$ (7,463)</u>	<u>\$ 265,542</u>

Construction in progress at December 31, 2019 and 2018 includes costs associated with the planning, design, and construction of the Level 1 Adult Trauma Center and emergency department expansion project, as well as construction and planning costs for various other facility projects. \$100,000 of the project is funded through loans from Erie County (see Note 8).

Depreciation expense amounted to \$28,610 and \$27,873 for the years ended December 31, 2019 and 2018, respectively.

**Note 7. Accrued Other Liabilities**

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

	2019	2018
Due to Erie County	\$ 15,329	\$ 14,571
Other post-employment benefits (OPEB)	12,903	12,579
Other	10,592	11,599
Workers compensation claims	6,642	5,000
Medical malpractice claims	1,903	1,672
Due to joint venture	1,250	4,448
Due to discretely presented component units	-	700
<b>Total</b>	<u>\$ 48,619</u>	<u>\$ 50,569</u>

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**Note 7. Accrued Other Liabilities (Continued)**

GASB Statement No. 83, *Certain Asset Retirement Obligations*, establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations (ARO's). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. In accordance with this Statement, the Corporation completed an analysis of assets meeting the criteria of an ARO for specific types of medical equipment such as medical imaging equipment (e.g., MRIs, CT scanners, and PET scanners), X-Rays, and ultrasounds as well as computers containing information protected by HIPAA laws, and certain types of laboratory equipment. In addition, the Corporation evaluated the requirement for disposal of underground fuel and lab acid tanks. The Corporation determined, based on industry standards for disposition of similar assets, the total asset retirement obligation totaled \$2,185 at December 31, 2019 and is reflected in accrued other liabilities in the statements of net position. The assets have a remaining useful life ranging from 0 to 30 years. This obligation is discounted using a rate of 4.0% and an inflation factor of 3.0% at December 31, 2019. As a result of implementing this Statement, the Corporation was required to retroactively apply the Statement with a restatement of net position to the first day of the earliest period presented (January 1, 2018), which resulted in a decrease of net position of \$1,991.

**Note 8. Indebtedness**

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

	2019				
	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Erie County - Guaranteed Senior Revenue Bonds, Series 2004	\$ 75,725	\$ -	\$ (3,360)	\$ 72,365	\$ 3,545
Erie County – 2017 loan payable	98,799	-	(1,369)	97,430	1,914
Erie County – 2017 loan payable	68,804	-	(3,729)	65,075	3,842
Erie County – 2017 capitalized interest assumption obligation	8,224	-	(114)	8,110	159
Capital lease obligations	5,773	1,805	(2,689)	4,889	1,630
<b>Total debt</b>	<b>\$ 257,325</b>	<b>\$ 1,805</b>	<b>\$ (11,261)</b>	<b>\$ 247,869</b>	<b>\$ 11,090</b>

	2018				
	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Erie County - Guaranteed Senior Revenue Bonds, Series 2004	\$ 78,910	\$ -	\$ (3,185)	\$ 75,725	\$ 3,360
Erie County – 2017 loan payable	99,261	-	(462)	98,799	1,369
Erie County – 2017 loan payable	72,398	-	(3,594)	68,804	3,729
Erie County – 2017 capitalized interest assumption obligation	8,262	-	(38)	8,224	114
Key Bank loan	8,033	-	(8,033)	-	-
Capital lease obligations	5,642	2,453	(2,322)	5,773	2,554
<b>Total debt</b>	<b>\$ 272,506</b>	<b>\$ 2,453</b>	<b>\$ (17,634)</b>	<b>\$ 257,325</b>	<b>\$ 11,126</b>

**Erie County Medical Center Corporation  
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**Note 8. Indebtedness (Continued)**

Future annual principal payments applicable to long term debt for the years subsequent to December 31, 2019 are as follows:

2020	\$ 11,090
2021	11,046
2022	11,442
2023	11,860
2024	12,290
2025 - 2029	66,937
2030 - 2034	72,667
2035 - 2039	50,537
<b>Total</b>	<b>\$ 247,869</b>

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%, with principal payments ranging from \$3,185 to \$7,220 due annually on November 1 with interest payments due semi-annually on May 1 and November 1.

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 2017, the Corporation entered into a loan agreement and a capitalized interest liability assumption agreement with the County of Erie, with the assistance of the Erie County Fiscal Stability Authority. The proceeds of the loan were used to finance the construction of a new Level 1 Adult Trauma Center and Emergency Department, fund various other capital projects on the Corporation's campus as well as refinance the 2011 loan. The loan has an interest rate of 3.377% with monthly principal and interest payments ranging from \$38 to \$930 during the term of the loan. In addition to the loan, the Corporation assumed the liability related to funds borrowed to pay capitalized interest during construction on the various projects noted above. The capitalized interest liability assumption has an interest rate of 3.377% with monthly principal and interest payments ranging from \$3 to \$77 during the term of the loan. The new money portion of the loan and the capitalized interest assumption agreement is fully amortized and matures in 2039. The refinancing component of the loan has an interest rate of 2.649% with monthly principal and interest payments ranging from \$300 to \$460 during the term of the loan and is fully amortized and maturing in 2034.

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.

During 2018, the Corporation entered into a capital lease agreement in the amount of \$2,044, the proceeds of which were used to purchase various equipment. The agreement requires principal and interest payments (cost of capital is estimated at 5.5%) of \$29 and matures September 2025.

**Erie County Medical Center Corporation  
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**Notes to the Financial Statements  
Year Ended December 31, 2019  
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**Note 8. Indebtedness (Continued)**

During 2018, the Corporation entered into a capital lease agreement in the amount of \$409, the proceeds of which were used to purchase various suite improvements. The agreement requires principal and interest payments (cost of capital is estimated at 3.8%) of \$4 and matures October 2028.

During 2019, the Corporation entered into a capital lease agreement in the amount of \$1,805, the proceeds of which were used to finance various cafeteria improvements. The agreement requires principal and interest payments (cost of capital ranges from 0 – 9.0%) of \$17 and matures March 2029.

**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 481,000 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.

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, 110 State Street, 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.

**Erie County Medical Center Corporation  
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**Notes to the Financial Statements  
Year Ended December 31, 2019  
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**Note 9. Pension Plan (Continued)**

At December 31, 2019 and 2018, the Corporation reported a liability of \$57,240 and \$24,677, 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 1<sup>st</sup> each year and rolled forward to March 31<sup>st</sup>. 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 2019 and 2018, which was 0.8079% and 0.7646%, respectively.

**(a) Actuarial Assumptions**

The total pension liability for the March 31, 2019 measurement date was determined using an actuarial valuation as of April 1, 2018, with update procedures used to roll-forward the total pension liability to March 31, 2019. The actuarial valuations used the following actuarial assumptions:

Inflation	2.5%
Salary increases	4.2%, 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 Scale MP-2014

The total pension liability for the March 31, 2018 measurement date was determined using an actuarial valuation as of April 1, 2017, with update procedures used to roll-forward the total pension liability to March 31, 2018. 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 Scale MP-2014

**Erie County Medical Center Corporation**  
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**Notes to the Financial Statements**  
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**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 tables at December 31:

<u>Asset class</u>	2019	
	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	36.0%	4.6%
International equity	14.0%	6.4%
Private equity	10.0%	7.5%
Real estate	10.0%	5.6%
Absolute return strategies	2.0%	3.8%
Bonds and mortgages	17.0%	1.3%
Inflation-indexed bonds	4.0%	1.3%
Opportunistic portfolio	3.0%	5.7%
Real assets	3.0%	5.3%
Cash	1.0%	-0.3%
	<u>100.0%</u>	
<u>Asset class</u>	2018	
	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	36.0%	4.6%
International equity	14.0%	6.4%
Private equity	10.0%	7.5%
Real estate	10.0%	5.6%
Absolute return strategies	2.0%	3.8%
Bonds and mortgages	17.0%	1.3%
Inflation-indexed bonds	4.0%	1.3%
Opportunistic portfolio	3.0%	5.7%
Real assets	3.0%	5.3%
Cash	1.0%	-0.3%
	<u>100.0%</u>	

**Erie County Medical Center Corporation**  
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**Notes to the Financial Statements**  
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**Note 9. Pension Plan (Continued)**

(c) Discount Rate

The discount rate used to measure the total pension liability as of December 31, 2019 and 2018 was 7.0%. 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, 2019 and 2018, 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:

2019			
	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Corporation's proportionate share of the net pension liability	\$ 250,264	\$ 57,240	\$ (104,913)
2018			
	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Corporation's proportionate share of the net pension liability	\$ 186,713	\$ 24,677	\$ (112,399)

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**Note 9. Pension Plan (Continued)**

(d) Deferred Outflows and Inflows of Resources

At December 31, 2019 and 2018, the Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019	2018
Deferred outflows of resources:		
Differences between expected and actual actuarial experience	\$ 11,272	\$ 8,802
Difference between projected and actual earnings on pension plan investments	-	35,841
Changes in assumptions	14,388	16,363
Corporation contributions subsequent to the measurement date	27,343	26,447
Other	2,670	1,181
<b>Total</b>	<b>\$ 55,673</b>	<b>\$ 88,634</b>
Deferred inflows of resources:		
Differences between expected and actual actuarial experience	\$ 3,842	\$ 7,273
Difference between projected and actual earnings on pension plan investments	14,691	70,747
Changes in proportion and differences between Corporation contributions and proportionate share of contributions	9,478	9,306
<b>Total</b>	<b>\$ 28,011</b>	<b>\$ 87,326</b>

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 year ending 2019 and 2018, which includes contributions toward the actuarially determined accrued liability and the amortization of deferred outflows and inflows of resources, was approximately \$33,553 and \$26,421, respectively.

**Erie County Medical Center Corporation  
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**Note 10. Other Post-Employment Benefits (OPEB)**

**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 2019 and 2018, 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 total OPEB liability measured at December 31, 2019 and 2018 of \$412,883 and \$389,730 was determined by an actuarial valuation as of January 1, 2019 and 2018, respectively. The measurement date of the obligation is December 31, 2019 and 2018.

**(a) Actuarial Assumptions**

The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.3%
Salary increases	3.3% per annum
Pre-Medicare Plans	6.8% for 2019, 3.8% ultimate trend rate in 2075
Medicare Plans	4.5% for 2019, 3.8% ultimate trend rate in 2075
Prescription Plan	7.0% for 2019, 3.8% ultimate trend rate in 2075
Mortality	Society of Actuaries Scale MP-2019

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

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.3%
Salary increases	3.3% per annum
Pre-Medicare Plans	7.0% for 2018, 3.8% ultimate trend rate in 2075
Medicare Plans	5.0% for 2018, 3.8% ultimate trend rate in 2075
Prescription Plan	9.5% for 2018, 3.8% ultimate trend rate in 2075
Mortality	Society of Actuaries Scale MP-2014

**(b) Changes in the OPEB Liability**

	2019	2018
Changes in the OPEB obligation		
Projected OPEB obligation at the beginning of year	\$ 389,730	\$ 446,045
Service cost	4,034	5,838
Interest cost	14,724	15,322
Change of benefit terms	-	(532)
Difference between expected and actual experience	(38,435)	1,097
Change in assumptions	57,042	(65,103)
Actual benefit payments	(14,212)	(12,937)
Projected OPEB obligation at the end of year	<u>\$ 412,883</u>	<u>\$ 389,730</u>

**(c) Discount Rate**

The discount rate used to measure the total OPEB liability as of December 31, 2019 and January 1, 2019 was 2.7% and 4.1%, respectively, based on the Bond Buyer 20-year Bond GO index rate.

The following presents the Corporation's total OPEB liability calculated using the discount rate of 2.7% as well as what the Corporation's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.7%) or 1 percentage point higher (3.7%) than the current rate.

	2019		
	1% Decrease (1.7%)	Discount Rate (2.7%)	1% Increase (3.7%)
The Corporation's total OPEB liability	\$ 485,311	\$ 412,883	\$ 355,225

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**Year Ended December 31, 2019**  
**(Dollars in Thousands)**

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

The discount rate used to measure the total OPEB liability as of December 31, 2018 and January 1, 2018 was 4.1% and 3.4%, respectively, based on the Bond Buyer 20-year Bond GO index rate.

The following presents the Corporation's total OPEB liability calculated using the discount rate of 4.1% as well as what the Corporation's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.1%) or 1 percentage point higher (5.1%) than the current rate.

	2018		
	1% Decrease (3.1%)	Discount Rate (4.1%)	1% Increase (5.1%)
The Corporation's total OPEB liability	\$ 455,710	\$ 389,730	\$ 336,955

The following presents the Corporation's total OPEB liability calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates.

