

ERIE COUNTY MEDICAL CENTER CORPORATION
MARCH 23, 2021 MINUTES OF THE
BOARD OF DIRECTORS REGULAR MEETING
MEETING HELD VIA ZOOM

Present: 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: Bishop Michael Badger, William Pauly

Also

Present: Donna Brown, Michael Cummings, MD, Peter Cutler, Andrew Davis, Joseph Giglia, Susan Gonzalez, Donna Jones, Pamela Lee, Charlene Ludlow, Keith Lukasik, Nadine Mund, Brian Murray, MD, Jonathan Swiatkowski, James Turner, Karen Ziemianski

I. Call to Order:

The meeting was called to order at 4:30 p.m.

II. Minutes

Upon a motion made by Jennifer Persico and seconded by Sharon Hanson, the minutes of the February 23, 2021 regular meeting of the Board of Directors were unanimously approved.

III. Action Items

Resolution Approving Items for Annual Review

Moved by Michael Seaman and seconded by Sharon Hanson

Motion approved unanimously

Resolution Receiving and Filing the Annual Audit Performed by RSM US LLP

Moved by Darby Fishkin and seconded by Jennifer Persico

Motion approved unanimously

Resolution Approving the Corporation's Annual Report

Moved by Jack Quinn and seconded by Jennifer Persico

Motion approved unanimously

Resolution of the Board of Directors Approving Compliance Plan

Moved by Christopher O'Brien and seconded by Eugenio Russi

Motion approved unanimously

Resolution Receiving and Filing Medical-Dental Staff Meeting Minutes for February

Moved by Michael Seaman and seconded by Dr. Kathleen Grimm

Motion approved unanimously

IV. Reports from the Corporation's Leadership Team

Chief Executive Officer and President

Dr. Thomas Quatroche thanked the Board for their participation in the Diversity, Equity and Inclusion training given the following week. Dr. Quatroche gave a brief summary on COVID-19 patients, vaccinations and hospital infection rates for the month. Patient experience scores were reviewed. Dr. Quatroche reported on the monthly virtual events being held at the hospital, introduced a new Chemical Dependency physician and reviewed operations for the month. Mr. Dandes asked Dr. Quatroche to explain the hospital's current volume of patients and how the number relates to COVID-19.

Chief Financial Officer

A summary of the preliminary financial results through February 28, 2021 was briefly reviewed and the full set of these materials are received and filed. Mr. Dandes asked that Mr. Swiatkowski report on the Medicaid situation as relative to the state budget.

V. Standing Committees


- a. **Executive Officers Committee:** Mr. Dandes also thanked the members for completing the Diversity, Equity and Inclusion training and stressed the importance of the exercise. Mr. Dandes invited the members to the next gift gathering event.
- b. **Finance Committee:** Michael Seaman confirmed the financial report given by Mr. Swiatkowski.
- c. **Audit and Compliance Committee:** Darby Fishkin had no additions to make to her report.
- d. **Buildings and Grounds Committee:** Ronald Bennett reported on the status of the ongoing construction projects.
- e. **Human Resources Committee:** Joseph Giglia had nothing further to report.
- f. **Investment Committee:** Eugenio Russi had nothing further to report.
- g. **Post-acute Quality Improvement Committee:** Ronald Chapin announced the date of the next meeting and invited all board members.

- h. **Quality Improvement and Patient Safety Committee:** Michael Hoffert reported on issues covered during the monthly QI/Patient Safety Committee meeting.

All reports except that of the Performance Improvement Committee are received and filed.

VI. Adjournment

Moved by Christopher O'Brien and seconded by Jack Quinn to adjourn the Board of Directors meeting at 5:27 p.m.



Michael A. Badger
Corporation Secretary

A Resolution of the Board of Directors Approving Items for Annual Review

Approved March 23, 2021

WHEREAS, pursuant to New York Public Authorities Law, Erie County Medical Center Corporation (the "Corporation") is required to annually review and approve its procurement guidelines, property disposal guidelines, investment policy, and mission statement; and

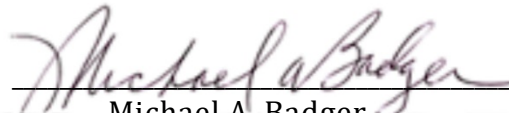
WHEREAS, the ECMCC Board has also assigned review of its affirmative action and EEO policy, code of conduct, conflict of interest policy, and whistleblower / non-retaliation policy to its Governance Committee (collectively with the above items, the "Items for Annual Review"); and

WHEREAS, the Governance Committee of the Board has reviewed the Items for Annual Review and wishes to recommend their approval to the Board; and

WHEREAS, the Board wishes to approve the Items for Annual Review in the form presented;

NOW, THEREFORE, the Board of Directors resolves as follows:

1. The Board of Directors of the Corporation approve the Items for Annual Review in the form presented.
2. The Corporation is authorized to do all things necessary and appropriate to effectuate this resolution.
3. This resolution shall take effect immediately.


Michael A. Badger
Corporation Secretary

MEMORANDUM

To: ECMCC Board of Directors

FROM: Anthony J. Colucci, III

SUBJECT: Policies requiring Board review

DATE: March 18, 2021

In accordance with New York Public Authorities Law, the ECMCC Board of Directors is required to review and approve a number of items on an annual basis. A summary of these items, attached to this correspondence and scheduled for review prior to the March 23 Board Meeting by the Governance Committee, is as follows:

1. **Disposal of Property Guidelines (pp. 2-7).** The current policy, governing the process and procedures under which ECMCC may dispose of property, was revised in March 2017, and remains compliant with current law. No further changes have been made.
2. **Investment Policy (pp. 8-30).** The policy, governing ECMCC's investment guidelines, objectives, and processes, was revised by the Investment Committee and subsequently approved by the Governance Committee and Board in March 2020. Additional minor changes have been proposed in 2021.
3. **Mission Statement (pp. 31-32).** Adopted in 2015, no changes have been made to ECMCC's mission statement.
4. **Procurement Guidelines (pp. 33-59).** The current guidelines, which set forth the processes under which ECMCC purchases goods and services, were last revised in March 2020 and remain compliant with current law. No further changes have been made.

These items, with the exception of the revisions to the Investment Policy, were previously distributed to you earlier this month. Additionally, we are including for your review and approval in this packet our revised Corporate Compliance Plan (pp. 60-84), which was approved in December by the Audit & Compliance Committee.

Please review the documents included with this correspondence in preparation for discussion and approval at the March 23 Board Meeting.

ERIE COUNTY
MEDICAL CENTER
CORPORATION

DISPOSAL OF PROPERTY
GUIDELINES

Revised
MARCH 28, 2017

ERIE COUNTY MEDICAL CENTER CORPORATION

DISPOSAL OF PROPERTY GUIDELINES

I. STATEMENT OF PURPOSE

These Guidelines are adopted pursuant to the provisions Article 9, Title 5-A “Disposal of Property by Public Authorities” of the Public Authorities Law of the State of New York. These Guidelines set forth Erie County Medical Center Corporation’s [“ECMCC’s”] operative policy and instructions regarding the use, awarding, monitoring and reporting of contracts for the disposal of property, and the designation of a Contracting Officer (hereinafter defined) who shall be responsible for ECMCC’s compliance with, and enforcement of, the Guidelines.

These Guidelines shall be consistent with ECMCC’s procurement contract guidelines, Article 10-C of the Public Authorities Law of the State of New York [the “ECMCC Act”], Article 5-A of the General Municipal Law, New York Public Authorities Law Article 9, Title 5-A and other applicable law for the disposition of property.

II. DEFINITION OF TERMS

For purposes of these Guidelines, the following terms shall have the following meanings:

- a. “Contracting Officer” means the ECMCC employee as appointed by resolution of the ECMCC Board of Directors to be responsible for the disposition of property.
- b. “Dispose” or “disposal” means transfer of title or any other beneficial interest in personal or real property in accordance with these Guidelines.
- c. “ECMCC” shall mean Erie County Medical Center Corporation.
- d. “ECMCC Act” means Article 10-C of the New York Public Authorities Law.
- e. “Property” shall mean personal property in excess of five thousand dollars in value, real property, and any inchoate or other interest in such property, to the extent that such interest may be conveyed to another person for any purpose, excluding an interest securing a loan or other financial obligation of another party.

III. ANNUAL REVIEW, APPROVAL AND DISTRIBUTION

The Board of Directors shall annually review and approve these Guidelines, and any amendments thereto, by no later than March 31st each year. On or before March 31st each year, the Contracting Officer shall 1) file with the New York Office of the State Comptroller a copy of these Guidelines, as most recently approved by the Board of Directors, and 2) post on the ECMCC website a copy of these Guidelines, as most recently approved by the Board of Directors. A copy of the then-current Disposal of Property Guidelines shall be continuously maintained on the ECMCC website.

IV. CONTRACTING OFFICER'S RESPONSIBILITIES

Section 1. Administration. The ECMCC Contracting Officer shall be responsible for implementing these Guidelines and enforcing ECMCC's compliance therewith. In addition to the foregoing, the Contracting Officer shall be the person responsible for performing the following duties on behalf of ECMCC:

- a. maintain adequate inventory controls and accountability systems for all property under ECMCC's control;
- b. periodically inventory such property to determine which property shall be disposed of;
- c. produce a written report of such property in accordance with the requirements set forth below; and
- d. transfer or dispose of such property as promptly as possible in accordance with the procedures set forth below.

Section 2. Publication. In addition to his/her responsibilities under Article II above, the Contracting Officer shall publish, not less frequently than annually, a report listing all ECMCC property. Such report shall consist of a list and full description of all real and personal property disposed of during such period. The report shall contain the price received by ECMCC and the name of the purchaser for all such property sold by ECMCC during such period. The Contracting Officer shall deliver copies of such report to the State Comptroller, the Director of the Budget, the Commissioner of General Services, and the New York State Legislature.

Section 3. Reporting. The Contracting Officer shall report to the ECMCC Chief Financial Officer and shall provide such reports at such times and in such manner as may be requested by the Chief Financial Officer or the finance committee of the Board of Directors.

V. DISPOSAL OF PROPERTY

Section 1. Supervision and Direction. Except as otherwise provided herein, the Contracting Officer shall have supervision and direction over the disposition of ECMCC property.

Section 2. Custody and Control. The custody and control of the property of ECMCC, pending its disposition, and the disposal of such property, shall be performed by ECMCC or by the Commissioner of General Services when so authorized under New York Public Authorities Law Article 9, Title 5-A and these Guidelines.

Section 3. Method of Disposition. Except as otherwise provided herein, ECMCC may dispose of property for not less than the fair market value of such property by sale, exchange, or transfer, for cash, credit, or other property, with or without warranty, and upon such other terms and conditions as the Contracting Officer deems proper, and it may execute such documents for the transfer of title or other interest in property and take such other action as it deems necessary or proper to dispose of such property under the provisions of these Guidelines. Any property, including any interest therein, which because of its unique nature is not subject to fair market pricing, shall be disposed of only after an appraisal of the value of such property has been made by an independent appraiser and such appraisal is included in the record of the transaction. In engaging an appraiser, the Contracting Officer shall comply with ECMCC's procurement contract guidelines.

Section 4. Sales by the Commissioner of General Services. When it shall be deemed advantageous to the State of New York, ECMCC may enter into an agreement with the Commissioner of General Services where he/she may dispose of ECMCC property under terms and conditions agreed to by ECMCC and the Commissioner of General Services. In disposing of any such property, the Commissioner of General Services shall be bound by the terms of New York Public Authorities Law Article 9, Title 5-A and in such instances, references therein to the contracting officer shall be deemed to refer to such commissioner.

Section 5. Validity of Instruments. A deed, bill of sale, lease, or other instrument executed by or on behalf of ECMCC, purporting to transfer title or any other interest in property of ECMCC under these Guidelines shall be conclusive evidence of compliance with the provisions of New York Public Authorities Law Article 9, Title 5-A concerning title or other interest of any bona fide grantee or transferee.

Section 6. Bids for Disposal.

Except as provided in Section 7 below, all disposals, or contracts for disposal, of property shall be made after publicly advertising for bids as follows:

- a. the Contracting Officer shall advertise for bids prior to disposal or contract for disposal of property by publishing notice thereof in at least one newspaper of general circulation, and the Contracting Officer shall have the discretion to advertise for bids through such additional methods, and on such terms and conditions as shall permit full and free competition consistent with the value and nature of the property;
- b. all bids shall be publicly disclosed at the time and place stated in the advertisement; and

- c. the award shall be made with reasonable promptness by written notice from the Contracting Officer to the responsible bidder whose bid, conforming to the invitation for bids, will be most advantageous to the state and ECMCC, price and other factors considered; provided, that all bids may be rejected when it is in the public interest to do so.

Section 7. Disposal by Negotiation; Explanatory Statement.

a. Disposals and contracts for disposal of property may be negotiated or made by public auction without regard to Section 6 above, but subject to obtaining such competition as is feasible under the circumstances, if, in the opinion of the Contracting Officer:

- 1) the personal property involved is of a nature and quantity which, if disposed of under Section 6 above, would adversely affect the state or local market for such property, and the estimated fair market value of such property and other satisfactory terms of disposal can be obtained by negotiation;
- 2) the fair market value of the property does not exceed fifteen thousand dollars;
- 3) bid prices after advertising therefor are not reasonable, either as to all or some part of the property, or have not been independently arrived at in open competition;
- 4) the disposal will be to the state or any political subdivision, and the estimated fair market value of the property and other satisfactory terms of disposal are obtained by negotiation;
- 5) the disposal is for an amount less than the estimated fair market value of the property, the terms of such disposal are obtained by public auction or negotiation, the disposal of the property is intended to further the public health, safety or welfare or an economic development interest of the state or a political subdivision (to include but not limited to, the prevention or remediation of a substantial threat to public health or safety, the creation or retention of a substantial number of job opportunities, or the creation or retention of a substantial source of revenues, or where the ECMCC Act permits), the purpose and the terms of such disposal are documented in writing by the Contracting Officer and approved by resolution of the ECMCC Board of Directors; or
- 6) such action is otherwise authorized by applicable law.

b. The Contracting Officer shall prepare an explanatory statement describing the

circumstances of each disposal by negotiation of any of the following:

- 1) any personal property which has an estimated fair market value in excess of fifteen thousand dollars;
- 2) any real property that has an estimated fair market value in excess of one hundred thousand dollars, except that any real property disposed of by lease or exchange shall only be subject to paragraphs 3 and 4 of this subparagraph;
- 3) any real property disposed of by lease for a term of five years or less, if the estimated fair annual rent is in excess of one hundred thousand dollars for any of such years;
- 4) any real property disposed of by lease for a term of more than five years, if the total estimated rent over the term of the lease is in excess of one hundred thousand dollars; or
- 5) any real property or real and related personal property disposed of by exchange, regardless of value, or any property, any part of the consideration for which is real property.

Each such statement shall be transmitted to the State Comptroller, the Director of the Budget, the Commissioner of General Services, and the New York State Legislature not less than ninety days in advance of such disposal, and a copy thereof shall be preserved in the files of ECMCC.

Erie County Medical Center Corporation

Statement of Investment Policy and Guidelines

Drafted: December 12, 2006

Revised: April 15, 2014

December 2014

September 2015

October 2016

December 2019

March 2020

March 2021

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I. INTRODUCTION

In accordance with Public Authorities Law §2925 and its associated regulations, Public Authorities Law § 3636, and the Investment Guidelines for Public Authorities issued by the New York State Comptroller, an investment program involving public funds must include four basic ingredients – legality, safety, liquidity and reasonable return.

It is the responsibility of each public authority to determine and evaluate its own risk in all its investment transactions with due regard to prudent business principles and practices and diligence under the circumstances then prevailing that a knowledgeable and prudent investor would act. The financial resources of the public authority should be properly managed to achieve investment income consistent with sound investment practice.

This document defines the investment policies, objectives, and guidelines applicable to the Erie County Medical Center Corporation's ("Corporation") Investment Funds. It was developed by the Corporation's Investment Committee ("Committee") in conjunction with its Investment Management Consultant.

The purpose of this document is threefold. First, it will constitute the investment plan for these assets. Second, it will serve as a communication tool between the Committee and its investment manager(s). Third, these guidelines will provide a framework to measure the ongoing progress of the recommended structure, and as such should be reviewed annually and revised as necessary to reflect changes in available investment opportunities and market conditions or as a result of any recommendations from the periodic evaluation of the performance of the investment program or any audits of the investment program.

II. GENERAL INVESTMENT GUIDELINES AND OBJECTIVES

General Investment Return Objective

The long-term objective of the Corporation's Investment Funds is to generate returns which are sufficient to meet current and expected future financial requirements. To accomplish this, the Corporation seeks to earn the greatest total return possible, consistent within its general risk tolerance, eligible asset classes, and asset allocation strategies outlined in this document.

General Investment Risk Objective

Permanent loss of capital is the most significant risk to achievement of the Funds' objectives. The Committee will seek to avoid such losses through a robust approach to risk assessment. Risk considerations will be viewed from a total portfolio perspective rather than at the individual investment level.

Risk tolerance can be defined by the *ability* and *willingness* to take risk. Several factors influence the ability to take risk, including the Investment Funds' purpose, time horizon, liquidity needs, and any other unique factors such as their effect on organizational debt covenants, where applicable. Variables that affect the Corporation's willingness to take risk include market or economic conditions, valuation and interest rate levels, and the Corporation's strategic plans or operating environment.

It is recognized that volatility is a widely-used measure of risk in the short term and that market fluctuations may result in varying levels of interim performance. It is expected that volatility will be managed through specific asset allocation strategies and diversification based upon the appropriate investment time horizon. Diversification shall exist at multiple levels of the investment program, including asset class, sub-asset class, risk factor, investment manager type, and underlying exposures of each investment manager (e.g. prudent levels of sector and company/issuer diversification).

Asset Allocation Process

It is recognized that asset allocation is a key determinant of investment return variability. The Committee expects the asset allocation policies to reflect and be consistent with the investment objectives and risk tolerances expressed throughout this document. These policies are designed to increase the likelihood of achieving return objectives over a full market cycle and within acceptable risk parameters.

The Investment Committee and Management, with assistance from the Investment Management Consultant, shall engage in a thorough process to determine appropriate policy asset allocations for the Funds. The Investment Management Consultant shall recommend a policy asset allocation for each Fund and formulate forward-looking return and volatility projections based on its capital markets expectations.

Individual Fund objectives and constraints that serve as key inputs to determining policy asset allocation can be found in Appendix A of this document.

Performance Evaluation

Total Fund performance against objectives shall be viewed from a long-term perspective, generally a full market cycle (approximately 7+ years). This can be augmented with comparisons over rolling periods such as 3 or 5 years. The investment performance of the Funds, as well as their asset class components, shall be measured against commonly accepted performance benchmarks as shown in the Appendix B.

Permissible Investments

The asset allocation of the Funds is expected to include a wide range of asset classes. The addition or removal of asset classes will necessitate deliberation by the Investment Committee, Management, and Investment Consultant regarding the merits of an asset class from an organizational and total portfolio context. A list of asset classes currently included in the Corporation's Fund allocations can be found in Appendix B.

III. DELEGATION OF AUTHORITY AND RESPONSIBILITIES

Board of Directors and Investment Committee

The Board of Directors is charged by law with the responsibility for the management of the assets of the Corporation. The Board of Directors shall discharge its duties solely in the interest of the Corporation, with the care, skill, prudence and diligence under the circumstances then prevailing. In this regard, the Board of Directors, the Investment Committee, and Corporation management shall invest and manage Corporation funds as a prudent investor would, by considering the purposes, terms and other circumstances of the funds in the Corporation's care and by pursuing an overall investment strategy reasonably suited to the Corporation, and they shall require the same standard of prudence from investment managers and consultants they engage to assist them.

Within the broad framework of policy set by the Board of Directors, the Investment Committee shall have direct responsibility for the oversight and management of the invested assets of the Corporation and for the establishment of investment policies and procedures. Such oversight shall include:

- A. Establishing reasonable and consistent investment objectives, policies and guidelines which will direct the investment of the Corporation's assets.
- B. Determining the Corporation's risk tolerance and investment horizon and communicating these to the appropriate parties.

- C. Designating an appropriate Corporation individual as “Investment Officer” whose responsibility it will be to proscribe and maintain a control structure to protect investment assets from loss, theft, and misuse.
- D. Developing and enacting proper control procedures (for example, replacing Investment Manager(s) due to fundamental change in investment management process, or failure to comply with established guidelines).
- E. Advising and communicating with the Board of Directors as necessary with respect to investment matters.
- F. Recommending to the Board of Directors proposed changes and revisions to this Investment Policy.
- G. Reviewing any independent audits of the investment program if requested to do so by the Corporation’s Audit Committee.
- H. Prudently and diligently selecting qualified investment professionals in compliance with the Corporation’s procurement requirements, including Investment Management Consultants, Investment Managers, and Custodians. Additional specialists such as attorneys, auditors, and others may be employed by the Board of Directors, acting on its own or through its Investment Committee, to assist in meeting its responsibilities and obligations to administer Corporation assets prudently.
- I. Regularly evaluating the performance of the Investment Manager(s) to assure adherence to policy guidelines and monitoring investment objective progress.

Responsibilities of the Investment Managers

Investment Manager

The Corporation enters into agreements with selected investment managers who provide day-to-day investment management services to the Corporation. Each investment manager will have discretion to purchase, sell or hold the specific securities that will be used to meet the Corporation’s investment objectives. Such appointments do not relieve the Committee from the responsibilities of overseeing the investment program.

Adherence to Investment guidelines

The investments are to be managed in accordance with the guidelines expressed herein, or expressed by separate written instructions, when deviation is deemed prudent and desirable by the Investment Committee. Written instructions amending this document must be authorized by the Investment Committee of the Board (Committee) and should be communicated through the Chief Investment Officer.

Discretionary Authority

The Investment Managers are expected to exercise complete investment discretion within the boundaries of the restrictions outlined in this Statement of Investment Policy and Guidelines.

Such discretion includes decisions to buy, hold, or sell equity or fixed-income securities (including cash equivalents) in amounts and proportions reflective of each manager's current investment strategy. However, the Committee is aware that its decision to invest in a commingled account and/or mutual fund may relieve the manager from strict adherence to all elements of the policy. In such case, the manager’s strategy shall be dictated by its fund prospectus or other relevant governing documents.

Realized Gains/Losses

In addition to investment income, fiscal year net realized gains/losses are an important element of the Corporation's budgeting process. Specifically, the Corporation requires that its investment managers communicate, in advance, any intentions to realize fiscal year losses in excess of \$250,000.

Reporting

The Investment Managers shall provide, on a timely basis, quarterly reports containing portfolio activity, valuations at market, and quarterly strategy updates.

Compliance with Prudence and Diversification Measures

As a fiduciary, each investment manager is expected to diversify the portfolio to minimize the risk of large losses. The manager is expected to invest the assets with care, skill, prudence, and diligence under the circumstances then prevailing. In this regard, the manager shall invest and manage Corporation funds as a prudent investor would, by considering the purposes, terms and other circumstances of the funds in the Corporation's care and by pursuing an overall investment strategy reasonably suited to the Corporation. Furthermore, the investment manager is expected to acknowledge its intention to comply with the Statement of Investment Policy and Guidelines as it currently exists or as modified by the Committee in the future.

Responsibilities of the Trustee / Custodian

The Trustee/Custodian will be selected by the Investment Committee and will provide full custodian services. It will maintain possession of securities owned by the Corporation, collect dividend and interest payments, and redeem maturing securities, and effect receipt and delivery following purchases and sales. The Trustee/Custodian may also perform regular accounting of assets owned, purchased, or sold, as well as movement of assets into and out of the Corporation accounts. In addition, the custodian will provide monthly documentation of portfolio activity and portfolio value.

The Trustee/Custodian is responsible for the safekeeping of Corporation assets, assuring protection from loss, theft or misuse, and timely/reliable auditing of earnings and transactions. Specific responsibilities of the Trustee/Custodian include:

1. Maintaining possession of securities owned by the Corporation, collecting dividend and interest payments, redeeming maturing securities, and effecting receipt and delivery following purchases and sales.
2. Performing regular accounting of assets owned, purchased, or sold, as well as movement of assets into and out of the Corporation accounts.
3. Providing monthly documentation of portfolio activity and portfolio value.
4. Furnishing to the Corporation's Investment Officer a copy of its "SSAE 16 Report" from its independent auditors on an annual basis.

Safekeeping Accounts

Securities purchased should be delivered against payment and held in a custodian safekeeping account in investment accounts segregated from the custodian's own assets.

Collateralization

As it pertains to demand deposits, time deposits, or certificates of deposit, the Corporation will seek to ensure New York State Public Authorities collateralization guidelines are followed for such assets through its relationship with custodial banking institutions. Given the nature of vehicles utilized in the Corporation's investment portfolios (i.e. pooled funds), it is not anticipated that collateralization guidelines shall apply to such funds. However, in the event it is deemed necessary that any of the Corporation's investment assets shall be collateralized, the Corporation shall ensure compliance.

Responsibilities of the Investment Management Consultant

Generally

The Investment Management Consultant may assist the Investment Committee in: establishing investment policy, objectives, and guidelines, including investment time horizon risk tolerance and total return objectives; selecting one or more investment managers; reviewing and evaluating such manager's performance over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.

The Investment Management Consultant's role is to provide investment advice to the Investment Committee concerning the investment management of Corporation assets. Such advice will be consistent with the investment objectives, policies, guidelines and constraints as established in this statement. Specific responsibilities of the Investment Consultant include:

1. Assisting in the development and periodic review of investment policy, objectives, risk tolerance, and guidelines and making recommendations to the Committee.
2. Conducting investment manager searches where appropriate and making recommendations as required.
3. Monitoring the performance of the Investment Manager(s) and providing the Committee periodic reports so that it may determine the Corporation's progress toward its investment objectives and adherence to its investment program compliance.
4. Monitoring the total fees, commissions, and other charges paid in rendering investment services to the Corporation, at least annually.
5. Communicating matters of policy, manager research, and manager performance to the Committee and making recommendations where appropriate.
6. Reviewing Corporation investment history, historical capital markets performance and the contents of this investment policy statement with any newly appointed members of the Committee.
7. Providing "due diligence" on investment managers such as any qualitative change to investment management organizations: Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.
8. Providing current Statement of Investment Policy and Guidelines to existing, replacement and additional Investment Managers when changes occur. This applies to any strategy with a separately-managed account (SMA) format and excludes commingled formats such as mutual funds.
9. Maintaining timely and appropriate communications with the Chief Financial Officer, Chief Investment Officer and Chairman of the Committee relative to matters of substance regarding:
 - A. Changes in investment forecast, investment strategies, or changes in portfolio structure;
 - B. Changes in ownership, organization, financial conditions, and key personnel within the investment management organization.

Communication

The Committee encourages, and the Investment Management Consultant is responsible for, frequent and open communication with the Committee on all significant matters pertaining to the

investment of the Corporation's assets. These communications would generally be addressed to the Chief Investment Officer. In this manner, the Consultant will advise the Committee of any major changes in investment outlook, investment strategy, asset allocation, portfolio structure, market value of the investments, managers and other substantive matters affecting the assets under their advisement. The Consultant will advise the Committee promptly of any significant changes in the ownership, organization structure, financial condition, or senior personnel of their organization.

All documents, exhibits, and other written material, etc., which will be used during review meetings between the Committee and the Consultant, should be submitted to the Committee, at least one week in advance of these meetings. It is expected that these meetings will take place periodically at the Committee's direction.

The Committee recognizes that the Statement of Investment Policy and Guidelines requires periodic re-examination and perhaps revision if it is to continue to serve as a working document to encourage effective investment management. Whenever the Consultant believes that the Statement should be altered, it is the responsibility of the Consultant to initiate written communication with the Committee through the Chief Investment Officer.

IV. ADMINISTRATION AND REPORTING

Policy Review

This document shall be reviewed by the Investment Committee annually and the results of the review reported to the Board of Directors.

Portfolio Rebalancing

Since asset allocation is the most critical component of portfolio returns, it is desirable to rebalance when necessary to minimize deviations from policy allocations.

The Funds shall be rebalanced in the event any individual asset class allocation differs from its policy by more than 20% of the target weight, but with a minimum deviation threshold of 2% of the total portfolio value. For example, if the policy asset allocation for an asset class is 20% of the total portfolio, then the portfolio's actual asset allocation must be below 16% or above 24% before rebalancing is required (20% rule). If, however, the policy asset allocation for an asset class is 3% of the total portfolio, then the portfolio's actual allocation must be either below 1% or above 5% before rebalancing is required (2% rule). This approach is designed to keep the portfolios reasonably in line with their target policies while avoiding excessive rebalancing.

This rebalancing policy may be suspended or altered based on assessment of market, operational, or other relevant considerations subject to Investment Committee approval.

The Investment Management Consultant shall be responsible for making rebalancing recommendations to Management who, in turn, shall be responsible for providing the necessary instructions to the Custodian. Investment Committee approval is not required. From time-to-time, it may be deemed appropriate to forego portfolio rebalancing.

Compliance with the Law

All actions undertaken or contemplated by this document shall follow appropriate law and applicable state statutes.

Annual Investment Reporting

The Corporation shall submit an annual investment report to the Division of the Budget with copies to the Office of the State Comptroller, the Senate Finance Committee, and the Assembly Ways and Means Committee. Such report shall include:

1. Investment guidelines and any amendments to such guidelines since the last investment report;
2. An explanation of the investment guidelines and amendments;
3. The results of the annual independent audit;
4. The investment income record of the Corporation; and
5. A list of total fees, commissions or other charges paid to each investment banker, broker, agent, dealer and advisor rendering investment associated services to the Corporation since the last investment report.

Conflicts of Interest

All persons responsible for investment decisions or who are involved in the management of the portfolios or who are consulting to, or providing any advice or service whatsoever to Corporation's Investment Funds shall disclose in writing at the beginning of any discussion or consideration by the Investment Committee, any relationships, material beneficial ownership, or other material interest(s) which the person has or may reasonably be expected to have, with respect to any investment issue under consideration. The Investment Committee may require such persons to remove themselves from the decision-making process.

Operating Procedures

Investments should be made in accordance with the following Operating Procedures:

1. The investment selection process should utilize competitive quotations or negotiated prices, except in the purchase of government securities at their initial value.
2. Each disbursement of funds (and corresponding receipt and securities) or delivery of securities (and corresponding receipt of funds) should be based upon proper written authorization. If the authorization is initially given verbally, there should be written or telegraphic confirmation from the Investment Officer to the Custodian.
3. Payment of funds should only be made upon delivery of securities. Written confirmation of delivery should be obtained from the Custodian.
4. The process of initiating, reviewing and approving requests to buy and sell investments should be documented and retained for audit purpose. Dealer limits should be established and reviewed regularly.
5. Custodians must have prior authorization from ECMCC to deliver obligations and collateral. All transactions must be confirmed in writing to the authority. Delivery of obligations sold should only be made upon receipt of funds.
6. Custodial banks should be required to report whenever activity has occurred in ECMCC's custodial account.
7. There should be at least monthly verifications of both the principal amount and the market values of all investments and collateral. Appropriate listings should be obtained from the Custodian and compared against ECMCC's records.

A record of investments shall be maintained by the Investment officer. The records should identify the security, the fund for which held, the place where kept, date of disposition and amount realized and the market value and custodian of collateral.

Annual Independent Audits

ECMCC shall require an annual independent audit of all investments. The annual investment audit:

1. shall determine whether: ECMCC complies with its own investment policies; investment assets are adequately safeguarded; adequate accounts and records are maintained which accurately reflect all transactions and report on the disposition of authority investment assets; and a system of adequate internal controls is maintained;
2. shall determine whether ECMCC complied with the applicable laws, regulations and State Comptroller's Investment Guidelines; and
3. should be designed to the extent practical to satisfy both the common interests of ECMCC and the public officials accountable to others.

A written audit report should be prepared presenting the results of the annual independent audit of all investments and should include:

1. a description of the scope and objectives of the audit;
2. a statement that the audit was made in accordance with generally accepted government auditing standards;
3. a description of any material weaknesses found in the internal controls;
4. a description of all non-compliance with the authority's own investment policies as well as applicable laws, regulations and the State Comptroller's Investment Guidelines;
5. a statement of positive assurance of compliance on the items tested and negative assurance on those items not tested; and
6. a statement on any other material deficiency or finding identified during the audit not covered in (5) above.

The audit report shall be filed within 90 days after the close of the authority's fiscal year with the Coordinator of Public Authority Programs, Office of the State Comptroller, A.E. Smith Office Building, Albany, New York, 12236.

V. INVESTMENT MANAGER SELECTION AND GUIDELINES

Investment Manager Selection

The selection of Investment Managers must be based on prudent due diligence procedures and, when applicable, the Corporation's procurement requirements. Each Investment Manager must be registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940 as Registered Investment Advisors or documented as exempt by the same laws.

The Investment Management Consultant shall assist in establishing criteria and identifying suitable candidates, which shall be periodically presented for the Investment Committee's consideration. At a minimum, selection criteria will include historical risk and return, correlation to asset class and investment style, experience of investment professionals, depth of research capability, strength of investment process, diversification of portfolios, assets under management, and consideration of the investment manager as a going concern. Applying these criteria, the Investment Committee shall establish an approved list of Investment Managers on a periodic basis.

Investment Manager Contracts and Guidelines

The Corporation intends to use the investment manager guidelines set forth in this document as a framework to help the Investment Managers achieve their investment objectives at a level of risk deemed acceptable. The policies and restrictions are designed to minimize interfering with Investment Managers' efforts to attain overall objectives and to minimize excluding them from appropriate investment objectives. This document allows the Investment Managers discretion over the diversification of assets for the purposes of increasing investment returns and/or reducing risk exposure. When appropriate, Investment Managers are given responsibility to shift the allocation of assets among industry sectors and individual securities to pursue opportunities presented by changes within the capital markets.

For mutual fund, commingled trust, partnership, or any other non-separately-managed account structure, it is recognized that such vehicles will invest according to the strategy outlined in their prospectus or any other relevant fund documentation. Thus, it is incumbent upon the Corporation, with assistance from the Investment Management Consultant, to ensure comfort with underlying investments in those vehicle types. For these types of pooled investment vehicles, it may not be practical to have a written contract between the Corporation and Investment Manager. Rather, it is expected that execution of subscription documents, limited partnership agreements, or any other relevant documentation will serve to secure the Corporation's financial interest in an Investment Manager's strategy. In addition, for purchase of mutual fund shares it is expected that the Trustee / Custodian will document the Corporation's financial interest in an Investment Manager's strategy while executing its duties.

For separately-managed account structures (SMAs), specific restrictions for an Investment Manager shall be identified in the Investment Management Agreement or other governing document for the account. In addition, the Investment Manager shall maintain procedures sufficient to secure the Corporation's financial interest in an investment, including, where applicable, appropriate collateral requirements. SMA Investment Managers shall also acknowledge receipt of this IPS in writing.

VI. INVESTMENT MANAGER PERFORMANCE MEASUREMENT

The performance for each Investment Manager shall be reported and measured against commonly accepted performance benchmarks as shown in Appendix B. It is expected that Investment Managers with actively-managed strategies shall outperform their benchmarks on an absolute and/or risk-adjusted basis over meaningful time frames, preferably full market cycles. For functional purposes, full market cycles are defined as seven years or longer. In addition, it is preferred that such Investment Managers rank favorably within an applicable peer universe over meaningful time frames such as rolling 3- to 5-year periods. While not the sole determinant, if an active manager exhibits underperformance over a full market cycle, its inclusion in the portfolio(s) shall be revisited along with the merits of active management within the manager's asset class, in general.

As mentioned above, when considering removal of an Investment Manager, performance shall not be the sole determinant. Rather, it shall be based upon a more comprehensive review including an understanding of the reasons for underperformance, continued suitability within the portfolio, and whether or not better options exist.

VII. ALLOWABLE AND PROHIBITED INVESTMENTS

For mutual fund, commingled trust, partnership, or any other non-separately-managed account structure, it is recognized that such vehicles will invest according to the strategy outlined in their prospectus or any other relevant fund documentation. Thus, it is incumbent upon the Investment Committee, with assistance from the Investment Management Consultant, to ensure comfort with underlying investments in those vehicle types.

For separately-managed account structures (SMAs), specific guidelines for investment managers are outlined below.

Allowable Investments

A. Fixed Income and Cash Equivalents

1. Instruments and Credit Quality

- a. Instruments issued and fully guaranteed by the U.S. Government or any of its agencies and instrumentalities.
- b. Instruments issued by domestic corporations, including corporate notes and floating rate notes, must be rated “Baa”/“BBB” or better at time of purchase by Moody's Investor Service or Standard and Poor's. Asset-backed securities and collateralized mortgage obligations must be rated “Aaa”/“AAA” by the rating agencies. If the domestic corporation has a senior debt rating of "Baa" or better, the issuer's commercial paper rating and/or CD rating must be one of “A1”, “P1”, or “F1”. If the issuer does not have a senior debt rating, the issuer's commercial paper rating and/or CD rating must be any two of “A1”, “P1”, “F1” or have a letter of credit drawn on the issuer, meeting the above guidelines.
- c. Obligations of domestic banks, including banker's acceptances, certificates of deposit, time deposits, notes, and other debt instruments.
- d. Instruments of countries or foreign corporations rated at least “Aa”/“AA” by appropriate rating organization. Instruments issued by the U.S. agency of a foreign corporation are also permitted, subject to the same quality constraints. Instruments referred to in this section cannot comprise more than 20% of the total combined portfolio, at market.
- e. The following types of Euro issues: banker's acceptances, time deposits, bonds, and floating rate notes of any issue rated “Aa”/“AA” or better by Standard and Poor's or Moody's.
- f. Yankee securities are subject to the quality constraints outlined in section “d” above.
- g. Securities resold under SEC Rule 144A subject to the quality constraints outlined in section “b” above.
- h. Repurchase Agreements are permitted with such government dealers who have and maintain a minimum equity value of \$50 million, as the investment manager shall, in its discretion, determine from time to time. Repurchase Agreements shall be subject to: 102% initial market value collateralization of the loaned amount, collateral market value is priced daily and always maintained above 100% of the loaned amount, and physical custody must be taken by the custodial bank in the form of direct obligations of the United States Government.
- i. This guideline is intended to give the investment manager sufficient latitude to periodically take advantage of bond-quality yield spreads. The average cost-weighted quality shall be no less than 3.0 based on the following scale:

U.S. Government and Agencies	5.0
Aaa Bonds	4.0
Aa Bonds	3.0
A Bonds	2.0
Baa Bonds	1.0

2. Maturity

a. Cash Equivalent Manager

The weighted average maturity of the fund is at the discretion of the investment manager, however, no instrument may have a maturity greater than eighteen months. Issues with maturities greater than six months may not exceed 25% of the value of the portfolio:

- (1) Floating rate issues may have a longer maturity if the interest adjustment is based on an instrument with an effective maturity of less than six months.
- (2) A putable bond may be utilized if the put can be exercised within six months.
- (3) An asset-backed security, collateralized-mortgage obligation, or similar instrument, is permitted if the average life is projected to be less than six months. Issues of this type should be limited to an amount consistent with normal liquidity requirements, but should not exceed 25% of the value of the portfolio.

b. Short-Term Fixed Income Manager

The portfolio's maximum duration should be less than 120% of the Merrill 1-3 Treasury Index, and no instrument with a maturity greater than 5 years is permissible, except that:

- (1) Floating rate issues may have a longer maturity if the interest adjustment is based on an instrument with a maturity of less than 5 years.
- (2) A putable bond may be utilized if the put can be exercised within 5 years.
- (3) An asset-backed security, collateralized-mortgage obligation, or similar instrument, is permitted if the average life is projected to be less than three years at the date of purchase and subsequently less than five years. Issues of this type should be limited to an amount consistent with normal liquidity requirements, but should not exceed 15% of the value of the portfolio.

c. Long-Term Fixed-Income Manager

The portfolio's maximum duration should be less than 135% of the ML (7-10 yrs.) Gov't./Corp. Index.

3. Diversification

- a. The manager will maintain prudent diversification across instruments, market sectors, industries, and specific issuers.
- b. Except for issues guaranteed directly or indirectly by the U.S. Government, the combined holdings of securities from one issuer shall not constitute more than 5% of the fund. All letters of credit shall be part of the invested amount of the guarantor for purposes of the 5% rule.

B. Equities

1. Instruments and Credit Quality

- a. The managers will be invested in high-quality common stocks. Convertible bonds, convertible preferred stocks, preferred stocks and non-voting stocks are permitted if

the risk/return characteristics are favorable versus the underlying common equity. American Depositary Receipts are permitted. Specific constraints include the avoidance of restricted issues, which have limited marketability, excluding SEC Rule 144A securities.

- b. There are no qualitative guidelines suggested with regard to domestic equity ratings, rankings, etc., except that prudent standards should be utilized by the investment managers. Convertible bonds will be considered as equity investments and must be rated "Baa"/"BBB" or better by both Moody's and Standard & Poor's.

2. Diversification

The investment managers should diversify the equity portfolio in an attempt to minimize the impact of substantial loss in any specific industry or issue. Therefore, no more than the greater of 20% of the total portfolio or two times the appropriate equity market weighting may be invested in any one economic sector as defined by Standard & Poor's for domestic equities or as defined by MSCI for international equities, valued at market. In addition, no more than 5% of the total portfolio may be invested in any one company, valued at cost, and no more than 10% valued at market.

Prohibited Investments

The following categories of securities are not considered appropriate:

- A. Interest only and principal only portions of collateralized mortgage obligations, or similar securities,
- B. Private placements,
- C. Margin trading,
- D. Options and futures, except for hedging purposes

APPENDIX A: FUND OBJECTIVES AND CONSTRAINTS

NYS RETIREMENT RESERVE FUND

Fund Purpose

The NYS Retirement Reserve Fund provides for short-term NYS pension obligations of the Corporation. This Fund is also sometimes referred to as “General Operating – ECMC” in Fund reporting.

Investment Objectives

The investment objectives of the Fund are to:

- provide for the funding of the NYS retirement system obligations when excess cash allows for short term investing;
- assure that safety of principal is paramount;
- consistently invest assets in a prudent, diversified, risk-averse manner;
- achieve the acceptable return possible within the specified risk parameters;
- adhere to the established guidelines.

Time Horizon

The assets are viewed as having a short-term time horizon.

Liquidity Needs

The Fund’s cash flow is generally positive but it needs to maintain a high degree of liquidity to meet annual obligations.

Overall Risk Tolerance

The Fund can assume a low risk profile.

Asset Allocation

Given the nature of the Funds’ objectives, there can be no volatility of results. Consequently, the Committee has decided to control volatility by setting up long-term asset allocation targets. The Committee’s goal is to minimize risk which favors cash equivalent investments.

CAPITAL RESERVE FUND

Fund Purpose

~~The Capital Reserve Fund provides for intermediate to long term spending needs of the Corporation.~~

Investment Objectives

~~The investment objectives of the Fund are to:~~

- ~~—— provide for the capital spending needs of the Corporation in excess of operations;~~
- ~~—— consistently invest assets in a prudent, high quality, diversified, manner;~~
- ~~—— achieve the optimal return possible within the specified risk parameters;~~
- ~~—— adhere to the established guidelines.~~

Time Horizon

~~The assets are viewed as having a long term time horizon.~~

Liquidity Needs

~~The Fund's cash flow is generally positive, but it needs to maintain a moderate degree of liquidity to meet unexpected needs~~

Overall Risk Tolerance

~~The Fund can assume a low to moderate risk profile.~~

Asset Allocation

~~Historical performance results and future expectations suggest that common stocks will provide higher total investment returns than fixed income securities over a long term investment horizon. However, one can expect an increase in portfolio volatility as the stock percentage is increased, particularly over the short term.~~

~~It is believed that the most significant decision to affect the overall volatility of results is that which controls the split among various asset classes, particularly the equity versus fixed income ratio. Consequently, the Committee has decided to control this ratio by setting up long term asset allocation targets. The Committee's goal is to maximize returns over the long term and has, therefore, taken a conservative investment posture that includes equity holdings, but favors fixed income holdings.~~

RETIREE HEALTH RESERVE FUND

Fund Purpose

The Retiree Health Reserve Fund provides for intermediate- to long-term spending needs consistent with retiree health expenses.

Investment Objectives

The investment objectives of the Fund are to:

- provide for the funding and payment of retiree health obligations;
- consistently invest assets in a prudent, high-quality, diversified, manner;
- achieve the optimal return possible within the specified risk parameters;
- adhere to the established guidelines.

Time Horizon

The assets are viewed as having a long-term time horizon.

Liquidity Needs

The Fund's cash flow is generally positive, but it needs to maintain a moderate degree of liquidity to meet unexpected needs.

Overall Risk Tolerance

The Fund can assume a low-to-moderate risk profile.

Asset Allocation

Historical performance results and future expectations suggest that common stocks will provide higher total investment returns than fixed-income securities over a long-term investment horizon. However, one can expect an increase in portfolio volatility as the stock percentage is increased, particularly over the short term.

It is believed that the most significant decision to affect the overall volatility of results is that which controls the split among various asset classes, particularly the equity versus fixed-income ratio. Consequently, the Committee has decided to control this ratio by setting up long-term asset allocation targets. The Committee's goal is to maximize returns over the long term and has, therefore, taken a conservative investment posture that includes equity holdings, but favors fixed-income holdings.

W/C PROFESSIONAL LIABILITY RESERVE FUND

Fund Purpose

The WC/Professional Liability Reserve Fund provides for intermediate- to long-term spending needs consistent with actuarial determined estimates of workers' compensation and medical malpractice claims.

Investment Objectives

The investment objectives of the Fund are to:

- provide for the payment of workers' compensation and professional liability claims;
- consistently invest assets in a prudent, high-quality, diversified, manner;
- achieve the optimal return possible within the specified risk parameters;
- adhere to the established guidelines.

Time Horizon

The assets are viewed as having a long-term time horizon.

Liquidity Needs

The Fund's cash flow is generally positive, but it needs to maintain a moderate degree of liquidity to meet unexpected needs.

Overall Risk Tolerance

The Fund can assume a low-to-moderate risk profile.

Asset Allocation

Historical performance results and future expectations suggest that common stocks will provide higher total investment returns than fixed-income securities over a long-term investment horizon. However, one can expect an increase in portfolio volatility as the stock percentage is increased, particularly over the short term.

It is believed that the most significant decision to affect the overall volatility of results is that which controls the split among various asset classes, particularly the equity versus fixed-income ratio. Consequently, the Committee has decided to control this ratio by setting up long-term asset allocation targets. The Committee's goal is to maximize returns over the long term and has, therefore, taken a conservative investment posture that includes equity holdings, but favors fixed-income holdings.

GENERAL DEPOSITORY & GENERAL OPERATING RESERVE

Fund Purpose

The General Depository Reserve provides funding and a source of liquidity for operating expenses of the Corporation. The General Operating Reserve provides Delivery System Reform Incentive Payments (DSRIP) to other district members of the Millennium Collaborative Care Performance Provider System (PPS).

Investment Objectives

The investment objectives of the Fund are to:

- provide the necessary funds and liquidity for operating expenses of the Corporation;
- assure that safety of principal is paramount;
- consistently invest assets in a prudent, diversified, risk-averse manner;
- achieve the acceptable return possible within the specified risk parameters;
- transfer excess liquidity assets as determined by management to the General Operating Reserve Fund;
- adhere to the established guidelines.

Time Horizon

The assets are viewed as having a short time horizon.

Liquidity Needs

The assets are viewed as having high liquidity needs.

Overall Risk Tolerance

The Fund will assume a very conservative risk profile.

Asset Allocation

Given the nature of the Funds' objectives, there can be no volatility of results. Consequently, the Committee has decided to control volatility by setting up long-term asset allocation targets. The Committee's goal is to minimize risk which favors cash equivalent investments.

DEBT SERVICE and DEBT SERVICE RESERVE FUNDS – 2004 SERIES and 2011 SERIES

Fund Purpose

The Debt Service Reserve Fund is used to satisfy necessary interest payments. The Debt Service Reserve Fund is held in contingency by the Trustee to offset principal and/or interest payments, if needed. Note, in 2017, Series 2011 was refunded and had a zero balance.

Investment Objectives

The investment objectives of the Fund are to:

- provide for the funding for debt service coverage;
- consistently invest assets in a prudent, high-quality, diversified manner;
- achieve the optimal return possible within the specified risk parameters;
- adhere to the established guidelines.

Time Horizon

The assets are viewed as having a short-to-intermediate time horizon.

Liquidity Needs

The assets are viewed as having moderate liquidity needs. The required funds must be available for disbursement on the May 1 and November 1 payment dates for the 2004 Series Funds; and on the First of Each Month for the 2011 Series Funds. Any shortfall would need to come from operations.

Overall Risk Tolerance

The Fund can assume a low-to-moderate risk profile.

Asset Allocation

Historical performance results and future expectations suggest that common stocks will provide higher total investment returns than fixed-income securities over a long-term investment horizon. However, one can expect an increase in portfolio volatility as the stock percentage is increased, particularly over the short term.

It is believed that the most significant decision to affect the overall volatility of results is that which controls the split among various asset classes, particularly the equity versus fixed-income ratio.

Consequently, the Committee has decided to control this ratio by setting up long-term asset allocation targets. The Committee's goal is to maximize returns over the long term and has, therefore, taken a low-to-moderate investment posture which holds a modicum of equity holdings.

GNMA BOND RESERVE FUND

Fund Purpose

The GNMA Bond Reserve Fund originally held bonds used for construction of the Gates Vascular Institute with earnings from the fund paid to the The Grider Initiative, Inc. on an annual basis. The bonds issued for construction of the Gates Vascular Institute have since been redeemed and remaining funds are considered unrestricted.

Investment Objectives

The investment objectives of the Fund are to:

- provide for the unrestricted spending needs of the Corporation;
- consistently invest assets in a prudent, high-quality, diversified manner;
- achieve the optimal return possible within the specified risk parameters;
- adhere to the established guidelines.

Time Horizon

The assets are viewed as having a short time horizon.

Liquidity Needs

The assets are viewed as having high liquidity needs.

Overall Risk Tolerance

The Fund will assume a very conservative risk profile.

Asset Allocation

Given the nature of the Fund's objectives, there can be no volatility of results. Consequently, the Committee has decided to control volatility by setting up long-term asset allocation targets. The Committee's goal is to minimize risk which favors cash equivalent investments.

APPENDIX B: FUND ALLOCATIONS AND BENCHMARKS

	NYS Retirement Reserve (Gen Op-ECMC)	Retiree Health Reserve	WC / PL Reserve	General Operating DSRIP	GNMA Bond Reserve	Policy Benchmark
Growth Assets						
US Large Stocks		11%	11%			S&P 500
US Large Quality Stocks		4%	4%			NASDAQ US Dividend Achievers Select, S&P 500
US Small / Mid Stocks		4%	4%			S&P Completion Index
US Small Value Stocks		2%	2%			CRSP US Small Cap Value
<i>US Stocks</i>	0%	21%	21%	0%	0%	
Intl Large Stocks		9%	9%			FTSE Developed All Cap ex-US
Emerging Market Stocks		5%	5%			FTSE Emerging Markets All Cap China A Inclusion
<i>International Stocks</i>	0%	14%	14%	0%	0%	
<i>Total Public Stocks</i>	0%	35%	35%	0%	0%	
Total Growth Assets	0%	35%	35%	0%	0%	
Risk Reduction Assets						
Cash	100%	5%	5%	100%	100%	90-Day T-Bills
US Short Duration Fixed Income		20%	20%			Bloomberg Barclays US 1-5 Year Gov't / Credit
US Broad Fixed Income		35%	35%			Bloomberg Barclays US Aggregate
US Inflation Protected Fixed		5%	5%			Bloomberg Barclays US TIPS
Total Risk Reduction Assets	100%	65%	65%	100%	100%	
Total	100%	100%	100%	100%	100%	

Note: Policy asset allocation was excluded for the General Depository Fund since it is a bank deposit account. ~~Policy asset allocation was excluded for the Capital Reserve Fund since it had a zero balance at the time of writing this document.~~

APPENDIX C: DESIGNATED PARTIES AND PRIMARY CONTACTS

Erie County Medical Center Corporation

Chief Financial Officer ~~and Chief Investment Officer~~

~~Stephen Gary Jonathan Swiatkowski~~ – (716) 898-6291

Director of Finance and Authorized Investment Decision Maker

Vanessa S. Hinderliter – (716) 898-3730

Mercer (Investment Consultant)

Christopher Adkerson CFA, CAIA, Partner – (314) 982-5717

Kyle Zotta, CFA, CAIA, Principal – (314) 982-5726

M&T Bank

Laurie G. Finn, Relationship Manager – (716) 848-7348

Wilmington Trust (Custodian)

~~*Amy G. Roe, VP, Director, Client Services* – (717) 560-3193~~

~~*Dawn M. Nelson, Trust & Custody Administrator* – (716) 842-4352~~ *Rachel Schlee, Assistant Vice President, Client Service Manager II* – (716) 842-5211

U.S. Bank National Association, Debt Service Accounts Trustee

Christopher Grell, Vice President – (212) 951-6990

~~*Ann Cappelletti, Assistant Vice President* – (617) 603-6601~~



Mission

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

Vision

ECMC WILL BE A LEADER IN AND RECOGNIZED FOR:

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

The difference between
healthcare and true care™





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™



Erie County Medical Center Corporation

Procurement Guidelines

Effective March 1, 2020.

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I. STATEMENT OF PURPOSE AND SCOPE

A. Authority.

1. Public Authorities Law (“PAL”), Article 9, Title 4, New York Statutes, as amended.
2. Public Authorities Law, Article 10-C, New York Statutes, as amended (the “ECMCC Act”).
3. General Municipal Law (“GML”), Article 5-A, New York Statutes, as amended.
4. Public Health Law (“PHL”), Article 28, New York Statutes, as amended.
5. Executive Law (“EL”) Article 15A, New York Statutes, as amended.
6. State Finance Law (“SFL”), Article 9, New York Statutes, as amended.
7. Economic Development Law (“EDL”), Article 4-C, as amended.

B. Purpose.

The purpose of these Procurement Guidelines (“Guidelines”) is to set forth the procedures for purchasing supplies, equipment, materials, construction and services, including professional services, for Erie County Medical Center Corporation (“ECMCC”). These Guidelines are applicable to ECMCC and may be applied by ECMCC in other contexts, in its discretion.

C. Interpretation.

These Guidelines shall be construed and applied to promote compliance with all applicable laws. In the event of a conflict between these Guidelines and the requirements of any applicable law, the applicable law will prevail.

D. Application of These Guidelines.

1. Effective Date. These Guidelines are effective March 1, 2020.
2. Scope. These Guidelines shall apply to all contracts for construction and the purchase of all supplies, equipment, materials and services, including professional services, made by ECMCC irrespective of the source of funds, except as otherwise provided by law.
3. Severability. If any provision of these Guidelines or application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or application of these Guidelines which can be given effect without the invalid provision or application, and to this end the provisions of these Guidelines are declared to be severable.
4. Annual Review. These Guidelines, as adopted pursuant to Section 2879 of the Public Authorities Law and Section 104-b of the General Municipal

Law, shall be subject to annual review and may otherwise be changed without notice by the Board of Directors of ECMCC. The Guidelines are for the use of ECMCC and should not be relied upon as establishing any right by any person or entity other than ECMCC.

II. DEFINITION OF TERMS

The following terms shall, for purposes of these Guidelines, have the meanings set forth below unless the context clearly indicates a different meaning:

1. Best Value. The basis for awarding Contracts for services to a Contractor that optimizes quality, cost and efficiency, among responsive and responsible respondents. Such basis shall reflect, wherever possible, objective and quantifiable analysis. Such basis may also identify a quantitative factor for respondents that are Small Businesses or Minority- or Women-owned Business Enterprises (“M/WBE”) to be used in evaluation of Bids or Proposals for awarding of Contracts for services. In any case where a respondents’ gross price is reducible by an allowance for the value of used machinery, equipment, apparatus or tools to be traded in by a political subdivision, the gross price shall be reduced by the amount of such allowance, for the purpose of determining the Best Value. (SFL § 163(1)(j) and GML § 103).
2. Bid. An offer or proposal submitted in response to an Invitation for Bids.
3. Construction. The building, renovation, retrofitting, rehabilitation, restoration, painting, alteration or repair of any real property or improvements thereon, exclusive of the installation and assembly of any medical equipment, apparatus or device.
4. Contract. A written agreement, memorandum of understanding, letter agreement, letter of intent, or purchase order that formalizes the obligations of all parties involved.
5. Contractor. Any individual, business or other legal entity awarded a Contract to furnish goods or services to ECMCC.
6. Contract Value. The total value of a Contract, including all renewal options. If the value of the Contract is not known or cannot be determined at the time the Contract is awarded (i.e., a service Contract that states an hourly fee but does not state the total hours of service to be provided; a commodities Contract that states the price of the commodities but does not state the total volume of commodities to be purchased), the Contract Value shall be the total amount that ECMCC reasonably anticipates spending under the Contract during the term and any renewal options. With respect to joint Procurements, the amount to be expended by entities other than ECMCC shall be excluded from the Contract Value.
7. County. The County of Erie, New York.
8. Group Purchasing Organization (GPO). An entity that aggregates the purchasing volume of members, such as hospitals and health-care providers, to leverage discounts with manufacturers, distributors and other vendors intending to realize administrative savings and efficiencies.

9. Invitation for Bids (IFB). A formal competitive solicitation seeking sealed Bids for Construction work or specified goods or services, pursuant to which award is made to the responsive and responsible bidder(s) submitting the lowest price, provided that Contracts for goods and services (excluding Contracts for services necessary for the completion of a Construction project) may be awarded on the basis of Best Value to a responsive and responsible bidder. Generally, IFBs are used for the Procurement of Construction, equipment, materials and supplies.
10. Medical Building. The component of a Medical Project constituting appurtenant structures or facilities necessary to house or render the remaining components of the Medical Project operational. Medical Building does not include apparatus, equipment, devices, systems, supplies, or any combination thereof. (PAL § 3628(11)(g)(iii)).
11. Medical Project. Any substantial durable apparatus, equipment, device, or system, or any combination of the foregoing, including services necessary to install, erect, or assemble the foregoing, and any Medical Building, to be used for the purpose of care, treatment or diagnosis of disease or injury or the relief of pain and suffering of sick or injured persons. Medical Projects do not include ordinary supplies and equipment expended or used in the customary care and treatment of patients. (PAL § 3628(11)(g)(iv)).
12. Minority or Women-Owned Business Enterprise (“M/WBE”). A business certified under Article 15-A of the Executive Law that is independently owned, operated and authorized to do business in New York State; and is owned and controlled by at least 51% women or minority group members, respectively, who are citizens of the U.S. or permanent resident aliens. Such ownership must be real, substantial and continuing, and the minorities or women must have and exercise the authority to control independently the day-to-day business decisions of the enterprise.
13. New York State Business Enterprise. A business enterprise, including a sole proprietorship, partnership, limited liability company or business corporation, which offers for sale or lease or other form of exchange, goods which are sought by ECMCC and which are substantially manufactured, produced or assembled in New York State, or services which are sought by ECMCC and which are substantially performed within New York State. (PAL § 2879(5)(b)(ii)).
14. New York State Contract Reporter (“NYSCR”). A publication of procurement opportunities printed for the New York State Economic Development Bureau pursuant to the New York State Economic Development Law. (EDL §§ 141 - 143).
15. Personal Services. Any services performed for a fee, commission or other compensation by persons or organizations that are not providing such services as employees of ECMCC. Personal Services include, but are not limited to, professional services or any other services of a consulting, technical or professional nature.
16. Preferred Source. Contractors selected in accordance with ECMCC’s Preferred Source Policy and State Finance Law Section 162, offering specific commodities or services that meet the form, function and utility requirements of ECMCC.

17. Project Developer. Any individual or entity that has submitted a Proposal in response to a Request for Proposals for a Medical Project. (PAL § 3628(11)(g)(i)).
18. Procurement. The acquisition of goods and/or services.
19. Procurement Contract. Any written agreement to which ECMCC is a party for the acquisition of goods or services of any kind in the actual or estimated amount of five thousand dollars (\$5,000) or more. (EDL § 141).
20. Procurement Record. Documentation of the decisions made and the approach taken with respect to a Procurement.
21. Professional Services. Services involving the provision of advice, instruction or specialized work from an individual, firm or corporation specifically qualified or licensed to provide such services including, but not limited to, accounting, legal, health care, consulting and management services.
22. Proposal. An offer or response submitted in response to a Request for Proposals.
23. Recycled Product. A product that is manufactured from secondary materials as defined in the EDL § 261(1)(d).
24. Request for Proposal (“RFP”). A competitive solicitation seeking Proposals for a specified service or technology, pursuant to which an award is made to the responsive and responsible respondent offering the best value. Generally, RFPs are used for the Procurement of services, information technology systems, and consultants.
25. Responsible. The status afforded an individual or company based on factors such as: financial ability and organization capacity; legal authority to conduct business in New York state; integrity as it relates to business related conduct; and past performance.
26. Responsive. Meeting the minimum Specifications or Requirements as prescribed in a solicitation for goods or services.
27. Small Business. A business which is resident in New York State, independently owned and operated, not dominant in its field and employs one hundred or less persons. (SFL § 163(1)(e)).
28. Specifications (Requirements). Description of the physical or functional characteristics or the nature of a good, the work to be performed, the service or products to be provided, the necessary qualifications of the offeror, the capacity and capability of the offeror to successfully carry out the proposed Contract, the process for achieving specific results and/or anticipated outcomes, or any other requirement necessary to perform the work.

III. SOURCE SELECTION

A. Methods of Source Selection.

Unless otherwise authorized by law, all ECMCC Contracts will be awarded in accordance with one of the following Sections of these Guidelines.

B. Preferred Source.

Prior to engaging in any other method of source selection for the purchase of goods or services, ECMCC shall assess, in accordance with the ECMCC Preferred Source Policy and Section 162 of the State Finance Law, whether the desired goods or services are available from an offeror that has been afforded Preferred Source status. If a Preferred Source has goods or services available in the form, function and utility consistent with the needs of ECMCC, such goods or services shall be procured in accordance with the requirements of State Finance Law section 162 and ECMCC's Preferred Source Policy. If a good or service is not available in form, function and utility consistent with the needs of ECMCC from a Preferred Source, ECMCC may then exercise its authority to utilize any of the other applicable procurement methods set forth in these Guidelines.

C. Invitation for Bid.

1. Invitation for Bid. When the estimated amount of Procurement exceeds \$20,000 for supplies and services, or \$35,000 for public construction projects, and alternate means of procurement described herein are otherwise not available, ECMCC will issue an Invitation for Bid which shall include Specifications and the contractual terms and conditions applicable to the Procurement. (GML § 103(1)).
2. Public Notice. ECMCC must publish notice of the IFB in a daily newspaper, having general circulation in the County, at least five (5) days prior to the date set forth therein for the opening of Bids. Such notice shall state the time and place for opening of the Bids. Where applicable, ECMCC must also publish notice of the IFB in the Contract Reporter in accordance with Section IV.A. (GML § 103(2), PAL § 3628(10)(b)).
3. Bid Acceptance and Evaluation. Timely bids will be unconditionally accepted and evaluated for Responsiveness based on the requirements set forth in the IFB, which may include criteria to determine acceptability such as inspection, quality, workmanship, delivery and suitability for a particular purpose.
4. Correction or Withdrawal of Bids; Cancellation of Awards. ECMCC may permit, where appropriate, the withdrawal of inadvertently erroneous Bids before or after award, or cancellation of awards or Contracts based on such Bid mistakes. After Bid opening, no changes to Bid prices or other provisions of Bids prejudicial to the interest of ECMCC or fair competition shall be permitted.
5. Award. A Contract will be awarded after all necessary approvals have been obtained by written notice to the lowest Responsible and Responsive bidder (or bidders, in the case of multiple awards) whose Bid meets the Specifications set forth in the IFB.

6. Bid Retention. All Bids received, including all related documentation and communications received from bidders during the bidding process, will be maintained in a Procurement Record by ECMCC for at least twelve (12) months.

D. Request for Proposal.

1. Request for Proposals. A Contract may be solicited through an RFP rather than an IFB if the estimated amount of Procurement exceeds \$20,000 for supplies and services or \$35,000 for public construction projects and factors other than price are critical to the Procurement (such as specialized skills or equipment) and alternate means of procurement described herein are otherwise not available. For example, an RFP might be used for the Procurement of Personal Services or the Procurement of biotechnology, electronic, software and system applications. (GML § 103(1)). ECMCC will issue an RFP, which shall include a statement of work and/or Specifications, and the contractual terms and conditions applicable to the Procurement.
2. Public Notice. ECMCC shall, if applicable, publish notice of the RFP in the Contract Reporter in accordance with Section IV.A. ECMCC may also publish notice of the RFP in a newspaper or other publication for purposes of soliciting participation as determined by the Director of Purchasing.
3. Evaluation. Where the basis for award is the Best Value offer, the Procurement Record shall include a determination of the evaluation criteria in advance of the initial receipt of proposals, which whenever possible, shall be quantifiable, and shall describe the process to be used in the determination of Best Value and the manner in which the evaluation process and selection shall be conducted. The RFP shall set forth criteria stating the relative importance of each evaluation factor to the Procurement, including price, to be used by ECMCC during the evaluation period. Each Procurement based on Best Value shall be evaluated by a selection committee of no fewer than two (2) impartial employees or contractors of ECMCC with subject matter expertise. The Procurement Record shall include a full record of all evaluations performed by selection committee, including scorecards of the criteria.
4. Negotiations with Responsible Offeror and Revisions to Proposals. As provided in the RFP, ECMCC may conduct negotiations with Responsible offerors who timely submit Proposals determined to be reasonably qualified to be selected for award. The purpose of negotiations will be to seek the Best Value for ECMCC and to clarify for and advise offerors of the deficiencies in both the technical and price aspects of their Proposals so as to assure the full understanding of and conformance to the solicitation requirements. No offeror will be provided information about any other offeror's Proposal, and no offeror will be assisted in bringing its Proposal up to the level of any other Proposal. Offerors will not be directed to reduce their Proposal prices to a specified amount in order to be considered for award. A common deadline will be established for receipt of Proposal revisions and communicated to Responsible offerors.
5. Award. After evaluation of Proposal revisions, if any, award will be made to

the responsible offeror (or offerors, in the case of multiple awards) whose Proposal is determined to be the most advantageous to ECMCC, taking into consideration price and the evaluation factors set forth in the RFP.

6. Proposal Retention. All Proposals received, including all related documentation and communications received from offerors during the selection process, will be maintained by ECMCC for at least twelve (12) months.

E. Discretionary Procurements.

For purchases up to the discretionary Procurement thresholds set forth below, ECMCC shall not be required to conduct formal competitive bidding processes. With respect to any discretionary Procurement, ECMCC must (i) ensure that the goods, services or technology acquired meet ECMCC's form, function and utility needs; (ii) document and justify the selection of the vendor; (iii) document and justify the reasonableness of the price; and (iv) ensure that the vendor is a Responsible vendor. Reasonableness of price may be determined by obtaining three (3) alternate quotes or comparing the proposed price to prices paid for similar goods or services within the previous twelve (12) months.

1. Supplies and Services under \$20,000. Any Procurement of goods and services, including Professional Services, with a Contract Value that does not exceed \$20,000 including all renewal options may be made without a competitive bidding process; provided, however, that reasonable efforts shall be made to ensure that the price to be paid is reasonable. A Procurement shall not be artificially divided so as to constitute a discretionary Procurement under this Section. (GML § 103(1)).
2. Public Works under \$35,000. Any Construction project with a total Contract Value that does not exceed \$35,000 may be awarded without a competitive bidding process; provided, however, that reasonable efforts shall be made to ensure that the price paid is reasonable. A Construction project may not be divided into more than one project so as to constitute a discretionary Procurement under this Section. (GML § 103(1)).
3. M/WBE and SDVOB Goods and Services under \$500,000. Any Procurement Contract for goods or services with a Contract Value that does not exceed \$500,000 may be awarded to an M/WBE or Service-Disabled Veteran-Owned Business ("SDVOB") without a competitive bidding process, provided that the price for the goods or services is determined to be reasonable in accordance with these guidelines. The reasonably expected aggregate amount of all purchases of the same commodities or services from the same provider within the twelve-month period commencing on the date of the first purchase cannot exceed the \$500,000 limit. Therefore, even though the value of an individual Procurement Contract may be below the discretionary threshold, expected purchases during the following twelve (12) month period should be evaluated to determine whether the discretionary procurement exception is available. Where the Contract Value exceeds \$50,000, the Contract award, and if applicable, the mini-bid directed to M/WBE or SDVOB firms (as applicable), must be advertised in the New York State Contract Reporter in accordance

with Section IV.A. (PAL § 2879)

4. Small Business Goods and Services under \$500,000. Any Procurement Contract for goods or services with a Contract Value that does not exceed \$500,000, including all renewal options, may be awarded to a Small Business without competitive bidding process, provided that the price for the goods or services is determined to be reasonable. For purposes of determining reasonableness of price, the same process set forth relating to M/WBE discretionary awards shall apply to Small Business discretionary awards. The Procurement requirements shall not be artificially divided so as to constitute a discretionary Procurement under this Section III.G. Where the Contract Value exceeds \$50,000, the Contract award and, if applicable, the solicitation directed to Small Businesses, must be advertised in the New York State Contract Reporter in accordance with Section IV.A. (PAL § 2879).

F. Medical Projects.

1. Source Selection. ECMCC may award Contracts for Medical Projects to Project Developers on the basis of factors other than cost alone, including but not limited to, facility design, system reliability, efficiency, safety and compatibility with other elements of patient care. Notwithstanding any contrary provisions of law, a Contract for a Medical Project with a Project Developer may be awarded pursuant to the competitive bidding process outlined in Section III.C (Invitation for Bid) or pursuant to the Proposal evaluation process outlined in Section III.D (Request for Proposal). (PAL § 3628(10)).
2. Public Notice. When an RFP is issued for a Medical Project, ECMCC shall publish notice of such issuance in at least one (1) newspaper of general circulation in the County. Concurrent with the publication of such notice, a draft RFP shall be filed with the County Commissioner of Health. (PAL § 3628(10)(b)).
3. Board Resolution. If after issuance of an RFP for a Medical Project, a Contract is awarded to a Project Developer who is not the lowest bidder, ECMCC shall adopt a resolution containing particularized findings indicating that the requirements of ECMCC are met by the award and that such award is in the public's best interest. (PAL § 3628(10)(b)).
4. Project Cost over \$500,000. Where a Medical Project expected to cost more than \$500,000 involves the construction of a Medical Building, ECMCC's Contract with the Project Developer shall provide that the Medical Building shall be constructed through Contracts awarded through a competitive bidding process outlined in within Public Authorities Law Section 3628, and shall require separate and independent competitive bidding in each of the following subdivisions:
 - (a) plumbing and gas fitting;
 - (b) steam heating, hot water heating, ventilating and air conditioning apparatus; and

- (c) electric wiring and standard illuminating fixtures.

(PAL §§ 3628(11)(b)(i)-(iii)).

- 5. Bid Security. Where a Medical Project expected to cost more than \$500,000 involves the construction of a Medical Building, the Project Developer or the Project Developer's construction subcontractors shall furnish bid security as provided in Section V.A(1). (PAL § 3628(11)).

G. Exemptions from Formal Competition.

The following types of Procurements are exempt from the competitive bidding process and may be awarded by ECMCC without issuance of a formal IFB, provided however that unless otherwise noted herein, exemption from competitive bidding shall not exempt the Procurement from applicable M/WBE participation requirements set forth herein or Contract Reporter publication requirements set forth in Section IV.A:

- 1. Professional Services. Where the issuance of an RFP is impractical due to the professional nature or scope of the services to be provided, such Professional Services may be procured through the solicitation of price quotations from no less than three (3) offerors. Such quotations must be obtained in writing. Award will be made to the offeror providing the Best Value to ECMCC based on an evaluation of the price and other specified factors. If factors other than price are utilized in the evaluation of the quotes, such factors shall be disclosed to all offerors at the time the price quotation is solicited. The names, addresses and/or telephone numbers of the offerors and persons contacted, along with the date and amount of each quotation shall be recorded and maintained in the Procurement Record. Any award of a Contract under this Section shall comply with ECMCC's M/WBE policies and procedures and the Contractor Reporter publication requirements set forth in Section IV.A.
- 2. Additional Items under Existing Contract. Where the need for additional items or services arises under an existing Contract awarded pursuant to an IFB or RFP, such Procurement may be made without issuing a new IFB or RFP, provided that the additional items or services were contemplated under the original IFB or RFP, are provided within eighteen (18) months of the original RFP or IFB and the quantity of additional items or services does not exceed thirty (30%) percent of the quantity of items or services procured under the original Contract. This requirement shall not extend to contract extensions for the same services or products awarded pursuant to a compliant IFB or RFP. All communications and documentation related to the Procurement of additional items or services will be maintained in the Procurement Record. For avoidance of doubt, this Section shall not apply to any discretionary Procurements to the extent that the additional items or services would cause the Contract Value to exceed the discretionary Procurement threshold. To the extent that the additional items or services impact the Contract Value, and the Contract is subject to M/WBE goals, ECMCC shall require the Contractor to submit an updated M/WBE Utilization Plan in accordance with these guidelines.
- 3. Standardization. For reasons of efficiency or economy, purchase Contracts for equipment, material, supplies or services may be standardized to a particular make, model or brand upon the approval by at least three-fifths of the members

of the Board of Directors of ECMCC. The resolution adopted by the Board shall specify the reasons that standardization is appropriate. A common reason for standardization is to ensure that equipment purchased is compatible with existing equipment or spare parts. For such purchases to be justified, the original equipment should be suitable for the required purpose, the price should be reasonable when compared to the overall cost, and the advantages of another make or source of equipment shall have been considered and rejected on grounds acceptable to ECMCC. After a resolution is adopted, ECMCC may specify the standardized make, model or brand in specification document, however all competitive processes set forth in these Guidelines must still be followed. (GML § 103(5)).

4. Sole and Single Sources. When ECMCC determines that there is only one source for required goods or services, and no other vendor offers functionally equivalent goods or services in the marketplace, a Procurement Contract for such goods or services may be awarded without competitive procedures, provided that a Sole Source Justification Form is completed by the Department initiating the Procurement and approved by the Director of Purchasing, Counsel, and ECMCC's CEO or CFO. Sole source Procurements with Contract Values exceeding \$50,000 shall be advertised in the Contract Reporter in accordance with Section IV.A. The definition of "Sole Source" under these Guidelines shall include those instances where goods or services are available from two or more vendors, but a particular vendor is preferable because of specific factors described in this section. Factors supporting an award in such a "single source" situation include: (i) legislation or appropriation mandates use of particular vendor; (ii) warranty voided if service or parts are provided by a different vendor; (iii) software license renewals, additions, or upgrades available from only one source, or (iv) other circumstances as may be identified in the Sole Source Justification Form, as may be amended. (1983 Op. St. Compt. No. 83-67; 1986 Op. St. Compt. No. 86-41; 1988 Op. St. Compt. No. 88-35; and related case law).
5. Emergency Procurement. Notwithstanding any other provision of these Guidelines, ECMCC may make or authorize others to make an emergency Procurement in the event of an accident or unforeseen occurrence or condition that affects its buildings or property, or the life, health, safety, or property of its staff or patients, or to prevent or minimize serious disruption of ECMCC services jeopardizing patient health, welfare or safety; subject to the following provisions:
 - (a) The emergency Procurement shall be limited to those supplies, services or construction items necessary to meet the immediate emergency;
 - (b) Emergency Procurements shall be made with such competition as is practicable under the circumstances;
 - (c) Approval of the CEO shall be obtained prior to the Procurement;
 - (d) For emergency Procurements that equal or exceed two hundred fifty thousand dollars (\$250,000), the Board of Directors must ratify the Emergency Procurement at the next Board meeting. (GML § 103(4)).

6. Joint Hospital Purchases. ECMCC may participate in a joint purchasing agreement for the Procurement of goods, supplies and services with one or more other municipal, state, federal or privately-owned hospital or other health related facility or medical school that receives public funding without competitive bidding. Such cooperative or joint purchasing may include, but is not limited to, multi-party contracts between public Procurement units and open-ended public Procurement unit contracts that are made available to other entities. Such joint purchases are exempt from traditional M/WBE goals but must comply with other applicable M/WBE policies ECMCC has in place governing joint purchases. (GML § 103(8); PHL § 2803-a).
7. Group Purchasing Organizations. ECMCC recognizes purchases made through Group Purchasing Organizations as a best practice in hospital purchasing nationwide with associated efficiencies, savings and speed. ECMCC may participate in one or more group purchasing organizations (GPO). Procurements made pursuant to a GPO arrangement shall not be subject to competitive bidding processes or traditional M/WBE goals. (PHL § 2803-a; 1989 Op. St. Compt. No. 89-2).
8. Surplus and Second-Hand. Surplus and second-hand supplies, equipment and materials purchased from the federal government, New York State, or any other political subdivision, district or public benefit corporation are not subject to the competitive bidding process. (GML § 103(6)).
9. Recycled Products. Recycled products may be purchased without regard to the competitive Bid process so long as they meet the specified requirements and are reasonably competitive. Reasonably competitive shall mean that the cost of the recycled product does not exceed a cost premium of ten (10%) percent above a comparable non- recycled product. (GML § 104-a).
10. Government Sources. ECMCC may purchase from the New York State Office of General Services when the purchase exceeds \$500, or it may make purchases from the federal government, without regard to the competitive Bid process or M/WBE goals. However, when ECMCC elects to use a federal source for the purchase of goods or services, no purchase may be made where a Bid for such good or service has been received, unless the purchase may be entered into upon the same terms, conditions, and Specifications and represent a cost savings to ECMCC. (SFL § 163(3)(iv); PAL § 3628(9)).
11. Board Waiver of Requirements for Competitive Selection of Contractors. The ECMCC Board may, by resolution, waive requirements for the competitive selection of contractors for a specific procurement that otherwise would be awarded on a competitive basis when such waiver is in the best interest of ECMCC. Accordingly, the Board of Directors may, upon careful deliberation and a vote of 2/3 of the Directors present at a meeting of the Board at which such Contract is presented, waive the selection of contractors on a competitive basis when doing so is in the best interest of ECMCC. (PAL § 2879(3)(b)(i)).
12. Professional Health Care Services. Contracts for professional health care services including but not limited to services performed by health care agencies or entities, physicians, dentists, physician's assistants, home health and personal care aides, occupational, speech, respiratory and physical

therapists, nurses, nurses' assistants, medical and laboratory technicians, diagnosticians, social workers, psychiatric workers, veterinarians, and persons who provide care, treatment, counseling, case management, rehabilitative or preventative services to the mentally ill, developmentally disabled and those suffering from the disease of alcoholism or substance abuse are exempt from competitive bidding. (Professional services exception found within case law and various NYS Comptroller opinions.)

13. Subsidiaries of the Corporation. ECMCC may own, in whole or in part, one or more subsidiary corporations formed to exercise and perform portions of its purposes, powers, duties, functions, or activities. Delegation of such activities to these corporations shall not be subject to competitive bidding processes or traditional M/WBE goals. (PAL § 3631(9)).
14. Lease Agreements. ECMCC may lease or purchase real property from private entities without engaging in an IFB or RFP process. (GML § 103 and related case law).

H. Pre-qualification/Request for Qualifications.

Prospective suppliers may be pre-qualified for particular types of supplies, services or construction. Such pre-qualification, however, is subject to subsequent review and does not necessarily constitute a finding of Responsibility for any particular contract award nor does it guarantee an amount to be awarded. Notice of the Request for Qualifications shall be published at least annually in a newspaper of general circulation, and shall be published in the New York State Contract Reporter, similar to an IFB/RFP. The pre-qualified vendor list generated by the Request for Qualifications shall not contain less than five (5) bidders and must remain open for additional qualified bidders. Prequalification of bidders does not constitute competitive bidding. An IFB or RFP must still be used to determine how a particular Procurement will be awarded. (GML § 103(15)(b)).

I. New York State Business Enterprises.

It is the goal of ECMCC to promote the participation of New York State Business Enterprises and New York State Residents in Procurement Contracts. (PAL §§ 2879(3)(n)-(p)).

IV. PROCEDURES and STANDARD PROVISIONS

- A. **New York State Contract Reporter.** All Procurements (other than joint purchases and contracts for health care services) of goods, services or public works having a Contract Value of fifty thousand dollars (\$50,000) or more shall be published in the New York State Contract Reporter (except as provided below).
 1. Notice of Procurement. For all Procurement Contracts with a Contract value equal to or greater than \$50,000, ECMCC will, prior to issuing an IFB or RFP, submit the following information to the New York State Contract Reporter website: (a) ECMCC's name and address; (b) the IFB or RFP number; (c) a brief description of the goods and/or services sought, the location where goods are to be delivered and/or services provided and the contract term; (d) the address where bids or proposals are to be

submitted; (e) the due date for Bids or Proposals; (6) a description of any eligibility or qualification requirements or preferences; (7) a statement as to whether the contract requirements may be fulfilled by a subcontracting, joint venture or coproduction arrangement; (8) any other information deemed useful to potential contractors; (9) the name, address, and phone number of the person to be contacted for additional information and (10) a statement as to whether the goods and/or services sought have, in the immediately preceding three-year period, been supplied by a Foreign Business Enterprise (as defined in EDL § 141(2)). The notice of Procurement opportunity shall appear in the NYSCR at least fifteen (15) business days prior to the Bid or Proposal due date. (EDL § 142(2)(c)).

2. Notice of Contract Award. At the time a determination of intent to award a Procurement Contract is made, the following information shall be submitted for publication in NYSCR:

- (a) For Procurement Contracts obtained through IFB, the result of the Bid opening including the names of bidding firms and the amounts bid by each;
- (b) For Procurement Contracts obtained through RFP or quote solicitation, the names of vendors submitting Proposals or quotes and the vendor submitting the selected Best Value Proposal or quote.
- (c) For all other Procurement Contracts (including Procurement Contracts with a value of \$50,000 or more awarded on a sole source or single source basis, including such Contracts not exceeding \$200,000 awarded to Small Businesses or M/WBE firms, or for the purchase of goods and/or technology that are recycled or remanufactured, and certain other Procurement Contracts exempt from the general advertising requirement for procurement contract bidding opportunities), the name of the proposed awardee. (EDL §§ 143(2)-(3)).

3. Exemptions. This Section IV.A shall not apply (a) in the event of an Emergency Procurement, (b) if the Procurement is being resolicited within forty-five (45) business days after the date Bids or Proposals were originally due, or (c) to Procurement Contracts awarded to not-for-profit human services providers. (EDL § 144).

B. Cancellation of Invitation for Bid or Request for Proposal.

An IFB, RFP or other solicitation may be canceled, or any or all Bids or Proposals may be rejected in whole or in part as may be specified in the solicitation or otherwise, when it is in the best interest of ECMCC. The reasons for the cancellation or rejection shall be made part of the Procurement Record. (GML § 103(1)).

C. Responsibility of Bidders and Respondents.

1. Standards. Factors to be considered in determining whether the standard of “Responsibility” has been met include whether a prospective contractor has:
 - (a) Available the appropriate financial, material, equipment, facility and/or personnel resources and expertise, or the ability to obtain them, necessary to indicate its ability to meet all contractual requirements;
 - (b) A satisfactory record of performance with projects of a similar size and nature;
 - (c) A satisfactory record of integrity;
 - (d) Qualified legally to contract with ECMCC; and
 - (e) Promptly supplied all necessary information in connection with the inquiry concerning responsibility.
2. Written Determination of Non-Responsibility or Nonresponsiveness Required. If a bidder or offeror who otherwise would have been awarded a contract is found non-responsible or nonresponsive, ECMCC shall issue a written determination of non-responsibility or nonresponsiveness setting forth the basis of the finding.

D. Compliance with Procurement Lobbying Laws. In accordance with State Finance Law Section 139-j, potential Contractors are prohibited from contacting ECMCC in an effort to influence a decision on a pending Procurement during the “Restricted Period” set forth within such law. Further, in accordance with State Finance Law Section 139-k, bidders and offerors are required to disclose findings of non-responsibility made within the previous four years by any governmental entity where such prior finding of non-responsibility was due to: (a) a violation of Section 139-j, or (b) the intentional provision of false or incomplete information to a governmental entity. ECMCC shall investigate any report of violation of these laws. Failure to comply with these laws may result in the disqualification of a Contractor from future Procurement opportunities.

E. Contractor Preparation of Technology Specifications. If a Contractor prepares and furnishes specifications for a technology Procurement proposal, to be used in a competitive Procurement, such Contractor shall not be permitted to bid or propose on such Procurement, either as a prime contractor or as a subcontractor. Contracts for evaluation of offers for products or services shall not be awarded to a Contractor that would then evaluate its own offers for products or services. Such restrictions shall not apply where:

1. The Contractor is the sole source or single source of the product or service;
2. More than one Contractor has been involved in preparing the specifications for a Procurement proposal; or
3. A Contractor has furnished at ECMCC’s request specifications or information regarding a product or service they provide, but such Contractor has not been directly requested to write specifications for such product or service or an ECMCC technology procurement proposal.

F. Contract Provisions.

1. All Contracts for Personal Services shall detail the scope of services to be

performed and the time frame for performance, the monitoring or reviewing of that performance by ECMCC personnel and, where appropriate, any permitted use of supplies, facilities or personnel. Such contracts also shall state the compensation for the services, the timing of payment, the preconditions for receiving payment from ECMCC, procedures for termination of the contract and any other provisions counsel deems necessary or appropriate for each particular contract. If the performance of any contract permits or requires the use of subcontractors, the Contract shall require the Contractor to act affirmatively to secure such participation by M/WBEs and to report the nature and extent of such efforts to ECMCC in accordance with predetermined ECMCC participation goals.