	2019		
	Healthcare		
	1% Decrease	Cost Trend Rates	1% Increase
The Corporation's total OPEB liability	\$ 353,653	\$ 412,883	\$ 487,571

	2018		
	Healthcare		
	1% Decrease	Cost Trend Rates	1% Increase
The Corporation's total OPEB liability	\$ 328,469	\$ 389,730	\$ 469,718

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

**Notes to the Financial Statements**  
**Year Ended December 31, 2019**  
**(Dollars in Thousands)**

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

(d) Deferred Outflows and Inflows of Resources

The following are components of deferred outflows and inflows at December 31, 2019 and 2018:

	2019	
	Deferred Outflows	Deferred Inflows
Differences between expected and actual actuarial experience	\$ 687	\$ 29,673
Changes in assumptions	44,004	40,718
<b>Total</b>	<b>\$ 44,691</b>	<b>\$ 70,391</b>

	2018	
	Deferred Outflows	Deferred Inflows
Differences between expected and actual actuarial experience	\$ 892	\$ -
Changes in assumptions	-	52,911
<b>Total</b>	<b>\$ 892</b>	<b>\$ 52,911</b>

The net deferred outflows and inflows of resources at December 31, 2019 will be recognized as follows:

	Amount
2020	\$ (7,712)
2021	(7,712)
2022	(6,536)
2023	(3,740)
	<b>\$ (25,700)</b>

(e) Annual OPEB Expense

The Corporation's annual OPEB expenses for the years ended December 31, 2019 and 2018 was \$11,046 and \$8,641, respectively.

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

**Notes to the Financial Statements  
Year Ended December 31, 2019  
(Dollars in Thousands)**

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**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.

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.

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 2019 and 2018, net DSRIP payments received by the Corporation totaled \$83,978 and \$47,581, respectively. In addition, \$80,880 and \$22,339 was recorded as grant revenue for the years ended December 31, 2019 and 2018 based on meeting the eligibility requirements and \$64,319 and \$21,192 of related grant program expenses were incurred during 2019 and 2018, 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 has achieved all of the goals for years 1 through 3 and believes it has achieved substantially all of the goals for year 4 of the program and has recognized related revenue in the amount of \$22,500 and \$25,750 for 2019 and 2018, respectively.

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

**Notes to the Financial Statements  
Year Ended December 31, 2019  
(Dollars in Thousands)**

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**Note 13. Transactions With the County of Erie**

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.

In 2017, the Corporation entered into a loan agreement and a capitalized interest liability assumption agreement with the County of Erie. A component of the loan agreement included the payment of points by the Corporation to the County of Erie in the amount of \$17,040 as further described in Note 2 and Note 8.

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, 2019 and 2018 are as follows:

The Corporation earned revenue totaling \$3,250 and \$3,184 for the years ended December 31, 2019 and 2018, 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 net amount due from the County of approximately \$5,523 and \$7,904 at December 31, 2019 and 2018, 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 assets in the statements 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. Additionally, the Corporation began purchasing excess stop loss insurance on a claims made basis for medical malpractice effective November 2008. The current policy provides \$35,000 of coverage in excess of \$4,000 of individual claims or \$12,000 in aggregate claims effective November 18, 2013. Previously the policy provided \$35,000 of coverage in excess of \$3,000 of individual claims or \$10,000 in aggregate claims.

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

**Notes to the Financial Statements**  
**Year Ended December 31, 2019**  
**(Dollars in Thousands)**

**Note 14. Self-Insured Obligations (Continued)**

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, 2019 and 2018, \$11,776 and \$15,417, 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 \$19,238 and \$23,743 at December 31, 2019 and 2018, respectively, for medical malpractice related exposures. Such amounts have been discounted at 2.0% for 2019 and 2018 and the accrued liabilities are included within the accrued other liabilities and self-insured 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.

The Corporation has accrued \$25,397 and \$25,610 at December 31, 2019 and 2018, respectively, for workers compensation related exposures. Such amounts have been discounted at 1.75% and 1.25% for 2019 and 2018, respectively and the liabilities are included within the accrued other liabilities and self-insured obligations captions of the accompanying statement of net position. Charges to expense for workers compensation costs approximated \$8,654 and \$4,827 in 2019 and 2018, 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, is as follows:

		2019				
		Beginning Balance	Actuarial estimate of claims incurred	Claims Paid	Ending Balance	Due Within One Year
Medical malpractice	\$	23,743	\$ (391)	\$ (4,140)	\$ 19,212	\$ 1,903
Workers compensation		25,610	8,132	(8,345)	25,397	6,642
	\$	49,353	\$ 7,741	\$ (12,485)	\$ 44,609	\$ 8,545
		2018				
		Beginning Balance	Actuarial estimate of claims incurred	Claims Paid	Ending Balance	Due Within One Year
Medical malpractice	\$	28,767	\$ 142	\$ (5,166)	\$ 23,743	\$ 1,699
Workers compensation		28,747	4,044	(7,181)	25,610	5,000
	\$	57,514	\$ 4,186	\$ (12,347)	\$ 49,353	\$ 6,699

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

**Notes to the Financial Statements  
Year Ended December 31, 2019  
(Dollars in Thousands)**

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**Note 14. Self-Insured Obligations (Continued)**

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.

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, 2019 and 2018, 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 December 2029. Certain leases include optional extensions that are not included in the amounts below. Total rental expense for all operating leases was approximately \$5,256 and \$3,300 in 2019 and 2018, respectively. During 2017, the Corporation entered into a \$10,000 revolving operating lease facility to support various equipment in information technology infrastructure. As of December 31, 2019 and 2018, \$10,000 and \$9,747, respectively, of this lease facility has been disbursed.

The following is a schedule by year of future minimum lease payments under operating leases as of December 31, 2019 that have initial or remaining lease terms in excess of one year:

2020	\$ 4,542
2021	4,213
2022	4,155
2023	3,774
2024	2,033
2025-2029	7,051
	<u>\$ 25,768</u>

The Corporation formed 1827 Fillmore, LLC (1827) for the purpose of acquiring and developing land immediately adjacent to its Grider Street campus. A condition of the acquisition was that 1827 demolish a building on the site with known asbestos abatement requirements. This condition was met in 2018. The Corporation has started a community planning process to determine the future use(s) of the site. The site requires the environmental remediation expenditures, however the amount of such expenditures is dependent on the ultimate use of the site and requirements from regulators. Through December 31, 2019, approximately \$4,400 has been spent on remediating and improving the land.

## **Required Supplementary Information**

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

**Required Supplementary Information**  
**Schedule of Corporation's Contributions**  
**NYSLRS Pension Plan**  
**December 31, 2019**  
**(Dollars in Thousands)**

	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 26,447	\$ 25,803	\$ 25,235	\$ 26,722	\$ 29,771	\$ 29,835	\$ 27,164
Contributions in relation to the contractually required contribution	26,447	25,803	25,235	26,722	29,771	29,835	27,164
<b>Contribution deficiency</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
ECMCC covered-employee payroll	<b>\$ 235,284</b>	<b>\$ 216,044</b>	<b>\$ 183,540</b>	<b>\$ 166,691</b>	<b>\$ 175,409</b>	<b>\$ 163,395</b>	<b>\$ 151,906</b>
Contributions as a percentage of covered-employee payroll	11.2%	11.9%	13.7%	16.0%	17.0%	18.3%	17.9%

Note: During December 2019, the Corporation prepaid its 2020 contribution to the plan in the amount of \$27,343 to take advantage of a prepayment discount in the amount of \$232.

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

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

**Required Supplementary Information**  
**Schedule of Corporation's Proportionate Share of Net Pension Liability**  
**NYSLRS Pension Plan**  
**December 31, 2019**  
**(Dollars in Thousands)**

	2019	2018	2017	2016	2015
ECMCC proportion of the net pension liability	0.8079%	0.7646%	0.7614%	0.7228%	0.7137%
ECMCC proportionate share of the net pension liability	\$ 57,240	\$ 24,677	\$ 71,544	\$ 116,006	\$ 24,112
ECMCC covered-employee payroll	235,284	216,044	183,540	166,691	175,409
ECMCC proportionate share of the net pension liability as a percentage of it's covered-employee payroll	24.3%	11.4%	39.0%	69.6%	13.7%
Plan fiduciary net position as a percentage of the total pension liability	96.3%	98.2%	94.7%	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 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)**

**Required Supplementary Information**  
**Schedule of Corporation's Changes in Total OPEB Liability and Related Ratios**  
**December 31, 2019 and 2018**  
**(Dollars in Thousands)**

	2019	2018
Total OPEB liability		
Service cost	4,034	5,838
Interest cost	14,724	15,322
Change in benefit terms	-	(532)
Differences between expected and actual experience	(38,435)	1,097
Changes of assumptions	57,042	(65,103)
Benefit payments	(14,212)	(12,937)
Net change in total OPEB liability	23,153	(56,315)
Total OPEB liability - beginning	389,730	446,045
Total OPEB liability - ending	\$ 412,883	\$ 389,730
Covered employee payroll	\$ 95,417	\$ 100,112
Total OPEB liability as a percentage of covered employee payroll	432.71%	389.29%
Discount rate	2.70%	4.10%

**Erie County Medical Center  
Corporation**

(A Component Unit of the County of Erie)

Uniform Guidance Audit Requirements

December 31, 2019

**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, 2019**

Federal Grantor/Pass-Through/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total 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	\$ -	\$ 785,893
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	N/A	-	383,863
Primary Care Medicine and Dentistry Clinician Educator Career Development Awards Program	93.976	N/A	-	133,325
Ryan White HIV/AIDS Dental Reimbursement and Community Based Dental Partnership Grants	93.924	N/A	-	12,500
Grants to Increase Organ Donations	93.134	N/A	-	408,519
<b>Total U.S. Department of Health and Human Services Health Resources and Services Administration Direct Programs</b>			-	1,724,100
U.S. Department of Health and Human Services pass through program from Health Research Inc.				
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817	6U3REP1505200102	-	97,315
National Bioterrorism Hospital Preparedness Program	93.889	NU90TP000515	-	20,500
<b>Total U.S. Department of Health and Human Services Pass Through Programs</b>			-	117,815
U.S. Department of Justice pass through program from New York State Office of Victim Crime Services				
Victims of Crime	16.575	OVS01-C10952GG-1080200	-	3,525
<b>Total U.S. Department of Justice Pass Through Program</b>			-	3,525
<b>Total Expenditures of Federal Awards</b>			\$ -	\$ 1,845,440

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, 2019**

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**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, 2019. 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 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, 2019.

**Note 4. Subrecipients**

The Corporation did not provide federal awards to any subrecipients during the year ended December 31, 2019.

**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

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, 2019, 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 17, 2020. 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 VS LLP*

March 17, 2020

**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

**Report on Compliance for the Major Federal Program**

We have audited Erie County Medical Center Corporation's (the "Corporation") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Corporation's major federal program for the year ended December 31, 2019. The Corporation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for 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 the major federal program. However, our audit does not provide a legal determination of the Corporation's compliance.

**Opinion on the 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 the major federal program for the year ended December 31, 2019.

### **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 the Corporation as of and for the year ended December 31, 2019 and have issued our report thereon dated March 17, 2020, 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 17, 2020

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

**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2019**

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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:

Internal control over financial reporting:

Material weakness(es) identified?

Significant deficiency(ies) identified?

Noncompliance material to financial statements noted?

	<u>Unmodified</u>	
<u>          </u> yes	<u>          X          </u>	no
<u>          </u> yes	<u>          X          </u>	none reported
<u>          </u> yes	<u>          X          </u>	no

*Federal Awards*

Internal control over major programs:

Material weakness(es) identified?

Significant deficiency(ies) identified?

Type of auditor's report issued on compliance for major programs:

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

93.134

Grants to Increase Organ Donations

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as a low risk auditee?

          X           yes                                  no

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

**Schedule of Findings and Questioned Costs (Continued)  
Year Ended December 31, 2019**

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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, 2019**

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Section II – Financial Statement Findings

No findings noted.

Section III - Findings and Questioned Costs for Federal Awards

No findings noted.

## Four-Year Financial Plan

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# **Erie County Medical Center Corporation Operating and Capital Budgets**

## **For the year ending 2020**

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# Management Discussion and Analysis

## September 30, 2019

The 2020 Operating and Capital Budgets (the “Budget”), together with five year financial projections, presented in the following pages were developed by the Erie County Medical Center Corporation (“ECMCC”). The Budget is consistent with the ECMCC Strategic Plan and reflects investments made in a new level 1 trauma center and emergency department, a new lobby and building envelope as well as other investments to be made, over the budget and five year financial projection years. 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 ECMCC's mission to serve those unable to pay and expense inflation greater than reimbursement rate growth an operating margin goal of \$1 Million has been budgeted. This level of performance allows ECMCC to meet its obligations, and continue to invest in new programs and services for the communities we serve.

## Activity Levels:

The Budget has been prepared on a consistent basis with current and prior year activity levels. Further consideration was given to the changes in evidence based medicine supporting clinical practice utilization rates, the impact of the discontinuation 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:

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 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 based on the results of operations, investments in capital assets and other ventures, required principal payments on long-term debt and funding of employee benefit plans.