2. All Contracts awarded through one of the competitive Bid processes also must include the following non-collusive bidding certification language:

- (a) By submission of this bid, each bidder and each person signing on behalf of any bidder certifies, and in the case of a joint bid each party thereto certifies as to its own organization, under penalty of perjury, that to the best of knowledge and belief:
- The prices in this bid have been arrived at independently without collusion, consultation, communication, or agreement, for the purpose of restricting competition, as to any matter relating to such prices with any other bidder or with any competitor;
 - Unless otherwise required by law, the prices which have been quoted in this bid have not been knowingly disclosed by the bidder and will not knowingly be disclosed by the bidder prior to opening, directly or indirectly, to any other bidder or to any competitor; and
 - Unless otherwise required by law, the prices which have been quoted in this bid have not been knowingly disclosed by the bidder and will not knowingly be disclosed by the bidder prior to opening, directly or indirectly, to any other bidder or to any competitor; and
 - No attempt has been made or will be made by the bidder to induce any other person, partnership or corporation to submit or not to submit a bid for the purpose of restricting competition.

G. Contract Review and Approval.

1. General Counsel. All contracts and amendments to contracts must be reviewed and approved by ECMCC's General Counsel, with the exception of renewals or extensions to existing contracts upon the same terms and conditions previously reviewed and approved by the General Counsel. General Counsel may designate an attorney member of the Office of General Counsel to perform review in any particular instance.
2. Board Approval of Non-Budgeted Contracts. Any Contract with a Contract Value in excess of \$500,000 that does not appear in the budget must be

approved by the Board of Directors.

3. Board Approval and Annual Review of Certain Contracts for Services. Any Procurement Contract for services with an actual or anticipated term of more than one (1) year must be approved by and annually reviewed by the Board of Directors. (PAL § 2879).
4. Signing Authority. The CEO, CFO and President are the only persons authorized to sign Contracts on behalf of ECMCC.

H. ECMCC Reserved Rights. The following statement of reserved rights may be incorporated in all RFPs and IFBs.

ECMCC reserves the right to:

1. Reject any and all proposals submitted in response to this Request for Proposals or Invitation for Bids;
2. Disqualify any respondent whose conduct or proposal fails to conform to the requirements of this RFP/IFB;
3. Withdraw this RFP/IFB at any time at its sole discretion;
4. Prior to submission of proposals to amend the RFP/IFB specifications to correct errors or oversights, or to supply additional information as it becomes available;
5. Change any of the scheduled dates;
6. Waive any requirements that are not material;
7. Waive any non-conformity with the requirements of this RFP/IFB;
8. Terminate this RFP/IFB process at any time;
9. Seek clarification from a respondent at any time throughout the RFP/IFB process for the purpose of resolving ambiguities or questioning information presented in proposals;
10. Award the contract in whole or in part and/or apportion the award among one or more respondents;
11. Negotiate final terms with the successful respondent(s);
12. Conduct contract negotiations with the next responsible bidder, should ECMCC be unsuccessful in negotiating with the selected bidder; and
13. Prepare a list of finalists based on initial proposal evaluations and request that finalists present in-person or telecommunicated presentations to ECMCC.

V. BOND REQUIREMENT

A. Bid Security.

1. Requirement for Bid Security on Construction Contracts. Bid security shall be required for Contracts involving the construction of a Medical Building when the cost is estimated to exceed \$500,000. Bid security shall be in the form of a bond from the Project Developer or the Project Developer's construction subcontractor guaranteeing prompt payment when due to all persons furnishing labor and materials. Such bond shall be provided by a surety company authorized to do business in New York, or the equivalent in cash or otherwise supplied in a form satisfactory to ECMCC. Nothing herein prevents the requirement of such bonds on other construction Contracts or Contracts valued under \$500,000 when the circumstances warrant. (PAL § 3628(11))
2. Bid Security on Supply or Services Contracts. Bid security may be required for supply or service contracts, as ECMCC deems necessary to protect ECMCC's interests. Any security requirements shall be set forth in the solicitation. Bid security shall be a bond provided by a surety company authorized to do business in New York or the equivalent in cash or otherwise supplied in a form satisfactory to ECMCC. Bid security shall not be used as a substitute for a determination of a bidder or offeror's responsibility.
3. Rejection of Solicitations for Noncompliance with Bid Security Requirements. When the solicitation requires security, noncompliance requires that the Bid or Proposal be rejected unless otherwise waived by ECMCC pursuant to these Guidelines. (PAL § 3628(11)).

B. Other Forms of Security on Construction Contracts.

ECMCC may require other forms of security to assure timely, faithful and uninterrupted performance, including, but not limited to, operations period surety bonds, letters of credit, and appropriate written guarantees from the Contractor.

VI. ETHICS

A. Definitions.

1. Direct and Indirect Participation. Involvement through decision, approval, disapproval, recommendation, preparation of any part of a purchase request, influencing the content of any specification or Procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity.
2. Employee. Any individual drawing a salary from ECMCC or any non-compensated individual performing services for ECMCC.
3. Relative. An individual residing in the same household as the ECMCC employee and any individual who is a direct descendent of the employee's grandparents or the spouse of such descendent.

B. Conflict of Interest.

1. Conflict of Interest. It shall be a breach of ethical standards for any employee to participate directly or indirectly in a Procurement when the employee knows that:
 - (a) The employee or a relative of the employee has a financial interest pertaining to the Procurement;
 - (b) A business or organization in which the employee or relative is involved has a financial interest pertaining to the Procurement;
 - (c) Any other person, business, or organization with whom the employee or relative is negotiating or has an arrangement concerning prospective employment is involved in the Procurement.

C. Kickbacks.

It shall be a breach of ethical standards for any payment, gratuity, or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor, higher tier subcontractor or any person associated therewith, or a relative of such contractors or subcontractors, as an inducement for the award of a subcontract or order.

VII. MINORITY AND WOMEN BUSINESS ENTERPRISE ("M/WBE") REQUIREMENTS.

- A. Scope.** All Procurement Contracts entered into by ECMCC exceeding \$25,000 for labor, services, supplies, equipment, or materials or exceeding \$100,000 for the acquisition, construction, demolition, replacement, major repair or renovation of real property and improvements, must comply with the M/WBE requirements set forth in New York State Executive Law Article 15-A, as well as 5 NYCRR Parts 142-144 ("M/WBE Regulations") ("State Contracts"). With respect to procurement of services and commodities, ECMCC shall consider the reasonably expected aggregate amount of all purchases of the same commodities or services to be made within a twelve (12) month period commencing on the date of purchase when determining whether these requirements apply. Aggregate purchases of the same commodities or services within a twelve (12) month period are deemed a single transaction.

B. M/WBE Goal Plan.

1. Annually, ECMCC shall submit to the director of the NYS Department of Economic Development, Division of Minority and Women's Business Development (the "Division"), an M/WBE Goal Plan setting forth the percentage of ECMCC expenditures targeted for the participation of M/WBEs in the following State Contract categories:
 - Construction;
 - Commodities;
 - Construction related professional services; and
 - Non-construction related professional and non-professional services.

2. **Establishment of Goals.** ECMCC shall review all State Contracts and establish overall goals for each contract as well as goals for specific MBE and WBE participation, as required by 5 NYCRR 142.2. Generally, ECMCC is committed to achieving an overall M/WBE utilization percentage of thirty percent (30%) of ECMCC's agency budget, which percentage goal may be amended from time to time as set forth in the M/WBE Goal Plan (the "M/WBE Goal"). This goal is generally subdivided into twenty percent (20%) MBE and ten percent (10%) WBE participation, but may be reduced or increased on an individual basis at ECMCC's discretion.
3. **Exempt and Excluded Expenditures.** The M/WBE Goal Plan includes a list of "Exempt" and "Excluded" expenditures, which expenditures are not included in ECMCC's agency budget. Such exemptions and exclusions shall include those otherwise described within these Guidelines, but may also include other areas that ECMCC determines insufficient M/WBE utilization is available.
4. **State Contract Goals.** Each IFB, RFP, and proposed contract that is expected to result in a State Contract (other than an exempt or excluded State Contract) shall set forth the M/WBE Goal for the State Contract. Individual goals may be set for each State Contract, taking into consideration the factors set forth in 5 NYCRR 141.2(e). Each IFB and RFP shall include detailed instructions on M/WBE compliance and requirements to be met in responding the IFB or RFP.

C. ECMCC's Good Faith Efforts. For all procurements anticipated to result in a State Contract (other than an exempt or excluded State Contract), ECMCC shall employ good faith efforts to achieve M/WBE participation in accordance with 5 NYCRR 141.6, including, but not limited to, the following notice of solicitation strategies:

1. NYS Contract Reporter. With respect to all procurements expected to result in a State Contract exceeding \$50,000, such procurements shall be advertised in the New York State Contract Reporter.
2. Direct Solicitation of M/WBEs. Notice of the solicitation (by email or letter) shall be sent by ECMCC's Department of Purchasing directly to certified M/WBEs that have been identified by ECMCC as M/WBE vendors qualified to provide the service or commodity.
3. Other Media. Advertisements for RFPs, IFBs and other solicitations anticipated to result in a State Contract will also be placed in minority and women-focused media as appropriate.

D. Documentation of Good Faith Efforts. ECMCC shall document its Good Faith Efforts by including in the procurement record: (1) documentation showing M/WBE vendors, organizations and associations that were solicited and/or copies of advertisements placed in general circulation media, trade association, publications and/or minority-focused media, and (2) all bids, quotes, proposals or other responses received from M/WBE vendors.

E. Contractor's Good Faith Efforts. When an opportunity for subcontracting or indirect expenditure with an M/WBE firm exists on a State Contract, ECMCC shall ensure that prime vendors employ a good faith effort to utilize M/WBE subcontractors as required under 5 NYCRR 142.8. In determining whether a Contractor has made good faith efforts to utilize M/WBE subcontractors, ECMCC shall consider, at a minimum, whether the Contractor has undertaken the following efforts:

1. Solicit certified M/WBEs and provide copies of solicitations and responses thereto upon ECMCC's request;
2. Advertise for participation of M/WBEs in appropriate general circulation, trade and minority- or women-oriented publications, and provide copies of the listing(s) and date(s) of the publication to ECMCC upon request; and
3. Undertake steps to reasonably structure the contract scope of work for the purpose of subcontracting with, or obtaining supplies from, certified M/WBEs.

F. Joint Ventures and Teaming Agreements.

Where a State Contract does not afford opportunities for subcontracting or subconsulting, potential contractors shall be encouraged to enter into joint ventures and teaming agreements with M/WBEs.

1. Joint Venture. A contractual agreement joining together two or more business enterprises, one of which is a certified M/WBE, for the purpose of performing on a State Contract. The M/WBE must provide a percentage of value added services representing an equitable interest in the joint venture. All parties to the joint venture must agree to share in the profits and losses of the business endeavor according to their percentage of equitable interest.
2. Teaming Agreement. A utilization plan arrangement between two or more business enterprises, one of which is a certified M/WBE, to perform on a specific State Contract if awarded to the team. The team itself may be a joint venture, or one of the team members may be designated to act as the prime contractor, and the other member(s) designated to act as subcontractors.
3. Information Required. In the event that a contractor responding to a solicitation is a joint venture, teaming agreement, or other similar arrangement that includes a certified M/WBE, such a contractor must submit the M/WBEs identifying information, including federal identification number and copy of certification, as well as a copy of the joint venture or teaming agreement.

G. M/WBE Utilization.

1. M/WBE Utilization Plan. With respect to procurements that are anticipated to result in the execution of a State Contract, ECMCC shall include a blank M/WBE Utilization Plan with any IFB, RFP, or proposed contract (where the contract is exempt from competition requirements set forth in GML § 103).

2. Review of Utilization Plan. ECMCC shall review and approve all M/WBE documentation (Utilization Plan, Staffing Plan, etc.), or otherwise notify the potential contractor of disapproval or deficiency of the documentation within twenty (20) business days of submission, as required by 5 NYCRR §142.4. If the Utilization Plan is not approved, the M/WBE Program Coordinator will provide the contractor with a written notice of deficiency of the Utilization Plan within twenty (20) business days of its receipt, as required under 5 NYCRR Part 142.6(c). The potential contractor must respond to the notice of deficiency by submitting to the M/WBE Compliance Coordinator a written remedy within the period of time set forth in the bid or RFP documents, as permitted by 5 NYCRR Part 142.6(e). If the written remedy submitted is found to be inadequate, the M/WBE Compliance Coordinator will notify the contractor and may request the contractor to submit a request for a waiver. If a contractor is deemed non-responsive or non-responsible by ECMCC in accordance with Section any request for waiver shall be deemed to be moot (5 NYCRR Part 142.7(a) (1) (b)).
3. Determination of Non-Responsiveness. ECMCC may disqualify a potential contractor as non-responsive (5 NYCRR §142.6(f)) to the requirements of NYS Executive Law Article 15-A upon the occurrence of any of the following:
 - (i) Contractor fails to submit a M/WBE Utilization Plan in accordance with the requirements of this Policy or apply for a waiver;
 - (ii) Contractor fails to submit a written remedy in response to a notice of Utilization Plan deficiency in accordance with this Policy;
 - (iii) Contractor fails to submit a request for waiver upon request by ECMCC;
 - (iv) Denial of a request for waiver by the M/WBE Compliance Coordinator or the Division; or
 - (v) M/WBE Compliance Coordinator determines that the contractor has failed to perform good faith efforts.

H. Self-Performance. Contractors that are NYS certified M/WBEs and will self-perform all or a portion of a State Contract may count the value of the self-performed work as either MBE or WBE involvement up to the dollar value of such involvement. Contractor must also engage participation from another MBE or WBE firm of the opposite designation in order to meet the requirements of ECMCC's M/WBE Program. Example: On a contract for supplies with a 30% M/WBE goal (15% MBE and 15% WBE), ABC Company is a WBE and intends to self-perform 20% of the contract work. Company ABC may count 20% of the contract value as WBE utilization performed by Company ABC. Company ABC must still engage at least one NYS certified MBE as a subcontractor or supplier to perform at least 15% of the contract work in order to meet the M/WBE requirements of the contract.

I. Commercially Useful Function. In accordance with 5 NYCRR 140.1(f), only sums paid to M/WBEs for the performance of a commercially useful function may be applied towards the achievement of the applicable M/WBE participation goal. An M/WBE performs a commercially useful function when it is responsible for execution of the work of the contract and is carrying out its responsibilities by

actually performing, managing, and supervising the work involved. An M/WBE does not perform a commercially useful function if its role adds no substantive value and is limited to that of an extra participant in a transaction, contract, or project through which funds are passed in order to obtain the appearance of participation.

- J. Contractor Reporting.** The State Contract shall require contractor to submit monthly M/WBE utilization reports throughout the term of the Contract.
- K. Non-Compliance.** Contractors who fail to comply with the utilization percentages set forth in their approved Utilization Plan shall be subject disqualification, liquidated damages, termination of the State Contract, or other enforcement as set forth in the Contract.
- L. Waivers.** If a contractor or potential contractor, after engaging in good faith efforts as described within the M/WBE Regulations, is unable to achieve the M/WBE goals applicable to the RFP, IFB, or State Contract, ECMCC may permit the contractor to request a total or partial waiver of the M/WBE goals by submitting a request for waiver accompanied by documentation of good faith efforts. Within seven (7) business days of submission, ECMCC will determine in its discretion whether the request should be approved, denied, or whether additional action should be taken by the contractor to reach the applicable goal. Contractors are responsible for preparation of all Requests for Waiver and supporting documentation, and waiver requests that do not contain sufficient documentation of Good Faith Efforts should not be approved.
- M. M/WBE Discretionary Purchases.** Consistent with New York Public Authorities Law Section 2879, where goods or services are available from certified M/WBEs, procurements may be made by ECMCC in amounts not exceeding \$200,000 without competitive bidding, in accordance with the March 31, 2015 resolution of the ECMCC Board of Directors (each a “Discretionary M/WBE Procurement”). ECMCC must document in the procurement record support for both the reasonableness of the price and the selection of the M/WBE vendor. Any contracts entered into as Discretionary M/WBE Procurements must include language providing for the termination of the agreement should the M/WBE lose its state certification.
1. Solicitation of discretionary quotes. When making a Discretionary Procurement, ECMCC may solicit quotes from multiple M/WBE vendors (“M/WBE Mini-Bid”). Generally, the Discretionary M/WBE Procurement should be awarded to the responsible M/WBE vendor submitting the lowest price.
 2. Advertisement of Discretionary M/WBE Procurements.

Advertising requirements under NYS Economic Development Law still apply to Discretionary M/WBE Procurements. The language that should be used for advertisement of a Discretionary M/WBE Procurement is as follows for M/WBE Mini-Bids (as described below):

“ECMCC intends to procure [insert project description, i.e. 1,000 widgets] pursuant to its discretionary purchasing authority under New York Public Authorities Law section 2879. This procurement opportunity is limited to

New York State businesses certified pursuant to Article 15-A of the New York State Executive Law.”

If this is not intended as an M/WBE Mini-Bid, the following language shall be used:

“ECMCC intends to procure [insert project description, e.g. 1,000 widgets] as a discretionary spend pursuant to its purchasing authority under New York Public Authorities Law section 2879. ECMCC will procure these services or goods from a New York State businesses certified pursuant to Article 15-A of the New York State Executive Law. This is not a bid opportunity. Please do not contact ECMCC requesting bid information.”

3. Negotiation of Procurement Price. When an M/WBE submits a quote for a commodity or service in a Discretionary M/WBE Procurement (not exceeding \$200,000) and the quote is deemed high, ECMCC should engage in direct negotiation with the M/WBE vendor in an attempt to reach reasonableness of price. This step is not permitted for a competitive procurement.
4. Reasonableness of Price. ECMCC must document in the procurement record the “reasonableness of price” for any Discretionary M/WBE Procurement. Generally, reasonableness of price can be determined by: (1) Comparing the quoted price with the price for the same or similar services purchased within the last six months; (2) Comparing the price with other quoted prices; (3) Comparing the quoted price with prices in various procurement publications; (4) Reviewing the type of work that was previously accepted by ECMCC at a similar price; or (5) Comparing the price of the product or service with the current market value of the same product or service.
5. Justification for the Selection of M/WBE Vendor. ECMCC must document justification for the selection of the M/WBE vendor in the procurement record. Selection may be supported by: (1) demonstrating reasonableness of cost; (2) showing enhanced or best value provided by the vendor; (3) (if applicable) noting the vendor is a NYS small business; and (4) identifying the vendor as an M/WBE (this cannot be the sole justification).

N. Consideration of Diversity Practices.

1. Generally. ECMCC may consider potential contractors’ “Diversity Practices” in awarding contracts in excess of \$250,000 that are not subject to formal competitive bidding, and are awarded on the basis of best value. With respect to such contracts awarded through the RFP process and anticipated to be in excess of \$250,000, prior to issuing the RFP, ECMCC shall determine whether it is practical, feasible and appropriate to include Diversity Practices in the evaluation. If ECMCC makes a determination that the evaluation of Diversity Practices is not practicable, feasible, or appropriate for service contracts, such determination shall be supported in writing in the procurement record.
2. Diversity Practices. A contractor's “diversity practices” are its past, present, and prospective practices and policies with respect to: (a) utilizing certified

M/WBEs in contracts awarded by New York State agencies, other public entities or private sector companies, as subcontractors and suppliers; and (b) entering into partnerships, joint ventures or other similar arrangements with certified M/WBEs as defined in this part or other applicable federal, state, or local statutes or regulations, or certified by the certifying entities recognized by the Division governing an entity's utilization of minority or women-owned business enterprises, and (c) any other information requested by that demonstrates the contractor's commitment to a policy of diversity practices related to M/WBEs.

3. Determination of Practicality or Feasibility. A determination by ECMCC as to whether it is practical, feasible and appropriate to assess the diversity practices of all prime contractors making such submissions shall include consideration of the: (1) nature of the labor, services, supplies, equipment and materials being procured; (2) method of procurement undertaken to make the award; (3) certified M/WBE utilization plans required by ECMCC; and (4) availability of certified M/WBEs in the region in which the contract is to be performed.
4. Diversity Practice Submissions. Where ECMCC determines with respect to a particular contract that Diversity Practices will be considered in awarding the Contract, ECMCC shall require all potential contractors to complete and submit a Diversity Questionnaire and shall consider the potential contractors' Diversity Practices as a factor in making a determination regarding contract award.

ERIE COUNTY MEDICAL CENTER CORPORATION

COMPLIANCE PLAN

ERIE COUNTY MEDICAL CENTER CORPORATION CORPORATE COMPLIANCE PLAN

I. INTRODUCTION

Erie County Medical Center Corporation (and its affiliates, collectively referred to as “ECMCC”) is dedicated to ensuring a culture of compliance, honesty and integrity. ECMCC is subject to a myriad of federal, state and local laws and regulations as it carries out its mission as a leader in the areas of patient care, teaching, and research. ECMCC is committed to compliance by both clinical and non-clinical personnel (including employees, officers, professional staff members, members of its Board of Directors, and agents and contractors). In order to enhance its collective efforts to comply, ECMCC, by action of the Board of Directors, has adopted this Corporate Compliance Plan (the “Plan”).

This Plan supersedes the previously adopted Corporate Compliance Plan, and, along with the attached Code of Conduct, is intended to be the overall framework for internal policies, procedures, and mechanisms that will give guidance to and assist personnel in complying with the laws and regulations that apply to our activities on behalf of ECMCC. The Plan is not designed to provide detailed guidance but rather a roadmap to the ECMCC’s compliance efforts coupled with the additional detailed policies and procedures that promote compliance and ethical conduct. It is also intended to serve as a resource for Board of Directors and ECMCC officers regarding their corporate responsibilities. The Plan also describes the procedures that will be followed in enforcing these standards and ensuring that ECMCC stays in compliance with all applicable laws, including those listed below.

This Plan is designed to incorporate recommendations enumerated in the Department of Health and Human Services Office of Inspector General’s (“OIG”) 1998 Compliance Program Guidance for Hospitals and Supplemental guidance issued in January 2005 and 2008 in Compliance Program Guidance for Nursing Facilities. It also reflects the elements of an effective compliance plan as described in the Federal Sentencing Guidelines, Social Security Law Section 363-d, title 18 New York Codes of Rules and Regulations Part 521, the OMIG Compliance Program Review Guidance dated October 26, 2016, the Deficit Reduction Act of 2005 (DRA), and the New York State False Claims Act.

The Importance of the Compliance Plan

ECMCC is committed not only to providing patients with high quality care and caring medical services, but also to providing those services pursuant to the highest ethical, business and legal standards. Our compliance efforts are designed to perpetuate a culture within ECMCC that promotes prevention, detection and resolution of instances of conduct that do not conform to federal, state and local laws and federal, state and private payor health care program requirements. This is

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not only the right thing to do, but it is also important for our continuing reputation for honesty and integrity in our business and medical dealings with others.

The Plan is especially critical as an internal control in the reimbursement and payment areas. Throughout the health care industry, claims and billing operations often raise potential fraud and abuse concerns and, therefore, have been the focus of governmental reviews and sanctions.

Moreover, compliance with federal and state laws, rules and regulations is essential because of the potential for civil and even criminal liability if we were found to have violated the applicable legal standards. A governmental inquiry can lead to significant financial exposure and damage to our reputation for honesty and integrity. Prevention is certainly a prudent business plan, and that is what our Plan is designed to accomplish.

Purpose and Execution of the Compliance Plan

The purpose of the Plan is to guide ECMCC in its management and operation of compliance-related activities by both preventing and detecting fraudulent, abusive and/or wasteful practices. This Compliance Plan reflects ECMCC's commitment to honest and responsible conduct, encourages personnel to report potential problems, and allows for appropriate internal investigation and corrective action. The Plan intends to demonstrate that it is both committed to due diligence in seeking to prevent and detect systemic problems and violations of law by developing and sustaining a rigorous Compliance Plan. The Plan has at its foundation, eight elements that New York State and federal guidelines have deemed necessary for an effective, high-quality compliance program:

1. The development and distribution of written standards of conduct, as well as **written policies and procedures** that promote and support the hospital's commitment to compliance;
2. The **designation of a compliance officer** and other appropriate bodies, e.g. a corporate compliance committee, vested with the responsibility of operating and monitoring the compliance program, and who report directly to a Senior Leader and the Audit & Compliance Committee of the Board of Directors;
3. The development and implementation of regular, effective **education and training** programs for all affected personnel and persons associated with the provider;
4. Open **lines of communication** with a hotline to receive complaints and/or concerns, an incident reporting system and open door to the Compliance Officer;

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5. A **system to respond to allegations of improper/illegal activities** and the **enforcement of appropriate disciplinary action** against personnel who have violated internal compliance policies, applicable statutes, regulations or Federal health care program requirements;
6. A **system of audits and/or other evaluation techniques** utilized to monitor compliance and to assist in the reduction of potential issues, especially high risk areas;
7. A **system to promptly investigate, remediate and respond to compliance issues**. Identified systemic problems are investigated and remediated and policies developed to address the non-compliance. If an overpayment has been received, it will be promptly refunded according to policy; and
8. A **policy of non-intimidation and non-retaliation** for good faith participation in compliance programs, including but not limited to reporting potential issues, investigating issues, self- evaluations, audits and remedial actions, and reporting to Compliance, according to sections 740 and 741 of the NYS Labor Law.

ECMCC is committed to upholding the highest standards of ethical conduct. The standards of conduct, however, cannot cover every situation that ECMCC personnel might face. Accordingly, ECMCC's Compliance Department (716-898-4595) and the Compliance Hotline (716-898-5555) are always available if there is ever any doubt as to what the proper course of conduct might be in a specific situation or if a violation of the standards of conduct set out in our Code of Conduct and this "Plan" are suspected.

II. STANDARDS OF CONDUCT AND GENERAL POLICIES AND PROCEDURES

It is the policy of ECMCC to comply with all laws and regulations that govern or apply to its activities, in particular, those laws and regulations that address health care fraud, waste, and abuse such as the Federal False Claims Act and applicable State law and enforcement policies. To assist in this effort, this Plan has been developed, with a particular emphasis in the areas of financial billing, accreditation, conflicts of interest, physician relationships, quality of care, research, gifts, confidentiality, non-discrimination, and professional and/or organizational ethics.

To achieve compliance, ECMCC expects that all personnel and members of its professional staff will act in accordance with this Plan, its Code of Conduct and all compliance-related policies and procedures. These include, but are not limited to, the following policies:

- Corporate Compliance: Billing and Coding
 - ECMCC, through this plan, its policies, procedures and Code of Conduct, have taken into consideration the regulator requirements

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we face in areas of concern that have been identified by the government. Accordingly, all billing must be accurate and truthful and no personnel should ever make misrepresentations.

- The following represent areas of concern (“risk areas”) for both government and private payors, and the appropriate standards to deal with them outlined are:
 - Medical necessity for services
 - Billing for items or services not actually rendered
 - Billing without adequate documentation
 - Correct Coding
 - Up-coding
 - Duplicate billing
 - Cost Reporting
- Exchanges between ECMCC and Industry policy
 - Many aspects of these interactions with industry are positive and important for promoting the educational, clinical and research missions of ECMCC. However, these interactions must be ethical and cannot create conflicts of interest or improper relationships that could endanger patient safety, data integrity, the integrity of our training programs, or the reputation of either staff members or the institution.
 - It is unacceptable for patient care decisions to be influenced by the possibility of personal financial gain. Industry representatives are expected to be aware of this policy and adhere to its principles. When conflicts arise, they must be addressed appropriately and expeditiously.
- Fraud, Waste and Abuse Compliance
 - Detecting fraud, waste and abuse (FWA) is the responsibility of everyone. ECMCC has written policies and standards of practice on Corporate Compliance and the Code of Conduct and Business Ethics. These policies outline expected behaviors of all ECMCC employees and those doing business with ECMCC. This policy provides additional guidance in federal and state laws, recognizing fraud, waste, and abuse as well as preventive and detective measures in place.
- 340B Compliance:
 - The Public Health Services Act (PHSA) 340B Drug Discount program entitles ECMCC to purchase drugs for outpatient use at a reduced price. The Office of Pharmacy Affairs (OPA), part of the Health Resources and Services Administration (HRSA) of the US Department of Health and Human Services oversees the 340B drug discount program. ECMCC has specific policies listed below governing program monitoring, testing and maintenance:
 - 340B Contract Pharmacy Oversight
 - 340B Covered Patient Definition, Monitoring, Maintenance and Billing

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- 340B Drug Storage and Procurement
 - 340B Program Education and Competency
 - 340B Program Enrollment, Recertification, and Change Request
 - Reporting 340B Non-Compliance
- Non-Retaliation and Non-Intimidation
 - Employees who, in good faith, report a potential violation of law, regulation, policy, procedure, Public Authority's Code of Ethics, the Code of Conduct, or other instances of potential wrongdoing within ECMC will not be subjected to retaliation, retribution or harassment. No supervisor, manager or employee is permitted to engage in retaliation, retribution or any form of harassment against an employee for reporting a compliance related concern. Any supervisor, manager or employee who conducts or condones retribution, retaliation, or harassment in any way will be subject to discipline, up to and including discharge.
- Conflict of Interest
 - In all dealings with and on behalf of ECMCC or any affiliated entity, each such person shall be held to a strict standard of honest and fair dealing with the ECMCC and its affiliated entities, and no such person shall use his or her position, or knowledge gained there from, in such a manner as to create a conflict, or the appearance of a conflict, between the interest of the ECMCC or any affiliated entity and the interest of such person.
- Physician Compensation Policy
 - In all dealings with and on behalf of ECMCC must comply with federal and state laws that prohibit illegal remuneration, such as kickbacks, bribes, improper or excessive payments, free or below market rents or fees for administrative services, or interest-free loans. To that end, each ECMCC financial relationship with a physician or a physician's immediate family member shall meet a Stark exception, and if possible, meet an Anti-Kickback Statute safe harbor where applicable.
 - ECMCC does not pay physicians, or anyone else, either directly or indirectly, for patient referrals. The decision to refer patients is a separate and independent clinical decision made by the referring physician.
- Vendor Sanctions and Reinstatement Verification
 - Prior to establishing employment or a business relationship with any individuals, medical professionals or entities, ECMCC and/or the Sanction and Exclusion Screening Systems will have screened all against the databases available to our organization including but not limited to: the current List of Excluded Individuals and Entities (LEIE) of the OIG.

All ECMCC Policies and Procedures can be accessed on the ECMCC Intranet.

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In addition, ECMCC expects that all personnel will take part attentively in compliance education and training programs conducted by ECMCC and that they will conduct their daily activities in conformance with the principles conveyed through such programs. ECMCC personnel also are expected to report actual or suspected violations of law or regulations of which they become aware and to cooperate in the investigation of any reported violations. Supervisors have an obligation to report known or suspected compliance issues further up the chain of command and/or to the Director of Corporate Compliance.

All ECMCC personnel must comply with the standards of conduct set forth in the Plan, Code of Conduct and in applicable departmental compliance policies and procedures. All personnel are expected to report potential issues and raise questions as set forth in the Plan. Strict compliance with these legal and compliance standards is a condition of employment, and violation of any of these standards of conduct will result in discipline being imposed including, but not limited to, the following:

- Informing, educating and discussing with the relevant personnel both the violation and how it should be avoided in the future;
- Providing remedial education (formal or informal) to ensure that the relevant personnel understand the applicable rules and regulations;
- Conducting a follow-up review to ensure the problem is not recurring;
- Refunding any payments that resulted from improper documentation, coding or billing;
- Imposing fair and firm discipline, ranging from oral reprimand to termination;
- Suspending all billing of the services provided, as set forth below; and
- When appropriate, voluntarily disclosing to an appropriate governmental agency.

III. COMPLIANCE STRUCTURE AND OVERSIGHT

ECMCC has designated oversight of its Compliance Plan to the Audit & Compliance Committee of its Board of Directors, with day-to-day oversight to be managed by its Director of Corporate Compliance (the “Director”). More specifically, the reporting relationships for ECMCC compliance are as follows:

1. Audit & Compliance Committee

The Audit & Compliance Committee maintains oversight of ECMCC’s internal and external audit process and collaborates with the Director on the establishment, maintenance and operation of a comprehensive compliance program. Specifically, the Committee is tasked with:

- Analyzing the legal requirements and specific risk areas of the health care industry;
- Assessing existing policies that address legal requirements and risk areas for possible incorporation into the ECMCC Compliance Plan;

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- Working with ECMCC departments to develop standards of conduct and policies and procedures to promote compliance with the ECMCC Compliance Plan;
- Recommending and monitoring the development of internal systems and controls to carry out ECMCC's standards, policies and procedures as part of its daily operations;
- Determining appropriate strategy to promote compliance with the ECMCC Compliance Plan and detection of possible violations, including fraud reporting mechanisms; and
- Developing a system to solicit, evaluate and respond to complaints and problems.

2. Director of Corporate Compliance

The ECMCC Board has designated a Director to assist it in coordinating the development, implementation, communication and monitoring of ECMCC's compliance plan. The Director reports directly to senior administrator and periodically to the Chair and Board of ECMCC's Audit & Compliance Committee.

The Director is vested with the responsibility for the day-to-day operation of the Plan and with the power to investigate instances of possible non-compliance with laws or regulations or other provisions of the Plan. All ECMCC personnel are required to cooperate fully with the Director in connection with any such investigative activities. The Director will generally assist and coordinate all compliance activities including education and training and the compliance monitoring activities discussed below.

The Director shall serve as chairperson of the Corporate Compliance Steering Committee. The Committee shall consist of various area representatives of ECMCC. The Chairperson of the Committee may, at his/her discretion, request the presence of other persons before the Committee as issues arise. The Corporate Compliance Steering Committee shall meet on a quarterly basis, or upon the call of the Chairperson.

The Director will establish and maintain a record-keeping system in connection with the Plan. These records shall include, but not be limited to, instances of possible non-compliance which come to the attention of the Director, a record of disposition of these matters, and all documents submitted to the Director in connection with the administration of the Plan.

IV. EDUCATION AND TRAINING

ECMCC presently has various policies and education programs designed to teach personnel about the Compliance Department, explanation of the structure and operation of the Compliance Plan and their individual compliance responsibilities. One such policy establishes an initial, mandatory training program for new personnel. A part of the educational process involves the dissemination of

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applicable laws, relevant organization policy and procedures, and regulatory advisements. This is intended to update critical ECMCC personnel so that they can perform their jobs in a compliant framework. This will also include the Code of Conduct, information on communication channels such as the Hotline, organizational expectations for reporting problems and concerns and the non-retaliation/non-retribution policy. In addition, all Departments that undergo scheduled or investigative audits shall receive specialized training to implement all recommendations from the final audit report which sets forth the laws and regulations which regularly apply to the performance of their duties.

Compliance training and education may be provided in a variety of ways, including educational programs conducted by knowledgeable ECMCC personnel, Compliance staff, programs conducted by reputable professional consultants, and/or attendance at outside professional conference/seminars.

ECMCC annually shall train all personnel concerning, but not limited to: compliance, false claims, and whistleblower provisions. Participation in training may be a factor in each employee's performance appraisals. Advance notice of training programs will be given to ensure attendance. Participation in these programs shall be documented and retained by Compliance and/or Human Resources.

While ECMCC is not primarily responsible for contractor and vendor compliance, it will endeavor to provide education to appropriate contractors and vendors concerning compliance. (See Vendor Access Policy)

V. MONITORING COMPLIANCE

The most effective means to determine whether a compliance plan is successful is monitoring activities in relation to applicable laws and regulations to determine if those activities are being conducted in a compliant manner. To this end, the Director will conduct various monitoring and internal auditing activities to measure compliance. Such activities may include, for example, unannounced audits of certain patient records and periodic and systematic auditing of various areas by the Compliance Department, Revenue Integrity or outside consultants. All personnel are expected to cooperate fully with any such monitoring activities. The purpose of monitoring is constructive as it provides an opportunity to identify and correct any systemic problems or misunderstandings about regulatory requirements so that the same incident of non-compliance does not recur.

On an annual basis, the Director shall prepare a work plan in conjunction with HHS OIG Annual Work Plan and New York State Medicaid Plan designed to assess and monitor compliance of the various ECMCC entities and departments by performing a series of proactive internal audits and related compliance activities. The work plan is developed using a variety of sources and inputs such as identified risk areas, ECMCC Department interviews, voluntary inquiries and past investigations and audits. Additional information is obtained from outside sources – most notably,

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authoritative publications from the federal government such as the OIG, the Centers for Medicare and Medicaid Services and Medicare and Medicaid contractors. Additional sources for the annual ECMCC Compliance Work Plan involve Medicare and Medicaid coverage decisions, special projects, individual requests and the Compliance Hotline. Overall compliance will be measured using these Compliance Policies and Procedures and Compliance Standards of Conduct, Stark Laws, Anti-Kickback Laws, Medicaid and Medicare Laws, and third party billing regulations, HIPAA, New York State Public Officers Law, New York State Authorities Budget Office, New York State Civil Service Law, New York State Education Law and as well as others.

It is also important that there are regular evaluations of the effectiveness of the Compliance Plan itself. This would include, but is not limited to, assessments made of the plans of correction instituted as a result of Compliance Department audits and investigations. The resolution process will include all actions necessary to fully correct any deficiencies. Follow up monitoring will be accomplished to ensure that corrective actions were implemented to resolve the issue and prevent future reoccurrence.

The Director shall coordinate corrective actions and timely responses to remedy identified deficiencies. This shall include timeframes for completion of corrective actions as well as provision of the corrective action plan to those personnel charged with implementing it. All reports and corrective action plans shall be retained by the Director for six years.

Any identified over-billings, under-billings, or documented deficiencies will be adjusted or remedied in accordance with applicable laws and regulations.

VI. OPEN LINES OF COMMUNICATION

The reputation and integrity of both ECMCC and our personnel are valued. ECMCC recognizes its personnel's rights under the law, including the protections offered under the federal False Claims Act, as it relates to identifying compliance issues. We rely heavily on you, our personnel, to help us with all of the legal and regulatory requirements applicable to us by identifying potential problems, reporting them and asking questions.

All ECMCC personnel have a responsibility to promptly report instances of actual or suspected non-compliance with laws, regulations, and policies of which they become aware. Such reports are critical to the effectiveness of the Plan. Personnel, knowingly aware of non-compliance and who willfully fail to make such reports in a timely manner may be subject to disciplinary action. Instances of suspected non-compliance often are not intentional but rather result from a lack of knowledge or understanding on the part of the person involved or some systemic problem with ECMCC's policies, procedures or systems which should be corrected.

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ECMCC encourages all personnel to utilize the chain of command whenever practical to obtain answers to questions or to report actual or suspected instances of non-compliance. Under this approach, the first option for asking questions or making reports is to discuss the situation with a supervisor, who shall report such instances directly to the Director. If the supervisor is suspected of non-compliance or wrongdoing, or if someone is uncomfortable talking to his or her supervisor or does not receive a satisfactory response, then the next option, depending on the issue involved, is to directly contact the Director of Corporate Compliance at 716-898-4595 or the Compliance Hotline at 716-898-5555. This Hotline is available 24 hours a day, seven days a week to all personnel. When reporting a violation in good faith, it is imperative to the investigation to provide as much detail as possible, including:

- The date and time of the questionable action;
- A description of the questionable action;
- The circumstances around the situation; and
- If known, the consequence, if any, of the action as it relates to patient care, staff or hospital operations.

You need not identify yourself when calling the hotline. Your anonymity will be maintained. If you choose to identify yourself, your identity will be preserved within the limits of the law unless doing so prevents us from fully and effectively investigating the suspected violation. ECMCC personnel may report instances of actual or suspected non-compliance in confidence and without fear of retaliation or retribution.

VII. ACTIONS IN THE EVENT OF NON-COMPLIANCE

As part of ECMCC's commitment to foster a culture of compliance and to support the integrity of our Compliance Plan, ECMCC has established procedures for responding to compliance issues as they are raised. All complaints and allegations of misconduct, fraud, waste and abuse will be reviewed and investigated.

All personnel have a duty to report suspected or known compliance issues and are encourage to assist in their resolution. ECMCC will not take any adverse personnel action against an employee for reporting a compliance issue.

The Director (or his or her designee) will investigate and legal counsel, as necessary, to investigate instances of possible non-compliance which come to the attention of the Director.

In the event that the investigation reveals there has been non-compliance with laws, regulations, or provisions of the Plan, the Director will take appropriate steps to investigate, report, and remediate the violation or non-compliance. The Director will conduct a fair and impartial inquiry that may include documentation review, interviews, audit and other investigative techniques. Interim measures may be taken during an investigation into possible misconduct to protect the integrity of the investigation and respect the due process rights of the involved individuals. These

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measures, to be taken in accordance with applicable laws, collective bargaining agreements etc., may include temporary reassignments or leaves.

Appropriate remediation steps may include, but are not limited to, recommending changes in policies or procedures to prevent recurrence, recommendations for appropriate personnel action to be taken with respect to persons involved in non-compliant activity, reporting investigation results to ECMCC's CEO, General Counsel, and/or Audit & Compliance Committee. Verified overpayments will be repaid, as required by law.

If ECMCC personnel is involved or failed to comply with the Compliance Plan, may result in disciplinary action. Human Resources will be engaged to ensure consistent and appropriate disciplinary action.

They will convene to review results of investigations of potentially fraudulent or other criminal activity involving ECMCC personnel actions in the workplace. The objective is to establish a fair, consistent and firm approach to these serious matters. SEE Human Resources' Performance Improvement policy.

There may be additional reporting to and cooperating with governmental authorities with respect to violations of law or regulation in appropriate circumstances after obtaining the advice of counsel. Further corrective actions i.e. policy changes, system changes, training and education will be undertaken as necessary. All records documenting any such issues will be maintained in the Compliance office for six years.

VIII. INDIVIDUAL RESPONSIBILITY

EMCCC is committed to maintaining the highest standard of legal, ethical and business conduct as clearly outlined in our Code of Conduct. All prospective contracted or employed applicants are screened to identify any prior history of non-compliance with laws, regulations and applicable policies, as well as exclusion or sanctions from Medicare, Medicaid or other federal healthcare programs and verified monthly thereafter. The employment application requires the applicant to notify ECMCC about prior criminal convictions. After applicants are hired, they are required by ECMCC policy, to notify the ECMCC of any exclusion from the Medicare, Medicaid or other federal healthcare programs. ECMCC will not knowingly employ or retain persons or entities with such identified history. Serious violations of the Corporate Compliance Plan and/or related subject matter plans and policies may result in termination of employment.

IX. CONCLUSION

In conclusion, it is important to stress that ECMCC has prided itself on its commitment to operating in an ethical and legal manner since its founding. The success of the ECMCC depends on the personal and professional integrity of all ECMCC personnel.

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This Plan has been developed as part of the ECMCC's commitment to compliance. The Plan is designed to provide helpful guidance to ECMCC personnel in reaching legal and ethical solutions to the problems they face daily in their work on behalf of ECMCC. The Plan also establishes a mechanism for self-reporting and resolving potential problems and concerns. All ECMCC personnel are expected to cooperate with, and abide by, the Plan. The success of ECMCC's compliance plan and the implementation and management of plan elements requires a sincere commitment on the part of all ECMCC's personnel.

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CODE OF CONDUCT

I. Introduction

The Code of Conduct for Erie County Medical Center (“ECMCC”) is the keystone of the ECMCC’s Compliance Plan; it services as ECMCC’s integrity philosophy and the means by which it communicates its ethical business standards. The Code of Conduct serves as a moral, ethical and legal compass for employees, management, Board members, vendors, contractors, volunteers and others who interact with the ECMCC. The Compliance department is held to the highest standard of ethics and principals and the core function is to oversee that the Code of Conduct is adhered to throughout the ECMCC healthcare network.

Our success in achieving ECMCC’s mission and vision is dependent upon maintaining our commitment to honesty, integrity, quality, and excellence. As a central part of the ECMCC Compliance Plan, the Code of Conduct sets forth the standards of conduct that all employees, management, Board members, vendors, contractors, volunteers and others who interact with the ECMCC are expected to follow. In addition, this Code of Conduct embodies ECMCC’s Mission, and the Code of Ethics outlined in ECMCC By-Laws.

This is your copy of ECMCC’s Code of Conduct. It has been designed to be a clear and concise guide. Please familiarize yourself with it to ensure understanding.

This Code of Conduct is a broad guideline, which is reinforced in greater detail by the various policies and procedures located on ECMCC’s Intranet. It is the responsibility of every employee, management, vendor, contractor, volunteer and other who interacts with the ECMCC to act in a manner consistent with this Code of Conduct, the ECMCC mission, vision and core values and its supporting policies.

ECMCC’s Code of Conduct is a “living document” that will be updated periodically. If you have suggestions, recommendations or ideas for improving the Code, please contact the Director of Corporate Compliance (the “Compliance Officer”) at 716-898-4595.

II. ECMCC Code of Conduct Principles

The Compliance office is here to assist you to understand what it means to “Do the Right Thing” – such as reporting instances of compliance concerns, ethical and legal violations, questionable billing and reimbursement activity, patient safety concerns and conflict of interest violations.

The Basic Principles are as follows:

- **BE HONEST AND ETHICAL.** Every employee is expected to adhere to high ethical standards when acting on behalf of ECMCC. All members of the ECMCC workforce will interact with patients, visitors, colleagues and staff members in a professional, respectful and collaborative manner to encourage and facilitate a

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productive work environment. Every employee, management, Board member, vendor, contractor, volunteer and others who interact with the ECMCC are expected to act in a professional manner at all times.

- **OBEY THE LAW.** The ECMCC Compliance Plan has been designed to meet the mandatory compliance obligations set forth in New York State Social Services Law 363-d, Title 18 NYCRR Part 521 and to the myriad federal, state and local laws and regulations as we compliantly carry out our mission of patient care, teaching, and research. Guidance can be obtained from your department, the Office of Compliance, this Code of Conduct, the Compliance Plan or by calling the Compliance Hotline: 716-898-5555. The Compliance Hotline enables individuals and organizations to report problems and concerns or obtain clarification about compliance issues anonymously and confidentially.
- **BE TRUTHFUL.** Particular care should be taken to ensure that all communications within ECMCC and to outside agencies (including government representatives) are truthful, accurate and complete.
- **HONOR CONFIDENCES.** Our patients, personnel, and co-workers rightfully expect that their private medical information be handled appropriately. Confidential information relating to ECMCC also should be protected.
- **REPORT CONDUCT THAT CONCERNS YOU.** Staff must report to their supervisor, manager and/or the Director, actual or suspected violations of applicable law, rules, regulations or this Code. Staff has the same reporting obligations for actual or suspected violations committed by a subcontractor or vendor of ECMCC. ECMCC provides multiple reporting lines to ensure that staff is comfortable with whom they communicate compliance issues.
- **DUTY TO COMPLY.** It is the duty of staff to comply with applicable laws, rules, ECMCC policies, regulations and the Code. Failing to report suspected problems, participating in non-compliant behavior, or encouraging, directing, facilitating or permitting non-compliant behavior may subject staff to disciplinary action, up to and including termination.
- **ADVOCACY.** Advocates support and promote the rights of the patient in the health care arena, help build capacity to improve community health and enhance health policy initiatives focused on available, safe and quality care.
- **DIGNITY/CHOICE.** Respect the dignity and individuality of any person who receives services and support from ECMCC, honoring such choices and preferences whenever possible and appropriate.

III. Reporting Compliance Violations

An important factor in the success of the Compliance Plan is maintaining open channels of communication. Employees, management, Board members, vendors, contractors, volunteers, and others who interact with the ECMCC, must participate in good faith and bring forward any potential compliance concerns, problems and/or issues. In addition, managers are expected to maintain an open door policy and be receptive to all concerns brought to them by any personnel. Every manager also has the responsibility for ensuring that employees are aware of and understand the expectations of the Code of Conduct and the Compliance Plan.

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The Compliance office also holds a hotline for reporting compliance issues. Further details are available on this hotline in the ECMCC Compliance Plan. The Compliance Officer will investigate all allegations and concerns raised through the hotline.

Director of Corporate Compliance: 716-898-4595

Compliance Hotline: 716-898-5555

Internal Extension: x4595

IV. Expectations

Quality of Care, Safety and Patient Rights

Providing quality care, while respecting the rights of patients, is the central focus of ECMCC. We are committed to providing services that meet and exceed patient expectations, while focusing on continuous improvement of quality. Specifically:

- We shall treat all patients, employees, management, Board members, vendors, contractors, volunteers and others who interact with the ECMCC with respect, dignity and courtesy.
- We shall respect the rights and autonomy of all those we serve throughout the organization.
- We shall provide high-quality care and service in a responsive and responsible manner.
- We shall not discriminate based on a patient's race, age, religion, national origin, gender, gender identity, sexual orientation, and disability, and diagnosis, source of payment or ability to pay.
- We shall provide compassionate care and appropriate treatment and services to patients that are considerate and respectful of their personal dignity and privacy and their cultural, psychological, and spiritual values and beliefs.
- We believe the patient comes first and it is our duty to protect the patient's health, safety, security, well-being and comfort.
- We shall make all our care decisions strictly upon medical necessity. Only a qualified healthcare practitioner will make the determination as to treatment plans.
- We believe that all patients have the right to be involved in all aspects of their care, participate in the development and implementation of their plan of care, and have sufficient information to provide informed consent for surgery and other significant or invasive treatments or procedures.
- We believe that all patients have the right to be free from restraints and seclusion of any kind that is not medically necessary or is used as a means of coercion, discipline, convenience, or retaliation by staff.

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- We believe that patients have the right to file complaints and expect prompt referral to appropriate hospital administrative personnel for resolution.
- We believe that patients have the right to formulate advance directives and to have hospital staff and practitioners comply with those directives.
- We believe that patients have the right to an interpreter or other reasonable accommodation, if the patient cannot speak, write, or understand spoken or written English, or there are other barriers to communication due to disability.
- We believe that patients have the right to expect unrestricted access to communication (visitors, mail, telephone, etc.) with any person or persons of their choice, including, but not limited to, physicians, attorneys and clergymen, at any reasonable hour.
- We shall assure quality and a culture of safety, by addressing problem of behaviors that threaten the performance of the health care team. (See Code of Conduct-Medical/Dental Staff policy.)

Employee Behaviors

ECMCC recognizes that all employees, regardless of job classification, belong to a knowledgeable and skilled health team that contributes to patient care. We are committed to creating and maintaining a caring and positive environment where all employees are treated fairly and have ample opportunities for professional development.

- We shall expect all individuals within our hospital and subsidiaries to be treated courteously, respectfully, and with dignity.
- We shall expect all ECMCC workforce members and other users of ECMCC corporate information assets to use corporate information assets in a manner consistent with our Code of Conduct. Usage will not disrupt business, offend others, create security exposures, or violate local, state, or federal laws. Access to ECMCC corporate information assets may be revoked if abused or misused.
- We shall only access and utilize information systems and accounts assigned to us as part of our job duties.
- We shall respect the rights of all patients and personnel throughout the corporation.
 - We expect all our patients to receive medically appropriate and necessary care in a respectful and dignified manner without regard to race, color, gender, gender identity, ethnicity, age, religion, genetic predisposition, carrier status, sexual orientation, disability, and marital status, and veteran status, source of payment or ability to pay.
 - We expect all providers/caregivers/personnel to listen and to follow the choices made by our patients with respect to their clinical care. Upon admission to ECMCC, patients are provided with a written statement of their rights. Patients, and as appropriate, their families or representatives, will be given the information necessary to enable them to give informed consent prior to the start of any non-emergency procedure or treatment.

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- We shall expect that all ECMCC staff members adhere to the New York State Patient's Bill of Rights.
- We shall conduct ourselves in a professional and cooperative manner.
- We shall be honest in the performance of our duties.
- We shall operate in an environment that is free of alcohol and substance abuse. (See HR-030 Policy.)
- We shall maintain a working environment that is free of harassment, fighting, or violence of any type. (See Harassment policy.)
- We shall support equal employment opportunity with hiring, advancement and compensation based on merit and without regard to race, color, religion, gender, gender identity, sexual orientation, national origin, age, marital status or disability. We will comply with all laws related to non-discrimination in all of our personnel actions, including hiring, staff reductions, transfers, terminations, training, evaluations, recruiting, compensation, benefits, corrective action, discipline, and promotions. (See Harassment policy.)
- We will not take any adverse action against an employee for filing a complaint of discrimination or harassment. (See Non-Retaliation and Non-Intimidation policy and Harassment policy.)
- We shall comply with the smoke-free campus policy. (See Patients, Employees and Visitors Smoke-Free policy.)
- We shall continually develop our skills and knowledge in order to better serve our patient community.
- We shall perform duties in accordance with applicable professional standards and legal requirements.
- We shall exercise good judgment and objectivity in the performance of our duties. Any differences in opinion in professional judgment should be referred to appropriate management levels for resolution in accordance with standard procedures.
- We shall provide a comprehensive review of employee performance at least annually including an agreed upon plan for development and establishment of annual goals.
- We shall compensate our employees fairly in the context of the value of the position, the external market and the employees' overall performance.
- We require candor and honesty from all employees in the performance of their responsibilities and in communication with our attorneys, auditors, administrators, supervisors, and fellow employees.
- We shall not use for business or personal purposes ECMCC's communication systems, electronic mail, internet access, and voice mail, as they are the property of ECMCC.

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- We shall properly handle prescription drugs, controlled substances, and other medical supplies and only by authorized individuals, and any diversion of drugs from the organization must be reported to a supervisor and/or the Compliance Officer.
- We shall require all employees, management, Board members, vendors, contractors, volunteers and others who interact with the ECMCC to conduct themselves in a compliant, professional and cooperative manner within ECMCC's facilities, and that all physicians and non-physicians licensed independent practitioners credentialed through the medical staff office agree to honor the Code of Conduct. (See Code of Conduct-Medical/Dental Staff.)
- We shall not tolerate disruptive behavior. We shall take prompt and appropriate action to address complaints of disruptive conduct by any employee, Medical/Dental staff, management, Board members, vendors, contractors, volunteers and others who interact with the ECMCC. (See Code of Conduct-Medical/Dental Staff.)
- We shall provide reasonable training to personnel to assure they carry out duties in a professional manner.

Laws, Regulations and Accreditations Standards

ECMCC strives to comply fully with all of the laws, rules, regulations and applicable accreditation standards governing the healthcare industry.

- We are committed to compliance with all federal, state and local laws and regulations, including all licensure and Certificate of Need laws and regulations, as well as the Medicare hospital conditions of participation. We shall be guided by standards of legal and ethical conduct. We shall not knowingly take any action that is in violation of any statute, rule or regulation.
- We shall maintain corporate standards that reflect honesty, integrity and accountability in our business practices.
- We shall ensure that any filed cost reports accurately reflect appropriate costs incurred for furnishing healthcare services to the best of our knowledge.
- Contractual/financial arrangements with physicians, vendors, third party payers, managed care organizations or other referral sources will be structured to ensure compliance with applicable federal and state laws and regulations, fulfill the mission statement of ECMCC and be in the best interests of the ECMCC and the patients we serve.
- We shall ensure that all drugs or other controlled substances used in the treatment of patients shall be maintained, dispensed and transported in conformance with all applicable laws and regulations.
- We shall not make or offer to make payment or provide anything of value to another person if the intent is with the understanding or intention that such payment is to be used to influence referrals or for any unlawful or improper purpose.

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- We shall abide by antitrust laws designed to create a level playing field in the marketplace and to promote fair competition. (See Physician Compensation policy.)
- We shall avoid compensation arrangements in excess of fair market value, will accurately report payments to appropriate taxing authorities, and will file all tax information returns in a manner consistent with applicable laws.
- We shall refrain from engaging in activity that may jeopardize the tax exempt status of the organization. ECMCC funds or resources may not be used to contribute to political campaigns or for gifts or payments to any political party or any political organization.
- We shall deal with accrediting and regulatory bodies in a direct, open and honest manner. No action should ever be taken in relationships with an accrediting or regulatory body that would purposely mislead a survey team.

V. Justice Center

ECMCC is committed to upholding and enforcing the New York State legislation known as “Protection of People with Special Needs Act” by acting as advocates for a vulnerable person. It is the duty of all ECMCC staff to report any instance or any suspected instances of abuse and/or neglect. A core principle within the Code of Conduct is dignity and choice for our patients; they deserve to be treated with dignity at all times.

The Justice Center was established by New York State to infuse the strongest standards and practices in the nation for protecting people with special needs. It serves both as a law enforcement agency and as an advocate for people with special needs.

The Justice Center is responsible for investigations of allegations of serious abuse and neglect of vulnerable persons in State-operated and licensed facilities; overseeing implementation of the procedures of State oversight agencies for tracking, investigating and monitoring corrective actions of allegations of abuse, neglect and significant incidents; maintaining a register of individuals who have committed serious acts of abuse (Exclusion/Sanction List); and establishing codes of conduct of ethical standards to which all individuals who have regular contact with people with special needs would be held accountable. (See Sanction Screen policy and Occurrence Reporting policy.)

VI. Emergency Medical Treatment and Labor Act (EMTALA)

ECMCC complies with the Emergency Medical Treatment and Labor Act (EMTALA). We screen and provide stabilizing treatment to everyone who comes to our hospital requesting examination or treatment for an emergency condition. We do not delay medical screening exams or stabilizing care in order to request patient financial information. We transfer emergency patients only when they request a transfer or when we lack the capability or the capacity to provide appropriate treatment and only after administering the appropriate stabilizing care. (See EMTALA and Medical Screening policy.)

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VII. Joint Commission on Public Ethics (JCOPE)

Each member of the Board and all ECMCC personnel are subject to New York State Ethics Laws, N.Y. Public officers Law regarding, but not limited to: Outside employment and professional activities, restriction on political activities, nepotism, gifts, honorarium, travel, negotiations on future employment, and post-employment restrictions. All 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 judgement, or prevent the proper exercise of one's official duties. If you have any questions regarding State ethics and lobbying rules or regulations, please do not hesitate to call or email ECMCC Corporate Compliance Office at 716-898-4595 or the Commission at (518) 408-3976 or jcope@jcope.ny.gov.

Outside Activities

Pursuant to the Joint Commission on Public Ethics ("JCOPE"), any ECMCC employee, and particularly those in a policy making position, who participate or engage in other private employment, profession or business, or other outside remunerated activity must obtain prior approval from the Compliance office as well as JCOPE (if applicable). Requests will be evaluated in accordance with the provisions of Sections 73 and 74 of the NYS Public Officers Law.

Political Activities

ECMCC expects each of its personnel to refrain from engaging in activity that may violate JCOPE guidelines applicable to public benefit corporation workforces, involving a variety of lobbying and political activities.

No individual may make an agreement to contribute ECMCC money, property, or services to any political candidate, party, organization, committee or individual in violation of any applicable law. ECMCC personnel may personally participate in and contribute to political organizations or campaigns, but they must do so as individuals, not as representatives of ECMCC, and they must use their own funds.

Gifts and Entertainment

ECMCC personnel and their immediate families may not accept gifts, favors, services, entertainment, or other things having more than a nominal value from patients, vendors, contractors, and other third parties to the extent that decision making or actions are influenced, or have the appearance of being influenced.

A Gift includes, but is not limited to, money, service, loan, travel, lodging, meals, refreshments, entertainment, forbearance or a promise having a monetary value. "Nominal Value" is not specifically defined, but JCOPE will generally consider something that has *a fair market value of \$15 or less* to be of nominal value.

The Compliance Office should be consulted if there is any doubt about accepting of any gifts or services. (See Interactions Between ECMCC and Industry.)

ERIE COUNTY MEDICAL CENTER CORPORATION

Two Year Bar

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 §73(8)(a)(i).

VIII. Conflicts of Interest

The Conflicts of Interest Policy is intended to protect the interests of ECMCC when it is contemplating entering into a transaction or arrangement with an outside entity which has a direct or indirect financial relationship that might benefit their private interest of a director, officer or other personnel of ECMCC. It is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to public benefit corporations.

Each person who is a director, non-director committee member, officer or personnel of ECMCC shall not directly or indirectly, make, advise, or assist any person to make any financial investments 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. In all dealings with and on behalf of ECMCC or any affiliated entity, each such person shall be held to a strict standard of honest and fair dealing with ECMCC and its affiliated entities.

Each person who is a director, non-director committee member, officer or personnel of ECMCC shall not use or attempt to use their official position with ECMCC to secure unwarranted privileges for themselves, members of their family or others, including employment with ECMCC or contracts for materials or services with ECMCC.

Each person who is a director, non-director committee member, officer or personnel of ECMCC 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.

Each director, principal officer, member of a committee with board delegated powers and selected personnel shall annually complete the Conflict of Interest Questionnaire and Statement which affirms that such person:

- (a) Has received a copy of the conflicts of interest policy;
- (b) Has read and understands the policy; and
- (c) Has agreed to comply with the policy.

(See Conflict of Interest policy.)

IX. Confidentiality - Safeguarding the Privacy of Our Patients and Personnel

During the course of our personnel's work, staff may become aware of Protected Health Information ("PHI") about patients and their employers and their medical conditions. All

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patient information is confidential, which includes patient photos/images. Accordingly, it is inappropriate to discuss patients or their cases in a public area where other people may overhear the conversation, and it is inappropriate to permit access to a patient's record to individuals who are not involved in legitimate activities relating to the patient. This applies to personnel's medical records when they are patients as well. Information about a patient may be disclosed only as authorized by the patient or as otherwise permitted by law. Special confidentiality rules apply to patients in drug and alcohol treatment programs, behavioral health diagnosis, as well as disclosure of information regarding a patient's HIV status.

Patients are entitled to expect the protection of confidentiality. In addition, all patients are to be treated with respect and protect the patient's confidentiality which includes gender identity and expression. Patient information shall be released in accordance with ECMCC policies and procedures with respect to the Release of Information and in accordance with New York State laws.

Any person who becomes aware of an unauthorized disclosure should report it immediately to their supervisor and ECMCC's Privacy Officer at 716-898-5880. There will be no reprisals against staff for good faith reporting of privacy concerns.

(See Confidentiality of Protected Health Information and other Confidential Information policy, HIPAA-Use and Disclosure of Protected Health Information policy, HIPAA-Privacy & Information Security Breach of Information policy and Photography and Recording at ECMCC policy.)

X. FWA/Coding and Billing Integrity

ECMCC complies and strives to maintain the highest principles of professional conduct in its billing and coding practices and to ensure billing and coding compliance with all applicable federal and state laws and regulations. Detecting fraud, waste and abuse (FWA) is the responsibility of everyone. (See Fraud, Waste and Abuse Compliance policy and Corporate Compliance: Billing and Coding policy.)

ECMCC personnel have the obligation to report any suspected issues or concerns regarding ECMCC fraud, waste, abuse, billing and or coding under the Federal and State False Claims Act. All ECMCC personnel must participate and/or cooperate in good faith with any investigation into a reported violation be truthful with investigators and preserve documentation or records relevant to ongoing investigations.

We expect that personnel and those professionals working at our facilities will adhere to rules and regulations regarding documentation. All transactions must be accurately and completely supported in ECMCC's records. Specifically:

- We shall maintain honest and accurate records of all our activities.
- We shall not knowingly submit a claim or bill for services that were not rendered, unbundled, or were not rendered as described on the claim form or

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statement, nor shall we misrepresent services which were rendered, or alter a medical record.

- We will not submit a claim requesting payment or bill a third party for medically unnecessary services, or seek reimbursement for a service that is not warranted by the patient's current medical condition as documented in the medical record and physician's orders.
- We shall not knowingly submit claims for payment that have not been properly coded, documented or billed according to all applicable laws and regulations.
- **Stark Law** - We expect our personnel to refrain from conduct that violates the federal "Stark" physician self-referral law and regulations and its state equivalent. (See Physician Compensation policy.)
 - By law, a physician is prohibited from referring patients to an entity such as ECMCC for a designated health service if the physician or a member of his or her immediate family has a financial relationship with the entity, unless an exception applies. The law also prohibits an entity from presenting a claim to Medicare or to any person or other entity for designated health services provided under a prohibited referral. No Medicare payment may be made for designated health services rendered as a result of this prohibited referral, and an entity must timely refund any amounts collected for designated health services performed under a prohibited referral. Legal counsel should be consulted regarding any applicable exceptions.
- **Anti-Kickback Statutes** - New York and federal anti-kickback statutes prohibit a health care provider from knowingly and willingly offering, paying, soliciting or receiving anything of value to induce or reward the referral or generation of health care services or for purchasing, leasing, ordering, or arranging for or recommending the purchase, lease, or ordering of any item or service reimbursable in whole or in part by Medicare, Medicaid or Social Security Disability, unless an applicable "safe harbor" applies. Legal counsel should be consulted regarding any applicable safe harbors. (See Physician Compensation policy.)
 - Any business arrangement with a physician must be structured to ensure compliance with legal requirements. Such arrangements must be in writing and, reviewed and approved by ECMCC's Office of General Counsel.
 - ECMCC will not pay for referrals. We make and accept patient referrals and admissions based solely on the patient's clinical needs and our ability to render the needed services.
 - ECMCC not accept payments for referrals that we make. No ECMCC personnel or any other person acting on behalf of the organization is permitted to solicit or receive anything of value, directly or indirectly, in exchange for the referral of patients.
- **Basis for Coding and Billing**
 - ECMCC personnel will make every attempt to code medical records completely on a patient's bill. If a diagnosis is unclear or has not been

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provided, ECMCC coders must review the medical documentation or contact the appropriate clinical practitioner or local intermediary to obtain the necessary information. In all cases, the documentation must support codes that are submitted on a patient's bill. Billing personnel cannot create coding or diagnostic information based in their own interaction with the patient, from information provided from an earlier date of service, or based on what they might conclude is the probably or most likely diagnosis.

- Staff with responsibility to maintain records for goods or services for which a bill will be sent to a patient or third party payor, have a responsibility to ensure an accurate bill that includes charges only for those goods and services actually provided. Submitting a false claim representing that a provider performed a service, all or part of which was not performed, is illegal. Providers will bill accurately for services rendered in accordance with the law and with its agreements with third-party payors.
- **Medical Necessity for Services**
 - ECMCC will submit claims to Medicare or Medicaid (or any federally-funded healthcare program or private insurers) only for services that were medically necessary or that otherwise constituted a covered service. Medical necessity will be determined individually for each service or test provided or ordered by the responsible physician. Medically necessary services, level of service or tests are defined as one that is reasonable and necessary for the diagnosis or treatment of an illness, injury or to improve the functioning of a malformed body member. An example would be requiring the patient to return for additional visits when another appointment is not necessary, or ordering unnecessary radiological tests, lab work, etc.
- **Up-coding**
 - All federal and state regulations governing billing procedures must be meticulously followed. ECMCC does not provide financial incentives to physicians, providers, personnel or outsiders to up-code claims. An example of "up-coding" would be providing a simple office visit (patient c/o earache and physician only exams the ear) and bill for a comprehensive visit (a complete physical exam).
- **Training and Coding**
 - All coders must be fully trained in how to read, review and appropriately code medical records. All coders will attend training sessions, workshops and seminars on proper coding practices, on governing rules and regulations, and on recent developments in the coding guidelines.
- **Cost Report**
 - Entities within ECMCC receive reimbursement under government programs requiring the submission of complete and accurate reports of its cost of operation and other information. These laws and regulations define what costs are allowable and outline the appropriate

ERIE COUNTY MEDICAL CENTER CORPORATION

methodologies to claim reimbursement for the cost of services provided to the program beneficiaries. ECMCC cost reports will be prepared in compliance with all applicable state and federal regulations.

XI. Non-Retaliation

At ECMCC, we afford certain protections to individuals who in good faith report violations. It also provides guidance by which employees can express problems, concerns, and opinions without fear of retaliation, intimidation or reprisal, as well as providing supervisors with appropriate guidelines for addressing problems and concerns raised by employees.

It is our belief that positive employee relations and morale can be best achieved and maintained in a working environment that promotes ongoing open communication between supervisors and employees. This includes open and candid discussions of employee problems and concerns. We recognize that one of the requirements of the US Sentencing Commission “Guidelines for Organizations” is that an organization evidences a policy of non-retaliation/non-intimidation for employees who report violations of law, regulations, policies, ethics and the Code of Conduct. Additionally, the NYS Office of Medicaid Inspector General (OMIG) stipulates that every organization have a policy of non-retaliation and non-intimidation for the reporting of code of conduct, ethical violations or compliance matters.

(See Fraud, Waste and Abuse Compliance policy, Corporate Compliance: Billing and Coding policy and Harassment policy.)

**Resolution Receiving and Filing the
Report of Annual Audit Performed by RSM US LLP**

Approved March 23, 2021


WHEREAS, under section 3642 of the Public Authorities Law, Erie County Medical Center Corporation (the "Corporation") is obligated to have an annual audit performed by an independent certified public accountant; and

WHEREAS, the Corporation has engaged RSM US LLP to perform an annual audit of the Corporation's books, records, and accounts, among other things, for the period ending December 31, 2020; and

WHEREAS, the audit report has been reviewed by the Audit Committee of the Corporation's Board of Directors and said committee has recommended that the Corporation's annual audit report be received and filed;

NOW, THEREFORE, the Board of Directors resolves as follows:

1. The 2020 Annual Audit performed by RSM US LLP is hereby received and filed and the Corporation's management is directed to distribute the report in accordance with law.
2. This resolution shall take effect immediately.



Michael A. Badger
Corporation Secretary

Erie County Medical Center Corporation

(A Component Unit of the County of Erie)

Financial Report
December 31, 2020

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Independent Auditor's Report

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, 2020 and 2019, 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of Erie County Medical Center Corporation as of December 31, 2020 and 2019, 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 3-12 as well as the required supplementary information data on pages 53-55 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 audits 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 _____, 2021 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 solely 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 the effectiveness of the Corporation's 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.

_____, 2021

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

**Management's Discussion and Analysis
December 31, 2020
(Dollars in Thousands)**

Management's Discussion and Analysis

Erie County Medical Center Corporation (the Corporation or ECMCC) is a state public benefit corporation dedicated 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 the 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 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

The purpose of the discussion and analysis is to provide the reader with objective data to evaluate the Corporation for the year ended December 31, 2020. 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 2020, 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 ECMCC, serving as the region's community hospital, helping patients from the most influential to the most vulnerable. The Corporation continued to invest in its workforce by increasing clinical care at the bedside, increasing support services for staff, and paying hazard pay during the height of the pandemic. The Corporation completed work on multiple construction projects including the new KeyBank Trauma and Emergency Department (which is the only Adult Level 1 Trauma Center in Western New York), the renovated Russell J. Salvatore Atrium, and capital improvements to the Comprehensive Psychiatric Emergency Program (CPEP). The Corporation also continued updating the building façade, windows, roofing and other exterior elements. The exciting future of the ECMCC health campus and strong continuing collaboration with community partners is producing quantifiably strong, efficient outcomes that will benefit the entire community and, of course, ECMCC patients.

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

**Management's Discussion and Analysis
December 31, 2020
(Dollars in Thousands)**

Operations Analysis

The Corporation completed calendar year 2020 providing another year of significant levels of combined inpatient and outpatient services to Western New York residents and, given its unique services, to many others beyond this region despite the unfavorable impacts resulting from the COVID-19 pandemic. Volumes of patient encounters (not expressed in thousands) are as follows:

	2015	2016	2017	2018	2019	2020	% Change 2015 - 2020
Inpatients	18,378	18,839	19,260	20,555	19,996	19,110	4.0%
Surgeries	14,364	14,552	14,818	15,315	15,606	12,481	-13.1%
Emergency	67,296	69,290	68,862	70,110	69,391	65,261	-3.0%
Outpatients	305,737	316,691	314,927	321,661	322,625	328,625	7.5%
Dialysis	24,617	27,291	24,772	25,063	27,549	27,973	13.6%

The global outbreak of COVID-19, a new strain of coronavirus that can result in severe respiratory disease, was declared a pandemic by the World Health Organization on March 11, 2020 and was declared a national emergency on March 13, 2020. The outbreak of the disease has affected travel, commerce, economies and financial markets globally, nationally, in New York State, and in Erie County. In response to the public health crisis, the New York State Governor and the New York State Commissioner of Health took certain actions to limit the spread of the virus and its impact on the State's communities and health care services, including the declaration of a state of emergency and the closure of all non-essential businesses in March 2020.

ECMCC voluntarily suspended non-essential or elective surgeries on March 20, 2020, while New York State, on March 23, 2020, issued orders to temporarily suspend healthcare providers and hospitals from performing non-essential or elective surgeries and procedures, which also impacted primary care and clinic appointments. The temporary suspension of these procedures and visits was enacted in order to create capacity within healthcare facilities to care for a potential increase in COVID-19 patients. On March 23, 2020, New York State mandated that hospitals in New York plan to increase capacity by 50%. The temporary suspension of non-essential and elective procedures was lifted for the Corporation on May 20, 2020.

On December 4, 2020, the State of New York again issued orders to temporarily suspend non-essential or elective surgeries and procedures in Erie County. The temporary suspension was intended to create capacity within healthcare facilities in Erie County to care for a potential increase in COVID-19 patients. This temporary suspension was lifted for the Corporation on January 25, 2021.

In response to the impact on the healthcare environment from the COVID-19, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted by Congress and was signed into law on March 27, 2020. The CARES Act included, among other things, support for healthcare providers and patients in the form of grants, payments for uninsured patients, and changes to Medicare and Medicaid payments. The Corporation to date has received \$62.8 million of Provider Relief Fund distributions provided under the CARES Act. Amounts provided under the CARES Act grant funds are recognized as non-operating revenues in the Statements of Revenue, Expenses and Changes in Net Position as eligibility requirements are met. Reporting and eligibility requirements under the CARES Act have continued to change and as such, the amounts recorded under the CARES Act for Provider Relief Funds may change in future periods. The Corporation also received \$39.1 million and \$10 million in loans under the Medicare Accelerated and Advance Payment Program and the Paycheck Protection Program, respectively.

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

**Management's Discussion and Analysis
December 31, 2020
(Dollars in Thousands)**

Operations Analysis (Continued)

Suspended operations due to the COVID-19 pandemic resulted in decreases in revenues and patient care volumes significantly below budget projections. Additionally, in order to adequately prepare to respond to the pandemic and the increased number of regulations governing the provision of care and safety guidelines, the Corporation incurred significant additional expenses above budgeted projections on personnel costs, the purchase of personal protective equipment, lab equipment, ventilators and other clinical equipment, and other purchased services. Due to the temporary financial market downturn in March 2020, the Corporation experienced additional pension expense in 2020. The federal government provided relief funding did not offset the unfavorable financial impact of COVID-19 in 2020. Despite these challenges, the Corporation remained committed to continuing its mission to "provide every patient the highest quality of care delivered with compassion."

The continued volume and visit trends reflect the trust that the Western New York community has placed in ECMCC. Notable achievements in 2020 include:

- NYS Department of Health grant in the amount of \$10 million to support the new KeyBank Level 1 Adult Trauma Center and Emergency Department at ECMCC.
- Beacon Award for Excellence in quality recognizing the Trauma ICU, Medical ICU and Burn Unit.
- ECMCC was designated a nursing Pathways to Excellence organization by the American Nurses Credentialing Center.
- NYS Division of Minority and Women's Business Development MWBE Program Performance Report graded ECMCC's participation as an 'A' for Fiscal Year 2019-20, achieving 30.4% participation.
- ECMCC recognized by Buffalo Business First with its' IDEA award for Inclusion, Diversity, Equity and Awareness.
- ECMCC received the Top Performer award in LGBTQ Healthcare Equality from the Human Rights Campaign Foundation.
- The Leapfrog Group, an independent, national not-for-profit organization rated ECMCC's overall patient safety score at 'A' in the Spring of 2020.
- 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."
- ECMCC designated as a Blue Distinction Center for Bariatric Surgery by BlueCross/BlueShield of Western New York.
- Terrace View Long-Term Care Facility was named to *Newsweek's* 2021 Best Nursing Homes List for performance on key measures on health inspections, quality measures and staffing.
- Recruitment of 90 new physicians to the Medical Staff across 17 disciplines.

Fundraising also was challenged by the COVID-19 pandemic in 2020. The ECMC Foundation, Inc., nevertheless, increased employee participation in annual fundraising by 34% and overall participation reached 41% in 2020 while also receiving significant support from the community, including the completion of a successful \$15 million capital campaign for its new KeyBank Trauma and Emergency Department.

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

**Management's Discussion and Analysis
December 31, 2020
(Dollars in Thousands)**

Operations Analysis (Continued)

Financial Metric Analysis

The Corporation's total net position decreased in 2020 due to unfavorable results from operations as a result of the COVID-19 pandemic and its impacts, as further discussed below.

Comparative financial ratios for the Corporation to the 2019 (most recent publicly available audited data, pre-pandemic) 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
	2020	2019	2018	Average 2019
Operating margin	-17.60%	0.04%	0.6%	-5.4%
Operating cash flow margin	-10.8%	4.8%	6.0%	0.0%
Debt service coverage	-1.2	2.2	2.0	1.1
Days cash on hand	151.7	119.0	112.1	62.9
Days in accounts receivable	56.8	58.2	61.5	40.2
Average age of plant	14.0	14.7	14.1	20.3

Prior to 2020, the operational performance ratios reflected favorable results of operations and generally favorable performance compared to NYS Public Benefit Corporations, while liquidity ratios have performed comparatively well throughout 2020. Federal provider relief funds reimbursing for additional operating expenses and lost operating revenues have been recognized as non-operating revenue, and are excluded from the operating ratio calculations. Days cash on hand increased as a result of Medicare Advance Payments and the collection of a 2021 disproportionate share revenue (DSH) payment in 2020. Days in accounts receivable decreased by 1.4 days (2.4%) due to additional collections and additional valuation reserves. Average age of plant decreased by 0.7 years as a result of new construction.

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, 2020
(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:

	2020	2019	2020-2019	
			\$ Change	% Change
Assets				
Current assets, excluding assets whose use is limited	\$ 296,792	\$ 189,310	\$ 107,482	56.8
Assets whose use is limited	194,391	277,229	(82,838)	(29.9)
Capital assets, net	334,157	319,358	14,799	4.6
Other assets	25,679	27,074	(1,395)	(5.2)
Total assets	851,019	812,971	38,048	4.7
Deferred outflows of resources	239,216	116,898	122,318	104.6
Total assets and deferred outflows	\$ 1,090,235	\$ 929,869	\$ 160,366	17.2
Liabilities				
Current liabilities	\$ 319,701	\$ 276,812	\$ 42,889	15.5
Noncurrent liabilities	882,754	703,699	179,055	25.4
Total liabilities	1,202,455	980,511	221,944	22.6
Deferred inflows of resources	101,575	98,402	3,173	3.2
Net Position				
Net investment in capital assets	106,297	112,081	(5,784)	(5.2)
Restricted	91,986	142,045	(50,059)	(35.2)
Unrestricted	(412,078)	(403,170)	(8,908)	2.2
Total net position	(213,795)	(149,044)	(64,751)	43.4
Total liabilities, deferred inflows and net position	\$ 1,090,235	\$ 929,869	\$ 160,366	17.2

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

**Management's Discussion and Analysis
December 31, 2020
(Dollars in Thousands)**

Statements of Net Position (Continued)

Overall, total assets and deferred outflows of resources increased \$160,366 from 2019 to 2020.

The following variances in total assets are noteworthy:

Total current assets, excluding the current portion of assets whose use is limited, increased by \$107,482 due to the following:

- Cash, cash equivalents and investments increased by \$112,805 due to the receipt of current and future years DSH payments and receipt of Medicare Advance Payments.
- Patient accounts receivable, net, decreased by \$7,856 as a result of current year decrease in net patient service revenue.
- Other receivables, decreased by \$1,292 which is due to a \$1,042 decrease in Medicaid DSH and UPL program receivables, \$4,384 decrease in the CREPS Program grant receivable, \$551 decrease in receivables from joint ventures and a \$249 decrease in health insurance rebates. In addition, there was an increase of \$4,641 in due from third party payors and a \$293 increase in other receivables.
- Assets whose use is limited, including current portion, decreased by a net of \$82,838, which is due to a decrease of \$50,122 of DSRIP grant funds due to grant expenditures, a \$28,425 decrease from the use of proceeds from the 2017 financing for various construction and renovation projects and a \$4,916 reduction in required collateral held for workers compensation claims offset by a \$625 increase in increased reserve account funding for actuarial liabilities and other limited use assets.
- Capital assets, net, increased by \$14,799 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 \$225,117 and net position decreased \$64,751 from 2019.

The following variances in total liabilities are noteworthy:

Total current liabilities increased by \$42,889 due to the following:

- Accounts payable and accrued salaries and benefits decreased by \$38,986, \$60,920 of which is due to a decrease in liabilities related to the DSRIP grant program. In addition, \$10,926 of social security taxes were deferred under the CARES Act program resulting in an increase partially offsetting the aforementioned DSRIP decline. The remainder is due to timing of payments to vendors and employees.
- Accrued other liabilities decreased by \$6,813 largely as a result of payments of amounts due to Erie County.
- Unearned revenue increased by \$69,094, \$12,565 due to receipt of DSRIP grant funds exceeding DSRIP grant expenses during the year and receipt of a payment for 2021 DSH funds during 2020 in the amount of \$56,529.
- Receipt of Medicare Advance payments resulted in \$15,275 recognized as a current liability and \$23,826 as a long-term liability based upon payment terms in the CARES Act.
- An increase in the net pension liability was recognized during 2020 in the amount of \$167,957 due to changes in actuarial assumptions and investment performance of the New York State and Local Retirement System (NYSLRS) further described in Note 10.
- The long-term portion of self-insured obligations increased by \$5,588 due to 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 decreased by \$442.

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

Management's Discussion and Analysis
December 31, 2020
(Dollars in Thousands)

Statements of Net Position (Continued)

- The liability for OPEB decreased by \$14,962 primarily as a result of the favorable impact of experience changes in claim costs offset by a decrease in the discount rate as disclosed in Note 11.
- Net position decreased by \$64,751 due to unfavorable financial performance partially offset by CARES Act provider relief funds and capital grants and contributions.

Statements of Revenues, Expenses, and Changes in Net Position

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

	2020	2019	2020-2019	
			\$ Change	% Change
Net patient service revenue	\$ 505,591	\$ 543,370	\$ (37,779)	(7.0)
Disproportionate share revenue (DSH)	79,510	89,802	(10,292)	(11.5)
DSRIP grants	32,246	80,880	(48,634)	(60.1)
Other operating revenue	20,662	36,799	(16,137)	(43.9)
Total operating revenues	638,009	750,851	(112,842)	(15.0)
Operating expenses:				
Payroll and employee benefits	386,561	360,730	(25,831)	(7.2)
Professional fees	96,360	92,777	(3,583)	(3.9)
Purchased services	68,854	69,434	580	0.8
Supplies	97,872	97,065	(807)	(0.8)
Other operating expenses	32,268	25,155	(7,113)	(28.3)
DSRIP grant expenses	24,840	64,319	39,479	61.4
Depreciation and amortization	32,283	28,659	(3,624)	(12.6)
Total operating expenses	739,038	738,139	(899)	(0.1)
Operating (loss) income before pension amortization component	(101,029)	12,712	(113,741)	(894.8)
Pension expense, amortization component	36,875	5,263	31,612	100.0
Operating (loss) income	(137,904)	7,449	(145,353)	(1,951.3)
Non-operating expenses:				
Investment gain	6,854	5,895	959	(16.3)
CARES Act Provider Relief Funds	62,807	-	62,807	100.0
Interest expense	(11,037)	(7,135)	(3,902)	54.7
(Loss) income before capital grants and contributions	(79,280)	6,209	(85,489)	1,376.9
Capital grants	9,269	-	9,269	100.0
Capital contributions	5,260	6,739	(1,479)	(21.9)
Total change in net position	(64,751)	12,948	(77,699)	(600.1)
Net position – beginning of year	(149,044)	(161,992)	12,948	8.0
Net position - end of year	\$ (213,795)	\$ (149,044)	\$ (64,751)	(43.4)

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

**Management's Discussion and Analysis
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(Dollars in Thousands)**

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

Overall, operating revenues decreased by \$112,842 or 15.0% in 2020 with decreases attributable to the following:

- Net patient service revenue decreased \$37,779, or 7.0%, in 2020. Volumes decreased across multiple lines of business due to the impact of New York State imposed restrictions resulting from the coronavirus pandemic as further described in the section entitled "Operations Analysis".
- DSH decreased by \$10,292, or 11.5%, in 2020 as a result of a decrease in the nursing home upper payment limit of \$3,845 and a \$6,447 decrease in federal DSH due to changes in calculations of prior year estimates.
- DSRIP grant revenue decreased by \$48,634 or 60.1% primarily due to a decrease of \$22,382 in high performance fund program receipts, a decrease in program awards, and timing of payments made under the program. Total DSRIP revenue earned by the corporation related to the program decreased \$9,155 of which \$10,520 relates to the decrease in high performance fund program awards offset by increases in other grant related program awards mainly due to the coronavirus response activities.
- Other operating revenue decreased by \$16,137, or 43.9%, in 2020, principally as the result of the expiration of the CREPs grant revenue program on March 31, 2020 resulting in a decrease of \$16,882 in CREPs grant revenue offset by an increase of \$745 in other operations revenue.

Operating expenses including the pension expense increased \$32,511 or 4.4%, in 2020. Expense changes are attributable to the following:

- Payroll and employee benefit expenses have increased by \$25,831 or 7.2% as the net result of increases in staffing costs related to premium pay for employees related to treating patient during the coronavirus pandemic, increased staffing levels to implement regulations related to the coronavirus pandemic and related costs and increases for workers compensation and health insurance costs offset by decreases in actuarial determined expense for retiree health insurance as previously noted. Salaries and employee benefit expense increased by 16.4% of net patient service revenue, from 67.4% in 2019 to 76.5% of net patient service revenue in 2020.
- Pension expense increased by \$39,917 or 117.6% as a result of unfavorable differences between projected and actual investment earnings on pension plan investments largely due to the plan valuation date of March 31, 2020 and the impact of the coronavirus on the financial markets at that time and differences between expected and actual experience.
- Purchased services expense decreased by \$580 or 0.8% as a result of minimal changes related to operations as the focus was on responding to the coronavirus in 2020.
- Supply expenses as a percentage of net patient service revenue increased from 17.9% in 2019 to 19.4% in 2020 mostly attributed to purchases of personal protective equipment for employees despite significant decreases in patient volumes and patient service revenue.
- DSRIP grant expenses decreased by \$39,479 or 61.4% as a result of the participation high performance fund program awards, timing of award payments and the wind down of the program which ended March 31, 2020.