## Range of Outcomes and Contingency Plans:

Management has considered the sensitivity of each material assumption within the Budget. 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 Team (ELT) adopt budget schedule and goals
- Using the year to date 2019 performance as well as 2019 budget and known/anticipated budget variances a baseline budget and financial projections were prepared
- ELT meetings with department managers to develop goals for operational performance
- ELT budget recommendation reviewed and approved by Finance Committee of ECMCC Board
- Budget recommendation reviewed and approved by ECMCC Board

## Key Financial Ratios

	<u>2017</u>	<u>2018</u>	<u>Projected 2019</u>	<u>Budget 2020</u>
Operating Margin %	0.5%	0.6%	0.4%	0.1%
NYS PBC Average %	-5.2%	-4.5%		
Operating EBITDA %	6.2%	6.0%	5.4%	6.6%
NYS PBC Average %	0.7%	0.9%		
FTE's	3,230	3,299	3,528	3,634
FTE's per Adjusted Occupied bed	3.91	3.92	3.93	3.97
Days Cash On Hand	101.5	112.1	110.6	95.3
NYS PBC Average	58.4	57.5		
Debt Service Coverage	1.7	1.7	1.9	2.1
NYS PBC Average	0.7	1.0		
Salaries, Wages & Benefits % of Revenue	68.3%	62.5%	65.0%	65.3%
Supply Expense % of Revenue	16.6%	18.2%	16.9%	15.2%
Benefit % of Salaries and Wages	52.5%	38.0%	40.4%	44.0%
Days In Accounts Receivable, net	69.1	61.5	60.9	55.9

## Statements of Revenues and Expenses (Thousands)

	<u>2018 Audited</u>		<u>2019 Projected</u>		<u>2020 Budget</u>		<u>Increase (Decrease)</u>	
	\$	%	\$	%	\$	%		%
Net Patient Revenue	529,548	100%	564,830	100%	589,336	100%	24,506	4.3%
Disproportionate Share / IGT and UPL Payments	72,072	14%	76,397	14%	76,397	13%	-	0.0%
Other Operating Revenues	<u>59,413</u>	<u>11%</u>	<u>71,756</u>	<u>13%</u>	<u>51,108</u>	<u>9%</u>	<u>(20,648)</u>	<u>-28.8%</u>
Total Operating Revenues	<u>661,033</u>	<u>125%</u>	<u>712,983</u>	<u>126%</u>	<u>716,841</u>	<u>122%</u>	<u>3,858</u>	<u>0.5%</u>
Operating Expenses								
Salaries and Wages	239,957	45%	261,625	46%	267,302	45%	5,677	2.2%
Employee Benefits	91,112	17%	105,796	19%	117,695	20%	11,899	11.2%
Physician & Resident Fees	89,801	17%	91,243	16%	94,078	16%	2,835	3.1%
Purchased Services	59,088	11%	60,343	11%	60,798	10%	455	0.8%
Supplies	96,230	18%	95,708	17%	89,468	15%	(6,240)	-6.5%
Other Expenses	45,345	9%	59,576	11%	40,347	7%	(19,229)	-32.3%
Depreciation	27,930	5%	28,526	5%	34,848	6%	6,322	22.2%
Interest	<u>7,733</u>	<u>1%</u>	<u>7,166</u>	<u>1%</u>	<u>11,305</u>	<u>2%</u>	<u>4,139</u>	<u>57.8%</u>
Total Operating Expenses	<u>657,196</u>	<u>124%</u>	<u>709,983</u>	<u>126%</u>	<u>715,841</u>	<u>121%</u>	<u>5,858</u>	<u>0.8%</u>
Operating Income	3,837	1%	3,000	0%	1,000	0%	(2,000)	-66.7%
Non Operating Revenues	<u>(2,817)</u>	<u>-1%</u>	<u>1,489</u>	<u>0%</u>	<u>1,580</u>	<u>0%</u>	<u>91</u>	<u>6.1%</u>
Excess of Revenues Over Expenses	<u>1,020</u>	<u>0%</u>	<u>4,489</u>	<u>1%</u>	<u>2,580</u>	<u>0%</u>	<u>(1,909)</u>	<u>-42.5%</u>

## Statements of Net Position

(Thousands)

	<u>2018 Audited</u>		<u>2019 Projection</u>		<u>2020 Budget</u>		<u>Increase (Decrease)</u>	
	\$	%	\$	%	\$	%		%
<b>Assets</b>								
<b>Current Assets</b>								
Cash and Investments	63,929	7.3%	56,876	6.1%	45,247	4.9%	(11,629)	-20.4%
Patient Accounts Receivable, Net	89,287	10.2%	94,215	10.1%	90,279	9.8%	(3,936)	-4.2%
Other Current Assets	<u>240,123</u>	<u>27.4%</u>	<u>248,890</u>	<u>26.6%</u>	<u>218,177</u>	<u>23.8%</u>	<u>(30,713)</u>	<u>-12.3%</u>
<b>Total Current Assets</b>	<b><u>393,339</u></b>	<b><u>44.8%</u></b>	<b><u>399,981</u></b>	<b><u>42.8%</u></b>	<b><u>353,703</u></b>	<b><u>38.5%</u></b>	<b><u>(46,278)</u></b>	<b><u>-11.6%</u></b>
<b>Assets Whose Use Is Limited</b>	85,013	9.7%	81,075	8.7%	77,040	8.4%	(4,035)	22.5%
<b>Property and Equipment, Net</b>	265,542	30.2%	304,416	32.5%	327,068	35.6%	22,653	7.4%
<b>Other Assets</b>	<u>133,934</u>	<u>15.3%</u>	<u>150,028</u>	<u>16.0%</u>	<u>159,758</u>	<u>17.4%</u>	<u>9,730</u>	<u>6.5%</u>
<b>Total Assets</b>	<b><u>877,828</u></b>	<b><u>100.0%</u></b>	<b><u>935,500</u></b>	<b><u>100.0%</u></b>	<b><u>917,569</u></b>	<b><u>100.0%</u></b>	<b><u>(17,930)</u></b>	<b><u>-1.9%</u></b>
<b>Liabilities and Net Assets</b>								
<b>Current Liabilities</b>								
Current Portion of Long Term Debt	11,126	1.3%	14,097	1.5%	14,159	1.5%	62	0.4%
Accounts Payable and Accrued Expenses	184,768	21.0%	184,990	19.8%	164,611	17.9%	(20,379)	-11.0%
Liability to Third Party Payers, Net	<u>7,092</u>	<u>0.8%</u>	<u>3,352</u>	<u>0.4%</u>	<u>3,497</u>	<u>0.4%</u>	<u>145</u>	<u>4.3%</u>
<b>Total Current Liabilities</b>	<b><u>202,986</u></b>	<b><u>23.1%</u></b>	<b><u>202,439</u></b>	<b><u>21.6%</u></b>	<b><u>182,267</u></b>	<b><u>19.9%</u></b>	<b><u>(20,172)</u></b>	<b><u>-10.0%</u></b>
<b>Long Term Debt</b>	246,199	28.0%	248,735	26.6%	234,577	25.6%	(14,158)	-5.7%
<b>Deferred Inflows</b>	140,237	16.0%	80,921	8.7%	80,921	8.8%	-	0.0%
<b>Other Post Employment Benefits</b>	377,151	43.0%	454,955	48.6%	468,255	51.0%	13,300	2.9%
<b>Self Insurance Liabilities</b>	<u>71,256</u>	<u>8.1%</u>	<u>103,962</u>	<u>11.1%</u>	<u>104,482</u>	<u>11.4%</u>	<u>520</u>	<u>0.5%</u>
<b>Total Liabilities</b>	<b><u>1,037,829</u></b>	<b><u>118.2%</u></b>	<b><u>1,091,012</u></b>	<b><u>116.6%</u></b>	<b><u>1,070,502</u></b>	<b><u>116.7%</u></b>	<b><u>(20,510)</u></b>	<b><u>-1.9%</u></b>
<b>Net Position</b>	<b><u>(160,001)</u></b>	<b><u>-18.2%</u></b>	<b><u>(155,512)</u></b>	<b><u>-16.6%</u></b>	<b><u>(152,932)</u></b>	<b><u>-16.7%</u></b>	<b><u>2,580</u></b>	<b><u>-1.7%</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>877,828</u></b>	<b><u>100.0%</u></b>	<b><u>935,500</u></b>	<b><u>100.0%</u></b>	<b><u>917,569</u></b>	<b><u>100.0%</u></b>	<b><u>(17,930)</u></b>	<b><u>-1.9%</u></b>

## Statements of Cash Flow (Thousands)

	Audited 2018	Projected 2019	Budget 2020	Increase (Decrease) %	
<b>Cash Flows From Operating Activities</b>					
Excess of Revenues Over Expenses	1,020	4,489	2,580	(1,909)	-43%
Depreciation & Amortization	27,930	28,526	34,848	6,322	22%
(Increase) Decrease in Patient Accounts Receivable, Net	6,687	(4,928)	3,936	8,864	-180%
(Increase) Decrease in Current and Other Assets	(10,682)	(24,861)	20,982	45,843	-184%
Increase (Decrease) in Accounts Payable and Accrued Exp.	(8,927)	222	(20,379)	(20,601)	-9280%
Increase (Decrease) in Third Party Payer Settlements	(15,429)	(3,740)	145	3,885	-104%
Increase (Decrease) in Deferred In-Flows	62,502	(59,316)	-	59,316	-100%
Increase (Decrease) in Self Insurance Liabilities	(7,860)	110,510	13,820	(96,690)	-87%
Net Cash Provided By (Used In) Operating Activities	<u>55,241</u>	<u>50,902</u>	<u>55,931</u>	<u>5,028</u>	<u>10%</u>
<b>Cash Flows From Investing Activities</b>					
(Increase) Decrease in Assets Whose Use is Limited	40,193	3,938	4,035	97	2%
<b>Cash Flows From Financing Activities</b>					
Additions to Property and Equipment	(40,229)	(67,400)	(57,500)	9,900	-15%
Changes in Long Term Debt	<u>(15,181)</u>	<u>5,507</u>	<u>(14,096)</u>	<u>(19,603)</u>	<u>-356%</u>
Net Cash (Used In) Financing Activities	<u>(55,410)</u>	<u>(61,893)</u>	<u>(71,596)</u>	<u>(9,703)</u>	<u>16%</u>
<b>Net Increase (Decrease) in Cash and Investments</b>	40,024	(7,053)	(11,630)	(4,577)	65%
<b>Cash and Investments, Beginning</b>	<u>23,905</u>	<u>63,929</u>	<u>56,876</u>	<u>(7,053)</u>	<u>-11%</u>
<b>Cash and Investments, Ending</b>	<u>63,929</u>	<u>56,876</u>	<u>45,247</u>	<u>(11,630)</u>	<u>-20%</u>

# Operating Performance Reconciliation

(Thousands)

	<u>Operating Revenues</u>	<u>Operating Expenses</u>	<u>Operating Income</u>
Budgeted 2019 Operating Income	698,796	695,796	3,000
Net Payor Rate Increases	5,428		5,428
Net Case Mix Adjusted Volume	2,749	465	2,284
NYS Medicaid Initiatives	(19,325)	(18,399)	(926)
Grants	14,800		14,800
DSH/UPL	6,246		6,246
Performance Improvement	8,000	(2,000)	10,000
Wage and Staffing Increases		5,677	(5,677)
Benefits		11,899	(11,899)
Physician Contracted Fees		6,243	(6,243)
Other Contracted Fees		7,822	(7,822)
Medical Supplies		873	(873)
Depreciation & Interest		10,327	(10,327)
All Other, Net	<u>147</u>	<u>(2,862)</u>	<u>3,009</u>
Budgeted 2020 Operating Income	<u>716,841</u>	<u>715,841</u>	<u>1,000</u>

# Principal Assumptions

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

# Volume Assumptions

	2018 <u>Actual</u>	2019 <u>Projection</u>	2020 <u>Budget</u>	<u>Increase (Decrease)</u> <u>20 - 19</u> <u>%</u>	
Discharges					
Acute	14,182	13,672	13,672	-	0.0%
Other	<u>6,373</u>	<u>6,602</u>	<u>6,463</u>	<u>(139)</u>	<u>-2.1%</u>
Total	<u>20,555</u>	<u>20,274</u>	<u>20,135</u>	<u>(139)</u>	<u>-0.7%</u>
Average Length of Stay					
Acute	6.2	6.5	6.7	0.2	2.8%
Other	<u>11.0</u>	<u>10.0</u>	<u>10.1</u>	<u>0.1</u>	<u>0.8%</u>
Total	<u>7.7</u>	<u>7.6</u>	<u>7.8</u>	<u>0.2</u>	<u>2.6%</u>
Observation	4,602	6,155	6,155	-	0.0%
Outpatient Visits					
Clinics	123,872	126,888	127,685	797	0.6%
Behavioral Health	36,501	42,587	42,587	-	0.0%
Chemical Dependency	41,802	40,626	46,326	5,700	14.0%
Dialysis	25,026	26,269	26,208	(61)	-0.2%
Other	77,684	67,466	68,261	795	1.2%
Surgical Cases					
Inpatient	6,322	6,338	6,384	46	0.7%
Outpatient	<u>7,261</u>	<u>7,703</u>	<u>7,446</u>	<u>(257)</u>	<u>-3.3%</u>
Total	<u>13,583</u>	<u>14,041</u>	<u>13,830</u>	<u>(211)</u>	<u>-1.5%</u>
Case Mix Index - Acute	<u>1.84</u>	<u>1.93</u>	<u>1.93</u>	<u>-</u>	<u>0.0%</u>
Emergency Visits	57,494	56,835	58,538	1,703	3.0%
CPEP Visits	12,636	12,055	12,055	-	0.0%
Terrace View ADC	381.2	378.7	381.0	2.3	0.6%

# Revenue Assumptions

- Payer Rate Increases
  - Medicaid – 0.0%
  - Medicare – 1.0%
  - Local Payers – 2.75%
  - W/Comp, N/Fault, Others – 1.0%
  - Composite – 1.6%
- Other Operating Revenue
  - Grants & Grants per Contract
  - Historical Trends
  - Inflation – 2.0%
- IGT
  - Continued delay of current legislated cuts

## IGT and UPL Revenue (Accrual Basis Revenue)

	<b>Budget <u>2019</u></b>	<b>Projected <u>2019</u></b>	<b>Budget <u>2020</u></b>
DSH	55,548	61,616	61,616
UPL	14,603	14,781	14,781
Total	<u>70,151</u>	<u>76,397</u>	<u>76,397</u>

# Expense Assumptions

## Salaries

- FTE's consistent with volume
- Union wage and step adjustments total 3.5%
- Non Union wage adjustments total 3.0%

## Benefits

- Increases due to salary expense and health insurance trends
- Actuarial changes on post retirement benefits and pension

## Physician & Residents:

- Increases in contractual obligations to meet additional volume and contractual rate increases
- Increases in number of physicians offset by enhanced revenue

## Contractual Fees:

- Reduction in consulting, purchased services and maintenance contracts driven by specific initiatives

## Supplies:

- Inflationary increases offset by targeted initiatives

## Cash Flow Assumptions

- Net decrease in cash of \$11.6 Million
  - 110.6 days cash to 95.3 days cash
- Accounts receivable decrease of \$3.9 Million
  - 60.9 days to 55.9 days
- Consistent other net working capital accounts
- Routine capital budget spend of \$15.0 Million

## Budget Assumptions

- Assume flat volumes for inpatient and increase in outpatient visits
- Operating Performance improvements
- Health insurance expense
- GASB 68 and GASB 75 actuarial valuations
- Management of Supply chain

## Emerging Issues and Accounting Pronouncements

- Federal and NYS legislative and funding uncertainty
- GASB 83 – certain asset retirement obligations
- GASB 87 – accounting for leases
- GASB 89 – accounting for capitalized interest
- GASB 91 – conduit debt obligations

## 2020 Capital Budget Summary

- \$45.7 Million construction projects
  - \$32.4 Million from financing proceeds
  - \$3.1 Million from Equity / Capital Campaign Receipts
  - \$10.2 Million from internal funds
- \$15.0 Million routine capital spend

## 5 Year Financial Projections

- Phase into a 1.0% Operating Margin
- Reimbursement rate increases consistent with 2020 budget
- IGT/UPL at current projections
- Salary expense consistent with current collective bargaining agreements
- Benefits % of salary expense reduction due to actuarial liabilities
- Supply and other expense inflation consistent with current trend
- Achievement of Accelerating Excellence program goals

## Statements of Revenues and Expenses – Projected

(Thousands)

	Audited 2018	Projected 2019	Budget 2020	2021	2022	Projected 2023	2024	2025
Net Patient Service Revenue	529,548	564,830	589,336	597,040	604,540	612,175	619,949	627,864
Disproportionate Share, IGT and UPL Revenue	72,072	76,397	76,397	76,397	76,397	76,397	76,397	76,397
Other Operating Revenue	59,413	71,756	51,108	46,887	47,006	47,126	47,247	47,369
Total Operating Revenue	661,033	712,983	716,841	720,324	727,942	735,697	743,593	751,631
Operating Expenses								
Salaries and Benefits	331,069	367,421	384,997	395,996	407,309	418,944	430,911	443,218
Physician Fees and Professional Services	148,889	151,586	154,876	157,836	160,861	163,952	167,111	170,340
Supplies	96,230	95,708	89,468	90,874	92,282	93,715	95,177	96,666
Other Expenses	45,345	59,576	40,347	41,977	43,673	45,437	47,273	49,183
Depreciation and Amortization	27,930	28,526	34,848	41,314	43,361	41,733	41,741	42,302
Interest	7,733	7,166	11,305	10,771	10,164	9,535	8,883	8,516
Total Operating Expenses	657,196	709,983	715,841	738,769	757,649	773,317	791,095	810,224
Performance Improvement Initiatives	3,837	3,000	1,000	(18,445)	(29,707)	(37,619)	(47,502)	(58,594)
	-	-	-	19,886	31,891	41,298	53,079	66,110
Operating Income	3,837	3,000	1,000	1,441	2,184	3,678	5,577	7,516
Non Operating Revenues	(2,817)	1,489	1,580	1,523	1,343	1,461	1,612	1,584
Excess of Revenues Over Expenses	1,020	4,489	2,580	2,964	3,526	5,140	7,189	9,100

## Statements of Financial Position – Projected (Thousands)

	Audited 2018	Projected 2019	Budget 2020	2021	2022	Projected 2023	2024	2025
<b>ASSETS</b>								
Current Assets								
Cash	63,929	56,876	45,247	61,358	77,464	136,804	144,320	155,611
Patient Accounts Receivable	89,287	94,215	90,279	89,816	89,258	88,713	88,126	87,548
Other Current Assets	240,123	248,890	218,177	200,053	201,321	122,269	127,630	132,844
Total Current Assets	393,339	399,981	353,702	351,227	368,043	347,787	360,076	376,003
Assets Whose Use Is Limited	85,013	81,075	77,040	72,909	68,665	64,360	64,095	63,914
Property and Equipment	265,542	304,416	327,068	317,954	299,092	278,359	263,319	248,417
Other Assets	133,934	150,028	159,759	156,258	152,829	149,475	146,196	142,996
<b>Total Assets</b>	<b>877,828</b>	<b>935,500</b>	<b>917,569</b>	<b>898,348</b>	<b>888,629</b>	<b>839,981</b>	<b>833,686</b>	<b>831,330</b>
<b>LIABILITIES AND NET ASSETS</b>								
Current Liabilities								
Current Portion of Long Term Debt	11,126	14,097	14,159	14,664	15,195	14,932	12,892	12,689
Accounts Payable and Accrued Expenses	184,768	184,990	164,611	156,016	156,865	117,699	118,572	119,428
Estimated Third Party Payer Settlements	7,092	3,352	3,497	3,543	3,588	3,633	3,679	3,726
Total Current Liabilities	202,986	202,439	182,267	174,223	175,648	136,264	135,143	135,843
Long Term Debt	246,199	248,735	234,577	219,913	204,718	189,786	176,894	164,204
Deferred Inflows	140,237	80,921	80,921	80,921	80,921	80,921	80,921	80,921
Other Post Employment Benefits	377,151	454,955	468,255	468,255	468,255	468,255	468,255	468,255
Self Insurance Reserves	71,256	103,962	104,482	105,004	105,529	106,057	106,587	107,120
<b>Total Liabilities</b>	<b>1,037,829</b>	<b>1,091,012</b>	<b>1,070,502</b>	<b>1,048,316</b>	<b>1,035,071</b>	<b>981,283</b>	<b>967,800</b>	<b>956,343</b>
<b>Net Position</b>	<b>(160,001)</b>	<b>(155,512)</b>	<b>(152,932)</b>	<b>(149,969)</b>	<b>(146,442)</b>	<b>(141,302)</b>	<b>(134,114)</b>	<b>(125,013)</b>
<b>Total Liabilities and Net Assets</b>	<b>877,828</b>	<b>935,500</b>	<b>917,569</b>	<b>898,348</b>	<b>888,629</b>	<b>839,981</b>	<b>833,686</b>	<b>831,330</b>

## Statements of Cash Flow - Projected (Thousands)

	Audited <u>2018</u>	Projected <u>2019</u>	Budget <u>2020</u>	<u>2021</u>	<u>2022</u>	Projected <u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Cash Flows From Operating Activities</b>								
Excess of Revenues Over Expenses	1,020	4,489	2,580	2,964	3,526	5,140	7,189	9,100
Depreciation & Amortization	27,930	28,526	34,848	41,314	43,361	41,733	41,741	42,302
(Increase) Decrease in Patient Accounts Receivable, Net	6,687	(4,928)	3,936	463	558	545	587	578
(Increase) Decrease in Current and Other Assets	(10,682)	(24,861)	20,982	21,625	2,161	82,406	(2,082)	(2,014)
Increase (Decrease) in Accounts Payable and Accrued Exp.	(8,927)	222	(20,379)	(8,594)	849	(39,166)	872	856
Increase (Decrease) in Third Party Payer Settlements	(15,429)	(3,740)	145	46	45	45	46	47
Increase (Decrease) in Deferred In Flows	62,502	(59,316)	-	-	-	-	-	-
Increase (Decrease) in Self Insurance Liabilities	(7,860)	110,510	13,820	522	525	528	530	533
Net Cash Provided By (Used In) Operating Activities	55,241	50,902	55,931	58,340	51,026	91,231	48,883	51,402
<b>Cash Flows From Investing Activities</b>	40,193	3,938	4,035	4,131	4,244	4,305	265	181
<b>Cash Flows From Financing Activities</b>								
Additions to Property and Equipment	(40,229)	(67,400)	(57,500)	(32,200)	(24,500)	(21,000)	(26,700)	(27,400)
Changes in Long Term Debt	(15,181)	5,507	(14,096)	(14,159)	(14,664)	(15,195)	(14,932)	(12,893)
Net Cash (Used In) Financing Activities	(55,410)	(61,893)	(71,596)	(46,359)	(39,164)	(36,195)	(41,632)	(40,293)
<b>Net Increase (Decrease) in Cash and Investments</b>	40,024	(7,053)	(11,630)	16,112	16,106	59,341	7,516	11,290
Cash and Investments, Beginning	23,905	63,929	56,876	45,247	61,358	77,464	136,804	144,320
Cash and Investments, Ending	63,929	56,876	45,247	61,358	77,464	136,804	144,320	155,611

## Outstanding Bonds and Notes

### **Erie County Guaranteed Senior Revenue Bonds, Series 2004**

No bonds were issued, called, or re-financed during 2019.

\$3,360,000 of bonds matured or were redeemed in 2019.

\$72,365,000 of 2004 bonds remain outstanding at December 31, 2019.

### **Erie County Loan Payable-2017 (Refinance)**

During 2017, the Corporation refinanced its 2011 Loan with a \$74,366,859 loan from the County of Erie.

\$3,728,689 in principal payments were made in 2019.

\$65,075,097 of debt is outstanding at December 31, 2019.

### **Erie County Loan Payable-2017 (New Money)**

During 2017, the Corporation entered into a \$99,492,034 loan with the County of Erie.

\$1,369,376 in principal payments were made in 2019.

\$97,430,287 of debt is outstanding at December 31, 2019.

### **Erie County Capitalized Interest Assumption Obligation-2017**

During 2017, the Corporation entered into an \$8,281,141 capitalized interest assumption obligation with the County of Erie.

\$113,980 in principal payments were made in 2019.

\$8,109,533 of debt is outstanding at December 31, 2019.

### **Key Government Finance Master Tax Exempt Lease/Purchase Agreement**

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

\$2,269,681 in principal payments were made in 2019.

\$1,155,247 of debt is outstanding at December 31, 2019.

### **Metz Culinary Management Food Service Improvements Loan**

During 2019, the Corporation entered into a \$1,805,430 loan with Metz Culinary Management

\$135,404 in principal payments were made in 2019.

\$1,670,026 of debt is outstanding at December 31, 2019.

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

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.