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

**Management's Discussion and Analysis
December 31, 2020
(Dollars in Thousands)**

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

Capital Assets, Net

At December 31, 2020, the Corporation had capital assets, net of accumulated depreciation, of \$334,157 compared to \$319,358 at December 31, 2019, representing an increase of \$14,799 or 4.6%.

During 2020, the Corporation invested \$47,667 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 (\$12,399) and the main lobby project (\$3,111). Construction of these projects began in 2017 and were completed in 2020. In addition, the Corporation continued investment into various mechanical, electrical, plumbing and building envelope improvements (\$16,980), and continued implementing a new ambulatory electronic medical records system (\$5,124) along with various other facility infrastructure projects. Other additions to capital assets included other medical and non-medical equipment, software and furniture and fixtures.

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.

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 ended on March 31, 2020 and has not been extended beyond this date.

**Erie County Medical Center Corporation
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**Management's Discussion and Analysis
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(Dollars in Thousands)**

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 4 of the program and has recognized related revenue in the amount of \$5,618 and \$22,500, in the 2020 and 2019 financial statements, respectively. This grant period ended on March 31, 2020 and has not been extended beyond this date.

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 and beyond 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.

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, 2020 and 2019
(Dollars in Thousands)

	2020	2019
Assets and Deferred Outflows		
Current assets:		
Cash and cash equivalents	\$ 120,308	\$ 13,771
Investments	16,393	10,125
Assets whose use is limited	117,163	195,804
Patient accounts receivable, net	78,716	86,572
Other receivables	63,393	64,685
Supplies, prepaids and other	17,982	14,157
Total current assets	413,955	385,114
Assets whose use is limited	77,228	81,425
Capital assets, net	334,157	319,358
Other assets, net	25,679	27,074
	437,064	427,857
Total assets	851,019	812,971
Deferred outflows of resources:		
Pension	167,313	55,673
Other post employment benefits	56,939	44,691
Other	14,964	16,534
Total deferred outflows of resources	239,216	116,898
Total assets and deferred outflows of resources	\$ 1,090,235	\$ 929,869
Liabilities, Deferred Inflows and Net Position		
Current liabilities:		
Current portion of long-term debt	\$ 11,955	\$ 11,090
Current portion of Medicare Advance Payment Program	15,275	-
Accounts payable	49,508	102,856
Accrued salaries, wages and employee benefits	38,410	24,048
Net pension liability	34,754	30,167
Other post employment benefits	12,076	12,903
Accrued other liabilities	28,903	35,716
Unearned revenue	127,708	58,614
Estimated third-party payor settlements	1,112	1,418
Total current liabilities	319,701	276,812
Long-term debt, net	237,089	236,779
Medicare Advance Payment Program, net of current portion	23,826	-
Net pension liability, net of current portion	190,443	27,073
Self-insured obligations	41,652	36,064
Other post employment benefits, net of current portion	385,845	399,980
Other	3,899	3,803
Total liabilities	1,202,455	980,511
Deferred inflows of resources:		
Pension	14,403	28,011
Other post employment benefits	87,172	70,391
Total deferred inflows of resources	101,575	98,402
Net Position:		
Net investment in capital assets	106,297	112,081
Restricted:		
Nonexpendable	-	-
Expendable	91,986	142,045
Unrestricted	(412,078)	(403,170)
Total net position	(213,795)	(149,044)
Total liabilities, deferred inflows and net position	\$ 1,090,235	\$ 929,869

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, 2020 and 2019
(Dollars in Thousands)

	2020	2019
Operating revenues:		
Net patient service revenue, net of provision for bad debts of \$33,605 and \$19,591 for 2020 and 2019, respectively	\$ 505,591	\$ 543,370
Disproportionate share revenue (DSH)	79,510	89,802
DSRIP grants	32,246	80,880
Other operating revenue	20,662	36,799
Total operating revenues	638,009	750,851
Operating expenses:		
Payroll and employee benefits	386,561	360,730
Professional fees	96,360	92,777
Purchased services	68,854	69,434
Supplies	97,872	97,065
Other operating expenses	32,268	25,155
DSRIP grant expenses	24,840	64,319
Depreciation and amortization	32,283	28,659
Total operating expenses	739,038	738,139
Operating (loss) income before pension expense amortization component	(101,029)	12,712
Pension expense, amortization component	36,875	5,263
Operating (loss) income	(137,904)	7,449
Non-operating revenues (expenses):		
Investment gain	6,854	5,895
CARES Act Provider Relief Funds	62,807	-
Interest expense	(11,037)	(7,135)
Total non-operating expenses	58,624	(1,240)
(Loss) income before capital grants and capital contributions	(79,280)	6,209
Capital grants	9,269	-
Capital contributions	5,260	6,739
Total change in net position	(64,751)	12,948
Net position – beginning of year	(149,044)	(161,992)
Net position – end of year	\$ (213,795)	\$ (149,044)

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

Statements of Cash Flows
Years Ended December 31, 2020 and 2019
(Dollars in Thousands)

	2020	2019
Cash flows from operating activities:		
Receipts from patients and third party payors	\$ 514,433	\$ 533,230
Receipts from Medicare Advance Payment Program	39,101	-
Payments to employees for salaries and benefits	(368,809)	(356,538)
Payments to vendors for supplies and other	(370,053)	(308,875)
Other receipts	201,512	210,968
Net cash provided by operating activities	16,184	78,785
Cash flows from capital and related financing activities:		
Purchases of capital assets	(60,545)	(83,681)
Borrowings on long-term debt	2,555	1,805
Payments on long term debt	(11,380)	(11,261)
Proceeds from the Paycheck Protection Program	10,000	-
Interest paid on long term debt	(11,037)	(7,135)
Grants for capital purposes	9,269	-
Net cash used in capital and related financing activities	(61,138)	(100,272)
Cash flows from noncapital financing activities:		
CARES Act Provider Relief Funds	62,807	-
Cash flows from investing activities:		
Sales (purchases) of assets whose use is limited, net	82,838	(19,127)
Investment gain	6,854	5,895
(Purchases) sales of investments, net	(6,268)	22,675
Capital contributions	5,260	6,739
Net cash provided by investing activities	88,684	16,182
Net change in cash and cash equivalents	106,537	(5,305)
Cash and cash equivalents:		
Beginning	13,771	19,076
Ending	\$ 120,308	\$ 13,771

Noncash capital and related financing activities:

Included in accounts payable at December 31, 2020 and 2019 was \$6,128 and \$19,591, 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, 2020 and 2019
(Dollars in Thousands)

	2020	2019
Reconciliation of operating (loss) income to net cash provided by operating activities:		
Operating (loss) income	\$ (137,904)	\$ 7,449
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:		
Depreciation and amortization	32,283	28,659
Provision for bad debts	33,605	19,591
Changes in assets, deferred outflows, liabilities and deferred inflows:		
Patient accounts receivable	(25,749)	(16,876)
Medicare Advance Payment Program	39,101	-
Other receivables	1,292	2,637
Supplies, prepaids and other	(2,430)	(2,612)
Deferred outflows of resources	(122,318)	(9,818)
Accounts payable	(39,885)	43,354
Accrued liabilities	7,645	1,620
Unearned revenue	69,094	3,487
Estimated third-party payor settlements	(306)	(5,674)
Self-insured obligations	5,588	(6,589)
Net pension liability	167,957	32,563
OPEB	(14,962)	22,829
Deferred inflows of resources	3,173	(41,835)
Net cash provided by operating activities	\$ 16,184	\$ 78,785

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, 2020 and 2019
(Dollars in Thousands)

	2020				2019			
	ECMC Foundation, Inc.	The Grider Initiative, Inc.	Research for Health in Erie County, Inc.	Total (memorandum only)	ECMC Foundation, Inc.	The Grider Initiative, Inc.	Research for Health in Erie County, Inc.	Total (memorandum only)
Assets								
Current assets:								
Cash and cash equivalents	\$ 1,789	\$ 272	\$ 14	\$ 2,075	\$ 1,522	\$ 273	\$ 4	\$ 1,799
Investments	-	-	1,073	1,073	-	-	1,020	1,020
Other receivables	2,403	-	-	2,403	2,966	-	-	2,966
Supplies, prepaids and other	15	-	-	15	65	-	-	65
Total current assets	4,207	272	1,087	5,566	4,553	273	1,024	5,850
Other receivables	2,364	-	-	2,364	2,489	-	-	2,489
Endowment and other investments	3,815	9,943	-	13,758	6,080	10,407	-	16,487
Equipment and vehicles, net	6	-	-	6	50	-	-	50
	6,185	9,943	-	16,128	8,619	10,407	-	19,026
Total assets	\$ 10,392	\$ 10,215	\$ 1,087	\$ 21,694	\$ 13,172	\$ 10,680	\$ 1,024	\$ 24,876
Liabilities and Net Position								
Current liabilities:								
Accounts payable	\$ 584	\$ -	\$ -	\$ 584	\$ 392	\$ -	\$ -	\$ 392
Funds held in custody for others	636	-	-	636	640	-	-	640
Total current liabilities	1,220	-	-	1,220	1,032	-	-	1,032
Related party	6,219	-	-	6,219	5,431	550	-	5,981
Total liabilities	7,439	-	-	7,439	6,463	550	-	7,013
Net Position								
Restricted:								
Nonexpendable	50	10,000	-	10,050	50	10,000	-	10,050
Expendable	511	215	-	726	4,400	130	-	4,530
Unrestricted	2,392	-	1,087	3,479	2,259	-	1,024	3,283
Total net position	2,953	10,215	1,087	14,255	6,709	10,130	1,024	17,863
Total liabilities and net position	\$ 10,392	\$ 10,215	\$ 1,087	\$ 21,694	\$ 13,172	\$ 10,680	\$ 1,024	\$ 24,876

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, 2020 and 2019
(Dollars in Thousands)

	2020				2019			
	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	\$ 5,000	\$ -	\$ -	\$ 5,000	\$ 6,661	\$ -	\$ -	\$ 6,661
Total operating revenues	5,000	-	-	5,000	6,661	-	-	6,661
Operating expenses:								
Program services and grants	7,968	-	18	7,986	8,569	-	21	8,590
Fundraising	564	-	-	564	1,502	-	-	1,502
Other operating expenses	224	1	2	227	196	1,079	1	1,276
Total operating expenses	8,756	1	20	8,777	10,267	1,079	22	11,368
Operating income (loss)	(3,756)	(1)	(20)	(3,777)	(3,606)	(1,079)	(22)	(4,707)
Non-operating revenue:								
Investment income (loss)	-	86	83	169	(187)	268	44	125
Change in net position	(3,756)	85	63	(3,608)	(3,793)	(811)	22	(4,582)
Net position – beginning of year	6,709	10,130	1,024	17,863	10,502	10,941	1,002	22,445
Net position – end of year	\$ 2,953	\$ 10,215	\$ 1,087	\$ 14,255	\$ 6,709	\$ 10,130	\$ 1,024	\$ 17,863

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, 2020
(Dollars in Thousands)**

Note 1. Organization

The Corporation: Erie County Medical Center Corporation (referred to as the "Corporation" or "ECMCC") is a public benefit corporation created by the Erie County Medical Center Corporation Act, Chapter 143 of the Laws of New York State, 2003 (Title 6 of Article 10-C of the Public Authorities Law) (the "Act") 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, 2020
(Dollars in Thousands)**

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, 2020 and 2019 capital contributions due to GLIN totaled \$1,738 and \$1,250, respectively. Contributions are used to pay for care coordination services, information systems infrastructure, 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 183 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 (U.S. 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, 2020
(Dollars in Thousands)**

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
(A Component Unit of the County of Erie)**

**Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)**

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 5. The combined effect of changes related to prior years' estimates resulted in a decrease of \$3,009 and \$6,457 in total operating revenues for the years ended December 31, 2020 and 2019, 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, 2020 and 2019 was approximately \$56,831 and \$43,700, 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.

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

Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

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

	2020	2019
Medicaid Disproportionate Share (DSH) and Upper Payment Limit (UPL) (Note 5)	\$ 41,797	\$ 42,839
Due from affiliated organizations and joint ventures	1,733	2,284
Due from third party payors	15,896	11,255
Care Restructuring Enhancement Pilot (CREPS) Program Grant (Note 13)	-	4,384
Health insurance rebates	1,008	1,257
Other	2,959	2,666
	<u>\$ 63,393</u>	<u>\$ 64,685</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. Effective January 1, 2020, the Corporation adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. Adoption of GASB Statement No. 89 resulted in \$1,694 of interest that otherwise could have been capitalized and was charged to interest expense during the period. Prior to January 1, 2020, during periods of construction, the Corporation capitalized interest incurred with borrowings for construction. Capitalized interest was \$11,309 for the year ended December 31, 2019.

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, 2020 and 2019 is \$12,260 and \$13,557, 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, 2020 and 2019 is \$1,240 and \$1,464, respectively.

**Erie County Medical Center Corporation
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**Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)**

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 15 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, 2020 and 2019, the Corporation's share of the net assets of Collaborative Care amounted to \$918 and \$694, 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, 2020 and 2019, the Corporation's share of the net assets of GLIN amounted to \$589 and \$(774), 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, 2020 and 2019, within the caption accrued salaries, wages and employee benefits in the amount of \$14,757 and \$13,580, 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.

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

**Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)**

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 \$3,363 and \$4,420 for the years ended December 31, 2020 and 2019, respectively. Additionally, the Corporation provided approximately \$1,664 and \$2,977 in discounts to self-pay patients for the years ended December 31, 2020 and 2019, 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 conducted 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 0.36% 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, CARES Act Provider Relief Funds, 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
(A Component Unit of the County of Erie)**

**Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)**

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 2020 and 2019, 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: Effective May 2020, the Corporation adopted GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement was to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in GASB Statements and Implementation Guides that first became effective or were scheduled to become effective for periods beginning after June 15, 2018, and later.

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 for fiscal years beginning after June 15, 2021.

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.

**Erie County Medical Center Corporation
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**Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)**

Note 2. Summary of Significant Accounting Policies (Continued)

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, 2021. The Corporation has not yet determined the impact this statement will have on the financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The Corporation has not yet determined the impact this statement will have on the financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*. A SBITA is defined as a contract that conveys control of the right to use another party's information technology software alone or in combination with tangible capital assets as specified in the contract for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The Corporation has not yet determined the impact this statement will have on the financial statements.

**Erie County Medical Center Corporation
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**Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)**

Note 2. Summary of Significant Accounting Policies (Continued)

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. 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 11, 2021, the date the financial statements were issued.

Note 3. Coronavirus Pandemic (COVID-19)

In response to the impact on the Healthcare environment from the COVID-19, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted by Congress and was signed into law on March 27, 2020. The CARES Act included a variety of economic assistance provisions for businesses and individuals. It includes provisions to support healthcare providers and patients in the form of grants, payments for uninsured patients, and changes to Medicare and Medicaid payments, among other types of relief. COVID-19 has had a significant impact on the results of the Corporation's operations. The Corporation under New York State regulations suspended non-emergent and non-critical surgeries, procedures and appointments beginning in mid-March through May in 2020 and again beginning in early December 2020 through January 2021 due to COVID-19. This resulted in a substantial decrease to hospital revenue and an increase in expenses due to the purchase of Personal Protective Equipment (PPE), lab equipment and testing supplies, increase in personnel costs and other preparedness measures taken related to COVID-19.

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

**Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)**

Note 3. Coronavirus Pandemic (COVID-19) (Continued)

Under certain provisions in the CARES Act, the Corporation recognized benefits totaling \$62,807 in its statement of revenues, expenses and changes in net position. The \$62,807 benefit is entirely comprised of distributions from the Provider Relief Fund established under the CARES Act and is recognized as non-operating revenue. The Corporation also deferred payment of \$10,926 for the employer portion of the Social Security payroll taxes as allowed by the CARES Act which has been recorded in the statement of net position as a current liability within the accrued salaries, wages and employee benefits caption at December 31, 2020. Under the CARES Act, fifty percent of the deferred payroll taxes must be paid by December 31, 2021 with the remainder by December 31, 2022.

Under the CARES Act, the Centers for Medicare & Medicaid Services (CMS) expanded the Medicare Accelerated and Advance Payment Program to provide necessary funds to Medicare providers to assist with the disruption in claims submission and claims processing. During 2020, the Corporation received advance payments under this program totaling \$39,101. Amounts provided under the Medicare Accelerated and Advance Payment Program will begin to be recouped against future Medicare claims beginning in 2021 through 2022. The Corporation will reduce the liability over time as Medicare claims for services are provided during the recoupment period.

Under certain provisions of the CARES Act, the Corporation applied for and received a Paycheck Protection Program (PPP) loan in the amount of \$10,000. This loan accrues interest and has been recorded in the statement of net position as a long-term debt at December 31, 2020 (see Note 9). The Corporation has applied for forgiveness as of the date of this report.

Note 4. 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.

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

Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)

Note 4. Net Patient Service Revenue and Patient Accounts Receivable (Continued)

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. The 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:

	2020	2019
Gross charges	\$ 1,215,298	\$ 1,191,460
Less:		
Discounts and allowances	676,102	628,499
Provision for bad debts	33,605	19,591
	<u>\$ 505,591</u>	<u>\$ 543,370</u>

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

	2020		2019	
		%		%
Medicare*	\$ 185,501	36.7%	\$ 186,281	34.3%
Medicaid*	150,629	29.8%	160,960	29.6%
Commercial and other third party payors	145,210	28.7%	165,434	30.4%
No-fault	20,052	4.0%	24,777	4.6%
Self-pay	4,199	0.8%	5,918	1.1%
	<u>\$ 505,591</u>	<u>100.0%</u>	<u>\$ 543,370</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.

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

Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)

Note 4. Net Patient Service Revenue and Patient Accounts Receivable (Continued)

Patient accounts receivable consist of the following at December 31:

	2020	2019
Gross accounts receivable	\$ 212,187	\$ 205,428
Less:		
Discounts and allowances	76,640	75,156
Allowance for bad debts	56,831	43,700
	<u>\$ 78,716</u>	<u>\$ 86,572</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:

	2020	2019
Medicare*	30.6%	26.8%
Medicaid*	27.6%	24.9%
Commercial and other third party payors	29.8%	32.6%
No-fault	9.5%	12.2%
Self-pay	2.5%	3.5%
Total	<u>100.0%</u>	<u>100.0%</u>

*Medicare and Medicaid include Managed Care plans.

Note 5. 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 2020 and 2019, DSH funding recorded by the Corporation totaled \$79,510 and \$89,802, 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 \$67,461 and \$74,407 was recognized in 2020 and 2019, respectively. In addition, during 2020 and 2019 the Corporation recognized \$12,049 and \$15,395, respectively, of UPL revenue for Terrace View. UPL revenue has been recognized based off New York State fiscal year 2020-2021 as determined by the New York State Department of Health (DOH), using cost report year 2018 data.

In addition, the Centers for Medicare and Medicaid Services (CMS) has indicated that cost reports dating back to the 2018 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.

Erie County Medical Center Corporation
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Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)

Note 6. 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:

	2020	2019
Cash and cash equivalents	\$ 120,308	\$ 13,771
Investments	16,393	10,125
Assets whose use is limited – current	117,163	195,804
Assets whose use is limited – non-current	77,228	81,425
	<u>\$ 331,092</u>	<u>\$ 301,125</u>
Current portion of assets whose use is limited:		
Patient and residents trust cash	\$ 576	\$ 347
Restricted for debt service ^(a)	2,304	2,291
Restricted for capital projects ^(d)	12,425	40,850
Designated for self-insurance obligations ^(b)	8,924	8,544
Designated for retiree health obligations ^(b)	12,077	12,903
Designated for DSRIP program ^(b)	79,969	130,091
NYS voluntary defined contribution plan escrow	201	237
Medical and dental staff funds	687	541
Total current portion of assets whose use is limited	<u>\$ 117,163</u>	<u>\$ 195,804</u>
Noncurrent portion of assets whose use is limited:		
Restricted for debt service ^(a)	\$ 9,710	\$ 9,664
Designated for long-term investment ^(b)	18,595	18,595
Designated for retiree health obligations ^(b)	12,754	11,928
Designated for self-insurance obligations ^(b)	29,308	29,462
Restricted – insured workers compensation collateral ^(c)	6,861	11,776
Total noncurrent portion of assets whose use is limited	<u>\$ 77,228</u>	<u>\$ 81,425</u>

^(a) Funds restricted by operation of indenture agreement

^(b) Funds internally designated by operation of Board authority

^(c) Funds restricted – insured workers compensation collateral agreement

^(d) Unspent proceeds from borrowings, which are to be used for construction projects

**Erie County Medical Center Corporation
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**Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)**

**Note 6. 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, 2020 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, 2020 and 2019, totaled \$139,567 and \$71,815, of which \$827 and \$863 of the deposits were insured at December 31, 2020 and 2019, 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 regularly throughout the year 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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Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)

Note 6. 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, 2020 and 2019.

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.

	2020			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 120,308	\$ -	\$ -	\$ 120,308
Investments and assets whose use is limited:				
Cash and cash equivalents	138,780	-	-	138,780
Marketable equity securities:				
Small/Mid-cap equities	5,141	-	-	5,141
Growth equities	1,795	-	-	1,795
Core equities	10,411	-	-	10,411
International equities	10,202	-	-	10,202
US fixed income	40,839	-	-	40,839
International fixed income	-	3,616	-	3,616
Total investments and assets whose use is limited	207,168	3,616	-	210,784
Total	\$ 327,476	\$ 3,616	\$ -	\$ 331,092

Erie County Medical Center Corporation
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Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)

Note 6. Cash and Cash Equivalents, Investments, and Assets Whose use is Limited
(Continued)

	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
Total investments and assets whose use is limited	282,020	5,334	-	287,354
Total	\$ 295,791	\$ 5,334	\$ -	\$ 301,125

Note 7. Capital Assets, Net

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

	2020			
	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance
Capital assets – being depreciated				
Land and land improvements	\$ 28,731	\$ 11,724	\$ -	\$ 40,455
Buildings and improvements	435,501	92,858	-	528,359
Fixed/major moveable equipment	182,780	16,444	(652)	198,572
Total capital assets – being depreciated	647,012	121,026	(652)	767,386
Less accumulated depreciation	(419,718)	(32,234)	19	(451,933)
Total capital assets – being depreciated, net	227,294	88,792	(633)	315,453
Capital assets – not being depreciated				
Construction in progress	92,064	41,532	(114,892)	18,704
Total capital assets, net	\$ 319,358	\$ 130,324	\$ (115,525)	\$ 334,157

Erie County Medical Center Corporation
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Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)

Note 7. Capital Assets, Net (Continued)

	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
Total capital assets – being depreciated	625,980	23,310	(2,278)	647,012
Less accumulated depreciation	(393,287)	(28,610)	2,179	(419,718)
Total capital assets – being depreciated, net	232,693	(5,300)	(99)	227,294
Capital assets – not being depreciated				
Construction in progress	32,849	68,891	(9,676)	92,064
Total capital assets, net	\$ 265,542	\$ 63,591	\$ (9,775)	\$ 319,358

Construction in progress at December 31, 2019 included 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 projects are funded through loans from Erie County (see Note 9) and \$10,000 through a grant from New York State (see Note 14). In May 2020, the Level 1 Adult Trauma Center and emergency department expansion was completed and opened. Construction in progress at December 31, 2020 includes costs associated with the new ambulatory electronic medical records system, and various mechanical, electrical, plumbing and building envelope improvements.

Depreciation expense amounted to \$32,234 and \$28,610 for the years ended December 31, 2020 and 2019, respectively.

Note 8. Accrued Other Liabilities

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

	2020	2019
Due to Erie County	\$ 4,713	\$ 15,329
Due to joint venture	1,738	1,250
Medical malpractice claims	1,893	1,903
Other	13,533	10,592
Workers compensation claims	7,026	6,642
Total	\$ 28,903	\$ 35,716

Erie County Medical Center Corporation
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Notes to the Financial Statements
Year Ended December 31, 2020
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Note 8. 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 completes 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 evaluates the requirements 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 \$2,008 and \$2,185 at December 31, 2020 and 2019, respectively, 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, 2020 and 2019.

Note 9. Indebtedness

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

	2020				
	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Erie County - Guaranteed Senior Revenue Bonds, Series 2004	\$ 72,365	\$ -	\$ (3,545)	\$ 68,820	\$ 3,740
Erie County - 2017 loan payable	97,430	-	(1,914)	95,516	2,649
Erie County - 2017 loan payable	65,075	-	(3,843)	61,232	3,946
Erie County - 2017 capitalized interest assumption obligation	8,110	-	(159)	7,951	220
PPP Loan	-	10,000	-	10,000	553
Capital lease obligations	4,889	2,555	(1,919)	5,525	847
Total debt	\$ 247,869	\$ 12,555	\$ (11,380)	\$ 249,044	\$ 11,955

	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
Total debt	\$ 257,325	\$ 1,805	\$ (11,261)	\$ 247,869	\$ 11,090

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

Future annual principal payments applicable to long term debt for the years subsequent to December 31, 2020 are as follows:

2021	\$	11,955
2022		14,550
2023		15,017
2024		15,497
2025		14,274
2026 - 2030		69,252
2031 - 2035		68,558
2036 - 2040		39,941
Total	\$	249,044

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 \$3,740 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 a 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 required principal and interest payments (cost of capital is estimated at 2.3%) of \$194 and was paid in full 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
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(Dollars in Thousands)**

Note 9. Indebtedness (Continued)

During 2018, the Corporation entered into a second 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.

During 2020, the Corporation entered into a capital lease agreement in the amount of \$2,555, 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 \$34 and matures July 2026.

During June 2020, the Corporation received a Paycheck Protection Program (PPP) loan in the amount of \$10,000. The loan accrues interest at 1.0%. If forgiveness is not received, beginning in October 2021 monthly principal and interest payments of \$228 are required until maturity in May 2025. The Corporation has applied for forgiveness as of the date of this report and is expecting to receive forgiveness.

Note 10. 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 487,000 pensioners and beneficiaries in the System with nearly 1.1 million 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, 2020
(Dollars in Thousands)**

Note 10. Pension Plan (Continued)

At December 31, 2020 and 2019, the Corporation reported a liability of \$225,197 and \$57,240, respectively, for its proportionate share of the NYSLRS net pension liability. The total pension liability used to calculate the net pension liability is determined by an actuarial valuation as of April 1st each year and rolled forward to March 31st. The Corporation's proportion for the net pension liability for each fiscal year was based on the Corporation's indexed present value of future compensation to NYSLRS of all participating employers for 2020 and 2019, which was 0.8504% and 0.8079%, respectively.

(a) Actuarial Assumptions

The total pension liability for the March 31, 2020 measurement date was determined using an actuarial valuation as of April 1, 2019, with update procedures used to roll-forward the total pension liability to March 31, 2020. The actuarial valuations used the following actuarial assumptions:

Inflation	2.5%
Salary increases	4.2%, including inflation
Investment rate of return	6.8%, net of pension plan investment expense
Cost of living adjustments	1.3%
Mortality improvement	Society of Actuaries Scale MP-2018

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

Erie County Medical Center Corporation
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Notes to the Financial Statements
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Note 10. 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>	2020	
	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	36.0%	4.1%
International equity	14.0%	6.2%
Private equity	10.0%	6.8%
Real estate	10.0%	5.0%
Absolute return strategies	2.0%	3.3%
Bonds and mortgages	17.0%	0.8%
Inflation-indexed bonds	4.0%	0.5%
Opportunistic portfolio	3.0%	4.7%
Real assets	3.0%	6.0%
Cash	1.0%	0.0%
	<u>100.0%</u>	
<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>	

Erie County Medical Center Corporation
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Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)

Note 10. Pension Plan (Continued)

(c) Discount Rate

The discount rate used to measure the total pension liability as of December 31, 2020 and 2019 was 6.8% and 7.0%, respectively. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the NYSLRS fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on NYSLRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Corporation's proportionate share of the net pension liability calculated using the discount rate of 6.8% and 7.0% at December 31, 2020 and 2019, respectively, 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:

	2020		
	1% Decrease (5.8%)	Discount Rate (6.8%)	1% Increase (7.8%)
Corporation's proportionate share of the net pension liability	\$ 413,299	\$ 225,197	\$ 51,953
	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)

Erie County Medical Center Corporation
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Notes to the Financial Statements
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(Dollars in Thousands)

Note 10. Pension Plan (Continued)

(d) Deferred Outflows and Inflows of Resources

At December 31, 2020 and 2019, the Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020	2019
Deferred outflows of resources:		
Differences between expected and actual actuarial experience	\$ 13,254	\$ 11,272
Difference between projected and actual investment earnings		
on pension plan investments	115,447	-
Changes in assumptions	4,534	14,388
Corporation contributions subsequent to the measurement date	30,167	27,343
Other	3,911	2,670
Total	\$ 167,313	\$ 55,673
Deferred inflows of resources:		
Differences between expected and actual actuarial experience	\$ -	\$ 3,842
Change in assumptions	3,915	-
Difference between projected and actual investment earnings		
on pension plan investments	-	14,691
Changes in proportion and differences between Corporation contributions and proportionate share of contributions	10,488	9,478
Total	\$ 14,403	\$ 28,011

The change in employer proportionate share is the difference between the employer proportionate share of net pension liability in the prior year compared to the current year. Changes in these amounts are amortized over a five-year closed period, reflecting the average remaining service life of plan members.

The net deferred outflows and inflows of resources of resources related to pensions will be recognized in pension expense as follows:

	Amount
<u>Year ended December 31:</u>	
2021	\$ 19,001
2022	30,383
2023	40,456
2024	32,903
	\$ 122,743

(e) Annual Pension Expense

The Corporation's annual pension expense for calendar year ending 2020 and 2019, which includes contributions toward the actuarially determined accrued liability and the amortization of deferred outflows and inflows of resources, was approximately \$72,875 and \$33,553, respectively.

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

**Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)**

Note 11. 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 2020 and 2019, for purposes of funding future post-employment benefits. These internally designated funds are included within assets whose use is limited in the statements of net position. 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, 2020 and 2019 of \$397,921 and \$412,883 was determined by an actuarial valuation as of January 1, 2020 and 2019, respectively. The measurement date of the obligation is December 31, 2020 and 2019.

(a) Actuarial Assumptions

The total OPEB liability in the December 31, 2020 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 2020, 3.8% ultimate trend rate in 2075
Medicare Plans	4.5% for 2020, 3.8% ultimate trend rate in 2075
Prescription Plan	7.0% for 2020, 3.8% ultimate trend rate in 2075
Mortality	Society of Actuaries Scale MP-2020

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

Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)

Note 11. Other Post-Employment Benefits (OPEB) (Continued)

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

(b) Changes in the OPEB Liability

	2020	2019
Changes in the OPEB obligation		
Projected OPEB obligation at the beginning of year	\$ 412,883	\$ 389,730
Service cost	5,143	4,034
Interest cost	9,849	14,724
Difference between expected and actual experience	(49,027)	(38,435)
Change in assumptions	33,117	57,042
Actual benefit payments	(14,044)	(14,212)
Projected OPEB obligation at the end of year	\$ 397,921	\$ 412,883

(c) Discount Rate

The discount rate used to measure the total OPEB liability as of December 31, 2020 was 2.1%, 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 2.1% 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 (1.1%) or 1 percentage point higher (3.1%) than the current rate.

	2020		
	1% Decrease (1.1%)	Discount Rate (2.1%)	1% Increase (3.1%)
The Corporation's total OPEB liability	\$ 468,812	\$ 397,921	\$ 341,422

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

Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)

Note 11. Other Post-Employment Benefits (OPEB) (Continued)

The discount rate used to measure the total OPEB liability as of December 31, 2019 was 2.7%, 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

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.

	2020		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
The Corporation's total OPEB liability	\$ 339,507	\$ 397,921	\$ 471,752

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

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

Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)

Note 11. 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, 2020 and 2019:

	2020	
	Deferred Outflows	Deferred Inflows
Differences between expected and actual actuarial experience	\$ 481	\$ 58,647
Changes in assumptions	56,458	28,525
Total	\$ 56,939	\$ 87,172
	2019	
	Deferred Outflows	Deferred Inflows
Differences between expected and actual actuarial experience	\$ 687	\$ 29,673
Changes in assumptions	44,004	40,718
Total	\$ 44,691	\$ 70,391

The net deferred outflows and inflows of resources at December 31, 2020 will be recognized as follows:

	Amount
2021	\$ (11,017)
2022	(10,202)
2023	(7,150)
2024	(1,864)
	\$ (30,233)

(e) Annual OPEB Expense

The Corporation's annual OPEB expenses for the years ended December 31, 2020 and 2019 was \$3,614 and \$11,046, respectively.

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

**Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)**

Note 12. 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 2020 and 2019, net DSRIP payments received by the Corporation totaled \$44,532 and \$83,978, respectively. In addition, \$32,246 and \$80,880 was recorded as grant revenue for the years ended December 31, 2020 and 2019 based on meeting the eligibility requirements and \$24,840 and \$64,319 of related grant program expenses were incurred during 2020 and 2019, respectively.

Note 13. Care Restructuring Enhancement Pilot (CREPS) Program Grant

During 2016, the federal government approved a New York State (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 4 and has recognized related revenue in the amount of \$5,618 and \$22,500 for 2020 and 2019, respectively, in the other operating revenue caption on the statements of revenues, expenses and changes in net position.

Note 14. New York State Capital Grant

During 2020, New York State Department of Health awarded the Corporation a \$10,000 grant to assist in funding the construction of the new Level 1 Adult Trauma Center and Emergency Department under the Statewide Health Care Facility Transformation Program 2.3. The Corporation has earned \$9,269 of that grant during the year ended December 31, 2020. The grant program goes through 2024, however the remainder of the grant is expected to be received during the year ended December 31, 2021.

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

**Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)**

Note 15. 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 9.

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, 2020 and 2019 are as follows:

The Corporation earned revenue totaling \$3,453 and \$3,250 for the years ended December 31, 2020 and 2019, 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 \$12,171 and \$5,523 at December 31, 2020 and 2019, 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 16. 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, 2020
(Dollars in Thousands)

Note 16. 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, 2020 and 2019, \$6,861 and \$11,776, 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 \$22,085 and \$19,212 at December 31, 2020 and 2019, respectively, for medical malpractice related exposures. Such amounts have been discounted at 2.0% for 2020 and 2019 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 \$28,539 and \$25,397 at December 31, 2020 and 2019, respectively, for workers compensation related exposures. Such amounts have been discounted at 1.75% for 2020 and 2019, 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 \$11,550 and \$8,654 in 2020 and 2019, 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 11.

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

		2020				
		Beginning Balance	Actuarial estimate of claims incurred	Claims Paid	Ending Balance	Due Within One Year
Medical malpractice	\$	19,212	\$ 6,054	\$ (3,181)	\$ 22,085	\$ 1,893
Workers compensation		25,397	10,745	(7,603)	28,539	7,026
	\$	44,609	\$ 16,799	\$ (10,784)	\$ 50,624	\$ 8,919

		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

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

**Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)**

Note 16. Self-Insured Obligations (Continued)

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

Note 17. 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, 2020 and 2019, the Corporation has recorded no loss contingencies except as disclosed in Note 16.

The COVID-19 pandemic has negatively affected national, state, and local economies and global financial markets. The outbreak and related actions taken by federal and state governments may materially impact the Corporation's financial position and its results of operations. While the impacts of COVID-19 may materially affect financial results for 2021 and potentially beyond, the Corporation's management believes that the Corporation has sufficient liquidity to meet its operating and financial needs in fiscal year 2021. However, given the difficulty in predicting the duration and severity of the COVID-19 pandemic and its effects on the Corporation, the economy and financial markets, the ultimate impact is unknown. The Corporation's management continues to monitor the course of the pandemic and is prepared to take additional measures to protect the health of the community and promote the continuity of the Corporation's mission.

The Corporation has recognized revenue related to the CARES Act provider relief funding based on information contained in laws and regulations, as well as interpretations issued by the Department of Health and Human Services (HHS), governing the funding that was publically available at December 31, 2020. Subsequent to December 31, 2020, HHS issued new reporting and eligibility requirements for the CARES Act provider relief funding. The new requirements expanded the relief fund eligibility and updated reporting requirements. CARES Act provider relief funds are also subject to future audit adjustments based on compliance audits and potential changes to statutes. Due to the ongoing changes in the compliance requirements, amounts recorded under the CARES Act provider relief fund by the Corporation may change in future periods.

There are other government funding and relief sources, in addition to other components of the CARES Act not mentioned, that the Corporation continues to assess for eligibility. The possible impact of these funding and relief sources are not reflected in the financial performance through December 31, 2020.

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

**Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)**

Note 17. Commitments and Contingencies (Continued)

The Corporation leases various equipment and facilities under operating leases expiring at various dates through December 2030. 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 2020 and 2019, 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, 2020 and 2019, \$10,000 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, 2020 that have initial or remaining lease terms in excess of one year:

2021	\$ 6,715
2022	6,380
2023	6,006
2024	4,219
2025	3,304
2026-2030	8,102
	<u>\$ 34,726</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, 2020, approximately \$4,600 has been spent on remediating and improving the land.

Required Supplementary Information

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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, 2020
(Dollars in Thousands)

	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 27,343	\$ 26,447	\$ 25,803	\$ 25,235	\$ 26,722	\$ 29,771	\$ 29,835	\$ 27,164
Contributions in relation to the contractually required contribution	27,343	26,447	25,803	25,235	26,722	29,771	29,835	27,164
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ECMCC covered-employee payroll	\$ 246,772	\$ 235,284	\$ 216,044	\$ 183,540	\$ 166,691	\$ 175,409	\$ 163,395	\$ 151,906
Contributions as a percentage of covered-employee payroll	11.1%	11.2%	11.9%	13.7%	16.0%	17.0%	18.3%	17.9%

Note: During December 2020, the Corporation prepaid its 2021 contribution to the plan in the amount of \$30,167 to take advantage of a prepayment discount in the amount of \$249.

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.

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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, 2020
(Dollars in Thousands)

	2020	2019	2018	2017	2016	2015
ECMCC proportion of the net pension liability	0.8504%	0.8079%	0.7646%	0.7614%	0.7228%	0.7137%
ECMCC proportionate share of the net pension liability	\$ 225,197	\$ 57,240	\$ 24,677	\$ 71,544	\$ 116,006	\$ 24,112
ECMCC covered-employee payroll	246,772	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	91.3%	24.3%	11.4%	39.0%	69.6%	13.7%
Plan fiduciary net position as a percentage of the total pension liability	86.4%	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 will present information for those year for which information is available.

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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, 2020 and 2019
(Dollars in Thousands)

	2020	2019
Total OPEB liability		
Service cost	\$ 5,143	\$ 4,034
Interest cost	9,849	14,724
Differences between expected and actual experience	(49,027)	(38,435)
Changes of assumptions	33,117	57,042
Benefit payments	(14,044)	(14,212)
Net change in total OPEB liability	(14,962)	23,153
Total OPEB liability - beginning	412,883	389,730
Total OPEB liability - ending	\$ 397,921	\$ 412,883
Covered employee payroll	\$ 87,699	\$ 95,417
Total OPEB liability as a percentage of covered employee payroll	453.73%	432.71%
Discount rate	2.10%	2.70%

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**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, 2020, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated _____, 2021. 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) as a basis for designing 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 financial statements. 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.

_____, 2021

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Resolution Approving the Corporation's Annual Report

Approved March 23, 2021

WHEREAS, Erie County Medical Center Corporation (the "Corporation") is a public benefit corporation obligated under sections 2800 and 3642 of New York Public Authorities Law to prepare, approve and distribute an Annual Report of its operations; and

WHEREAS, the Corporation has prepared a draft of the 2020 Annual Report and distributed this draft to members of the Corporation's Board of Directors for consideration before the meeting called to consider approval;

NOW, THEREFORE, the Board of directors resolves as follows:

1. The 2020 Annual Report prepared by the Corporation is approved in substantially the form and content as presented to the Board of Directors.
2. The Corporation is directed to file and distribute the 2020 Annual Report in the manner prescribed by New York Public Authorities Law.
3. This resolution shall take effect immediately.



Michael A. Badger
Corporation Secretary

2020 ANNUAL REPORT OF
ERIE COUNTY MEDICAL CENTER CORPORATION

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



Respectfully Submitted by the Corporation
March 31, 2021

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Enabling Legislation
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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 2020 Annual Report.

As we approached 2020, we had no idea the challenges we would face. We were focused on reimbursement and challenges across the community of being paid for the care we deliver. We also focused on long anticipated transformational capital projects that would literally change the ECMC health campus landscape and prepare us for the future. Notably, the planned opening of the new Russell J. Salvatore Atrium main hospital entrance and the new KeyBank Trauma and Emergency Department. These and other activities towards improving the patient experience and care continued to place ECMC as a leader in our region’s healthcare environment.

And then came COVID-19. While we had heard varying reports of what this pandemic might mean to healthcare in the United States, nobody in early 2020 could ever anticipate what impact it would have and continues to have on our industry and our lives.

But despite the dire forecasts and predictions, our ECMC Family rose to the challenge to protect the health and safety of our patients, as well as each other. Since March of 2020, as an institution, ECMC has faced every aspect of the COVID-19 pandemic while maintaining our commitment to care for every patient we receive, no matter their background or their circumstance. We recorded our first COVID-19 inpatient on March 16th and have care for over 900 additional COVID-19 patients to date since that time. Thanks to our very talented and dedicated caregivers, we have successfully discharged over 780 COVID-19 patients (also to date).

Despite the continuing challenges of the pandemic, our frontline heroes remain committed to doing everything they can to care for the benefit of their patients. And fortunately our frontline caregivers started receiving the first of two required COVID-19 vaccinations on December 18th. Since then, 2,888 staff received the first of two scheduled vaccinations (we have been administering both the Pfizer and Moderna vaccines; and the Johnson and Johnson vaccine as of March 5, 2021). In addition, our valiant COVID-19 Vaccine Center team, which was established to oversee the entire vaccination process and is composed of physicians, nurses, LPNs and administrative staff, has also administered first round vaccinations to over 4,000 members of our community, predominantly first responders and healthcare workers from our region.

And while this healthcare crisis pervaded every aspect of our lives, so too did the senseless deaths of George Floyd, Breonna Taylor, Ahmaud Arbery and others in 2020. Our ECMC Family grieved the deaths of these individuals and we came together as a family to publicly express our sympathy, condolences and anger over these preventable killings. Establishing an Office of Diversity and Inclusion three years ago that reports directly to the CEO’s office, we continue to be committed to promoting and fulfilling diversity, equity and inclusion throughout ECMC, as well as participating in programs and initiatives to strengthen our neighboring community and ensure that issues such as the social determinants of health are properly addressed and that residents of our community receive the healthcare services they deserve. We are proud to have provided the initial funding of \$372,000, which started the African American Health Equity Task Force when it was first formed in 2019 and that strong relationship forged our joint efforts during the pandemic to provide critically needed services to at-risk residents throughout the City of Buffalo and beyond.