**APPENDIX B**

**COMPENSATION SCHEDULE**

<b>Name</b>	<b>Job Title</b>	<b>2019 Gross Earnings</b>	<b>Annual Salary</b>
Allen, Tina	Assistant VP of Critical Care	145,037.59	134,999.90
Anders, Mark	Medical Specialist	125,466.68	263,999.84
Aquilina, Therese	Unit Manager Ambulatory Care	112,747.27	109,487.04
Arcadi, Kristine Anne	Unit Manager Medical/Surgical	117,839.42	109,487.04
Arnold, William	Nursing Informatics Mgr	131,029.19	118,312.48
Artieri, Diane	Vice President of Materials Management	152,999.60	152,999.81
Attea, Rachel	Nurse Practitioner Plastics Re	105,250.67	106,030.08
Baetzhhold-Fabiniak, Karen	Physician Assistant	130,534.77	130,681.20
Ball, Therese	Nurse Practitioner ECMC	143,486.12	122,104.32
Bass, Cynthia	Director of Diversity and Inclusion	109,571.19	106,089.98
Bass, Edmond	Nursing Informatics Mgr	107,728.44	108,270.24
Beauchamp, Sandra	Nurse Case Manager	109,495.74	109,487.04
Becker, Paula	Pharmacist ECMC	125,238.22	128,096.80
Beckman-Pilcher, Karen	Clinical Nurse Specialist Emergency	154,206.57	129,542.40
Bernier, Deborah	Operations Manager LTC	104,539.01	100,774.75
Bethea, Marquita	Director of Admissions LTC	113,029.44	111,924.80
Boice, Allison	Nurse Case Manager	103,096.28	100,193.60
Borton, Angela	Pharmacist ECMC	119,523.18	119,687.36
Boustany, Christopher	Anesthesiologist ECMC MC	144,211.25	274,999.92
Bozich, Danielle	Director of Recruitment and Training	109,265.17	106,089.98
Brennan, Stephanie	Pharmacist ECMC	118,767.87	119,687.36
Brindisi, Joseph	Nurse Practitioner ECMC	103,141.45	106,030.08

Brock, Carole	Anesthetist	140,636.15	183,175.20
Broeneman, Kourtney	Nurse Case Manager	111,587.12	106,306.72
Brooks, Latoya	Unit Manager Medical/Surgical	111,949.25	109,487.04
Brown, Dana	Anesthetist	227,198.68	204,999.81
Brown, Donna	Associate Hospital Administrator	123,478.40	123,616.90
Brown, Jillian	Assistant VP of BH & Community	123,845.68	124,999.89
Brown, Lisa	Director of Nursing Service LT	116,856.27	116,987.31
Brundin Jr, Douglas	Anesthetist	189,930.24	204,999.81
Burke, Mark	Attending Physician	628,948.70	636,539.90
Burridge, Suzanne	Pharmacist ECMC	126,790.69	128,096.80
Buttaccio, Rebecca	Physician Assistant	102,262.83	102,376.77
Canallatos, Paul	Dentist MC	172,329.88	175,099.81
Cantie, Shawn	Anesthesiologist ECMC MC	532,645.95	516,212.74
Carroll, Jennifer	Behavioral Health Clinical Man	109,376.55	107,261.86
Caruana, Joseph	Attending Physician	440,456.42	427,689.60
Cavaretta, Mark	Attending Physician	382,953.17	337,652.64
Cherkis, Jennifer	Transplant Coordinator	173,764.74	109,487.04
Chizuk, Steven	Director of Budget ECMCC	145,088.65	139,999.81
Cieri, Margaret	Nursing Care Coordinator	156,914.95	118,312.48
Cirillo, Joseph	Director Public Relations Comm	115,865.28	119,568.80
Clark, Cynthia	Nurse Case Manager	121,866.14	109,487.04
Cloud, Samuel	Attending Physician	337,037.68	344,999.82
Colebeck, Amanda	Dentist MC	237,764.47	249,999.98
Collichio, Alexander	Director of Labor & Employee R	133,750.00	133,900.00
Colomaio, Rosemarie	Nurse Case Manager	115,108.35	109,487.04
Colucci, Anthony	General Counsel RPT	599,323.26	599,323.26

Coniglio, Julia	Anesthetist	183,599.54	189,999.89
Cretacci, Nicole	Unit Manager Medical/Surgical	122,853.64	109,487.04
Cumbo, John	Director of Technical Services	171,537.09	159,449.89
Cutler, Peter	VP of Communications & Externa	210,914.29	211,149.95
Daoust, Jeffrey	Physician Assistant	118,318.06	118,449.97
Davis, Andrew	Chief Operating Officer	596,052.43	566,499.86
Davis, Cassandra	VP of Ambulatory Svs & Populat	176,300.52	169,949.94
Davis, Howard	Anesthesiologist ECMC MC	537,559.62	468,095.68
Davis, Shelly	Nurse Case Manager	107,481.84	109,487.04
DelGuidice, Natalie	Clinical Pharmacy Specialist	115,604.65	133,429.92
DelPrince, Becky	VP of Systems and Integrated C	173,791.94	173,987.42
DelVecchio, Regina	Staff Counsel ECMC	175,799.49	173,987.42
Denisco, Dawn	Anesthetist	193,606.13	204,999.81
Denny, Patricia	Director of Dialysis Operation	108,090.92	108,211.79
DePinto, Anthony	Administrator LTC	158,269.09	158,445.25
DePlato, Anthony	Anesthesiologist ECMC MC	496,426.52	464,660.98
Derenda, Nicole	Director of Nursing Education	124,199.19	123,599.84
Diina, David	Nurse Practitioner Transplant	193,466.79	125,781.76
Dobson, Judy	VP Medical Surgical Nursing Services	182,585.01	168,826.32
Dolansky, Evan	Pharmacist ECMC	127,415.59	128,096.80
Drozdowski, Michael	Director of Capital Projects	142,494.61	139,049.87
Duffin, Joy	Transplant Coordinator	122,247.66	106,306.72
Duffy, Brian	Anesthesiologist ECMC MC	382,653.76	379,999.98
Eiss, Megan	Director of Biomedical Service	113,916.60	111,499.86
Embden, Richard	Management Systems Consultant	250,000.40	249,999.98
Englert, Amanda	Nurse Practitioner Rehab Services	142,976.47	115,100.96

Erhardt, Robert	Chief Hospital Public Safety Officer	180,423.55	106,032.16
Ervolina, Daryl	Senior Pharmacist ECMC	142,776.64	142,656.80
Everett, Charles	Anesthesiologist ECMC MC	510,518.80	468,095.68
Fallis, Susan	VP of Behavioral Health Services	159,080.43	154,499.90
Feidt, Leslie	Chief Information Officer ECMC	277,476.05	220,899.54
Fenner, Nicholas	Pharmacist ECMC	120,496.76	119,687.36
Ferguson, Richard	Director of Neurology RPT	405,039.42	240,954.85
Flaherty, Amy	Staff Counsel - Risk Management	136,763.83	131,839.97
Flynn, William	Director of Surgery	173,111.90	169,702.83
Forgensi, Stacey	Anesthetist	187,750.74	204,999.81
Fox, Heather	Nurse Case Mgr AIDS Services	120,948.70	109,487.04
Frustino, Jennifer	Dentist MC	206,412.26	209,604.93
Fryling, Kathleen	Transplant Coordinator	148,625.65	109,487.04
Furlani, Lisa	Anesthetist	185,188.04	204,999.81
Furnari, Graziella	Clinical Pharmacy Specialist	128,250.10	130,359.84
Gallineau, Anne-Marie	Nursing Care Coordinator	136,389.73	118,312.48
Gary, Stephen	Chief Financial Officer ECMC	540,386.95	540,750.00
Gatti, Donna	Director CPEP	115,793.06	114,736.34
Gerretsen, Carly	Director Outpatient Operations	149,181.94	149,349.82
Giglia, Joseph	Chief Human Resources Officer	272,644.65	449,999.89
Gompah, Santosha	Unit Manager Medical/Surgical	112,117.68	103,207.52
Gonzalez, Susan	Executive Director ECMC Lifeline	191,967.61	180,249.89
Gorczyński II, Thomas	Information Technology Systems	136,524.79	126,999.81
Gray, Linda	Assistant VP of BH Nursing	133,750.00	133,900.00
Green, Karen	Nursing Supervisor LTC	143,335.01	109,487.04
Gregorio, Tara	Unit Manager Medical/Surgical	104,045.08	103,207.52

Grolemund, Stephanie	Anesthetist	189,098.50	204,999.81
Grzebinski, Jane	Pharmacist ECMC	136,233.06	130,902.72
Grzybowski, Helen	InService Education Coordinator	126,979.04	109,487.04
Halloran, Ashley	Director Pharmacy	162,000.80	161,999.97
Handley, Sarah	Pharmacist ECMC	122,109.19	119,687.36
Hartman, Sandra	Nursing Care Coordinator	131,599.34	118,312.48
Haseley, Nicole	Transplant Coordinator	143,102.41	103,207.52
Hauss, Lisa Marie	Nurse Case Manager	113,562.49	109,487.04
Hayes, Dale	Anesthetist	185,747.00	204,999.81
Heigl, Deborah	Nurse Case Manager	108,922.35	109,487.04
Hepburn, Jeremy	Nursing Care Coordinator	148,955.58	118,312.48
Hidalgo, Francisco	Code Compliance Manager	116,838.89	108,324.32
Hinderliter, Vanessa	Director Finance ECMC	132,444.90	139,999.81
Hines, Holly	Nurse Case Manager	112,884.52	109,487.04
Hodgson, Matthew	Nurse Practitioner Plastics Re	119,878.54	122,104.32
Hoerner, Audrey	Senior Nurse Practitioner - Bu	147,387.54	145,034.24
Holcomb, Megan	Unit Manager Medical/Surgical	104,976.62	103,207.52
Horesh, Fayelyn	Anesthetist RPT	144,984.76	122,999.88
Hughes, Christopher	Attending Physician	571,873.80	549,999.84
Hughes, Robert	Nurse Case Manager	134,322.51	109,487.04
Hunley, Kizzie	Nursing Care Coordinator	111,752.21	108,270.24
Jager, Jonathan	Pharmacist ECMC	121,550.86	119,687.36
Jensen, Erik	Anesthesiologist ECMC MC	519,520.64	468,095.68
Johnson, Marie	Vice President of Rehab Services	152,312.58	151,999.95
Jones, Donna	Quality Officer	205,769.65	205,999.87
Jonmaire, Kenneth	Senior Director Outpatient Operations	126,473.79	118,449.97

Juncewicz, Edmund	Anesthesiologist ECMC MC	426,323.16	383,399.95
Kalinka, Lisa	Nurse Practitioner Transplant	168,423.83	118,560.00
Kapral, Elizabeth	Dentist MC	188,714.50	180,249.89
Kaurich, Justine	Vice President of Operations	145,865.70	184,999.98
Kayler, Liise	Attending Physician RPT	177,489.48	222,873.83
Keenan-USchold, Lisa	Chief Clinical Psychologist	119,449.44	122,501.60
Kiblin, Patricia	Unit Manager Medical/Surgical	117,659.18	109,487.04
Kline, Timothy	Unit Manager Critical Care	111,046.47	109,487.04
Knox, Nicole	Director of Transplantation	109,888.94	109,272.59
Kocz, Remek	Anesthesiologist ECMC MC	411,077.48	381,999.90
Konikoff, Karen	VP Critical Care & Emergency S	177,989.21	164,969.79
Kordasiewicz, Lynn	Nurse Practitioner Wound Care	134,915.02	129,542.40
Korff, Kathryn	Dentist ECMC RPT	178,938.93	138,307.73
Koszuta, Ceilia	Nurse Case Manager	113,981.54	106,306.72
Ksiazek, Susan	Dir Of Med Staff Quality Education	183,708.50	156,543.09
Kuechle, Claire	Staff Counsel ECMC	159,438.69	159,649.98
Kurek, Alecia	Unit Manager Medical/Surgical	108,477.81	103,207.52
Kwiatkowski, Andrew	Director of Project Management	153,185.39	144,199.95
Labelle, Marc	VP Surgical Services	171,198.30	159,134.98
Lauer, Sandra	Director of Continuum Care	131,555.52	121,598.46
Lavarney, Nicole	Nursing Supervisor LTC	134,822.72	109,487.04
Lawley, Melinda	Unit Manager Critical Care	130,343.70	109,487.04
Leas, Adam	General Duty Nurse	104,555.52	103,207.52
Lee, Pamela	Senior VP of Operations ECMC	288,076.58	288,399.90
Lenhard, Eric	Pharmacist ECMC	123,398.46	122,501.60
Leyh, Virginia	Transplant Coordinator	137,599.94	109,487.04

Longobardi, Theresa	InService Education Coordinator	120,564.59	109,487.04
Loree, Thom	Attending Physician	845,305.56	827,502.00
Ludlow, Charlene	VP of Safety & Security	308,653.77	308,999.81
Lukasik, Keith	Chief Strategy Officer	264,238.73	257,499.84
Madoo, Kevin	Director Plant Operations	113,173.42	113,299.89
Maggio, Sarah	Director of Nursing Education	102,058.49	103,809.06
Makson, Theresa	Manager - Care Management	116,214.02	111,394.40
Malovich, Jeanne	InService Education Coordinator	116,294.74	109,487.04
Marczak, Juliet	Nurse Practitioner ECMC	119,980.95	122,104.32
Markiewicz, Anthony	Vice President Clinical Business	181,054.42	171,066.27
Marso, Lisa	Anesthetist	167,839.91	189,999.89
Martin, Janet	VP of Finance	201,038.25	199,999.90
Martinez, Amanda	Nurse Practitioner Orthopedic	120,642.04	122,104.32
Mazur, Christopher	Senior Pharmacist ECMC	148,885.26	133,429.92
Mcdougall, Sarah	Pharmacist ECMC	118,490.33	119,687.36
McGuigan, Jessica	Unit Manager Medical/Surgical	121,770.25	109,487.04
McKeever, Ashley	Anesthetist	173,573.59	189,999.89
McLean, Terrence	Dentist MC	408,386.16	408,446.48
Mertowski, Cheryl	Director of Imaging Services	117,589.14	120,598.40
Meyers, Shannon	Anesthetist	193,092.99	204,999.81
Miano, Joanne	Nurse Case Manager	118,935.39	109,487.04
Milbrand, Alison	Pharmacist ECMC	118,502.78	119,687.36
Minhas, Parveen	Nurse Practitioner Transplant	188,107.16	122,104.32
Mogavero, Joseph	Healthcare Business System Man	118,731.44	114,476.96
Montesano, Susan	Nurse Case Manager	111,277.41	109,487.04
Mooney, Michelle	Nurse Case Manager	108,796.93	106,306.72