In May, ECMC announced 10 community health center and primary care practice organizations were approved to receive \$2.3M in Delivery Service Reform Incentive Program (DSRIP) funds to support COVID-19 testing at 27 sites and from three mobile units operating in 17 priority zip codes located in Amherst, Buffalo, Dunkirk, Jamestown, Lockport, Niagara Falls, North Tonawanda, Wheatfield and Williamsville, NY. The organizations selected for funding had existing agreements under the DSRIP Medicaid program in these vulnerable communities. They were able to apply for COVID-19 testing site grant funding for up to \$2,500/day for up to 100 days. The ECMC DSRIP-funded community testing sites program was part of a multi-pronged community-based healthcare initiative designed to support Western New York's vulnerable, at-risk residents during the COVID-19 pandemic. NYS Medicaid Waiver funding was used in these vulnerable communities to increase testing and link individuals with primary care.

An additional \$1.125M in funding was also provided to the African American Health Equity Task Force, to facilitate the Task Force's work with Buffalo-area churches and other community-based organizations to reach out to vulnerable individuals and educate them on COVID-19-related health issues and identify barriers to care and link individuals with primary care and COVID-19 testing sites. Also, with support of the New York State Department of Health, an additional \$7.24 million was released as early distribution of funds to outpatient community partners, including primary care and behavioral health partners, as well as organizations who were engaged in three areas of activity: 1) Expanding healthcare capacity to reach Medicaid and vulnerable populations (e.g. telehealth); 2) Address social determinants of health (e.g., food, food pantries, rent assistance, housing); 3) and provide COVID-19-related care.

But as pervasive as the pandemic was and continues to be, operationally, ECMC continued to provide the high-quality healthcare services our community has come to expect from our institution. And our remarkable caregivers' excellence was acknowledged in many instances during 2020 by national third-party organizations. We achieved ECMC's second Leapfrog A patient safety score in spring 2020, an achievement seldom seen by safety net hospitals across the nation. Our Medical Intensive Care Unit, Trauma Intensive Care Unit and the Roger W. Seibel, MD, Burn Treatment Center were all awarded a silver-level American Association of Critical Care Nurses (AACN) Beacon Award for Excellence, which is a three-year designation highlighting the Unit's achievement of exceptional care through improved outcomes and greater overall patient satisfaction. These are great accomplishments that underscore and affirm our caregivers' national best-in-class services that elevate ECMC's overall reputation, but, more importantly, demonstrate the excellent care they provide every day to our patients.

It was inevitable, however, that the pandemic, and more specifically national and state policies related to fighting its effects, would impact our patient volumes and ECMC's finances. With all surgeries first suspended from March into May (and then again from December 20, 2020 to January 21, 2021), along with the public's increasing fear of the virus, hospitals across our state, including ECMC, suffered significant decreases in operations and finances. As has been reported publicly previously, even with federal Cares Act funds coming into ECMC, the overall cost of the pandemic is estimated to be \$85 million in 2020 alone. We experienced sharp reductions in inpatients, Emergency Department visits, total surgeries, and outpatient visits, while the acute length of stay and the average length of stay both increased. It was encouraging that patient volumes began increasing to pre-pandemic levels after all surgeries were again permitted in early June and continuing through the summer and into the fall but, the second wave of the pandemic again caused the cancellation of all surgeries in early December.

We know well that extraordinary circumstances require extraordinary actions and that has never been truer than what has occurred among our amazing ECMC Family since the first days of the pandemic. We have always prided ourselves on our truly unique and very special culture. Our frontline heroes – from physicians, nurses, LPNs, respiratory therapists, psychiatrists, lab techs, and pharmacists to CNAs, physical therapists, CRNAs, patient transport, environmental services, dietary and plant operations – have all stood shoulder to shoulder, fighting for our patients and ensuring that ECMC can meet the challenging healthcare needs of our community.

As we begin ECMC's second century, we are mindful of the role played by the remarkable caregivers within our facilities and our colleagues at Kaleida Health and the University at Buffalo. Together, we are committed to improving the health of our community.

Sincerely,



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



Jonathan A. Dandes
Chair, Board of Directors



Michael Cummings, MD
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, 2020.

Respectfully submitted,



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



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™



2020 ACCOMPLISHMENTS

January

- ECMC awarded inaugural IDEA award from Business First as one of eight companies in Western New York who prioritize the importance of diversity and inclusion, champion equitable human resources practices and develop inclusive cultures.
- ECMC designated as a Pathway to Excellence® organization by the American Nurses Credentialing Center. To qualify, organizations must meet six Practice Standards essential to an ideal nursing practice environment. Applicants undergo a review process to fully document the integration of those standards in the organization's practices, policies, and culture. Pathway designation can only be achieved if an organization's nurses validate the data and other evidence submitted, via an independent, confidential survey.

February

- ECMC Internal Medicine Center received a Certificate of Recognition from the National Committee for Quality Assurance for “systematic use of patient-centered, coordinated care management processes.”

April

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

June

- Medical Intensive Care Unit (MICU) awarded a silver-level American Association of Critical Care Nurses (AACN) Beacon Award for Excellence, which is a three-year designation highlighting the Unit’s achievement of exceptional care through improved outcomes and greater overall patient satisfaction.

July

- Commission on Accreditation of Rehabilitation Facilities (CARF) issued three-year accreditation to ECMC’s Acute Inpatient Rehabilitation Programs (through June 30, 2023) stating that this “achievement is an indication of [ECMC’s] dedication to improving the quality of the lives of the persons served.”

September

- ECMC has earned platinum level national recognition for its efforts to increase organ, eye, and tissue donor registrations across the state through the Workplace Partnership for Life (WPFL) Hospital Organ Donation Campaign. The WPFL is a national initiative that unites the U.S.

Department of Health and Human Services, Health Resources and Services Administration (HRSA), and the organ donation community with workplaces across the nation in spreading the word about the importance of donation. The WPFL Hospital Organ Donation Campaign challenges hospitals and healthcare organizations to “let life bloom” by educating their staff, patients, visitors, and communities about the critical need for organ, eye, and tissue donation, including offering opportunities to register as organ donors. ECMC earned points for conducting awareness and registry activities between October 2019 and April 2020.

October

- Roger W. Seibel, MD, Burn Treatment Center awarded a silver-level American Association of Critical Care Nurses (AACN) Beacon Award for Excellence, which is a three-year designation highlighting the Unit’s achievement of exceptional care through improved outcomes and greater overall patient satisfaction.

2020 PERFORMANCE GOALS/OUTCOMES

ECMC Strategic Plan Priorities and Goals

1. **Exceptional Quality and Experience** – Raise the standard of clinical care to improve quality, patient safety, and patient experience in the acute care and ambulatory environments.
2. **Cultural Identity** – Preserve ECMC’s strong cultural identity while further instilling a sense of urgency and genuine stewardship to achieve our organizational objectives.
3. **Campus Transformation** – Address our deferred maintenance issues, expand capacity, and integrate the development of Kensington Heights and the surrounding community.
4. **Performance Improvement** – Generate the margin necessary to meet our budgetary goals by lowering ECMC’s overall cost position, enhancing revenue cycle performance, and targeted growth.
5. **Population Health Capabilities** – Take greater responsibility for managing the overall health of our patient populations through a shift from fee-for-service to risk-based arrangements.
6. **Community Needs** – Through partnerships and targeted investments, be a leading corporate citizen by addressing socioeconomic challenges that impact our communities.
7. **Great Lakes Health Collaboration** – Further increase interconnectivity between ECMC, Kaleida and our partners through clinical and operational collaborations.
8. **Strengthen Relationship with Academic Partners** – Partner with the University at Buffalo and other local professional training programs to enhance our impact across the tripartite academic mission.

Progress Against Strategic Plan Priorities and Goals

1. **Exceptional Quality and Experience**
 - Despite the impact of the COVID-19 pandemic, great quality achievements were accomplished in 2020, including:
 - Zero CLABSI in Critical Care and Rehab in 2019
 - Leapfrog A Safety Grade.

- Terrace View Long-Term Care Facility named to *Newsweek's* Best Nursing Homes list for 2021.
- Medical Intensive Care, Trauma Intensive Care and Burn Units all achieved American Association of Critical Care Nurses silver-level Beacon Award for Excellence.
- 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.
- 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%

2. **Cultural Identity**

- Focus on Diversity, Equity & Inclusion across the organization
- Human Rights Campaign Healthcare Equality Index Top Performer
- Obtained Nursing Pathway to Excellence designation in January 2020
- Continued investment in nursing education and professional development
- Employee safety efforts focused on nursing education and engagement
- Improvements to HRIS functionality

3. **Campus Transformation**

- New front lobby opened – February 2020
- New KeyBank Emergency Department and Trauma Center opened – June 2020
- Continuation of building envelope project including reinstallation of ECMC sign and window replacement
- Kensington Heights community planning process completed in February 2020
- Additional ICU and observation capacity added
- Completion of on-site hearing room

4. **Performance Improvement**

- Accelerating Excellence programs and projects continued despite COVID-19
- Launched COVID-19 testing site and managed patient surge volumes
- Physician recruitment: 90 new physicians added to medical staff
- 2020 volumes were significantly impacted by the COVID-19 pandemic:

	<u>2020</u>	<u>Versus 2019</u>
Inpatient	19,116	-4.4%
Outpatient visits	299,297	-2.43%
Surgeries	11,555	-16.3%
Emergency Visits	65,261	-6.0%
Observation Cases	2,221	-37.5%

5. Population Health Capabilities

- Orthopedic bundled payment program and launch of orthopedic IPA
- ECMC primary care participation in Medicaid VBP arrangements
- Continued investment in Great Lakes Integrated Network
- Launch of ECMC Virtual Care, including on-demand visits
- Deployment of COVID-19 chatbot technology

6. Community Needs

- Partnered with the African American Health Equity Task Force and community partners for COVID outreach and testing efforts
- Continued required wind-down of DSRIP initiatives
- Exceeded MWBE goal for 2020

7. Great Lakes Health Collaboration

- Continued expansion of Wellnow Urgent Care
- Continued growth of Great Lakes Cancer Care
- Collaborative value-analysis efforts

8. Strengthen Relationship with Academic Partners

- Alignment of ECMC Department of Neurosurgery with UBNS
- Participation in UB Medical School Council on Inclusion in Medicine and Science

CAPITAL PROJECTS IN PROCESS IN 2020

Project	Project Duration
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 2020.

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, 2020

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,

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

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

Jennifer C. Persico, Esq.
Vice Chair, Chair Elect

Bishop Michael A. Badger
Secretary

Eugenio Russi
Treasurer

Thomas J. Quatroche Jr., PhD
President & CEO

BOARD MEMBERS

Ronald P. Bennett, Esq.

Scott A. Bylewski, Esq.

Ronald A. Chapin

Darby Fishkin, CPA

Kathleen Grimm, MD

Sharon L. Hanson

Michael H. Hoffert

James L. Lawicki, II

Christopher J. O'Brien, Esq.

William A. Pauly

Jack Quinn

Michael A. Seaman

BOARD OF DIRECTORS REGULAR AND ANNUAL MEETINGS

Tuesday, January 28, 2020 (Annual and Regular Meeting)

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

Excused: Scott Bylewski, Ronald A Chapin

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

Tuesday, February 24, 2020

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

Excused: Bishop Michael Badger, James Lawicki, Christopher O'Brien

Also Present: Cynthia Bass, Peter Cutler, Andrew Davis, Richard Embden, Victor Filadora, MD, William Flynn, MD, Joseph Giglia, Susan Gonzalez, Al Hammonds, Donna Jones, Charlene Ludlow, Keith Lukasik, Nadine Mund, Brian Murray, MD, James Turner, Karen Ziemianski

Tuesday, March 24, 2020

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, William Pauly, Jennifer Persico, Thomas J. Quatroche, Jack Quinn, Eugino Russi, Michael Seaman

Also Present: Donna Brown, Peter Cutler, Andrew Davis, Richard Embden, William Flynn, MD, Joseph Giglia, Susan Gonzalez, Al Hammonds, Donna Jones, Pamela Lee, Charlene Ludlow, Keith Lukasik, Brian Murray, MD, Lindy Nesbitt, Jonathan Swiatkowski, James Turner, Karen Ziemianski

Tuesday, April 28, 2020

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, William Pauly, Jennifer Persico, Thomas J. Quatroche, Jack Quinn, Eugino Russi, Michael Seaman

Also

Present: Donna Brown, Peter Cutler, Andrew Davis, Richard Embden, William Flynn, MD, Joseph Giglia, Susan Gonzalez, Al Hammonds, Donna Jones, Pamela Lee, Charlene Ludlow, Keith Lukasik, Brian Murray, MD, Jonathan Swiatkowski, James Turner, Karen Ziemianski

Tuesday, May 26, 2020

Present: 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, William Pauly, Jennifer Persico, Thomas J. Quatroche, Michael Seaman

Excused: Bishop Michael Badger, Ronald Bennett, Jack Quinn, Eugenio Russi

Also

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

Tuesday, June 23, 2020

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, William Pauly, Jennifer Persico, Thomas J. Quatroche, Eugenio Russi, Michael Seaman

Excused: William Pauly, Jack Quinn

Also

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

Tuesday, July 28, 2020

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

Excused: Ronald A. Chapin, Michael Seaman

Also

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

Tuesday, September 22, 2020

Present: Bishop Michael Badger, Ronald Bennett, Scott Bylewski, Anthony J. Colucci, III, Jonathan Dandes, Darby Fishkin, Sharon Hanson, Michael Hoffert, James Lawicki, Jennifer Persico, Thomas J. Quatroche, Jack Quinn, Eugenio Russi, Michael Seaman

Excused: Ronald A. Chapin, Kathleen Grimm, Christopher O'Brien, William Pauly
Also

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

Tuesday, October 27, 2020

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

Excused: James Lawicki, Christopher O'Brien, William Pauly
Also

Present: Donna Brown, Peter Cutler, Andrew Davis, Victor Filadora, MD, William Flynn, MD, Joseph Giglia, Susan Gonzalez, Al Hammonds, Donna Jones, Michelle Krause, Pamela Lee, Charlene Ludlow, Keith Lukasik, Brian Murray, MD, Paul Shields, DO, Jonathan Swiatkowski, James Turner, Cassandra Williams, MD, Karen Ziemianski

Tuesday, November 24, 2020

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

Excused: William Pauly
Also

Present: Donna Brown, Peter Cutler, Andrew Davis, Victor Filadora, MD, William Flynn, MD, Joseph Giglia, Susan Gonzalez, Al Hammonds, Donna Jones, Michelle Krause, Pamela Lee, Charlene Ludlow, Keith Lukasik, Brian Murray, MD, Paul Shields, DO, Jonathan Swiatkowski, James Turner, Cassandra Williams, MD, Karen Ziemianski

COMMITTEES OF THE BOARD

STANDING COMMITTEE	# OF MEMBERS	BOARD MEMBERSHIP	STAFF
EXECUTIVE/ OFFICERS <i>Call of Chair</i>	5	<u>Jonathan Dandes – Chair</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.)
QUALITY IMPROVEMENT/ PATIENT SAFETY <i>Meets Monthly</i>	5	<u>MICHAEL HOFFERT – Chair</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.)
FINANCE <i>Meets Monthly</i>	4	<u>MICHAEL A. SEAMAN – Chair</u> Scott Bylewski Ronald A. Chapin Darby Fishkin	A.J. Colucci, III Andrew Davis Jonathan Swiatkowski Thomas Quatroche Lynn Sacha (Asst.)
AUDIT & COMPLIANCE <i>Call of Chair</i>	4	<u>DARBY FISHKIN – Chair</u> Bishop Michael Badger Scott Bylewski James Lawicki <i>A.J. Colucci, III, ex officio</i>	Andrew Davis Jonathan Swiatkowski Thomas Quatroche Joseph Giglia Lynn Sacha (Asst.)
EXECUTIVE COMPENSATION <i>Call of Chair</i>	3	<u>JONATHAN DANDES – Chair</u> Sharon Hanson Christopher O'Brien	A.J. Colucci, III Thomas Quatroche Joseph Giglia

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

Jonathan Swiatkowski, 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

Susan M. Gonzalez
Executive Director, ECMC Foundation

ECMC CORPORATION MEDICAL-DENTAL STAFF OFFICERS

Michael Cummings, MD
President

William J. Flynn Jr., MD, FACS
Immediate Past President

Jennifer Pugh, MD, MBA, FACEP
President-Elect

Michael A. Manka, Jr., MD
Treasurer

Andrea Manyon, 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, 2020 and 2019, respectively.

The assets of PPC Strategic Services LLC were unwound during 2019.

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: 7

Grider Community Gardens, LLC

This entity is wholly owned and controlled by the Corporation. The Corporation's net investment as of December 31, 2020 and 2019 is approximately \$474 thousand and \$462 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: 5

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, 2020 and 2019 is \$799 and \$815 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, 2020

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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 aggregate 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, 2020 and 2019, 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of Erie County Medical Center Corporation as of December 31, 2020 and 2019, 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 3-12 as well as the required supplementary information data on pages 53-55 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 audits 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 23, 2021 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 solely 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 the effectiveness of the Corporation's 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 23, 2021

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

**Management's Discussion and Analysis
December 31, 2020
(Dollars in Thousands)**

Management's Discussion and Analysis

Erie County Medical Center Corporation (the Corporation or ECMCC) is a state public benefit corporation dedicated 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 the 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 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

The purpose of the discussion and analysis is to provide the reader with objective data to evaluate the Corporation for the year ended December 31, 2020. 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 2020, 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 ECMCC, serving as the region's community hospital, helping patients from the most influential to the most vulnerable. The Corporation continued to invest in its workforce by increasing clinical care at the bedside, increasing support services for staff, and paying hazard pay during the height of the pandemic. The Corporation completed work on multiple construction projects including the new KeyBank Trauma and Emergency Department (which is the only Adult Level 1 Trauma Center in Western New York), the renovated Russell J. Salvatore Atrium, and capital improvements to the Comprehensive Psychiatric Emergency Program (CPEP). The Corporation also continued updating the building façade, windows, roofing and other exterior elements. The exciting future of the ECMCC health campus and strong continuing collaboration with community partners is producing quantifiably strong, efficient outcomes that will benefit the entire community and, of course, ECMCC patients.

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

**Management's Discussion and Analysis
December 31, 2020
(Dollars in Thousands)**

Operations Analysis

The Corporation completed calendar year 2020 providing another year of significant levels of combined inpatient and outpatient services to Western New York residents and, given its unique services, to many others beyond this region despite the unfavorable impacts resulting from the COVID-19 pandemic. Volumes of patient encounters (not expressed in thousands) are as follows:

	2015	2016	2017	2018	2019	2020	% Change 2015 - 2020
Inpatients	18,378	18,839	19,260	20,555	19,996	19,110	4.0%
Surgeries	14,364	14,552	14,818	15,315	15,606	12,481	-13.1%
Emergency	67,296	69,290	68,862	70,110	69,391	65,261	-3.0%
Outpatients	305,737	316,691	314,927	321,661	322,625	328,625	7.5%
Dialysis	24,617	27,291	24,772	25,063	27,549	27,973	13.6%

The global outbreak of COVID-19, a new strain of coronavirus that can result in severe respiratory disease, was declared a pandemic by the World Health Organization on March 11, 2020 and was declared a national emergency on March 13, 2020. The outbreak of the disease has affected travel, commerce, economies and financial markets globally, nationally, in New York State, and in Erie County. In response to the public health crisis, the New York State Governor and the New York State Commissioner of Health took certain actions to limit the spread of the virus and its impact on the State's communities and health care services, including the declaration of a state of emergency and the closure of all non-essential businesses in March 2020.

ECMCC voluntarily suspended non-essential or elective surgeries on March 20, 2020, while New York State, on March 23, 2020, issued orders to temporarily suspend healthcare providers and hospitals from performing non-essential or elective surgeries and procedures, which also impacted primary care and clinic appointments. The temporary suspension of these procedures and visits was enacted in order to create capacity within healthcare facilities to care for a potential increase in COVID-19 patients. On March 23, 2020, New York State mandated that hospitals in New York plan to increase capacity by 50%. The temporary suspension of non-essential and elective procedures was lifted for the Corporation on May 20, 2020.

On December 4, 2020, the State of New York again issued orders to temporarily suspend non-essential or elective surgeries and procedures in Erie County. The temporary suspension was intended to create capacity within healthcare facilities in Erie County to care for a potential increase in COVID-19 patients. This temporary suspension was lifted for the Corporation on January 25, 2021.

In response to the impact on the healthcare environment from the COVID-19, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted by Congress and was signed into law on March 27, 2020. The CARES Act included, among other things, support for healthcare providers and patients in the form of grants, payments for uninsured patients, and changes to Medicare and Medicaid payments. The Corporation to date has received \$62.8 million of Provider Relief Fund distributions provided under the CARES Act. Amounts provided under the CARES Act grant funds are recognized as non-operating revenues in the Statements of Revenue, Expenses and Changes in Net Position as eligibility requirements are met. Reporting and eligibility requirements under the CARES Act have continued to change and as such, the amounts recorded under the CARES Act for Provider Relief Funds may change in future periods. The Corporation also received \$39.1 million and \$10 million in loans under the Medicare Accelerated and Advance Payment Program and the Paycheck Protection Program, respectively.

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

**Management's Discussion and Analysis
December 31, 2020
(Dollars in Thousands)**

Operations Analysis (Continued)

Suspended operations due to the COVID-19 pandemic resulted in decreases in revenues and patient care volumes significantly below budget projections. Additionally, in order to adequately prepare to respond to the pandemic and the increased number of regulations governing the provision of care and safety guidelines, the Corporation incurred significant additional expenses above budgeted projections on personnel costs, the purchase of personal protective equipment, lab equipment, ventilators and other clinical equipment, and other purchased services. Due to the temporary financial market downturn in March 2020, the Corporation experienced additional pension expense in 2020. The federal government provided relief funding did not offset the unfavorable financial impact of COVID-19 in 2020. Despite these challenges, the Corporation remained committed to continuing its mission to "provide every patient the highest quality of care delivered with compassion."

The continued volume and visit trends reflect the trust that the Western New York community has placed in ECMCC. Notable achievements in 2020 include:

- NYS Department of Health grant in the amount of \$10 million to support the new KeyBank Level 1 Adult Trauma Center and Emergency Department at ECMCC.
- Beacon Award for Excellence in quality recognizing the Trauma ICU, Medical ICU and Burn Unit.
- ECMCC was designated a nursing Pathways to Excellence organization by the American Nurses Credentialing Center.
- NYS Division of Minority and Women's Business Development MWBE Program Performance Report graded ECMCC's participation as an 'A' for Fiscal Year 2019-20, achieving 30.4% participation.
- ECMCC recognized by Buffalo Business First with its' IDEA award for Inclusion, Diversity, Equity and Awareness.
- ECMCC received the Top Performer award in LGBTQ Healthcare Equality from the Human Rights Campaign Foundation.
- The Leapfrog Group, an independent, national not-for-profit organization rated ECMCC's overall patient safety score at 'A' in the Spring of 2020.
- 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."
- ECMCC designated as a Blue Distinction Center for Bariatric Surgery by BlueCross/BlueShield of Western New York.
- Terrace View Long-Term Care Facility was named to *Newsweek's* 2021 Best Nursing Homes List for performance on key measures on health inspections, quality measures and staffing.
- Recruitment of 90 new physicians to the Medical Staff across 17 disciplines.

Fundraising also was challenged by the COVID-19 pandemic in 2020. The ECMC Foundation, Inc., nevertheless, increased employee participation in annual fundraising by 34% and overall participation reached 41% in 2020 while also receiving significant support from the community, including the completion of a successful \$15 million capital campaign for its new KeyBank Trauma and Emergency Department.

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

Management's Discussion and Analysis
December 31, 2020
(Dollars in Thousands)

Operations Analysis (Continued)

Financial Metric Analysis

The Corporation's total net position decreased in 2020 due to unfavorable results from operations as a result of the COVID-19 pandemic and its impacts, as further discussed below.

Comparative financial ratios for the Corporation to the 2019 (most recent publicly available audited data, pre-pandemic) 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
	2020	2019	2018	2019
Operating margin	-17.60%	0.04%	0.6%	-5.4%
Operating cash flow margin	-10.8%	4.8%	6.0%	0.0%
Debt service coverage	-1.3	2.2	2.0	1.1
Days cash on hand	151.7	119.0	112.1	62.9
Days in accounts receivable	56.8	58.2	61.5	40.2
Average age of plant	14.0	14.7	14.1	20.3

Prior to 2020, the operational performance ratios reflected favorable results of operations and generally favorable performance compared to NYS Public Benefit Corporations, while liquidity ratios have performed comparatively well throughout 2020. Federal provider relief funds reimbursing for additional operating expenses and lost operating revenues have been recognized as non-operating revenue, and are excluded from the operating ratio calculations. Days cash on hand increased as a result of Medicare Advance Payments and the collection of a 2021 disproportionate share revenue (DSH) payment in 2020. Days in accounts receivable decreased by 1.4 days (2.4%) due to additional collections and additional valuation reserves. Average age of plant decreased by 0.7 years as a result of new construction.

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, 2020
(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:

	2020	2019	2020-2019	
			\$ Change	% Change
Assets				
Current assets, excluding assets whose use is limited	\$ 296,792	\$ 189,310	\$ 107,482	56.8
Assets whose use is limited	194,391	277,229	(82,838)	(29.9)
Capital assets, net	334,157	319,358	14,799	4.6
Other assets	25,679	27,074	(1,395)	(5.2)
Total assets	851,019	812,971	38,048	4.7
Deferred outflows of resources	239,216	116,898	122,318	104.6
Total assets and deferred outflows	\$ 1,090,235	\$ 929,869	\$ 160,366	17.2
Liabilities				
Current liabilities	\$ 319,701	\$ 276,812	\$ 42,889	15.5
Noncurrent liabilities	882,754	703,699	179,055	25.4
Total liabilities	1,202,455	980,511	221,944	22.6
Deferred inflows of resources	101,575	98,402	3,173	3.2
Net Position				
Net investment in capital assets	106,297	112,081	(5,784)	(5.2)
Restricted	91,986	142,045	(50,059)	(35.2)
Unrestricted	(412,078)	(403,170)	(8,908)	2.2
Total net position	(213,795)	(149,044)	(64,751)	43.4
Total liabilities, deferred inflows and net position	\$ 1,090,235	\$ 929,869	\$ 160,366	17.2

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

**Management's Discussion and Analysis
December 31, 2020
(Dollars in Thousands)**

Statements of Net Position (Continued)

Overall, total assets and deferred outflows of resources increased \$160,366 from 2019 to 2020.

The following variances in total assets are noteworthy:

Total current assets, excluding the current portion of assets whose use is limited, increased by \$107,482 due to the following:

- Cash, cash equivalents and investments increased by \$112,805 due to the receipt of current and future years DSH payments and receipt of Medicare Advance Payments.
- Patient accounts receivable, net, decreased by \$7,856 as a result of current year decrease in net patient service revenue.
- Other receivables, decreased by \$1,292 which is due to a \$1,042 decrease in Medicaid DSH and UPL program receivables, \$4,384 decrease in the CREPS Program grant receivable, \$551 decrease in receivables from joint ventures and a \$249 decrease in health insurance rebates. In addition, there was an increase of \$4,641 in due from third party payors and a \$293 increase in other receivables.
- Assets whose use is limited, including current portion, decreased by a net of \$82,838, which is due to a decrease of \$50,122 of DSRIP grant funds due to grant expenditures, a \$28,425 decrease from the use of proceeds from the 2017 financing for various construction and renovation projects and a \$4,916 reduction in required collateral held for workers compensation claims offset by a \$625 increase in increased reserve account funding for actuarial liabilities and other limited use assets.
- Capital assets, net, increased by \$14,799 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 \$225,117 and net position decreased \$64,751 from 2019.

The following variances in total liabilities are noteworthy:

Total current liabilities increased by \$42,889 due to the following:

- Accounts payable and accrued salaries and benefits decreased by \$38,986, \$60,920 of which is due to a decrease in liabilities related to the DSRIP grant program. In addition, \$10,926 of social security taxes were deferred under the CARES Act program resulting in an increase partially offsetting the aforementioned DSRIP decline. The remainder is due to timing of payments to vendors and employees.
- Accrued other liabilities decreased by \$6,813 largely as a result of payments of amounts due to Erie County.
- Unearned revenue increased by \$69,094, \$12,565 due to receipt of DSRIP grant funds exceeding DSRIP grant expenses during the year and receipt of a payment for 2021 DSH funds during 2020 in the amount of \$56,529.
- Receipt of Medicare Advance payments resulted in \$15,275 recognized as a current liability and \$23,826 as a long-term liability based upon payment terms in the CARES Act.
- An increase in the net pension liability was recognized during 2020 in the amount of \$167,957 due to changes in actuarial assumptions and investment performance of the New York State and Local Retirement System (NYSLRS) further described in Note 10.
- The long-term portion of self-insured obligations increased by \$5,588 due to 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 decreased by \$442.

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

Management's Discussion and Analysis
December 31, 2020
(Dollars in Thousands)

Statements of Net Position (Continued)

- The liability for OPEB decreased by \$14,962 primarily as a result of the favorable impact of experience changes in claim costs offset by a decrease in the discount rate as disclosed in Note 11.
- Net position decreased by \$64,751 due to unfavorable financial performance partially offset by CARES Act provider relief funds and capital grants and contributions.

Statements of Revenues, Expenses, and Changes in Net Position

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

	2020	2019	2020-2019	
			\$ Change	% Change
Net patient service revenue	\$ 505,591	\$ 543,370	\$ (37,779)	(7.0)
Disproportionate share revenue (DSH)	79,510	89,802	(10,292)	(11.5)
DSRIP grants	32,246	80,880	(48,634)	(60.1)
Other operating revenue	20,662	36,799	(16,137)	(43.9)
Total operating revenues	638,009	750,851	(112,842)	(15.0)
Operating expenses:				
Payroll and employee benefits	386,561	360,730	(25,831)	(7.2)
Professional fees	96,360	92,777	(3,583)	(3.9)
Purchased services	68,854	69,434	580	0.8
Supplies	97,872	97,065	(807)	(0.8)
Other operating expenses	32,268	25,155	(7,113)	(28.3)
DSRIP grant expenses	24,840	64,319	39,479	61.4
Depreciation and amortization	32,283	28,659	(3,624)	(12.6)
Total operating expenses	739,038	738,139	(899)	(0.1)
Operating (loss) income before pension amortization component	(101,029)	12,712	(113,741)	(894.8)
Pension expense, amortization component	36,875	5,263	31,612	100.0
Operating (loss) income	(137,904)	7,449	(145,353)	(1,951.3)
Non-operating expenses:				
Investment gain	6,854	5,895	959	(16.3)
CARES Act Provider Relief Funds	62,807	-	62,807	100.0
Interest expense	(11,037)	(7,135)	(3,902)	54.7
(Loss) income before capital grants and contributions	(79,280)	6,209	(85,489)	1,376.9
Capital grants	9,269	-	9,269	100.0
Capital contributions	5,260	6,739	(1,479)	(21.9)
Total change in net position	(64,751)	12,948	(77,699)	(600.1)
Net position – beginning of year	(149,044)	(161,992)	12,948	8.0
Net position - end of year	\$ (213,795)	\$ (149,044)	\$ (64,751)	(43.4)

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

**Management's Discussion and Analysis
December 31, 2020
(Dollars in Thousands)**

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

Overall, operating revenues decreased by \$112,842 or 15.0% in 2020 with decreases attributable to the following:

- Net patient service revenue decreased \$37,779, or 7.0%, in 2020. Volumes decreased across multiple lines of business due to the impact of New York State imposed restrictions resulting from the coronavirus pandemic as further described in the section entitled "Operations Analysis".
- DSH decreased by \$10,292, or 11.5%, in 2020 as a result of a decrease in the nursing home upper payment limit of \$3,845 and a \$6,447 decrease in federal DSH due to changes in calculations of prior year estimates.
- DSRIP grant revenue decreased by \$48,634 or 60.1% primarily due to a decrease of \$22,382 in high performance fund program receipts, a decrease in program awards, and timing of payments made under the program. Total DSRIP revenue earned by the corporation related to the program decreased \$9,155 of which \$10,520 relates to the decrease in high performance fund program awards offset by increases in other grant related program awards mainly due to the coronavirus response activities.
- Other operating revenue decreased by \$16,137, or 43.9%, in 2020, principally as the result of the expiration of the CREPs grant revenue program on March 31, 2020 resulting in a decrease of \$16,882 in CREPs grant revenue offset by an increase of \$745 in other operations revenue.

Operating expenses including the pension expense increased \$32,511 or 4.4%, in 2020. Expense changes are attributable to the following:

- Payroll and employee benefit expenses have increased by \$25,831 or 7.2% as the net result of increases in staffing costs related to premium pay for employees related to treating patient during the coronavirus pandemic, increased staffing levels to implement regulations related to the coronavirus pandemic and related costs and increases for workers compensation and health insurance costs offset by decreases in actuarial determined expense for retiree health insurance as previously noted. Salaries and employee benefit expense increased by 16.4% of net patient service revenue, from 67.4% in 2019 to 76.5% of net patient service revenue in 2020.
- Pension expense increased by \$39,917 or 117.6% as a result of unfavorable differences between projected and actual investment earnings on pension plan investments largely due to the plan valuation date of March 31, 2020 and the impact of the coronavirus on the financial markets at that time and differences between expected and actual experience.
- Purchased services expense decreased by \$580 or 0.8% as a result of minimal changes related to operations as the focus was on responding to the coronavirus in 2020.
- Supply expenses as a percentage of net patient service revenue increased from 17.9% in 2019 to 19.4% in 2020 mostly attributed to purchases of personal protective equipment for employees despite significant decreases in patient volumes and patient service revenue.
- DSRIP grant expenses decreased by \$39,479 or 61.4% as a result of the participation high performance fund program awards, timing of award payments and the wind down of the program which ended March 31, 2020.

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

**Management's Discussion and Analysis
December 31, 2020
(Dollars in Thousands)**

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

Capital Assets, Net

At December 31, 2020, the Corporation had capital assets, net of accumulated depreciation, of \$334,157 compared to \$319,358 at December 31, 2019, representing an increase of \$14,799 or 4.6%.

During 2020, the Corporation invested \$47,667 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 (\$12,399) and the main lobby project (\$3,111). Construction of these projects began in 2017 and were completed in 2020. In addition, the Corporation continued investment into various mechanical, electrical, plumbing and building envelope improvements (\$16,980), and continued implementing a new ambulatory electronic medical records system (\$5,124) along with various other facility infrastructure projects. Other additions to capital assets included other medical and non-medical equipment, software and furniture and fixtures.

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.

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 ended on March 31, 2020 and has not been extended beyond this date.

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

**Management's Discussion and Analysis
December 31, 2020
(Dollars in Thousands)**

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 4 of the program and has recognized related revenue in the amount of \$5,618 and \$22,500, in the 2020 and 2019 financial statements, respectively. This grant period ended on March 31, 2020 and has not been extended beyond this date.

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 and beyond 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.

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, 2020 and 2019
(Dollars in Thousands)

	2020	2019
Assets and Deferred Outflows		
Current assets:		
Cash and cash equivalents	\$ 120,308	\$ 13,771
Investments	16,393	10,125
Assets whose use is limited	117,163	195,804
Patient accounts receivable, net	78,716	86,572
Other receivables	63,393	64,685
Supplies, prepaids and other	17,982	14,157
Total current assets	413,955	385,114
Assets whose use is limited	77,228	81,425
Capital assets, net	334,157	319,358
Other assets, net	25,679	27,074
	437,064	427,857
Total assets	851,019	812,971
Deferred outflows of resources:		
Pension	167,313	55,673
Other post employment benefits	56,939	44,691
Other	14,964	16,534
Total deferred outflows of resources	239,216	116,898
Total assets and deferred outflows of resources	\$ 1,090,235	\$ 929,869
Liabilities, Deferred Inflows and Net Position		
Current liabilities:		
Current portion of long-term debt	\$ 11,955	\$ 11,090
Current portion of Medicare Advance Payment Program	15,275	-
Accounts payable	49,508	102,856
Accrued salaries, wages and employee benefits	38,410	24,048
Net pension liability	34,754	30,167
Other post employment benefits	12,076	12,903
Accrued other liabilities	28,903	35,716
Unearned revenue	127,708	58,614
Estimated third-party payor settlements	1,112	1,418
Total current liabilities	319,701	276,812
Long-term debt, net	237,089	236,779
Medicare Advance Payment Program, net of current portion	23,826	-
Net pension liability, net of current portion	190,443	27,073
Self-insured obligations	41,652	36,064
Other post employment benefits, net of current portion	385,845	399,980
Other	3,899	3,803
Total liabilities	1,202,455	980,511
Deferred inflows of resources:		
Pension	14,403	28,011
Other post employment benefits	87,172	70,391
Total deferred inflows of resources	101,575	98,402
Net Position:		
Net investment in capital assets	106,297	112,081
Restricted:		
Nonexpendable	-	-
Expendable	91,986	142,045
Unrestricted	(412,078)	(403,170)
Total net position	(213,795)	(149,044)
Total liabilities, deferred inflows and net position	\$ 1,090,235	\$ 929,869

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, 2020 and 2019
(Dollars in Thousands)

	2020	2019
Operating revenues:		
Net patient service revenue, net of provision for bad debts of \$33,605 and \$19,591 for 2020 and 2019, respectively	\$ 505,591	\$ 543,370
Disproportionate share revenue (DSH)	79,510	89,802
DSRIP grants	32,246	80,880
Other operating revenue	20,662	36,799
Total operating revenues	638,009	750,851
Operating expenses:		
Payroll and employee benefits	386,561	360,730
Professional fees	96,360	92,777
Purchased services	68,854	69,434
Supplies	97,872	97,065
Other operating expenses	32,268	25,155
DSRIP grant expenses	24,840	64,319
Depreciation and amortization	32,283	28,659
Total operating expenses	739,038	738,139
Operating (loss) income before pension expense amortization component	(101,029)	12,712
Pension expense, amortization component	36,875	5,263
Operating (loss) income	(137,904)	7,449
Non-operating revenues (expenses):		
Investment gain	6,854	5,895
CARES Act Provider Relief Funds	62,807	-
Interest expense	(11,037)	(7,135)
Total non-operating expenses	58,624	(1,240)
(Loss) income before capital grants and capital contributions	(79,280)	6,209
Capital grants	9,269	-
Capital contributions	5,260	6,739
Total change in net position	(64,751)	12,948
Net position – beginning of year	(149,044)	(161,992)
Net position – end of year	\$ (213,795)	\$ (149,044)

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, 2020 and 2019
(Dollars in Thousands)

	2020	2019
Cash flows from operating activities:		
Receipts from patients and third party payors	\$ 514,433	\$ 533,230
Receipts from Medicare Advance Payment Program	39,101	-
Payments to employees for salaries and benefits	(368,809)	(356,538)
Payments to vendors for supplies and other	(370,053)	(308,875)
Other receipts	201,512	210,968
Net cash provided by operating activities	16,184	78,785
Cash flows from capital and related financing activities:		
Purchases of capital assets	(60,545)	(83,681)
Borrowings on long-term debt	2,555	1,805
Payments on long term debt	(11,380)	(11,261)
Proceeds from the Paycheck Protection Program	10,000	-
Interest paid on long term debt	(11,037)	(7,135)
Grants for capital purposes	9,269	-
Net cash used in capital and related financing activities	(61,138)	(100,272)
Cash flows from noncapital financing activities:		
CARES Act Provider Relief Funds	62,807	-
Cash flows from investing activities:		
Sales (purchases) of assets whose use is limited, net	82,838	(19,127)
Investment gain	6,854	5,895
(Purchases) sales of investments, net	(6,268)	22,675
Capital contributions	5,260	6,739
Net cash provided by investing activities	88,684	16,182
Net change in cash and cash equivalents	106,537	(5,305)
Cash and cash equivalents:		
Beginning	13,771	19,076
Ending	\$ 120,308	\$ 13,771

Noncash capital and related financing activities:

Included in accounts payable at December 31, 2020 and 2019 was \$6,128 and \$19,591, 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, 2020 and 2019
(Dollars in Thousands)

	2020	2019
Reconciliation of operating (loss) income to net cash provided by operating activities:		
Operating (loss) income	\$ (137,904)	\$ 7,449
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:		
Depreciation and amortization	32,283	28,659
Provision for bad debts	33,605	19,591
Changes in assets, deferred outflows, liabilities and deferred inflows:		
Patient accounts receivable	(25,749)	(16,876)
Medicare Advance Payment Program	39,101	-
Other receivables	1,292	2,637
Supplies, prepaids and other	(2,430)	(2,612)
Deferred outflows of resources	(122,318)	(9,818)
Accounts payable	(39,885)	43,354
Accrued liabilities	7,645	1,620
Unearned revenue	69,094	3,487
Estimated third-party payor settlements	(306)	(5,674)
Self-insured obligations	5,588	(6,589)
Net pension liability	167,957	32,563
OPEB	(14,962)	22,829
Deferred inflows of resources	3,173	(41,835)
Net cash provided by operating activities	\$ 16,184	\$ 78,785

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, 2020 and 2019
(Dollars in Thousands)

	2020				2019			
	ECMC Foundation, Inc.	The Grider Initiative, Inc.	Research for Health in Erie County, Inc.	Total	ECMC Foundation, Inc.	The Grider Initiative, Inc.	Research for Health in Erie County, Inc.	Total
Assets								
Current assets:								
Cash and cash equivalents	\$ 1,789	\$ 272	\$ 14	\$ 2,075	\$ 1,522	\$ 273	\$ 4	\$ 1,799
Investments	-	-	1,073	1,073	-	-	1,020	1,020
Other receivables	2,403	-	-	2,403	2,966	-	-	2,966
Supplies, prepaids and other	15	-	-	15	65	-	-	65
Total current assets	4,207	272	1,087	5,566	4,553	273	1,024	5,850
Other receivables	2,364	-	-	2,364	2,489	-	-	2,489
Endowment and other investments	3,815	9,943	-	13,758	6,080	10,407	-	16,487
Equipment and vehicles, net	6	-	-	6	50	-	-	50
	6,185	9,943	-	16,128	8,619	10,407	-	19,026
Total assets	\$ 10,392	\$ 10,215	\$ 1,087	\$ 21,694	\$ 13,172	\$ 10,680	\$ 1,024	\$ 24,876
Liabilities and Net Position								
Current liabilities:								
Accounts payable	\$ 584	\$ -	\$ -	\$ 584	\$ 392	\$ -	\$ -	\$ 392
Funds held in custody for others	636	-	-	636	640	-	-	640
Total current liabilities	1,220	-	-	1,220	1,032	-	-	1,032
Related party	6,219	-	-	6,219	5,431	550	-	5,981
Total liabilities	7,439	-	-	7,439	6,463	550	-	7,013
Net Position								
Restricted:								
Nonexpendable	50	10,000	-	10,050	50	10,000	-	10,050
Expendable	511	215	-	726	4,400	130	-	4,530
Unrestricted	2,392	-	1,087	3,479	2,259	-	1,024	3,283
Total net position	2,953	10,215	1,087	14,255	6,709	10,130	1,024	17,863
Total liabilities and net position	\$ 10,392	\$ 10,215	\$ 1,087	\$ 21,694	\$ 13,172	\$ 10,680	\$ 1,024	\$ 24,876

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, 2020 and 2019
(Dollars in Thousands)

	2020				2019			
	ECMC Foundation, Inc.	The Grider Initiative, Inc.	Research for Health in Erie County, Inc.	Total	ECMC Foundation, Inc.	The Grider Initiative, Inc.	Research for Health in Erie County, Inc.	Total
Operating revenues:								
Grants, contributions and special events	\$ 5,000	\$ -	\$ -	\$ 5,000	\$ 6,661	\$ -	\$ -	\$ 6,661
Total operating revenues	5,000	-	-	5,000	6,661	-	-	6,661
Operating expenses:								
Program services and grants	7,968	-	18	7,986	8,569	-	21	8,590
Fundraising	564	-	-	564	1,502	-	-	1,502
Other operating expenses	224	1	2	227	196	1,079	1	1,276
Total operating expenses	8,756	1	20	8,777	10,267	1,079	22	11,368
Operating income (loss)	(3,756)	(1)	(20)	(3,777)	(3,606)	(1,079)	(22)	(4,707)
Non-operating revenue:								
Investment income (loss)	-	86	83	169	(187)	268	44	125
Change in net position	(3,756)	85	63	(3,608)	(3,793)	(811)	22	(4,582)
Net position – beginning of year	6,709	10,130	1,024	17,863	10,502	10,941	1,002	22,445
Net position – end of year	<u>\$ 2,953</u>	<u>\$ 10,215</u>	<u>\$ 1,087</u>	<u>\$ 14,255</u>	<u>\$ 6,709</u>	<u>\$ 10,130</u>	<u>\$ 1,024</u>	<u>\$ 17,863</u>

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, 2020
(Dollars in Thousands)**

Note 1. Organization

The Corporation: Erie County Medical Center Corporation (referred to as the “Corporation” or “ECMCC”) is a public benefit corporation created by the Erie County Medical Center Corporation Act, Chapter 143 of the Laws of New York State, 2003 (Title 6 of Article 10-C of the Public Authorities Law) (the “Act”) 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, 2020
(Dollars in Thousands)**

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, 2020 and 2019 capital contributions due to GLIN totaled \$1,738 and \$1,250, respectively. Contributions are used to pay for care coordination services, information systems infrastructure, 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 183 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 (U.S. 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, 2020
(Dollars in Thousands)**

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
(A Component Unit of the County of Erie)**

**Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)**

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 5. The combined effect of changes related to prior years' estimates resulted in a decrease of \$3,009 and \$6,457 in total operating revenues for the years ended December 31, 2020 and 2019, 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, 2020 and 2019 was approximately \$56,831 and \$43,700, 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.

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

Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)

Note 2. Summary of Significant Accounting Policies (Continued)

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

	2020	2019
Medicaid Disproportionate Share (DSH) and Upper Payment Limit (UPL) (Note 5)	\$ 41,797	\$ 42,839
Due from affiliated organizations and joint ventures	1,733	2,284
Due from third party payors	15,896	11,255
Care Restructuring Enhancement Pilot (CREPS) Program Grant (Note 13)	-	4,384
Health insurance rebates	1,008	1,257
Other	2,959	2,666
	<u>\$ 63,393</u>	<u>\$ 64,685</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. Effective January 1, 2020, the Corporation adopted GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. Adoption of GASB Statement No. 89 resulted in \$1,694 of interest that otherwise could have been capitalized and was charged to interest expense during the period. Prior to January 1, 2020, during periods of construction, the Corporation capitalized interest incurred with borrowings for construction. Capitalized interest was \$11,309 for the year ended December 31, 2019.

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, 2020 and 2019 is \$12,260 and \$13,557, 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, 2020 and 2019 is \$1,240 and \$1,464, respectively.

**Erie County Medical Center Corporation
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**Notes to the Financial Statements
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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 15 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, 2020 and 2019, the Corporation's share of the net assets of Collaborative Care amounted to \$918 and \$694, 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, 2020 and 2019, the Corporation's share of the net assets of GLIN amounted to \$589 and \$(774), 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, 2020 and 2019, within the caption accrued salaries, wages and employee benefits in the amount of \$14,757 and \$13,580, 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.

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

**Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)**

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 \$3,363 and \$4,420 for the years ended December 31, 2020 and 2019, respectively. Additionally, the Corporation provided approximately \$1,664 and \$2,977 in discounts to self-pay patients for the years ended December 31, 2020 and 2019, 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 conducted 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 0.36% 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, CARES Act Provider Relief Funds, 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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**Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)**

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 2020 and 2019, 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: Effective May 2020, the Corporation adopted GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement was to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in GASB Statements and Implementation Guides that first became effective or were scheduled to become effective for periods beginning after June 15, 2018, and later.

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 for fiscal years beginning after June 15, 2021.

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.

**Erie County Medical Center Corporation
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**Notes to the Financial Statements
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(Dollars in Thousands)**

Note 2. Summary of Significant Accounting Policies (Continued)

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, 2021. The Corporation has not yet determined the impact this statement will have on the financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The Corporation has not yet determined the impact this statement will have on the financial statements.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*. A SBITA is defined as a contract that conveys control of the right to use another party's information technology software alone or in combination with tangible capital assets as specified in the contract for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022. The Corporation has not yet determined the impact this statement will have on the financial statements.

**Erie County Medical Center Corporation
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(Dollars in Thousands)**

Note 2. Summary of Significant Accounting Policies (Continued)

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform. The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. 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 23, 2021, the date the financial statements were issued.

Note 3. Coronavirus Pandemic (COVID-19)

In response to the impact on the Healthcare environment from the COVID-19, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted by Congress and was signed into law on March 27, 2020. The CARES Act included a variety of economic assistance provisions for businesses and individuals. It includes provisions to support healthcare providers and patients in the form of grants, payments for uninsured patients, and changes to Medicare and Medicaid payments, among other types of relief. COVID-19 has had a significant impact on the results of the Corporation's operations. The Corporation under New York State regulations suspended non-emergent and non-critical surgeries, procedures and appointments beginning in mid-March through May in 2020 and again beginning in early December 2020 through January 2021 due to COVID-19. This resulted in a substantial decrease to hospital revenue and an increase in expenses due to the purchase of Personal Protective Equipment (PPE), lab equipment and testing supplies, increase in personnel costs and other preparedness measures taken related to COVID-19.

**Erie County Medical Center Corporation
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**Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)**

Note 3. Coronavirus Pandemic (COVID-19) (Continued)

Under certain provisions in the CARES Act, the Corporation recognized benefits totaling \$62,807 in its statement of revenues, expenses and changes in net position. The \$62,807 benefit is entirely comprised of distributions from the Provider Relief Fund established under the CARES Act and is recognized as non-operating revenue. The Corporation also deferred payment of \$10,926 for the employer portion of the Social Security payroll taxes as allowed by the CARES Act which has been recorded in the statement of net position as a current liability within the accrued salaries, wages and employee benefits caption at December 31, 2020. Under the CARES Act, fifty percent of the deferred payroll taxes must be paid by December 31, 2021 with the remainder by December 31, 2022.

Under the CARES Act, the Centers for Medicare & Medicaid Services (CMS) expanded the Medicare Accelerated and Advance Payment Program to provide necessary funds to Medicare providers to assist with the disruption in claims submission and claims processing. During 2020, the Corporation received advance payments under this program totaling \$39,101. Amounts provided under the Medicare Accelerated and Advance Payment Program will begin to be recouped against future Medicare claims beginning in 2021 through 2022. The Corporation will reduce the liability over time as Medicare claims for services are provided during the recoupment period.

Under certain provisions of the CARES Act, the Corporation applied for and received a Paycheck Protection Program (PPP) loan in the amount of \$10,000. This loan accrues interest and has been recorded in the statement of net position as a long-term debt at December 31, 2020 (see Note 9). The Corporation has applied for forgiveness as of the date of this report.

Note 4. 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.

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

Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)

Note 4. Net Patient Service Revenue and Patient Accounts Receivable (Continued)

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. The 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:

	2020	2019
Gross charges	\$ 1,215,298	\$ 1,191,460
Less:		
Discounts and allowances	676,102	628,499
Provision for bad debts	33,605	19,591
	<u>\$ 505,591</u>	<u>\$ 543,370</u>

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

	2020		2019	
		%		%
Medicare*	\$ 185,501	36.7%	\$ 186,281	34.3%
Medicaid*	150,629	29.8%	160,960	29.6%
Commercial and other third party payors	145,210	28.7%	165,434	30.4%
No-fault	20,052	4.0%	24,777	4.6%
Self-pay	4,199	0.8%	5,918	1.1%
	<u>\$ 505,591</u>	<u>100.0%</u>	<u>\$ 543,370</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.

Erie County Medical Center Corporation
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Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)

Note 4. Net Patient Service Revenue and Patient Accounts Receivable (Continued)

Patient accounts receivable consist of the following at December 31:

	2020	2019
Gross accounts receivable	\$ 212,187	\$ 205,428
Less:		
Discounts and allowances	76,640	75,156
Allowance for bad debts	56,831	43,700
	<u>\$ 78,716</u>	<u>\$ 86,572</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:

	2020	2019
Medicare*	30.6%	26.8%
Medicaid*	27.6%	24.9%
Commercial and other third party payors	29.8%	32.6%
No-fault	9.5%	12.2%
Self-pay	2.5%	3.5%
Total	<u>100.0%</u>	<u>100.0%</u>

*Medicare and Medicaid include Managed Care plans.

Note 5. 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 2020 and 2019, DSH funding recorded by the Corporation totaled \$79,510 and \$89,802, 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 \$67,461 and \$74,407 was recognized in 2020 and 2019, respectively. In addition, during 2020 and 2019 the Corporation recognized \$12,049 and \$15,395, respectively, of UPL revenue for Terrace View. UPL revenue has been recognized based off New York State fiscal year 2020-2021 as determined by the New York State Department of Health (DOH), using cost report year 2018 data.

In addition, the Centers for Medicare and Medicaid Services (CMS) has indicated that cost reports dating back to the 2018 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.

Erie County Medical Center Corporation
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Notes to the Financial Statements
Year Ended December 31, 2020
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Note 6. 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:

	2020	2019
Cash and cash equivalents	\$ 120,308	\$ 13,771
Investments	16,393	10,125
Assets whose use is limited – current	117,163	195,804
Assets whose use is limited – non-current	77,228	81,425
	<u>\$ 331,092</u>	<u>\$ 301,125</u>
Current portion of assets whose use is limited:		
Patient and residents trust cash	\$ 576	\$ 347
Restricted for debt service ^(a)	2,304	2,291
Restricted for capital projects ^(d)	12,425	40,850
Designated for self-insurance obligations ^(b)	8,924	8,544
Designated for retiree health obligations ^(b)	12,077	12,903
Designated for DSRIP program ^(b)	79,969	130,091
NYS voluntary defined contribution plan escrow	201	237
Medical and dental staff funds	687	541
Total current portion of assets whose use is limited	<u><u>\$ 117,163</u></u>	<u><u>\$ 195,804</u></u>
Noncurrent portion of assets whose use is limited:		
Restricted for debt service ^(a)	\$ 9,710	\$ 9,664
Designated for long-term investment ^(b)	18,595	18,595
Designated for retiree health obligations ^(b)	12,754	11,928
Designated for self-insurance obligations ^(b)	29,308	29,462
Restricted – insured workers compensation collateral ^(c)	6,861	11,776
Total noncurrent portion of assets whose use is limited	<u><u>\$ 77,228</u></u>	<u><u>\$ 81,425</u></u>

^(a) Funds restricted by operation of indenture agreement

^(b) Funds internally designated by operation of Board authority

^(c) Funds restricted – insured workers compensation collateral agreement

^(d) Unspent proceeds from borrowings, which are to be used for construction projects

**Erie County Medical Center Corporation
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**Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)**

**Note 6. 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, 2020 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, 2020 and 2019, totaled \$139,567 and \$71,815, of which \$827 and \$863 of the deposits were insured at December 31, 2020 and 2019, 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 regularly throughout the year 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.

Erie County Medical Center Corporation
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Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)

Note 6. 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, 2020 and 2019.

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.

	2020			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 120,308	\$ -	\$ -	\$ 120,308
Investments and assets whose use is limited:				
Cash and cash equivalents	138,780	-	-	138,780
Marketable equity securities:				
Small/Mid-cap equities	5,141	-	-	5,141
Growth equities	1,795	-	-	1,795
Core equities	10,411	-	-	10,411
International equities	10,202	-	-	10,202
US fixed income	40,839	-	-	40,839
International fixed income	-	3,616	-	3,616
Total investments and assets whose use is limited	207,168	3,616	-	210,784
Total	\$ 327,476	\$ 3,616	\$ -	\$ 331,092

Erie County Medical Center Corporation
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Note 6. Cash and Cash Equivalents, Investments, and Assets Whose use is Limited
(Continued)

	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
Total investments and assets whose use is limited	282,020	5,334	-	287,354
Total	\$ 295,791	\$ 5,334	\$ -	\$ 301,125

Note 7. Capital Assets, Net

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

	2020			
	Beginning Balance	Additions	Disposals/ Transfers	Ending Balance
Capital assets – being depreciated				
Land and land improvements	\$ 28,731	\$ 11,724	\$ -	\$ 40,455
Buildings and improvements	435,501	92,858	-	528,359
Fixed/major moveable equipment	182,780	16,444	(652)	198,572
Total capital assets – being depreciated	647,012	121,026	(652)	767,386
Less accumulated depreciation	(419,718)	(32,234)	19	(451,933)
Total capital assets – being depreciated, net	227,294	88,792	(633)	315,453
Capital assets – not being depreciated				
Construction in progress	92,064	41,532	(114,892)	18,704
Total capital assets, net	\$ 319,358	\$ 130,324	\$ (115,525)	\$ 334,157

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Note 7. Capital Assets, Net (Continued)

	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
Total capital assets – being depreciated	625,980	23,310	(2,278)	647,012
Less accumulated depreciation	(393,287)	(28,610)	2,179	(419,718)
Total capital assets – being depreciated, net	232,693	(5,300)	(99)	227,294
Capital assets – not being depreciated				
Construction in progress	32,849	68,891	(9,676)	92,064
Total capital assets, net	\$ 265,542	\$ 63,591	\$ (9,775)	\$ 319,358

Construction in progress at December 31, 2019 included 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 projects are funded through loans from Erie County (see Note 9) and \$10,000 through a grant from New York State (see Note 14). In May 2020, the Level 1 Adult Trauma Center and emergency department expansion was completed and opened. Construction in progress at December 31, 2020 includes costs associated with the new ambulatory electronic medical records system, and various mechanical, electrical, plumbing and building envelope improvements.

Depreciation expense amounted to \$32,234 and \$28,610 for the years ended December 31, 2020 and 2019, respectively.

Note 8. Accrued Other Liabilities

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

	2020	2019
Due to Erie County	\$ 4,713	\$ 15,329
Due to joint venture	1,738	1,250
Medical malpractice claims	1,893	1,903
Other	13,533	10,592
Workers compensation claims	7,026	6,642
Total	\$ 28,903	\$ 35,716

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Note 8. 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 completes 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 evaluates the requirements 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 \$2,008 and \$2,185 at December 31, 2020 and 2019, respectively, 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, 2020 and 2019.

Note 9. Indebtedness

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

	2020				
	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Erie County - Guaranteed Senior Revenue Bonds, Series 2004	\$ 72,365	\$ -	\$ (3,545)	\$ 68,820	\$ 3,740
Erie County – 2017 loan payable	97,430	-	(1,914)	95,516	2,649
Erie County – 2017 loan payable	65,075	-	(3,843)	61,232	3,946
Erie County – 2017 capitalized interest assumption obligation	8,110	-	(159)	7,951	220
PPP Loan	-	10,000	-	10,000	553
Capital lease obligations	4,889	2,555	(1,919)	5,525	847
Total debt	\$ 247,869	\$ 12,555	\$ (11,380)	\$ 249,044	\$ 11,955

	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
Total debt	\$ 257,325	\$ 1,805	\$ (11,261)	\$ 247,869	\$ 11,090

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Note 9. Indebtedness (Continued)

Future annual principal payments applicable to long term debt for the years subsequent to December 31, 2020 are as follows:

2021	\$ 11,955
2022	14,550
2023	15,017
2024	15,497
2025	14,274
2026 - 2030	69,252
2031 - 2035	68,558
2036 - 2040	39,941
Total	\$ 249,044

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 \$3,740 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 a 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 required principal and interest payments (cost of capital is estimated at 2.3%) of \$194 and was paid in full 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
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Note 9. Indebtedness (Continued)

During 2018, the Corporation entered into a second 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.

During 2020, the Corporation entered into a capital lease agreement in the amount of \$2,555, 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 \$34 and matures July 2026.

During June 2020, the Corporation received a Paycheck Protection Program (PPP) loan in the amount of \$10,000. The loan accrues interest at 1.0%. If forgiveness is not received, beginning in October 2021 monthly principal and interest payments of \$228 are required until maturity in May 2025. The Corporation has applied for forgiveness as of the date of this report and is expecting to receive forgiveness.

Note 10. 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 487,000 pensioners and beneficiaries in the System with nearly 1.1 million 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, 2020
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Note 10. Pension Plan (Continued)

At December 31, 2020 and 2019, the Corporation reported a liability of \$225,197 and \$57,240, respectively, for its proportionate share of the NYSLRS net pension liability. The total pension liability used to calculate the net pension liability is determined by an actuarial valuation as of April 1st each year and rolled forward to March 31st. The Corporation's proportion for the net pension liability for each fiscal year was based on the Corporation's indexed present value of future compensation to NYSLRS of all participating employers for 2020 and 2019, which was 0.8504% and 0.8079%, respectively.

(a) Actuarial Assumptions

The total pension liability for the March 31, 2020 measurement date was determined using an actuarial valuation as of April 1, 2019, with update procedures used to roll-forward the total pension liability to March 31, 2020. The actuarial valuations used the following actuarial assumptions:

Inflation	2.5%
Salary increases	4.2%, including inflation
Investment rate of return	6.8%, net of pension plan investment expense
Cost of living adjustments	1.3%
Mortality improvement	Society of Actuaries Scale MP-2018

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

Erie County Medical Center Corporation
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Notes to the Financial Statements
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Note 10. 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>	2020	
	Target Asset Allocation	Long-Term Expected Real Rate of Return
Domestic equity	36.0%	4.1%
International equity	14.0%	6.2%
Private equity	10.0%	6.8%
Real estate	10.0%	5.0%
Absolute return strategies	2.0%	3.3%
Bonds and mortgages	17.0%	0.8%
Inflation-indexed bonds	4.0%	0.5%
Opportunistic portfolio	3.0%	4.7%
Real assets	3.0%	6.0%
Cash	1.0%	0.0%
	<u>100.0%</u>	
<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>	

Erie County Medical Center Corporation
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Notes to the Financial Statements
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Note 10. Pension Plan (Continued)

(c) Discount Rate

The discount rate used to measure the total pension liability as of December 31, 2020 and 2019 was 6.8% and 7.0%, respectively. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the NYSLRS fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on NYSLRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the Corporation's proportionate share of the net pension liability calculated using the discount rate of 6.8% and 7.0% at December 31, 2020 and 2019, respectively, 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:

2020			
	1% Decrease (5.8%)	Discount Rate (6.8%)	1% Increase (7.8%)
Corporation's proportionate share of the net pension liability	\$ 413,299	\$ 225,197	\$ 51,953
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)

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Notes to the Financial Statements
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Note 10. Pension Plan (Continued)

(d) Deferred Outflows and Inflows of Resources

At December 31, 2020 and 2019, the Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020	2019
Deferred outflows of resources:		
Differences between expected and actual actuarial experience	\$ 13,254	\$ 11,272
Difference between projected and actual investment earnings on pension plan investments	115,447	-
Changes in assumptions	4,534	14,388
Corporation contributions subsequent to the measurement date	30,167	27,343
Other	3,911	2,670
Total	\$ 167,313	\$ 55,673
Deferred inflows of resources:		
Differences between expected and actual actuarial experience	\$ -	\$ 3,842
Change in assumptions	3,915	-
Difference between projected and actual investment earnings on pension plan investments	-	14,691
Changes in proportion and differences between Corporation contributions and proportionate share of contributions	10,488	9,478
Total	\$ 14,403	\$ 28,011

The change in employer proportionate share is the difference between the employer proportionate share of net pension liability in the prior year compared to the current year. Changes in these amounts are amortized over a five-year closed period, reflecting the average remaining service life of plan members.

The net deferred outflows and inflows of resources of resources related to pensions will be recognized in pension expense as follows:

	Amount
<u>Year ended December 31:</u>	
2021	\$ 19,001
2022	30,383
2023	40,456
2024	32,903
	\$ 122,743

(e) Annual Pension Expense

The Corporation's annual pension expense for calendar year ending 2020 and 2019, which includes contributions toward the actuarially determined accrued liability and the amortization of deferred outflows and inflows of resources, was approximately \$72,875 and \$33,553, respectively.

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Note 11. 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 2020 and 2019, for purposes of funding future post-employment benefits. These internally designated funds are included within assets whose use is limited in the statements of net position. 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, 2020 and 2019 of \$397,921 and \$412,883 was determined by an actuarial valuation as of January 1, 2020 and 2019, respectively. The measurement date of the obligation is December 31, 2020 and 2019.

(a) Actuarial Assumptions

The total OPEB liability in the December 31, 2020 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 2020, 3.8% ultimate trend rate in 2075
Medicare Plans	4.5% for 2020, 3.8% ultimate trend rate in 2075
Prescription Plan	7.0% for 2020, 3.8% ultimate trend rate in 2075
Mortality	Society of Actuaries Scale MP-2020

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Note 11. Other Post-Employment Benefits (OPEB) (Continued)

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

(b) Changes in the OPEB Liability

	2020	2019
Changes in the OPEB obligation		
Projected OPEB obligation at the beginning of year	\$ 412,883	\$ 389,730
Service cost	5,143	4,034
Interest cost	9,849	14,724
Difference between expected and actual experience	(49,027)	(38,435)
Change in assumptions	33,117	57,042
Actual benefit payments	(14,044)	(14,212)
Projected OPEB obligation at the end of year	<u>\$ 397,921</u>	<u>\$ 412,883</u>

(c) Discount Rate

The discount rate used to measure the total OPEB liability as of December 31, 2020 was 2.1%, 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 2.1% 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 (1.1%) or 1 percentage point higher (3.1%) than the current rate.

	2020		
	1% Decrease (1.1%)	Discount Rate (2.1%)	1% Increase (3.1%)
The Corporation's total OPEB liability	\$ 468,812	\$ 397,921	\$ 341,422

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Note 11. Other Post-Employment Benefits (OPEB) (Continued)

The discount rate used to measure the total OPEB liability as of December 31, 2019 was 2.7%, 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

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.

	2020		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
The Corporation's total OPEB liability	\$ 339,507	\$ 397,921	\$ 471,752

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

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Note 11. 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, 2020 and 2019:

	2020	
	Deferred Outflows	Deferred Inflows
Differences between expected and actual actuarial experience	\$ 481	\$ 58,647
Changes in assumptions	56,458	28,525
Total	\$ 56,939	\$ 87,172

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

The net deferred outflows and inflows of resources at December 31, 2020 will be recognized as follows:

	Amount
2021	\$ (11,017)
2022	(10,202)
2023	(7,150)
2024	(1,864)
	\$ (30,233)

(e) Annual OPEB Expense

The Corporation's annual OPEB expenses for the years ended December 31, 2020 and 2019 was \$3,614 and \$11,046, respectively.

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Note 12. 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 2020 and 2019, net DSRIP payments received by the Corporation totaled \$44,532 and \$83,978, respectively. In addition, \$32,246 and \$80,880 was recorded as grant revenue for the years ended December 31, 2020 and 2019 based on meeting the eligibility requirements and \$24,840 and \$64,319 of related grant program expenses were incurred during 2020 and 2019, respectively.

Note 13. Care Restructuring Enhancement Pilot (CREPS) Program Grant

During 2016, the federal government approved a New York State (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 4 and has recognized related revenue in the amount of \$5,618 and \$22,500 for 2020 and 2019, respectively, in the other operating revenue caption on the statements of revenues, expenses and changes in net position.

Note 14. New York State Capital Grant

During 2020, New York State Department of Health awarded the Corporation a \$10,000 grant to assist in funding the construction of the new Level 1 Adult Trauma Center and Emergency Department under the Statewide Health Care Facility Transformation Program 2.3. The Corporation has earned \$9,269 of that grant during the year ended December 31, 2020. The grant program goes through 2024, however the remainder of the grant is expected to be received during the year ended December 31, 2021.

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

**Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)**

Note 15. 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 9.

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, 2020 and 2019 are as follows:

The Corporation earned revenue totaling \$3,453 and \$3,250 for the years ended December 31, 2020 and 2019, 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 \$12,171 and \$5,523 at December 31, 2020 and 2019, 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 16. 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, 2020
(Dollars in Thousands)

Note 16. 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, 2020 and 2019, \$6,861 and \$11,776, 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 \$22,085 and \$19,212 at December 31, 2020 and 2019, respectively, for medical malpractice related exposures. Such amounts have been discounted at 2.0% for 2020 and 2019 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 \$28,539 and \$25,397 at December 31, 2020 and 2019, respectively, for workers compensation related exposures. Such amounts have been discounted at 1.75% for 2020 and 2019, 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 \$11,550 and \$8,654 in 2020 and 2019, 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 11.

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

		2020				
		Beginning Balance	Actuarial estimate of claims incurred	Claims Paid	Ending Balance	Due Within One Year
Medical malpractice	\$	19,212	\$ 6,054	\$ (3,181)	\$ 22,085	\$ 1,893
Workers compensation		25,397	10,745	(7,603)	28,539	7,026
	\$	44,609	\$ 16,799	\$ (10,784)	\$ 50,624	\$ 8,919

		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

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

**Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)**

Note 16. Self-Insured Obligations (Continued)

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

Note 17. 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, 2020 and 2019, the Corporation has recorded no loss contingencies except as disclosed in Note 16.

The COVID-19 pandemic has negatively affected national, state, and local economies and global financial markets. The outbreak and related actions taken by federal and state governments may materially impact the Corporation's financial position and its results of operations. While the impacts of COVID-19 may materially affect financial results for 2021 and potentially beyond, the Corporation's management believes that the Corporation has sufficient liquidity to meet its operating and financial needs in fiscal year 2021. However, given the difficulty in predicting the duration and severity of the COVID-19 pandemic and its effects on the Corporation, the economy and financial markets, the ultimate impact is unknown. The Corporation's management continues to monitor the course of the pandemic and is prepared to take additional measures to protect the health of the community and promote the continuity of the Corporation's mission.

The Corporation has recognized revenue related to the CARES Act provider relief funding based on information contained in laws and regulations, as well as interpretations issued by the Department of Health and Human Services (HHS), governing the funding that was publically available at December 31, 2020. Subsequent to December 31, 2020, HHS issued new reporting and eligibility requirements for the CARES Act provider relief funding. The new requirements expanded the relief fund eligibility and updated reporting requirements. CARES Act provider relief funds are also subject to future audit adjustments based on compliance audits and potential changes to statutes. Due to the ongoing changes in the compliance requirements, amounts recorded under the CARES Act provider relief fund by the Corporation may change in future periods.

There are other government funding and relief sources, in addition to other components of the CARES Act not mentioned, that the Corporation continues to assess for eligibility. The possible impact of these funding and relief sources are not reflected in the financial performance through December 31, 2020.

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

**Notes to the Financial Statements
Year Ended December 31, 2020
(Dollars in Thousands)**

Note 17. Commitments and Contingencies (Continued)

The Corporation leases various equipment and facilities under operating leases expiring at various dates through December 2030. 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 2020 and 2019, 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, 2020 and 2019, \$10,000 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, 2020 that have initial or remaining lease terms in excess of one year:

2021	\$ 6,715
2022	6,380
2023	6,006
2024	4,219
2025	3,304
2026-2030	8,102
	<u>\$ 34,726</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, 2020, approximately \$4,600 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, 2020
(Dollars in Thousands)

	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 27,343	\$ 26,447	\$ 25,803	\$ 25,235	\$ 26,722	\$ 29,771	\$ 29,835	\$ 27,164
Contributions in relation to the contractually required contribution	27,343	26,447	25,803	25,235	26,722	29,771	29,835	27,164
Contribution deficiency	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ECMCC covered-employee payroll	\$ 246,772	\$ 235,284	\$ 216,044	\$ 183,540	\$ 166,691	\$ 175,409	\$ 163,395	\$ 151,906
Contributions as a percentage of covered-employee payroll	11.1%	11.2%	11.9%	13.7%	16.0%	17.0%	18.3%	17.9%

Note: During December 2020, the Corporation prepaid its 2021 contribution to the plan in the amount of \$30,167 to take advantage of a prepayment discount in the amount of \$249.

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 years 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, 2020
(Dollars in Thousands)

	2020	2019	2018	2017	2016	2015
ECMCC proportion of the net pension liability	0.8504%	0.8079%	0.7646%	0.7614%	0.7228%	0.7137%
ECMCC proportionate share of the net pension liability	\$ 225,197	\$ 57,240	\$ 24,677	\$ 71,544	\$ 116,006	\$ 24,112
ECMCC covered-employee payroll	246,772	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	91.3%	24.3%	11.4%	39.0%	69.6%	13.7%
Plan fiduciary net position as a percentage of the total pension liability	86.4%	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, 2020 and 2019
(Dollars in Thousands)

	2020	2019
Total OPEB liability		
Service cost	\$ 5,143	\$ 4,034
Interest cost	9,849	14,724
Differences between expected and actual experience	(49,027)	(38,435)
Changes of assumptions	33,117	57,042
Benefit payments	(14,044)	(14,212)
Net change in total OPEB liability	(14,962)	23,153
Total OPEB liability - beginning	412,883	389,730
Total OPEB liability - ending	\$ 397,921	\$ 412,883
Covered employee payroll	\$ 87,699	\$ 95,417
Total OPEB liability as a percentage of covered employee payroll	453.73%	432.71%
Discount rate	2.10%	2.70%

**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, 2020, 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 23, 2021. 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) as a basis for designing 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 financial statements. 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 23, 2021

APPENDIX A

Four-Year Financial Plan

The difference between healthcare and true care™



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Erie County Medical Center Corporation Operating and Capital Budgets

For the year ending 2021

9/28/2020

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Management Discussion and Analysis

September 30, 2020

The 2021 Budget maintains a path along the ECMCC Strategic Plan while addressing short and long-term recovery efforts resulting from the COVID-19 Pandemic. ECMCC's long-term goals will continue to be measured through the achievement of the ECMCC mission: improving clinical quality, service excellence, and the continued provision of health services to the communities ECMCC serves with compassion, all of which will require a slow and steady recovery from the financial impacts seen during 2020 and 2021.

Management Discussion and Analysis

Given the additional preparedness costs and the time needed to recover, the 2021 goal is to improve operating results without sacrificing quality. The proposed 2021 operating budget reflects an operating loss of \$29 million, with the expectation of eliminating the loss by 2022. The proposed budget has been developed without compromising the following goals:

Budget Goals

- ✓ Maintain the highest quality of care provided
- ✓ Maintain critical services provided to the community
- ✓ Use a stepped approach to recovery with a reduction in net loss from 2020 in the wake of the Pandemic
- ✓ Maintain clinical preparedness for the Pandemic
- ✓ Stabilize cash flow
- ✓ Comply with applicable bond covenants
- ✓ Prepare the budget to accomplish the goals without significant job actions

Management Discussion and Analysis

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

Activity Levels

The Budget has been prepared consistent with prior stable periods, with consideration given to the impacts of the Pandemic during 2020 and 2021. Further consideration was given to the changes internally related to recent trends in volume and activity, the opening of the newly constructed emergency department, changes in outpatient activity as a result of the Pandemic, changes in evidence based medicine supporting clinical practice utilization rates, changing regulations and payer payment policies, and other factors. Management believes that the levels of activity contained within the Budget are achievable.

Management Discussion and Analysis

Revenue and Reimbursement

Projected reimbursement from government payers is based on current regulations and, where Management has evaluated as probable, proposed regulations. Reimbursement from commercial payers is 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 while taking into account the impact of the discontinuation of the Delivery System Reform Incentive Payment program (DSRIP) and the Care Restructuring Enhancement Pilots program payments (CREPS). Disproportionate Share and UPL payments have been budgeted based on the most current information available to Management.

Management Discussion and Analysis

Operating Expenses

Projected operating expenses are budgeted based on the volume of anticipated activity, along with adjustments 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. In addition, anticipated expenses relating to Pandemic preparedness efforts within supplies, staffing and other expenses have been included. Management believes that the expenses contained in the Budget are reasonable and attainable.

Non-Operating Revenue

Non-Operating Revenues have been budgeted consistent with the recent historical trends related to investment income.

Management Discussion and Analysis

Cash Flows

Cash Flows have been budgeted based on the results of operations, the continuation of ongoing investments in routine and non-routine capital assets, 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. Given the uncertainty of certain material assumptions related to the Pandemic, future governmental reimbursement and benefit costs, Management acknowledges that it may have to adjust operationally during 2021.

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 both 2019 and 2020 (pre-COVID) year-to-date performance, the 2020 budget and known or anticipated budget variances, a baseline budget and financial projections were prepared
- ELT members meet 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>2018</u>	<u>2019</u>	<u>Projected</u> <u>2020</u>	<u>Budget</u> <u>2021</u>
Operating Margin %	0.60%	0.04%	-14.55%	-4.28%
NYS PBC Average %	-4.5%	-1.9%		
Operating EBITDA %	6.0%	4.8%	-7.5%	2.5%
NYS PBC Average %	0.9%	4.0%		
FTE's	3,299	3,558	3,575	3,462
FTE's per Adjusted Occupied bed	3.92	3.65	3.84	3.24
Days Cash On Hand	112.1	119.0	96.8	70.4
NYS PBC Average	57.5	54.2		
Debt Service Coverage	1.7	2.2	0.9	1.1
NYS PBC Average	1.0	2.5		
Salaries, Wages & Benefits % of Revenue	62.5%	67.4%	75.5%	65.4%
Supply Expense % of Revenue	18.2%	17.9%	18.5%	17.0%
Benefit % of Salaries and Wages	38.0%	40.7%	41.3%	41.3%
Days In Accounts Receivable, net	61.5	58.2	58.1	58.1

Statements of Revenues and Expenses

(Thousands)

	<u>2019 Audited</u>		<u>2020 Projected</u>		<u>2021 Budget</u>		<u>Increase (Decrease)</u>	
	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>	<u>\$</u>	<u>%</u>
Net Patient Revenue	543,370	72.4%	512,024	100.0%	580,642	100.0%	68,618	13.4%
Disproportionate Share / IGT and UPL Payments	89,802	12.0%	86,172	16.8%	91,172	15.7%	5,000	5.8%
Other Operating Revenues	117,679	15.7%	39,760	7.8%	16,340	2.8%	(23,420)	-58.9%
Total Operating Revenues	<u>750,851</u>	<u>100.0%</u>	<u>637,956</u>	<u>124.6%</u>	<u>688,154</u>	<u>118.5%</u>	<u>50,198</u>	<u>7.9%</u>
Operating Expenses								
Salaries and Wages	259,844	34.6%	273,540	53.4%	269,012	46.3%	(4,528)	-1.7%
Employee Benefits	106,149	14.1%	112,940	22.1%	110,982	19.1%	(1,958)	-1.7%
Physician & Resident Fees	92,777	12.4%	96,503	18.8%	95,594	16.5%	(909)	-0.9%
Purchased Services	69,434	9.2%	68,410	13.4%	66,154	11.4%	(2,256)	-3.3%
Supplies	97,065	12.9%	94,794	18.5%	98,949	17.0%	4,155	4.4%
Other Expenses	89,474	11.9%	39,282	7.7%	30,145	5.2%	(9,137)	-23.3%
Depreciation	28,659	3.8%	34,261	6.7%	35,936	6.2%	1,675	4.9%
Interest	7,135	1.0%	11,058	2.2%	10,811	1.9%	(247)	-2.2%
Total Operating Expenses	<u>750,537</u>	<u>100.0%</u>	<u>730,788</u>	<u>142.7%</u>	<u>717,583</u>	<u>123.6%</u>	<u>(13,205)</u>	<u>-1.8%</u>
Operating Income	314	0.0%	(92,832)	-14.6%	(29,429)	-4.3%	63,403	-68.3%
CARES Act Funding Relief	-	0.0%	52,157	8.2%	-	0.0%	(52,157)	-100.0%
Income/(Loss) from Operations with CARES Act Relief	314	0.0%	(40,675)	-6.4%	(29,429)	-4.3%	11,246	-27.6%
Non Operating Revenues	12,634	1.7%	3,998	0.6%	4,000	0.6%	2	0.1%
Excess of Revenues Over Expenses	<u>12,948</u>	<u>1.7%</u>	<u>(36,677)</u>	<u>-5.7%</u>	<u>(25,429)</u>	<u>-3.7%</u>	<u>11,248</u>	<u>-30.7%</u>

9/28/2020

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Statements of Net Position

(Thousands)

	<u>2019 Audited</u>		<u>2020 Projected</u>		<u>2021 Budget</u>		<u>Increase (Decrease)</u>	
	\$	%	\$	%	\$	%	\$	%
Assets								
Current Assets								
Cash and Investments	23,896	2.6%	99,533	11.2%	49,359	6.0%	(50,174)	-50.4%
Patient Accounts Receivable, Net	86,572	9.3%	81,566	9.2%	92,509	11.3%	10,943	13.4%
Other Current Assets	274,646	29.5%	162,971	18.4%	141,481	17.2%	(21,490)	-13.2%
Total Current Assets	385,114	41.4%	344,070	38.8%	283,349	34.5%	(60,721)	-17.6%
Assets Whose Use Is Limited	81,425	8.8%	76,555	8.6%	74,799	9.1%	(1,756)	2.7%
Property and Equipment, Net	319,358	34.3%	320,250	36.1%	315,564	38.4%	(4,685)	-1.5%
Other Assets	143,971	15.5%	145,602	16.4%	147,003	17.9%	1,401	1.0%
Total Assets	929,868	100.0%	886,477	100.0%	820,715	100.0%	(65,761)	-7.4%
Liabilities and Net Assets								
Current Liabilities								
Current Portion of Long Term Debt	11,090	1.2%	11,046	1.2%	11,442	1.4%	396	3.6%
Accounts Payable, Third-Party & Accrued	235,555	25.3%	208,623	23.5%	176,065	21.5%	(32,558)	-15.6%
Total Current Liabilities	246,645	26.5%	219,669	24.8%	187,507	22.8%	(32,162)	-14.6%
Long Term Debt	236,779	25.5%	244,577	27.6%	227,913	27.8%	(16,664)	-6.8%
Deferred Inflows	98,402	10.6%	103,402	11.7%	108,402	13.2%	5,000	4.8%
Other Post Employment Benefits	399,980	43.0%	405,980	45.8%	408,980	49.8%	3,000	0.7%
Self Insurance Liabilities	97,107	10.4%	98,569	11.1%	99,062	12.1%	493	0.5%
Total Liabilities	1,078,913	116.0%	1,072,197	121.0%	1,031,864	125.7%	(40,333)	-3.8%
Net Position	(149,044)	-16.0%	(185,720)	-21.0%	(211,149)	-25.7%	(25,429)	13.7%
Total Liabilities and Net Assets	929,869	100.0%	886,477	100.0%	820,715	100.0%	(65,762)	-7.4%

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Statements of Cash Flow

(Thousands)

	Audited 2019	Projected 2020	Budget 2021	Increase (Decrease) %	
Cash Flows From Operating Activities					
Excess of Revenues Over Expenses	12,948	(36,676)	(25,429)	11,247	-31%
Depreciation & Amortization	28,659	34,261	35,936	1,675	5%
(Increase) Decrease in Patient Accounts Receivable, Net	2,715	5,006	(10,943)	(15,949)	-319%
(Increase) Decrease in Current and Other Assets	(9,793)	110,045	20,089	(89,956)	-82%
Increase (Decrease) in Accounts Payable, Third-Party & Accrued	75,350	(26,932)	(32,558)	(5,626)	21%
Increase (Decrease) in Deferred In-Flows	(19,006)	5,000	5,000	-	0%
Increase (Decrease) in Self Insurance Liabilities	(6,589)	7,462	3,493	(3,969)	-53%
Net Cash Provided By (Used In) Operating Activities	<u>84,284</u>	<u>98,166</u>	<u>(4,412)</u>	<u>(102,578)</u>	<u>-104%</u>
Cash Flows From Investing Activities					
(Increase) Decrease in Assets Whose Use is Limited	13,673	4,870	1,756	(3,114)	-64%
Cash Flows From Financing Activities					
Additions to Property and Equipment	(83,681)	(35,153)	(31,250)	3,903	-11%
Changes in Long Term Debt	(9,456)	(7,754)	(16,268)	(8,514)	110%
Net Cash (Used In) Financing Activities	<u>(93,137)</u>	<u>(42,907)</u>	<u>(47,518)</u>	<u>(4,611)</u>	<u>11%</u>
Net Increase (Decrease) in Cash and Investments	4,820	75,637	(50,174)	(125,811)	-166%
Cash and Investments, Beginning	19,076	23,896	99,533	75,637	317%
Cash and Investments, Ending	23,896	99,533	49,359	(50,174)	-50%

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Operating Performance Reconciliation

(Thousands)

	<u>Increase /</u> <u>(Decrease)</u>
2020 Budgeted Income from Operations	1,000
Operating Revenues	
Net Patient Service Revenue	(8,694)
Disproportionate Share, IGT and UPL	14,775
Other Operating Revenue	<u>(34,768)</u>
Total Operating Revenues	<u>(28,687)</u>
Operating Expenses	
Salaries and Benefits	(5,003)
Physician Fees and Professional Servi	6,872
Supplies	9,481
Other Expenses	(10,202)
Depreciation and Amortization	1,088
Interest	<u>(494)</u>
Total Operating Expenses	<u>1,742</u>
2021 Budgeted Loss from Operations	<u>(29,429)</u>

Principal Budget Assumptions

- Volume
- Patient Revenue and Reimbursement
- IGT / UPL Payments
- Other Revenues
- Staffing Costs / Vacancy Management
- Other Expenses
- Cash Flows