Mund, Nadine	Director of Corporate Compliance	150,555.59	152,981.71
Murawski, Phyllis	VP Transplantation & Renal Car	187,301.69	187,511.79
Murphy, Holly	Pharmacist ECMC	116,719.61	119,687.36
Murray, Brian	Medical Director	509,507.23	509,849.81
Musielak, Pia	Director Outpatient Operations	137,072.56	125,716.45
Nagai, Michael	Attending Physician	246,586.37	464,999.81
Napierala, Randal	Pharmacist ECMC	122,252.73	119,687.36
Nasca, Maureen	Chief of Service Dentistry	450,228.40	417,918.18
Neff, Melissa	Unit Manager Cardiac Cath Lab	179,852.79	109,487.04
Nesbitt, David	Staff Counsel (DSRIP)	159,471.24	159,649.98
Nice, Kimberly	Anesthetist RPT	122,075.17	122,999.88
Nicosia, Cheryl	Clinical Nurse Specialist Crit	132,536.46	129,542.40
Oddo, Donna	Nursing Care Coordinator Emergerncy	137,953.08	118,312.48
Ordon, Cheryl	Nurse Case Manager	119,290.61	109,487.04
Ormond, JoAnn	VP Revenue Cycle	224,029.59	179,424.54
Ormond, John	Senior VP Finance & Accounting	159,724.50	104,519.25
Ott, Michael	Clinical Coord Pharmacy Services	140,398.36	133,429.92
Ozanne, Lindsey	Director of Employee Health an	110,194.21	114,736.34
Pagano, Christina	Physician Assistant	110,383.84	108,420.21
Paladino, Matthew	Anesthesiologist ECMC MC	225,423.68	424,999.95
Panesar, Mandip	Chief Medical Information Officer	413,166.56	417,994.51
Paolini, Karen	Nurse Practitioner Transplant	185,490.53	129,542.40
Parker, Adam	Pharmacist ECMC	120,055.95	119,687.36
Pawenski, Edward	Director of Oncology Dentistry	128,479.99	125,999.95
Perkins, Melissa	Unit Manager Medical/Surgical	103,623.49	106,306.72
Perno, Amy	Physician Assistant	101,749.40	101,999.87

Perrino, Adam	Assistant Director of Capital	107,543.11	106,832.96
Pesta, Joslyn	Pharmacist ECMC	107,854.57	119,687.36
Picciano, Thomas	Nurse Case Manager	110,840.77	109,487.04
Plotkin, Scott	Anesthesiologist ECMC MC	385,304.37	468,095.68
Pollock, Michael	Info Technology Operations Man	121,724.14	114,476.96
Popat, Saurin	Attending Physician Con PT	547,840.05	678,975.86
Price, Donna	Nurse Case Manager	111,831.61	109,487.04
Prybylski, Monica	Nurse Practitioner Orthopedic	125,947.23	125,781.76
Pulka, Ashley	Pharmacist ECMC	117,888.71	119,687.36
Quatroche Jr., Thomas	Chief Executive Officer	963,058.49	964,999.98
Radovic, Vladan	Attending Physician	367,476.00	344,792.45
Rassman, Jeffrey	Physician Assistant	115,879.19	116,009.30
Reed, Karen	Anesthesiologist ECMC MC	498,385.28	454,461.70
Reiter, Braden	Attending Physician	238,069.01	226,599.98
Resetarits, Christopher	Anesthetist RPT	115,118.04	122,999.88
Rhinehart, Mary	Director Nursing Education-Cri	122,691.72	121,401.90
Riley, Pamela	Unit Manager Medical/Surgical	121,910.65	109,487.04
Rizzo, Heather	Anesthetist RPT	134,114.10	122,999.88
Robinson, Constance	Nursing Supervisor LTC	129,306.73	109,487.04
Roeder, Anastasia	Director of Development & Mark	103,039.18	103,153.86
Rogers, Angeline	Nurse Case Manager	107,668.17	109,487.04
Rogers, Nancy	Clinical Nurse Specialist Beha	125,460.69	122,104.32
Rojek, Janet	Senior Pharmacist ECMC	143,313.40	142,656.80
Roof, Donald	Director of Materials Management	102,884.12	102,999.94
Roskopf, Laura	Consultant IV	166,673.42	166,859.89
Rossi, Lucia	Director Outpatient Operations	112,802.92	104,999.86

Rossitto, Rachael	Dentist MC	294,723.00	297,051.87
Rubin, Kari	Nurse Case Manager	112,875.23	109,487.04
Ruh, Christine	Clinical Pharmacy Specialist	127,953.52	130,359.84
Sacks, Andrew	Anesthesiologist RPT MC	263,456.48	269,952.38
Sammarco-Delmont, Renee	Unit Manager Medical/Surgical	104,321.44	103,207.52
Sanders, Tamika	Infection & Wound Care Prevent	100,357.83	103,207.52
Sands, Robert	Anesthesiologist ECMC MC	510,518.81	468,095.68
Scharf, Jennifer	Staff Counsel ECMC	232,182.04	173,987.42
Schubbe, Jayson	Healthcare Data Warehouse Arch	125,105.03	108,530.03
Schunke, Katrina	Pharmacist ECMC	128,390.55	130,902.72
Schurr, Karen	Clinical Asst to VP Surg Card	113,470.96	114,000.43
Schwab, Linda	Trauma Program Manager	133,601.85	129,542.40
Schwanekamp, Karen	Anesthetist	198,904.16	204,999.81
Scrocco, Mary Carol	Nurse Practitioner Cardiovascular	147,468.55	129,542.40
Seay, Michelle	Clinical Patient Care Liaison	133,393.51	118,312.48
Semrau, Jeffrey	Pharmacist ECMC	124,545.83	119,687.36
Shea, Mary Molly	Patient Safety Clinical Invest	139,850.36	109,487.04
Sheppard, Judith	Nursing Supervisor LTC	140,323.06	109,487.04
Skomra, Richard	Chief Anesthetist	267,811.20	255,799.44
Smith, Michael	Physician Assistant	100,662.24	109,999.97
Snodgrass, Darress	Anesthetist	152,961.81	204,999.81
Sperry, Howard	Clinical Director Medicine	302,981.08	291,990.40
Srodawa, Christopher	Administrative Director of Lab	128,600.16	124,999.89
Stanford, Benjamin	Unit Manager MedicalSurgical	105,663.11	100,193.60
Stegemann, Philip	Chief of Orthopedic Surgery	117,148.20	117,147.68
Steinhart, Lorne	Special Asst to CEO	136,506.57	126,888.32

Stercula, Edna	Anesthetist	187,085.17	204,999.81
Steward, Kevin	Nursing Care Coordinator	142,295.39	118,312.48
Stobnicki, Cortney	Anesthetist	181,222.05	189,999.89
Stokes, Laura	Point of Care Clinical Laboratory	104,423.70	102,209.12
Stroud, Kerry	Nursing Care Coordinator	127,990.14	118,312.48
Sweeney, Kathleen	Nurse Case Manager	114,737.54	109,487.04
Syed, Masroor	Anesthesiologist ECMC MC	546,526.16	468,095.68
Tadak, Monica	Director of Revenue Capture an	127,373.99	124,578.90
Tadt, Stephanie	Nurse Case Manager	110,839.90	106,306.72
Tague, Dana	Nurse Practitioner Rehab Services	169,054.37	129,542.40
Tait, Christopher	Nurse Case Manager	122,765.08	109,487.04
Tarbell, Ross	Senior Pharmacist ECMC	159,668.25	139,582.56
Thompson, Denise	Nursing Care Coordinator	129,279.14	111,533.76
Tomljanovich, Paul	Attending Physician Con PT	250,972.51	498,623.01
Tornambe, Lynne	Pharmacist ECMC	123,306.83	125,295.04
Torres, Carmen	Nurse Practitioner ECMC	130,583.55	125,781.76
Turner, James	Senior VP of Surgical and Ambulatory	311,624.92	308,999.81
Twichell, Jerome	Senior Director Outpatient Operations	121,507.10	118,449.97
Urban, Paul	Asst Info Tech Sys Architect	115,000.60	114,999.87
Vail, Robert	Healthcare Information Security	160,888.03	139,099.58
Velicu, Simona	Attending Physician	311,457.96	307,660.91
Walter, Robert	Chief Clinical Laboratory Tech	117,184.45	102,209.12
Warmus, Renelle	Nurse Case Manager	108,451.71	103,207.52
Waterstram, Richard	Unit Manager Behavioral Health	105,687.44	100,193.60
Weiss, Katherine	Pharmacist ECMC	138,998.05	130,902.72
Welka, Andrew	Anesthesiologist ECMC MC	374,922.99	349,999.94

Weslow, Beth	Unit Manager Post Anesthesia C	115,238.92	100,193.60
West, Ashley	Nurse Case Manager	103,008.26	106,306.72
Wilde, Colleen	Unit Manager Post Anesthesia C	147,977.32	109,487.04
Williams, Sonia	Assistant Director Ambulatory	103,893.70	106,032.16
Wohaibi, Eyad	Attending Physician	404,353.00	376,444.43
Wojtasik, Jeff	Director of Applications	104,640.57	129,071.70
Wolf, Joann	Assistant Vice President Surgical	137,564.67	132,612.48
Woods, Kara	Physician Assistant	121,918.02	118,449.97
Zakrzewski, Thomas	Nursing Supervisor LTC	125,179.14	109,487.04
Ziemianski, Karen	Senior VP of Nursing	360,096.23	360,499.98
Zynda, Elizabeth	Nurse Practitioner Transplant	158,412.30	118,560.00

**APPENDIX C**

**2019 CORPORATION EXPENDITURES IN EXCESS OF \$100,000**

<b><u>VENDOR NAME</u></b>	<b><u>Payments</u></b>	<b><u>Contract Period</u></b>		<b><u>Purpose</u></b>
1 ACCORD SERVICES INC	155,542	3/15/2012	Evergreen	Cleaning Services
134 HIGH ST LLC C/O ALLPRO PARKING, LLC	338,638	3/12/2013	4/11/2023	Parking Services
3M COMPANY	624,936	4/25/2018	Evergreen	Software/Support
ABBOTT LABS	682,568	Various	Evergreen	Equipment & Supplies
ACADEMIC MEDICAL SERVICES, INC.	5,799,402	3/8/2018	3/7/2021	Medical Professional Services
ACELL, INC.	228,256	9/3/2015	Evergreen	Equipment & Supplies
ADVANCED CRITICAL DEVICES	107,866	7/9/2015	Evergreen	Equipment & Supplies
AEROTEK INC	157,179	1/18/2018	Evergreen	Staffing Services
AIRGAS USA, LLC	153,454	9/10/2012	7/31/2017	Equipment & Supplies
ALIGN HEALTHCARE SOLUTIONS	283,085	6/10/2019	6/9/2022	Professional Services
ALLERGAN USA INC	101,875	10/4/2001	Evergreen	Equipment & Supplies
ALLOSOURCE	457,645	9/16/2004	Evergreen	Equipment & Supplies
ALLSCRIPTS-MISYS LLC	1,267,424	Various	Evergreen	Software/Support
ANGIO DYNAMICS	107,718	9/4/2001	Evergreen	Software/Support
APOGEE MEDICAL MANAGEMENT	7,323,934	9/1/2015	3/31/2020	Medical Professional Services
AQUA SCIENCES INC	188,223	12/17/2001	Evergreen	Equipment & Supplies
ARC BUILDING PARTNERS, LLC	985,914	2/18/2019	Evergreen	Equipment & Supplies
ARTHREX INC	1,459,846	1/1/2018	6/30/2021	Equipment & Supplies
ATLAS HEALTH CARE LINEN SERVICES	1,008,183	7/1/2004	5/1/2019	Equipment & Supplies
AXOGEN INC	172,348	7/1/2004	6/30/2020	Equipment & Supplies
B.E. SMITH LLC	843,354	4/9/2018	Evergreen	Professional Services
BAXTER HEALTHCARE CORP	780,875	Various	Evergreen	Equipment & Supplies

BAYER HEALTHCARE LLC	170,847	Various	Evergreen	Equipment & Supplies
BCH, INC.	196,000	1/26/2018	Evergreen	Professional Services
BIOCARE SD	176,036	6/7/2019	Evergreen	Equipment & Supplies
BLOUNT CONSULTING SOLUTIONS, LLC	325,000	1/1/2019	12/31/2019	Professional Services
BOSTON SCIENTIFIC	410,213	12/1/2010	12/31/2021	Equipment & Supplies
BOSTON SCIENTIFIC/MICROVASIVE DIV	140,028	Various	Evergreen	Equipment & Supplies
BRITE COMPUTERS	381,050	Various	Evergreen	Equipment & Supplies
BUFFALO INTERNIST AND ASSOCIATES	4,528,816	6/13/2017	12/31/2020	Medical Professional Services
BUFFALO PAPER AND TWINE CO	848,400	11/1/2012	Evergreen	Equipment & Supplies
BUFFALO TRANSPORTATION INC.	559,450	12/31/2014	Evergreen	Patient Transportation
C R BARD INC	654,752	10/4/2001	Evergreen	Equipment & Supplies
CANNON DESIGN ARCHITECTURE AND ENGINEERING, P.C.	259,737	6/8/2015	Project completion	Professional Services
CANON MEDICAL SYSTEMS USA, INC.	210,074	11/1/2018	10/30/2021	Equipment & Supplies
CARASOFT TECHNOLOGY CORPORATION	227,861	1/12/2018	1/11/2021	Technology Services
CARDINAL HEALTH	10,762,265	1/19/2013	10/31/2022	Equipment & Supplies
CARDINAL HEALTH 411 INC	1,362,807	1/19/2013	10/31/2022	Equipment & Supplies
CARDINAL HEALTH MED PRODUCTS & SERVICES	2,905,846	5/1/2013	10/31/2022	Equipment & Supplies
CAREFUSION 2200 INC	340,966	7/1/2016	6/30/2021	Equipment & Supplies
CARESTREAM HEALTH	182,140	12/1/2012	10/31/2022	Equipment & Supplies
CDW GOVERNMENT INC	483,308	11/15/2001	Evergreen	Equipment & Supplies
CERAPEDICS, INC.	180,398	12/21/2018	Evergreen	Equipment & Supplies
CERNER CORP	5,992,085	4/6/2015	3/30/2026	Technology Services
CHANGE HEALTHCARE	1,072,133	11/15/2017	11/14/2020	Professional Services
CLARK PATTERSON LEE	1,271,366	1/1/2018	Project completion	Professional services
CLEAN CARE LINEN-BUFFALO	722,513	5/2/2019	5/1/2024	Linen services

CLEANING SYSTEMS, INC	154,302	1/1/2018	Project completion	Professional services
CONSORTIUM INFORMATION SERVICES INC HEALTH SCIENCES LIBRARY	229,092	8/2/2001	Evergreen	Professional Services
CONVENTUS ORTHOPAEDICS, INC.	159,731	7/27/2015	Evergreen	Professional Services
COOK INC	237,307	8/17/2001	Evergreen	Equipment & Supplies
CORE BTS INC	3,746,601	Various	Evergreen	Technology Services
COVIDIEN	918,569	4/1/2015	3/31/2020	Equipment & Supplies
CREEKRIDGE CAPITAL-LB	663,166	4/1/2011	4/30/2016	Leasing Services
CROTHALL HEALTHCARE	1,321,232	3/1/2019	2/28/2022	Cleaning Services
CROWN CASTLE FIBER, LLC.	185,062	Various	Evergreen	Technology Services
CRS NUCLEAR SERVICES LLC	277,778	4/1/2011	4/30/2016	Leasing Services
D V BROWN & ASSOCIATES INC	128,597	4/1/2011	Project completion	Professional Services
DCB ELEVATOR CO INC	487,761	1/1/2014	12/31/2018	Elevator Maintenance
DELL MARKETING LP / DELL USA LP	1,665,129	7/11/2003	Evergreen	Equipment & Supplies
DENTSPLY IMPLANTS DEPT IMP	175,551	8/8/2014	Evergreen	Equipment & Supplies
DEPUY SYNTHES JOINT RECONSTRUCTION	3,954,648	9/18/2019	7/31/2024	Equipment & Supplies
DEPUY SYNTHES SALES, INC.	2,792,257	8/1/2019	7/31/2024	Equipment & Supplies
DOPKINS & CO LLP	443,881	9/1/2019	6/30/2022	Professional Services
DRAEGER MED INC	1,545,770	1/12/2018	Evergreen	Equipment & Supplies
DRFIRST.COM INC	267,255	9/1/2011	Evergreen	Software/Support
EATON CORPORATION	148,608	9/1/2011	8/31/2019	Software/Support
ECHOSENS NORTH AMERICA, INC	142,917	9/1/2011	8/31/2019	Software/Support
ECOLAB/MICROTEK MEDICAL	155,876	9/19/2001	Evergreen	Equipment & Supplies
ENDOLOGIX	107,323	6/16/2010	Evergreen	Equipment & Supplies
EPOCH HEALTH SOLUTIONS, LLC	245,498	6/1/2018	5/31/2021	Professional Services
ERIE NIAGARA NEUROSURGERY PLLC	128,770	12/31/2014	12/31/2018	Medical Professional Services

EXPERIAN HEALTH, INC.	201,104	3/24/2016	Evergreen	Software/Support
FFF ENTERPRISES	513,111	8/4/2003	Evergreen	Software/Support
FIRE SAFETY SYS INC	124,149	9/4/2001	Evergreen	Equipment & Supplies
FISHER HEALTHCARE	179,533	8/17/2001	Evergreen	Equipment & Supplies
FM OFFICE EXPRESS INC	116,223	11/1/2015	Evergreen	Equipment & Supplies
FORWARD ADVANTAGE	169,402	6/21/2018	Evergreen	Equipment & Supplies
FOXY DELIVERY SERVICE INC	102,340	8/17/2007	Evergreen	Courier Services
FREED MAXICK CPAS PC	1,021,174	5/15/2015	5/14/2020	Professional Services
FRESENIUS USA MARKETING, INC. DBA FRESENIUS MEDICAL CARE	671,892	5/1/2017	4/30/2020	Equipment & Supplies
FREY ELECTRIC	170,891	10/9/2017	Project completion	Construction services
GAUNTLET, LLC	439,700	4/1/2011	10/31/2016	Medical Professional Services
GE HEALTHCARE OEC	120,183	Various	Evergreen	Equipment & Supplies
GE PRECISION HEALTHCARE, LLC.	242,263	Various	Evergreen	Equipment & Supplies
GENERAL PHYSICIAN SUB II, PLLC	160,270	10/1/2016	Evergreen	Medical Professional Services
GENERAL PHYSICIAN, P.C.	20,302,540	1/1/2018	Evergreen	Medical Professional Services
GERIATRIC ASSOCIATES LLP	110,000	2/1/2011	3/28/2020	Medical Professional Services
GILBANE BUILDING COMPANY	16,486,719	5/1/2018	Project completion	Professional Services
GLAXO SMITH KLINE	175,403	5/1/2018	Project completion	Construction services
GLOBUS MEDICAL INC	3,542,788	4/30/2015	4/29/2022	Equipment & Supplies
GOVERNMENT MARKETING &	212,142	12/31/2019	Project completion	Equipment & Implementation
GRAYBAR ELECTRIC CO INC	145,543	9/25/2017	Project completion	Construction Services
GRAYLINE NIAGARA FALLS/BUFFALO	475,620	12/4/2017	12/3/2020	Shuttle Services
GREAT LAKES BUILDING SYSTEMS INC.	487,083	6/1/2009	Evergreen	Equipment & Supplies
GREAT LAKES MEDICAL IMAGING, LLC	7,605,821	9/1/2015	8/31/2021	Imagine Services

GREAT LAKES UROLOGY PLLC	100,000	9/1/2015	8/31/2021	Medical Professional Services
GREYCASTLE SECURITY, LLC	188,473	11/1/2017	Evergreen	Professional Services
GRIDER SUPPORT SERVICES, LLC	748,697	3/1/2012	Evergreen	Professional Services
HAEMONETICS CORP	119,334	Various	Evergreen	Professional Services
HEALOGICS WOUND CARE	210,715	1/18/2019	1/17/2022	Equipment & Supplies
HEALTH RESOURCES OPTIMIZATION, INC	103,681	11/20/2018	5/16/2019	Professional Services
HEALTH SYSTEM SERVICE	228,232	6/1/2016	Evergreen	Equipment & Supplies
HILL-ROM	806,102	6/30/2013	3/28/2018	Equipment & Supplies
HOWMEDICA OSTEONICS CORP CRANIOMAXILLOFACIAL DIV	369,832	5/10/2019	Evergreen	Equipment & Supplies
HP, INC.	814,715	12/16/2002	Evergreen	Technology Services
HYLAND SOFTWARE, INC.	100,578	12/17/2018	Project completion	Professional Services
ICP MEDICAL, LLC	249,105	7/26/2019	Evergreen	Professional Services
IMMCO DIAGNOSTICS INC	1,062,217	5/5/2005	Evergreen	Medical Professional Services
INDUSTRIAL APPRAISAL COMPANY	118,080	Various	Evergreen	Professional Services
INFOR (US) INC.	460,812	4/27/2017	7/26/2020	Technology Services
INSPIRE MEDICAL SYSTEMS, INC.	407,500	4/2/2018	Evergreen	Technology Services
INTEGRA LIFESCIENCES CORP	1,045,650	Various	Evergreen	Equipment & Supplies
INTEGRATED ONCOLOGY	210,763	2/9/2005	Evergreen	Medical Professional Services
INTELLIGENT MEDICAL OBJECTS, INC.	171,300	1/15/2014	Evergreen	Equipment & Supplies
INTELLIPRINT SOLUTIONS, INC.	147,720	8/17/2018	Evergreen	Equipment & Supplies
IODINE SOFTWARE, LLC	253,576	2/22/2018	2/21/2020	Software/Support
IPC HOSPITALIST SERVICES OF NEW YORK, PC	166,000	2/22/2018	2/21/2020	Medical Professional Services
ISECURE, LLC	172,822	Various	Evergreen	Technology Services
IVANTAGE HEALTH	105,180	11/21/2017	Evergreen	Software

J & J HEALTH CARE SYSTEM INC	144,651	11/21/2017	11/20/2019	Software
JEAN JUREK ASSOCIATES INC	456,650	9/21/2015	9/30/2020	Professional Services
JOHN W DANFORTH CO	2,054,924	9/21/2015	9/20/2020	Professional Services
JOHNSON CONTROLS FIRE PROTECTION LP	416,809	4/8/2013	4/7/2018	Equipment & Supplies
JOURNEY'S END REFUGEE SERVICES	325,676	6/17/2008	Evergreen	Translation Services
K2M, INC	181,733	3/1/2017	2/28/2019	Equipment & Supplies
KARL STORZ ENDOSCOPY-AMERICA INC	180,424	Various	Evergreen	Equipment & Supplies
KCI USA, INC.	480,307	9/19/2001	Evergreen	Equipment & Supplies
KIDENEY ARCHITECTS PC	2,693,614	5/31/2018	Evergreen	Professional Services
KRONOS	227,408	Various	Evergreen	Software/Support
LAB CORP OF AMERICA	745,591	7/18/2001	Evergreen	Equipment & Supplies
LANGUAGE LINE LLC	125,057	9/21/2009	9/20/2019	Professional Services
LAWLEY AGENCY, LLC	2,392,086	5/1/2016	4/31/2021	Professional Services
LIFENET HEALTH	376,378	3/1/2002	Evergreen	Equipment & Supplies
LIMA USA INC	701,255	1/1/2020	12/31/2021	Equipment & Supplies
LIRO ENGINEERS, INC.	643,780	8/13/2018	9/1/2021	Professional Services
MAGAVERN, MAGAVERN & GRIMM LLP	421,006	3/18/2016	Evergreen	Professional Services
MCKESSON DRUG CO	21,026,359	7/18/2001	Evergreen	Equipment & Supplies
MEDICAL INFO TECH INC	977,853	7/18/2001	Evergreen	Equipment & Supplies
MEDLINE IND INC	242,283	6/3/2002	Evergreen	Medical Professional Services
MED-METRIX, LLC	1,069,368	1/1/2018	12/31/2022	Professional Services
MEDTRONIC INC NEUROLOGICAL DIV	326,282	5/2/2012	5/9/2021	Equipment & Supplies
MEDTRONIC SD USA INC	274,451	Various	Evergreen	Equipment & Supplies
MEDTRONIC USA INC	249,173	5/2/2012	5/9/2021	Equipment & Supplies
MEDTRONIC XOMED INC	117,975	Various	Evergreen	Equipment & Supplies

MERGE HEALTHCARE	602,732	Various	Evergreen	Equipment & Supplies
MERIDIAN IT INC.	577,519	1/1/2017	12/31/2019	Equipment & Supplies
METRO COMMUNICATIONS	179,244	12/16/2004	Evergreen	Telecommunications
METZ CULINARY MANAGEMENT	4,942,900	4/6/2019	4/5/2024	Culinary Services
MICROSOFT CORPORATION	146,943	1/26/2016	1/25/2018	Hardware/Software
MID-CITY OFFICE FURNITURE	105,242	12/3/2012	Evergreen	Equipment & Supplies
MINDRAY NORTH AMERICA	156,563	5/18/2018	Evergreen	Equipment & Supplies
MIZUHO OSI	105,615	9/4/2001	Evergreen	Equipment & Supplies
MORRISON MANAGEMENT SPECIALISTS	8,614,015	2/26/2018	4/5/2019	Culinary Services
NATIONAL GRID	753,183	7/9/2001	Evergreen	Utilities
NEWCAL CONSTRUCTION, INC.	233,587	9/26/2017	Project completion	Construction Services
NEXERA, INC	292,000	10/30/2017	Evergreen	Professional Services
NIHON KOHDEN AMERICA INC	168,705	9/19/2001	Evergreen	Professional Services
NUANCE	138,616	6/27/2019	6/26/2020	Software/Support
NXSTAGE	228,579	12/11/2017	12/10/2020	Software/Support
O'CONNELL ELECTRIC COMPANY, INC.	534,410	12/22/2017	Evergreen	Construction Services
OFFICE DEPOT	373,324	11/22/2017	Evergreen	Equipment & Supplies
OLYMPUS AMERICA INC	426,515	3/3/2008	Evergreen	Equipment & Supplies
OPTUM THE ADVISORY BOARD COMPANY	249,773	6/25/2018	3/30/2022	Professional Services
OPTUM360 LLC	247,279	6/16/2014	Evergreen	Medical Professional Services
ORLICK, ARTHUR	396,908	1/1/2018	12/31/2020	Medical Professional Services
ORTHO CLINICAL DIAGNOSTICS, INC	117,003	9/19/2001	Evergreen	Medical Professional Services
PARAGON 28, INC.	198,916	5/23/2018	5/31/2021	Equipment & Supplies
PARLANCE CORPORATION	124,800	9/20/2013	Project completion	Equipment & Supplies

PARTSSOURCE INC	127,217	4/18/2011	Evergreen	Equipment & Supplies
PATTERSON DENTAL INC	228,241	8/17/2001	Evergreen	Equipment & Supplies
PCMG, INC	1,641,673	Various	Evergreen	Equipment & Supplies
PENTAX MEDICAL	111,422	Various	Evergreen	Equipment & Supplies
PHARMERICA	1,181,616	3/1/2011	Evergreen	Equipment & Supplies
PHILIPS MEDICAL SYSTEMS	1,393,778	Various	Evergreen	Equipment & Supplies
PHILIPS MEDICAL SYSTEMS NA CO	261,062	Various	Evergreen	Equipment & Supplies
PLEXUS TECHNOLOGY GROUP, LLC	122,352	10/31/2017	10/30/2020	Subscription Services
POLSINELLI	159,723	1/1/2018	Evergreen	Professional Services
PRE-EMPLOY.COM INC	148,005	12/1/2017	Evergreen	Professional Services
PRESS GANEY ASSOCIATES INC	242,622	7/1/2014	1/31/2022	Patient Survey
RED RIVER, LLC	129,404	6/6/2017	Evergreen	Equipment & Supplies
RICOTTA & VISCO	435,048	12/18/2015	Evergreen	Professional Services
ROACH, BROWN	365,248	12/21/2015	Evergreen	Professional Services
ROCHE DIAGNOSTIC CORP	1,860,833	Various	Evergreen	Lab Services
RSM US LLP	178,785	1/1/2019	12/31/2019	Professional Services
RUPP BAASE PFALZGRAF	326,302	1/8/2016	Evergreen	Professional Services
SAMIE, MOHAMMAD REZA	185,177	6/1/2016	5/31/2019	Medical Professional Services
SAVIN ENGINEERS, P.C.	656,116	11/29/2018	Project completion	Professional Services
SERENAGROUP, INC.	211,729	3/1/2015	2/28/2020	Medical Professional Services
SI TECHNOLOGIES, INC.	295,585	11/17/2017	Evergreen	Technology Services
SICOLI CONSTRUCTION SERVICES, INC.	849,444	2/26/2018	Project completion	Construction Services
SIEMENS INDUSTRY INC	238,854	Various	Evergreen	Repairs & Maintenance
SIEMENS MEDICAL SOLUTIONS DIAGNOSTICS	120,382	Various	Evergreen	Equipment & Supplies
SIEMENS MEDICAL SOLUTIONS USA	586,637	Various	Evergreen	Equipment & Supplies

SIRTEX MEDICAL, INC.	148,640	2/29/2016	Evergreen	Repairs & Maintenance
SMITH & NEPHEW ENDOSCOPY	539,161	3/1/2020	2/28/2023	Equipment & Supplies
SMITH & NEPHEW ORTHOPAEDICS	1,479,480	3/1/2020	2/28/2023	Medical Professional Services
SONEX HEALTH	397,137	3/26/2016	3/25/2019	Equipment & Supplies
SPOK, INC.	117,227	8/8/2014	Evergreen	Equipment & Supplies
STANSBERRY AND KNIGHT	400,172	3/28/2018	12/31/2020	Medical Professional Services
STERICYCLE INC	1,441,403	2/1/2017	1/31/2022	Equipment & Supplies
STERIS CORP	394,237	Various	Evergreen	Equipment & Supplies
STRYKER ENDOSCOPY	107,540	Various	Evergreen	Equipment & Supplies
STRYKER ORTHOPAEDICS	2,592,789	2/24/2020	2/24/2022	Equipment & Supplies
STRYKER SALES CORP	794,626	2/24/2020	2/24/2022	Equipment & Supplies
SUICIDE PREVENTION & CRISIS SERVICES, INC.	797,657	10/1/2018	9/31/2023	Medical Professional Services
SUTURE EXPRESS	561,545	4/3/2006	Evergreen	Equipment & Supplies
SWISSLOG HEALTHCARE SOLUTIONS DENVER AUTOMATION ACADEMY	202,641	7/9/2018	Project completion	Professional Services
SYNTHESES MAXILLOFACIAL	145,346	4/8/2013	4/7/2018	Equipment & Supplies
SYSMEX	153,164	3/30/2017	3/29/2024	Equipment & Supplies
SYSTEMS MANAGEMENT PLANNING	114,063	3/30/2017	3/29/2024	Equipment & Supplies
SYSTEMS PERSONNEL, INC.	147,114	3/23/2017	3/22/2020	Staffing Services
TEKSYSTEMS, INC.	461,040	3/23/2017	3/22/2020	Staffing Services
TELETRACKING	108,811	3/1/2016	8/31/2020	Technology Services
TERUMO MEDICAL CORP	146,524	3/1/2016	8/31/2020	Technology Services
THE CHARTIS GROUP, LLC	3,895,001	4/18/2019	3/31/2020	Professional Services
THE HARTFORD	146,525	7/1/2019	Evergreen	Professional Services
THE MARTIN GROUP LLC	1,903,458	6/9/2014	6/8/2020	Advertising Services

THE MCGUIRE GROUP INC.	122,669	6/9/2014	6/8/2020	Pharmacy Services
THE PIKE COMPANY	19,961,223	7/1/2017	Project completion	Professional Services
TORNIER INC	382,632	9/16/2003	Evergreen	Professional Services
TRI-DELTA RESOURCES CORP	235,437	9/1/2014	3/17/2022	Software/Support
UB FAMILY MEDICINE INC.	2,364,420	6/1/2017	5/31/2020	Medical Professional Services
UB ORAL AND MAXILLOFACIAL	313,062	10/1/2016	9/30/2019	Medical Professional Services
UB PATHOLOGISTS INC.	850,384	12/1/2010	2/28/2019	Medical Professional Services
UBMD PSYCHIATRY	12,605,134	8/1/2016	9/31/2019	Medical Professional Services
UNITED NETWORK FOR ORGAN SHARING	151,537	10/4/2001	Evergreen	Organ Acquisition
UNIV. OPHTHALMOLOGY SERVICE, INC.	329,393	4/1/2013	9/30/2017	Medical Professional Services
UNIV. ORTHOPAEDIC SERVICES	1,988,955	6/1/2017	5/31/2020	Medical Professional Services
UNIVERSITY AT BUFFALO NEUROSURGERY, INC.	776,890	2/1/2017	1/31/2020	Medical Professional Services
UNIVERSITY AT BUFFALO SURGEONS, INC.	6,405,977	1/1/2018	12/31/2020	Medical Professional Services
UNIVERSITY EMERGENCY MEDICAL SERVICES	2,413,282	8/1/2017	7/31/2020	Medical Professional Services
UNIVERSITY GYNECOLOGISTS	426,663	10/1/2016	9/30/2019	Medical Professional Services
UNIVERSITY NEUROLOGY, INC.	165,004	2/1/2017	1/31/2022	Medical Professional Services
UNYTS	7,010,295	5/4/2010	Evergreen	Organ Acquisition
US POSTAL SERVICE	225,000	6/4/2001	Evergreen	Postage
VERATHON INC	201,003	8/2/2001	Evergreen	Equipment & Supplies
VERIZON	186,742	3/30/2001	Evergreen	Utilities
VIZIENT, INC	156,358	1/1/2013	5/31/2018	Professional Services

W L GORE & ASSOC INC	522,067	8/2/2001	Evergreen	Equipment & Supplies
WILLIAM BELLES PC	470,047	3/9/2019	3/8/2022	Medical Professional Services
WNY INDEPENDENT LIVING	100,017	11/1/2019	10/31/2020	Medical Professional Services
WNY UROLOGY ASSOCIATES LLC	592,542	10/1/2018	9/31/2025	Medical Professional Services
WNYHEALTHENET LLC	132,000	9/26/2002	Evergreen	Professional Services
XEROX CORPORATION	158,893	3/12/2012	3/11/2017	Leasing Services
XSOLIS LLC	240,228	10/5/2016	10/4/2019	Software/Support
ZIMMER BIOMET INC	6,190,642	10/5/2016	1/31/2022	Equipment & Supplies
ZIMMER UPSTATE NY INC	2,093,947	2/11/2015	1/31/2022	Equipment & Supplies
ZIPLINE MEDICAL, INC.	117,247	2/11/2015	2/10/2020	Equipment & Supplies
ZOLL MEDICAL CORP GPO	1,035,634	11/24/2016	1/31/2022	Equipment & Supplies

## **APPENDIX D**

Enabling Legislation

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

ECMC Corporation By-Laws

See Below

BY-LAWS OF  
ERIE COUNTY MEDICAL CENTER  
CORPORATION

As Amended Through November 27, 2018

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**BY-LAWS**  
**OF**  
**ERIE COUNTY MEDICAL CENTER CORPORATION**

PREAMBLE

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

ARTICLE I  
OFFICES

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

ARTICLE II  
PURPOSE OF BY-LAWS

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

November 1, 2018, appointments made to fill the roles of the 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 shall be made by the CEO of the Corporation, who shall thereafter also be responsible for determining the compensation and benefits of the persons occupying these positions and for the annual review of the incumbents. The Board shall have the authority to discharge the CEO with or without cause; provided that the removal shall not prejudice the contract rights, if any, of such executive. The CEO shall have the authority to discharge the COO, CFO, CMO, Administrator of Terrace View, Associate Administrator for Health Systems Development, Internal Auditor and General Counsel with or without cause, provided that the removal 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.

Section 16. Defense and Indemnification.

The Corporation shall defend and indemnify the Directors of the Corporation and its officers for any and all lawful actions executed in the performance of their duties, to the full extent to which indemnification is permitted under the laws of the State of New York.

Section 17. Extension of Credit.

Pursuant to New York Public Authorities Law Section 2824(5), the Corporation shall not, directly or indirectly, including through any subsidiary, extend or maintain credit, arrange for the extension of credit, or renew any extension of credit, in the form of a personal loan to or for any Director, officer, or employee (or equivalent thereof) of the Agency.

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, and a Treasurer. The Board may also appoint an Assistant Secretary and such other officers as the Board shall from time to time provide. All such officers shall exercise the duties as described in the Act, applicable law, by these By-Laws, and/or by Board resolution.

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, shall chair the Executive Committee of the Board, and shall have such other duties as the Directors may provide. Other than the Governance 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 of, execute direct oversight of, and annually review the performance of the CEO. The CEO 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 which report directly to the CEO. 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, if applicable. 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, if applicable, 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.

Section 12. Immediate Past Chair.

The Immediate Past Chair of the Board shall remain available to the Board and the Chair for purposes of transitional continuity and may be appointed to serve as a member of any Standing or Special Committee of the Board, assuming his or her term of office as a Director has not expired.

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, or an appointed non-member of the Board serving on a Standing or Special Committee, 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) Board members. The Corporation's General Counsel and Chief Executive Officer shall serve ex officio as members 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:
  1. Analyze the legal requirements and specific risk areas of the health care industry,
  2. Assess existing policies that address legal requirements and risk areas for possible incorporation into the ECMCC compliance program,
  3. Work with ECMCC departments to develop standards of conduct and policies and procedures to promote compliance with the ECMCC compliance program,
  4. 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,
  5. Determine appropriate strategy to promote compliance with the ECMCC compliance program and detection of possible violations, including fraud reporting mechanisms, and
  6. 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 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 and President 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 ex officio 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 serve ex officio as 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

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 XI  
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 in accordance with the following:

- 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.