Volume Summary

	2019 <u>Actual</u>	2020 <u>Projection</u>	2021 <u>Budget</u>	<u>Increase (Decrease)</u> <u>21 - 20</u> <u>%</u>	
Discharges					
Acute	13,354	12,709	13,411	702	5.5%
Other	<u>6,642</u>	<u>6,169</u>	<u>6,590</u>	<u>421</u>	<u>6.8%</u>
Total	<u>19,996</u>	<u>18,878</u>	<u>20,001</u>	<u>1,123</u>	<u>5.9%</u>
Average Length of Stay					
Acute	6.5	6.9	6.5	(0.4)	-5.8%
Other	<u>10.2</u>	<u>10.4</u>	<u>10.2</u>	<u>(0.2)</u>	<u>-2.0%</u>
Total	<u>7.8</u>	<u>8.0</u>	<u>7.7</u>	<u>(0.3)</u>	<u>-3.8%</u>
Observation Cases	3,550	2,569	2,774	205	8.0%
Outpatient Visits	<u>305,022</u>	<u>288,761</u>	<u>303,356</u>	<u>14,595</u>	<u>5.1%</u>
Clinics	130,097	136,258	133,609	(2,649)	-1.9%
Behavioral Health	39,719	40,701	40,516	(185)	-0.5%
Chemical Dependency	39,689	33,539	35,201	1,662	5.0%
Dialysis	27,549	27,686	31,359	3,673	13.3%
Other	67,968	50,577	62,671	12,094	23.9%
Surgical Cases					
Inpatient	6,254	5,529	6,163	634	11.5%
Outpatient	<u>7,556</u>	<u>6,586</u>	<u>7,512</u>	<u>926</u>	<u>14.1%</u>
Total	<u>13,810</u>	<u>12,115</u>	<u>13,675</u>	<u>1,560</u>	<u>12.9%</u>
Case Mix Index - Acute	<u>1.95</u>	<u>1.90</u>	<u>1.92</u>	<u>0</u>	<u>1.1%</u>
Emergency Visits	57,262	53,997	58,345	4,348	8.1%
CPEP Visits	12,130	11,628	12,250	622	5.3%
Terrace View ADC	379.0	377.3	378.0	0.7	0.2%

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Revenue

- Payer rate increase net of 2% (before cuts)
- Acute – IP Discharges return to 2019 levels
 - Opening of 12z1 MICU and realignment of CTU
 - Expansion of 8z3 from 10 to 20 beds
 - 8 bed dedicated observation unit (old ED) with expansion to 16
- Outpatient volume slight declines from 2019 levels
- IGT – Consistent with current year assumptions
- Revenue cycle process improvements within clinical documentation, professional billing, denials and bad debt expense

IGT and UPL Revenue (Accrual Basis Revenue)

	Budget <u>2020</u>	Projected <u>2020</u>	Budget <u>2021</u>
DSH	61,616	71,391	76,391
UPL	14,781	14,781	14,781
Total	<u>76,397</u>	<u>86,172</u>	<u>91,172</u>

Expenses

- Salaries
 - Decrease in FTE's to 3,462 (3,574 - YTD August) through vacancy management
 - Contracted union wage and step adjustments total an average of 3.0%
 - Non-Union wage adjustments total 2.0%
- Benefits
 - Increased health insurance, workers compensation and unemployment related costs
 - Pension expense and post-retiree health expense included at current run rate

Expenses (cont'd)

- **Physician & Residents**
 - Increases in anticipated contractual obligations to meet additional volume and contractual rate increases
 - Improved economics of GPPC physician practices and total cost
- **Contractual Fees/Purchased Services**
 - Reduction in consulting, purchased service contracts and certain sponsorships
- **Supplies**
 - COVID Supply cost increases – PPE, lab testing, pharmacy inflation, 90 day supply inventory
 - Inflationary increases offset by targeted savings initiatives
- **Depreciation and Interest**
 - Increased overall depreciation and interest costs – project completion and debt service on bonds

Cash Flow Assumptions

- Net decrease in cash of \$50.1 Million
 - Net loss & Medicare Advance payback
 - 96.8 days cash reduced to 70.4 days cash
- Days in accounts receivable remaining consistent at 58.1 days
- Consistent other net working capital accounts
- Routine capital budget spend of \$5.0 Million in addition to project spending of \$20 Million

Performance Improvement Opportunities

- Accelerating Excellence operational improvements
- Insurance plan payer relationship & improved governance
- Continued growth strategies including continuum of care management
- Length of stay management
- Vacancy management
- Continued infrastructure planning and investment in population health strategies

Emerging Issues and Risk Areas

- Federal and NYS legislative and funding uncertainty
- COVID-19 impact uncertainty
- Inpatient volume sensitivity / insurance plan uncertainty
- Operating performance improvements
- Pension expense and contribution changes
- Management of supply chain improvements
- GASB 87 – accounting for leases
- GASB 91 – conduit debt obligations
- GASB 94 – Public-private partnerships

2021 Capital Budget Summary

- \$20 Million construction projects
 - \$10 Million from bond funds
 - \$10 Million from internal funds
- \$5.0 Million routine capital spend

5 Year Financial Projections

- Phase into a breakeven operating margin
- Reimbursement rate increases consistent with 2021 budget
- IGT/UPL at current projections
- Salary expense consistent with current collective bargaining agreements
- Benefits % of salary expense increase due to actuarial estimates
- Supply and other expense inflation consistent with current trend
- Achievement of operational improvement goals and/or reduced COVID related costs

Statements of Revenues and Expenses – Projected (Thousands)

	Audited <u>2019</u>	Projected <u>2020</u>	Budget <u>2021</u>	<u>2022</u>	<u>2023</u>	Projected <u>2024</u>	<u>2025</u>	<u>2026</u>
Operating Revenues								
Net Patient Service Revenue	543,370	512,024	580,642	591,673	602,756	613,937	625,216	636,595
Disproportionate Share, IGT and UPL Revenue	89,802	86,172	91,172	91,172	91,172	91,172	91,172	91,172
Other Operating Revenue	<u>117,679</u>	<u>39,760</u>	<u>16,340</u>	<u>16,503</u>	<u>16,668</u>	<u>16,835</u>	<u>17,003</u>	<u>17,174</u>
Total Operating Revenues	<u>750,851</u>	<u>637,956</u>	<u>688,154</u>	<u>699,349</u>	<u>710,597</u>	<u>721,944</u>	<u>733,391</u>	<u>744,941</u>
Operating Expenses								
Salaries and Benefits	365,993	386,480	379,994	391,164	401,661	412,439	423,506	434,870
Physician Fees and Professional Services	162,211	164,912	161,748	164,799	167,917	171,103	174,358	177,684
Supplies	97,065	94,794	98,949	100,787	102,647	104,533	106,446	108,386
Other Expenses	89,474	39,282	30,145	31,363	32,630	33,948	35,320	36,747
Depreciation and Amortization	28,659	34,261	35,936	33,060	31,263	31,858	33,592	35,720
Interest	<u>7,135</u>	<u>11,058</u>	<u>10,811</u>	<u>10,164</u>	<u>9,535</u>	<u>8,883</u>	<u>8,516</u>	<u>7,900</u>
Total Operating Expenses	<u>750,537</u>	<u>730,787</u>	<u>717,583</u>	<u>731,337</u>	<u>745,653</u>	<u>762,764</u>	<u>781,738</u>	<u>801,306</u>
	314	(92,831)	(29,429)	(31,989)	(35,056)	(40,820)	(48,347)	(56,365)
Performance Improvement Initiatives	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,289</u>	<u>35,406</u>	<u>41,220</u>	<u>48,797</u>	<u>56,865</u>
Income/(Loss) from Operations	314	(92,831)	(29,429)	300	350	400	450	500
CARES Act Funding Relief	<u>-</u>	<u>52,157</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Income/(Loss) from Operations with CARES Act Relief	314	(40,674)	(29,429)	300	350	400	450	500
Non Operating Revenues & Capital Contributions	<u>12,634</u>	<u>3,998</u>	<u>4,000</u>	<u>1,862</u>	<u>1,853</u>	<u>1,812</u>	<u>1,816</u>	<u>1,816</u>
Excess of Revenues Over Expenses	<u>12,948</u>	<u>(36,676)</u>	<u>(25,429)</u>	<u>2,162</u>	<u>2,203</u>	<u>2,212</u>	<u>2,266</u>	<u>2,316</u>

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Statements of Financial Position – Projected (Thousands)

	Audited 2019	Projected 2020	Budget 2021	2022	2023	Projected 2024	2025	2026
ASSETS								
Current Assets								
Cash & Investments	23,896	99,533	49,359	50,872	50,422	50,625	50,856	51,439
Patient Accounts Receivable	86,572	81,566	92,509	92,632	90,970	89,667	91,320	92,973
Other Current Assets	274,646	162,971	141,481	131,167	133,456	135,495	96,787	100,998
Total Current Assets	385,114	344,070	283,350	274,671	274,848	275,788	238,963	245,410
Assets Whose Use Is Limited	81,425	76,555	74,799	72,646	70,399	70,411	70,207	70,087
Property and Equipment	319,358	320,250	315,564	305,504	299,241	292,384	283,791	273,072
Other Assets	143,971	145,602	147,003	150,452	154,073	158,169	162,340	166,890
Total Assets	929,869	886,477	820,715	803,273	798,561	796,751	755,301	755,458
LIABILITIES AND NET ASSETS								
Current Liabilities								
Current Portion of Long Term Debt	11,090	11,046	11,442	11,860	12,290	12,735	13,197	13,675
Accounts Payable, Third-Party & Accrued	235,555	208,623	176,065	164,743	165,832	167,757	129,766	131,797
Total Current Liabilities	246,645	219,669	187,507	176,603	178,122	180,492	142,963	145,472
Long Term Debt	236,779	244,577	227,913	210,718	193,786	178,894	164,205	151,032
Deferred Inflows	98,402	103,402	108,402	113,402	118,402	123,402	128,402	133,402
Other Post Employment Benefits	399,980	405,980	408,980	411,980	414,980	417,980	420,980	423,980
Self Insurance Reserves	97,107	98,569	99,062	99,557	100,055	100,555	101,058	101,563
Total Liabilities	1,078,913	1,072,197	1,031,864	1,012,260	1,005,345	1,001,323	957,608	955,449
Net Position	(149,044)	(185,720)	(211,149)	(208,987)	(206,784)	(204,572)	(202,306)	(199,990)
Total Liabilities and Net Assets	929,869	886,477	820,715	803,273	798,561	796,751	755,301	755,458

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Statements of Cash Flow - Projected

(Thousands)

	Audited 2019	Projected 2020	Budget 2021	2022	2023	Projected 2024	2025	2026
Cash Flows From Operating Activities								
Excess of Revenues Over Expenses	12,948	(36,676)	(25,429)	2,162	2,203	2,212	2,266	2,316
Depreciation & Amortization	28,659	34,261	35,936	33,060	31,263	31,858	33,592	35,720
(Increase) Decrease in Patient Accounts Receivable, Net	2,715	5,006	(10,943)	(123)	1,662	1,303	(1,653)	(1,653)
(Increase) Decrease in Current and Other Assets	(9,793)	110,045	20,089	6,865	(5,910)	(6,135)	34,537	(8,760)
Increase (Decrease) in Accounts Payable, Third-Party & Accrued	75,350	(26,932)	(32,558)	(11,323)	1,089	1,924	(37,991)	2,031
Increase (Decrease) in Deferred In Flows	(19,006)	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Increase (Decrease) in Self Insurance Liabilities	(6,589)	7,462	3,493	3,495	3,498	3,500	3,503	3,505
Net Cash Provided By (Used In) Operating Activities	84,284	98,166	(4,412)	39,137	38,805	39,662	39,254	38,158
Cash Flows From Investing Activities	13,673	4,870	1,756	2,153	2,247	(12)	204	120
Cash Flows From Financing Activities								
Additions to Property and Equipment	(83,681)	(35,153)	(31,250)	(23,000)	(25,000)	(25,000)	(25,000)	(25,000)
Changes in Long Term Debt	(9,456)	7,754	(16,268)	(16,777)	(16,502)	(14,447)	(14,227)	(12,695)
Net Cash (Used In) Financing Activities	(93,137)	(27,399)	(47,518)	(39,777)	(41,502)	(39,447)	(39,227)	(37,695)
Net Increase (Decrease) in Cash and Investments	4,820	75,637	(50,174)	1,513	(450)	203	231	583
Cash and Investments, Beginning	19,076	23,896	99,533	49,359	50,872	50,422	50,625	50,856
Cash and Investments, Ending	23,896	99,533	49,359	50,872	50,422	50,625	50,856	51,439

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Outstanding Bonds and Notes

Erie County Guaranteed Senior Revenue Bonds, Series 2004

No bonds were issued, called, or re-financed during 2020.

\$3,545,000 of bonds matured or were redeemed in 2020.

\$68,820,000 of 2004 bonds remain outstanding at December 31, 2020.

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.

\$3,842,300 in principal payments were made in 2020.

\$61,232,797 of debt is outstanding at December 31, 2020.

Erie County Loan Payable-2017 (New Money)

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

\$1,913,771 in principal payments were made in 2020.

\$95,516,516 of debt is outstanding at December 31, 2020.

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.

\$159,291 in principal payments were made in 2020.

\$7,950,242 of debt is outstanding at December 31, 2020.

Key Government Finance Master Tax Exempt Lease/Purchase Agreement

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

\$1,155,247 in principal payments were made in 2020.

\$0 of debt is outstanding at December 31, 2020.

Metz Culinary Management Food Service Improvements Loan

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

\$180,540 in principal payments were made in 2020.

\$1,489,486 of debt is outstanding at December 31, 2020.

Paycheck Protection Program Loan

During 2020, the Corporation entered into a Paycheck Protection Program Loan in the amount of \$10,000,000

\$0 in principal payments were made in 2020.

\$10,000,000 of debt is outstanding at December 31, 2020.

**APPENDIX B
COMPENSATION SCHEDULE**

Name	Job Title	2020 Gross Earnings	Annual Salary
Abafita, Aziza	General Duty Nurse	103,259	87,899
Abbott, Patricia	General Duty Nurse	103,001	85,336
Addison, Jessica	General Duty Nurse	130,475	87,899
Aiad, Jean	Dentist ECMC RPT	104,267	104,267
Alexander, David	General Duty Nurse	105,001	73,597
Anders, Mark	Medical Specialist	171,221	171,221
Anderson, Jennifer	General Duty Nurse	115,268	87,899
Annas, Jennifer	General Duty Nurse	115,015	80,432
Aquilina, Marina	General Duty Nurse	102,610	75,791
Aquilina, Therese	Unit Manager Ambulatory Care	117,331	112,773
Arcadi, Kristine Anne	Unit Manager Medical Surgical	119,021	112,773
Arnold, William	Nursing Informatics Mgr.	123,289	121,861
Artieri, Diane	Vice President of Materials Management	154,177	156,062
Asare, Martin	General Duty Nurse	120,259	70,321
Austin, Cheryl	Director of Imaging Services	120,569	120,598
Baetzhold-Fabiniak, Karen	Physician Assistant	122,973	133,297
Bailey, Steven	Nursing Team Leader LTC	122,885	99,638
Baker, Shawn	General Duty Nurse	112,458	85,336
Ballard, Katrina	Charge Nurse	100,192	87,129
Barr, Tamara	General Duty Nurse	101,120	75,791
Basher, William	Nursing Team Leader Dialysis Services	102,153	96,730
Bass, Cynthia	Director of Diversity and Inclusion	93,928	108,212

Bass, Edmond	Nursing Informatics Mgr.	110,160	111,519
Bastian, Michele	General Duty Nurse	102,695	87,899
Batson, John	Charge Nurse	101,704	87,129
Bauer, Christine	Charge Nurse	116,279	82,116
Beauchamp, Sandra	Nurse Case Manager	26,496	109,487
Becker, Melissa	Unit Manager Operating Room	119,361	103,199
Becker, Paula	Pharmacist ECMC	128,511	128,097
Beckman-Pilcher, Karen	Clinical Nurse Specialist Emergency Svcs	146,890	133,428
Bell, Shentelle	Director of Nursing Services Ambulatory	114,953	115,000
Berkmans, Pier	General Duty Nurse	100,157	70,321
Bernier, Deborah	Operations Manager LTC	106,690	102,789
Bethea, Marquita	Director of Admissions LTC	117,374	111,925
Bieber, Jolene	General Duty Nurse	103,179	78,098
Bielicki, Kim	Registered Nurse Trauma Registrar	104,262	102,600
Biersbach, Bret	Anesthesiologist	306,471	437,500
Bigelow, Katy	General Duty Nurse	100,297	85,336
Biondolillo, Rhonda	Nursing Team Leader	112,261	102,600
Bish, Brian	Anesthetist	69,473	205,000
Blair, Lindsey	Nursing Team Leader	106,899	102,600
Blecha, Kortney	Charge Nurse	134,651	95,220
Boersch, Martin	General Duty Nurse	106,320	71,972
Boice, Allison	Nurse Case Manager	108,324	106,303
Borton, Angela	Pharmacist ECMC	122,969	119,687

Boustany, Christopher	Anesthesiologist	349,654	325,000
Bowen, Taylor	Charge Nurse	110,649	77,954
Boyer, Maria	Charge Nurse	110,701	87,129
Boyer, Nikita	General Duty Nurse	103,211	78,098
Bozich, Danielle	Director of Recruitment and Training	106,762	108,212
Brandon, Brianna	General Duty Nurse	102,678	71,972
Bratcher, Kerri	Charge Nurse	101,452	82,116
Brennan, Melinda	Unit Manager Medical Surgical	100,926	100,192
Brennan, Stephanie	Pharmacist ECMC	120,771	119,687
Brindisi, Joseph	Nurse Practitioner ECMC	110,240	111,748
Brinker, Debra	Charge Nurse	109,958	95,220
Brinkworth, Jennifer	Charge Nurse	123,048	95,220
Broeneman, Kourtney	Nurse Case Manager	111,177	109,497
Brooks, Latoya	Unit Manager Medical Surgical	111,607	112,773
Brown, Dana	Anesthetist	229,252	205,000
Brown, Donna	Associate Hospital Administrator	126,023	126,090
Brown, Jillian	VP of Behavioral Health Services	150,273	150,000
Brown, Lisa	CONSULTANT IV PD	100,291	100,291
Brundin Jr, Douglas	Anesthetist	209,826	205,000
Bruno, Karen	Senior Magnetic Resonance Image Tech	118,422	78,152
Buchanan, Amber	Clinical Laboratory Technologist	101,503	67,843
Buckley, Peter	Nursing Team Leader LTC	103,472	85,933
Budu, James	General Duty Nurse	100,769	71,972

Bufalino, Rosalia	General Duty Nurse	105,746	87,899
Bulinski, Alexis	Charge Nurse	106,127	82,116
Buono, Deanne	General Duty Nurse	104,153	87,899
Burgio, Susan	Clinical Laboratory Quality Coordinator	129,417	98,238
Burke, Mark	Attending Physician	667,195	655,636
Burnett, Julie	Charge Nurse	113,177	92,431
Burridge, Suzanne	Pharmacist ECMC	129,710	128,097
Burt, Mary	Nursing Team Leader	136,347	102,600
Buttaccio, Rebecca	Physician Assistant	100,230	104,424
Bystrak, Cathy	Nursing Team Leader LTC	145,743	102,600
Canallatos, Paul	Dentist ECMC	177,449	180,353
Cantie, Shawn	Anesthesiologist	557,318	465,000
Capozzi, Nicole	General Duty Nurse	101,830	87,899
Carl, Karen	Nursing Team Leader	114,444	102,600
Carlo, Joseph	Hospital Public Safety Officer	104,038	65,225
Carnevale, Marinela	General Duty Nurse	109,085	82,857
Carpenter, Cheryl	Director of Medical Dental Staff Svcs	111,426	112,199
Carroll, Jennifer	Behavioral Health Clinical Manager	109,046	109,408
Caruana, Joseph	Attending Physician PT	111,635	111,635
Cavaretta, Mark	Attending Physician	277,503	347,782
Cavo, Paul	Clinical Systems Analyst	109,063	89,538
Cheng, Yi Shun	Attending Physician	28,269	245,000
Cherkis, Jennifer	Transplant Coordinator	34,016	109,487

Chilbert, Kevin	Pharmacist ECMC	120,945	119,687
Chizuk, Steven	Director of Budget ECMCC	142,724	142,800
Ciancone, Gabriella	Infection Prevention Practitioner	105,686	102,600
Cieri, Margaret	Nursing Care Coordinator	148,194	121,861
Cirillo, Joseph	Director of Public Relations Communic.	115,332	119,569
Ciurczak, Tiffany	Charge Nurse	122,326	95,220
Clark, Cynthia	Nurse Case Manager	125,602	112,773
Clark, Sarah	Nurse Navigator Plast & Rec Surgery	101,276	103,199
Cloud, Samuel	Attending Physician	341,404	355,350
Colebeck, Amanda	Dentist ECMC	254,471	257,500
Collichio, Alexander	Director of Labor & Employee Relations	128,626	136,579
Collins, Chiqkena	General Duty Nurse	104,352	82,857
Colomaio, Rosemarie	Nurse Case Manager	121,288	112,773
Colucci, Anthony	Consultant IV	562,154	562,154
Comstock, Scott	Charge Nurse	112,934	95,220
Coniglio, Julia	Anesthetist	205,733	205,000
Cozzemera, John	Nursing Team Leader	101,161	96,730
Cretacci, Nicole	Unit Manager Medical Surgical	116,715	112,773
Crowe, Ruth	Nursing Team Leader LTC	126,177	102,600
Cumbo, John	Director of Technical Services	178,425	162,639
Current, Susan	Physical Therapist	134,471	81,892
Currin, Shawntres	Unit Manager Medical Surgical	98,942	103,199
Cutler, Peter	VP of Communications & External Affairs	215,260	215,374

Czajka, Valerie	Nursing Supervisor LTC	14,062	112,773
Czora, Andrea	Assistant Director Nursing LTC	39,009	100,000
Dalton, Wendy	Nursing Team Leader LTC	108,268	91,175
Daoust, Jeffrey	Physician Assistant	116,109	120,819
Davis, Andrew	Chief Operating Officer ECMC	577,525	577,830
Davis, Cassandra	VP of Ambulatory Svs & Population Health	176,857	173,349
Davis, Howard	Anesthesiologist	283,713	468,096
Davis, Karen	General Duty Nurse	109,351	82,857
Davis, Shelly	Nurse Case Manager	113,233	112,773
DeFilippo, Jenna	General Duty Nurse	101,778	82,857
Deguire, Janelle	General Duty Nurse	106,488	80,432
DeLaPlante, Suzanne	Clinical Perfusionist	110,349	96,851
DelGuidice, Natalie	Clinical Pharmacy Specialist	133,336	133,430
DelPrince, Becky	VP of Systems and Integrated Care	170,561	177,468
DeVecchio, Regina	Staff Counsel ECMC	177,373	177,468
Denisco, Dawn	Anesthetist	217,118	205,000
Denny, Patricia	Director of Dialysis Operations	56,604	108,212
DePinto, Anthony	Administrator LTC	86,097	158,445
DePlato, Anthony	Anesthesiologist	524,196	531,802
Derenda, Nicole	Director of Nursing Education Med/Surg	121,956	126,073
DeSantis-Evans, Leigh	Charge Nurse	101,618	92,431
Diaw, Vanessa	Charge Nurse	104,405	89,752
Diina, David	Nurse Practitioner Transplant	226,729	129,557

Dipirro, Michele	Nursing Team Leader LTC	132,419	102,600
Dishunts, Olga	Nursing In-service Instructor ECMC	115,268	96,730
Dobson, Judy	VP Medical Surgical Nursing Services	191,355	172,203
Doherty, Danielle	Anesthetist	98,018	190,000
Dolansky, Evan	Pharmacist ECMC	132,542	128,097
Donovan, Kevin	Charge Nurse	104,036	89,752
Draper, Cristina	General Duty Nurse	101,493	87,899
Drozdowski, Michael	Director of Capital Projects	136,301	141,831
Drysdale, Michelle	Nursing Supervisor LTC RPT	110,911	110,911
Duell, Susan	Minimum Data Set Director	107,084	100,192
Duffin, Joy	Transplant Coordinator	169,846	109,497
Duffy, Brian	Anesthesiologist	413,626	383,800
Durant, Jason	Systems Administrator	120,080	96,851
Dvinova, Larisa	Charge Nurse	134,929	95,220
Dycha, Brandon	General Duty Nurse	106,270	75,791
Dycha, David	General Duty Nurse	121,687	70,321
Dytschkowskyj, Sheila	Nursing Team Leader LTC	127,246	93,910
Eckert, Patricia	Senior Ultra sonographer	133,661	84,644
Egan, Carol	Charge Nurse	107,064	95,220
Eiss, Megan	Director of Biomedical Services	112,896	113,730
Eleey, Lynnette	Charge Nurse	121,784	95,220
Embden, Richard	Management Systems Consultant	271,624	250,000
Englert, Amanda	Nurse Practitioner Rehab Services	149,151	118,554

Erhardt, Robert	Chief Hospital Public Safety Officer	174,951	106,032
Ervolina, Daryl	Senior Pharmacist ECMC	143,463	142,657
Everett, Charles	Anesthesiologist	235,105	468,096
Exposito Vazquez, Manuel	Certified Nursing Assistant RPT	106,415	106,415
Fallis, Susan	VP of Behavioral Health Services	47,724	154,500
Fanning, Rozalyn	Charge Nurse	112,104	87,129
Farkas, Tina	General Duty Nurse	112,218	75,791
Feidt, Leslie	Chief Information Officer ECMC	196,261	220,900
Fenner, Nicholas	Pharmacist ECMC	125,133	119,687
Ferguson, Richard	Director of Neurology RPT	403,462	403,462
Fetzer, Melanie	General Duty Nurse	129,073	82,857
Flaherty, Amy	Staff Counsel - Risk Management	129,234	134,476
Flett, Deborah	Nursing Team Leader LTC	114,235	102,600
Flynn, William	Director of Surgery	173,302	169,703
Forgensi, Stacey	Anesthetist	212,896	205,000
Foster, Amanda	Director of Respiratory Therapy Services	102,795	105,668
Foster, Antoinette	General Duty Nurse	100,404	70,321
Fowler, Julia	Charge Nurse	109,738	89,752
Fox, Heather	Nurse Case Mgr AIDS Services	114,626	112,773
Fretthold, Christine	Ultra-Sonographer	103,269	72,053
Frey, Jordan	Attending Physician	230,101	470,000
Frustino, Jennifer	Dentist ECMC	212,568	215,893
Fryling, Kathleen	Transplant Coordinator	148,833	112,773

Furlani, Lisa	Anesthetist	208,455	205,000
Furnari, Graziella	Clinical Pharmacy Specialist	130,344	130,360
Gallagher, Heather	Director of Comp, Benefits, & HRIS	112,228	107,099
Gallineau, Anne-Marie	Nursing Care Coordinator	142,019	121,861
Gary, Stephen	Consultant IV	410,119	410,119
Gatti, Donna	Director of CPEP	112,467	117,031
Gerretsen, Carly	Director of Outpatient Opers & Oncology	146,397	152,337
Gian, Kathleen	General Duty Nurse	149,805	87,899
Gibbens, Robert	General Duty Nurse	174,965	73,597
Giglia, Joseph	General Counsel	453,991	459,000
Giordano, Donald	Clinical Resource Nurse Emergency Services	117,275	95,220
Gompah, Santosha	Unit Manager Medical Surgical	112,597	109,497
Gonzalez, Susan	Executive Director ECMC Lifeline Foundation	190,894	183,855
Gorczyński II, Thomas	Information Technology Systems Architect	131,962	129,540
Gozdalski, Nicole	Charge Nurse	115,765	95,220
Grabski, Meghan	General Duty Nurse	117,160	75,791
Gray, Linda	Assistant Vice President BH Nursing	33,734	133,900
Greco, Timothy	General Duty Nurse RPT	113,669	113,669
Green, Karen	Nursing Supervisor LTC	64,051	109,487
Gregorio, Tara	Unit Manager Medical Surgical	106,194	106,303
Grenier, Shannon	General Duty Nurse	105,766	80,432
Griffin, Susan	Physical Therapist	128,014	81,892
Grolemund, Stephanie	Anesthetist	222,738	205,000

Grzebinski, Jane	Pharmacist ECMC	139,286	130,903
Grzybowski, Helen	In-service Education Coordinator	123,693	112,773
Guinnane, Sean	Charge Nurse	101,866	82,116
Habonimana, Colette	Charge Nurse	115,668	95,220
Haines, Tracey	General Duty Nurse	106,230	80,432
Halladay, Nicholas	Charge Nurse	113,118	87,129
Halloran, Ashley	Director of Pharmacy	158,798	165,239
Hamilton, Catherine	Director of Patient Financial Services	54,138	117,300
Handley, Sarah	Pharmacist ECMC	120,332	119,687
Hanna, Jennifer	Charge Nurse	104,211	87,129
Harrington, Crystal	Charge Nurse	109,792	92,431
Harris, Rachel	Nurse Practitioner Plastic Recon Surgery	118,367	109,210
Hartman, Nancy	Registered Nurse Trauma Registrar	101,718	102,600
Hartman, Sandra	Nursing Care Coordinator	148,629	121,861
Haseley, Nicole	Transplant Coordinator	150,459	106,303
Haus, Lisa Marie	Nurse Case Manager	116,527	112,773
Havers, Amy	Charge Nurse	101,588	87,129
Hayes, Dale	Anesthetist	181,312	205,000
Hayes, Ellyn	General Duty Nurse RPT	100,712	100,712
Hayes, Renee	General Duty Nurse	147,598	80,432
Heigl, Deborah	Nurse Case Manager	111,548	112,773
Heimbueger, Robert	General Duty Nurse	101,934	71,972
Hepburn, Jeremy	Nursing Care Coordinator	141,191	121,861

Hidalgo, Francisco	Code Compliance Manager	113,947	108,324
Hill, Tara	Charge Nurse	175,409	95,220
Hinderliter, Vanessa	Director of Finance ECMC	138,880	142,800
Hines, Holly	Nurse Case Manager	114,146	112,773
Hodgson, Matthew	Nurse Practitioner Plastic Recon Surgery	125,226	125,767
Hoerner, Audrey	Senior Nurse Practitioner - Burn Unit	153,079	149,384
Holcomb, Megan	Unit Manager Medical Surgical	109,062	106,303
Holcomb, Steven	Charge Nurse	100,014	84,596
Honkomp, Cheryl	General Duty Nurse	107,423	87,899
Horne, Shawndre	Senior Clinical Laboratory Technologist	100,943	83,358
Hovak, Melissa	Nurse Practitioner Transplant	166,450	133,428
Hudson, Jeremiah	Charge Nurse	111,189	82,116
Hughes, Christopher	Attending Physician	598,362	561,000
Hughes, Robert	Nurse Case Manager	116,019	112,773
Hunley, Kizzie	Nursing Care Coordinator	131,335	114,880
Hunt, Benjamin	Nursing Team Leader	103,514	96,730
Hunter, Thameena	Nursing Care Coordinator RPT	117,379	117,379
Hyjek, Maria	Nursing Care Coordinator RPT	112,790	112,790
Iancu, Adriana	Charge Nurse	106,069	87,129
Iheke, Patience	General Duty Nurse	122,219	78,098
Ireland, Shari	Charge Nurse	102,008	92,431
Isler, Bonnie	Charge Nurse	100,316	95,220
Jack, Jennifer	Charge Nurse	107,777	89,752

Jager, Jonathan	Pharmacist ECMC	130,343	119,687
Jamison, Shannon	Charge Nurse	102,184	92,431
Janetzke, David	General Duty Nurse	127,731	78,098
Jax, James	Senior Nuclear Medicine Technologist	122,499	80,515
Jensen, Erik	Anesthesiologist	519,697	477,458
Johnson, Marie	Vice President of Rehab Services	148,995	155,039
Johnson, Maureen	General Duty Nurse	124,834	85,336
Jones, Donna	Quality Officer	210,009	210,120
Jones, Veronica	General Duty Nurse	101,055	85,336
Jonmaire, Kenneth	Senior Director Outpatient Operations	124,356	120,819
Jubert, John	Special Procedures Tech Angiographer	114,618	70,880
Juncewicz, Edmund	Anesthesiologist	444,093	403,400
Kabayiza, Thamar	General Duty Nurse	102,568	87,899
Kaid, Rafiq	Charge Nurse	100,990	84,596
Kalinka, Lisa	Nurse Practitioner Transplant	192,958	122,117
Kane, Justin	General Duty Nurse	110,997	87,899
Kapral, Elizabeth	Dentist ECMC	191,697	185,657
Kariman, Douglas	General Duty Nurse	106,256	80,432
Karl, Stephanie	Nurse Case Manager	100,638	103,199
Katilus, Alan	General Duty Nurse	101,869	82,857
Kaun, Andrew	Senior Hospital Public Safety Officer	117,037	78,551
Kaur, Kanwarbir	Nurse Case Manager	100,230	97,273
Kaurich, Justine	Vice President of Operations	188,601	188,700

Kayler, Liise	Attending Physician RPT	164,025	164,025
Keenan-USchold, Lisa	Chief Clinical Psychologist	122,298	122,502
Kelsch, Kathleen	Comp Tomography (CT) Tech	102,110	72,946
Kemp, Amanda	Charge Nurse	115,744	82,116
Ketter-Franklin, Krystal	Charge Nurse	109,812	92,431
Kiblin, Patricia	Unit Manager Medical Surgical	116,628	112,773
Kiel, Alyssa	Pharmacist ECMC	58,633	119,687
Killion, Valerie	Assistant Director Nursing Sub Acute	105,788	100,312
Kimori, Everesto	General Duty Nurse	117,477	82,857
Kinkade, Phillip	General Duty Nurse	108,058	87,899
Kinney, Elizabeth	Charge Nurse	104,685	95,220
Kirsch, Heidi	Assistant VP of Critical Care & Emergency	119,164	137,700
Kline, Timothy	Unit Manager Critical Care	114,155	112,773
Knihinicki, Crystal	General Duty Nurse	101,007	80,432
Knox, Nicole	Director of Transplantation	111,233	111,459
Koch, Elizabeth	Anesthesiologist	270,766	425,000
Kocz, Remek	Anesthesiologist	433,692	397,000
Kolbert, Cynthia	Charge Nurse	115,866	95,220
Konikoff, Karen	VP Critical Care & Emergency Services	178,463	168,270
Kordasiewicz, Lynn	Nurse Practitioner Wound Care	137,729	133,428
Korff, Kathryn	Dentist ECMC	225,617	184,410
Koszuta, Ceilia	Nurse Case Manager	114,377	112,773
Kraus, Michelle	Administrator LTC	31,096	165,000

Krawczyk, Heather	Charge Nurse	101,922	84,596
Kuechle, Claire	Staff Counsel ECMC	156,494	162,843
Kurek, Alecia	Unit Manager Medical Surgical	108,914	109,497
Kuzma-Trigilio, Jacqueline	Occupational Therapist	120,646	81,892
Kwiatkowski, Andrew	Director of Project Management HIT	156,264	147,083
Labelle, Marc	VP Surgical Services	162,232	162,317
LaMacchia, Brandy	Nurse Case Manager	107,896	103,199
Lariviere, Michele	General Duty Nurse	105,970	87,899
Lauer, Sandra	Director of Continuum Care	119,995	124,030
Laurich, Theresa	Charge Nurse	5,930	106,298
Lauter, Lori	Assistant Head Nurse	105,270	95,220
Lavarney, Nicole	Nursing Supervisor LTC	127,987	112,773
Lawley, Melinda	Unit Manager Critical Care	123,156	112,773
Leas, Adam	Emergency Department Patient Flow TL	123,467	96,730
Leas, Christie	Unit Manager Critical Care	101,869	100,192
Lee, Pamela	Senior VP of Operations ECMC	294,013	294,168
Leitten, Deborah	General Duty Nurse	104,501	87,899
Lenhard, Eric	Pharmacist ECMC	125,955	122,502
Lewis, Jennifer	Charge Nurse	102,486	79,751
Leyh, Virginia	Transplant Coordinator	139,706	112,773
Lilic, Dijana	General Duty Nurse	109,740	85,336
Lorden, Bernard	Network Analyst	109,893	91,603
Loree, Thom	Attending Physician	867,310	852,327

Lowitzer, Heidi	General Duty Nurse	101,548	78,098
Lucas, Paul	General Duty Nurse	101,186	87,899
Ludlow, Charlene	VP of Safety & Security	315,013	315,180
Lukasik, Keith	Chief Strategy Officer	257,459	262,650
MacTurk, Nancy	General Duty Nurse	105,063	87,899
Madoo, Kevin	Director of Plant Operations	115,506	115,567
Madore, Donat	General Duty Nurse	101,019	85,336
Maggio, Sarah	Director of Nursing Education Behavioral	122,279	113,622
Makson, Theresa	Manager - Care Management	96,505	113,622
Malek, Theresa	General Duty Nurse	100,390	80,432
Maloney, Jennifer	Charge Nurse	101,164	95,220
Malovich, Jeanne	In-service Education Coordinator	121,813	112,773
Maltby, Michelle	General Duty Nurse	114,377	82,857
Manning, Jeremy	Charge Nurse	120,901	87,129
Marasco, Marjorie	Nurse Case Manager	97,507	103,199
Marczak, Juliet	Nurse Practitioner ECMC	127,038	125,767
Marella, Melissa	Ultra-Sonographer	121,983	78,728
Markiewicz, Anthony	VP Clinical Business Intelligence and In	177,996	174,487
Marso, Lisa	Anesthetist	204,937	205,000
Martin, Janet	VP of Finance ECMC	196,046	204,000
Martina, Kristin	Charge Nurse	101,120	84,596
Massaker, Andrea	General Duty Nurse	104,631	85,336
Masters, Raymond	Anesthetist	195,459	190,000

Mattina, Adrienne	General Duty Nurse	104,780	87,899
Matyjasik, Robin	General Duty Nurse	102,051	78,098
Mazur, Christopher	Senior Pharmacist ECMC	155,091	133,430
McAndrews, Lisa	Charge Nurse	111,436	95,220
McCarthy, Kevin	Senior Clinical Laboratory Technologist	101,463	83,358
McCloud, Arletha	Charge Nurse	108,788	95,220
Mcdougall, Sarah	Pharmacist ECMC	120,822	119,687
McDuffie, Ann	Nursing Team Leader Orthopedics	105,512	102,600
McGuigan, Jessica	Unit Manager Medical Surgical	113,650	112,773
McKeever, Ashley	Anesthetist	197,117	190,000
McLean, Terrence	Dentist ECMC	420,436	420,700
McRae, Elizabeth	Charge Nurse	121,753	95,220
Menter, Danielle	Charge Nurse	120,083	89,752
Metzler, Ashley	Charge Nurse	110,705	95,220
Meyers, Shannon	Anesthetist	218,277	205,000
Meyers, Tracy	Charge Nurse	107,332	95,220
Miano, Joanne	Nurse Case Manager	113,282	112,773
Milbrand, Alison	Pharmacist ECMC	120,141	119,687
Miller, Kelly	General Duty Nurse	106,444	80,432
Minhas, Parveen	Nurse Practitioner Transplant	205,979	125,767
Mitchell, Alexandria	Charge Nurse	102,445	92,431
Mitchell, Shawn	General Duty Nurse	150,564	87,899
Mogavero, Joseph	Healthcare Business System Manager	114,403	114,477

Montague, Victoria	Unit Manager Transplant	104,994	100,192
Mooney, Michelle	Nurse Case Manager	110,455	109,497
Moore-Haley, Maureen	General Duty Nurse	101,596	87,899
Morrissey, Colin	Anesthetist	194,692	190,000
Moses, Beth	Trauma Injury Prevention & Education Coo	105,879	102,600
Mothena, Casey	General Duty Nurse	119,574	70,321
Mullen, Meghan	Nursing Team Leader	103,795	99,638
Mund, Nadine	Director of Corporate Compliance	143,588	156,042
Murawski, Phyllis	VP Transplantation & Renal Care	183,805	191,262
Murphy, Holly	Pharmacist ECMC	119,648	119,687
Murray, Brian	Medical Director ECMC	519,772	520,048
Muscarella, Mary	General Duty Nurse RPT	101,727	101,727
Musielak, Pia	Director of Outpatient Opers Surg Care	139,660	128,232
Myers, Starr	Charge Nurse Ambulatory Care	105,352	109,487
Nagai, Michael	Attending Physician	493,926	465,000
Napierala, Randal	Pharmacist ECMC	120,056	119,687
Nasca, Maureen	Chief of Service Dentistry	430,119	430,456
Nawojski, Kari	General Duty Nurse	143,579	82,857
Nazzarett, Jody	Nursing Team Leader	103,977	102,600
Ndow, Awa	General Duty Nurse	105,900	78,098
Neff, Melissa	Unit Manager Cardiac Cath Lab	184,233	112,773
Nelson, Deirdre	Senior Clinical Laboratory Technologist	102,804	88,460
Nesbitt, David	Staff Counsel (DSRIP)	147,033	162,843

Newell, William	Charge Nurse	102,808	82,116
Nice, Kimberly	Anesthetist RPT	149,862	149,862
Nicosia, Cheryl	Clinical Nurse Specialist Critical Care	135,237	133,428
Norcia, Deborah	Pharmacist ECMC RPT	101,234	101,234
Nowak, Lisa	Nursing Team Leader LTC	110,771	91,175
Nowotarski, Donna	Clinical Laboratory Technologist	112,345	82,645
Nuttle, Thomas	Vice President Managed Care	76,509	150,000
Nye, Maria	Charge Nurse	108,116	92,431
Occhino, Erin	Clinical Pharmacy Specialist	130,790	130,360
Oddo, Donna	Nursing Care Coordinator Emergency Dept	161,790	121,861
Ordon, Cheryl	Nurse Case Manager	115,722	112,773
Osinski, Krystal	General Duty Nurse	105,890	73,597
Ott, Michael	Clinical Coord Pharmacy Services	136,412	133,430
Ozanne, Lindsey	Director of Employee Health and Safety	82,325	114,736
Pagano, Christina	Physician Assistant	110,530	110,589
Paladino, Matthew	Anesthesiologist	488,308	450,000
Palermo, Loretta	Emergency Department Patient Flow TL	138,645	102,600
Panesar, Mandip	Chief Medical Information Officer	425,404	430,534
Paolini, Karen	Nurse Practitioner Transplant	201,413	133,428
Park-Brooks, Jessica	General Duty Nurse	104,655	85,336
Parker, Adam	Pharmacist ECMC	120,773	119,687
Parker, Michael	Psychiatric Social Worker	110,356	68,218
Parks, Mary	Charge Nurse	112,376	89,752

Parmenter, Tonya	Charge Nurse	115,817	92,431
Patterson, Sandra	General Duty Nurse	105,618	87,899
Pawenski, Edward	Director of Oncology Dentistry and Prost	52,124	126,000
Peals, Letrice	Charge Nurse	113,638	92,431
Pecoraro, Cindy	Nursing Team Leader	104,053	102,600
Pellicane, Stephen	General Duty Nurse	119,935	85,336
Perkins, Melissa	Unit Manager Medical Surgical	114,279	109,497
Perno, Amy	Physician Assistant	99,984	104,040
Perrino, Adam	Assistant Director of Capital Projects	116,181	106,833
Pesta, Joslyn	Pharmacist ECMC	121,218	119,687
Petry, Christina	Nursing Team Leader Ostomy WC	102,767	102,600
Phillips, Kristen	Anesthetist	94,025	190,000
Picciano, Cathleen	Lead Clinical Documentation Specialist	102,089	102,600
Picciano, Thomas	Manager - Care Management	116,251	120,000
Pierce, Erin	General Duty Nurse	103,719	87,899
Pilat, Cynthia	Charge Nurse	131,569	95,220
Pinti, Maria	Infection Prevention Practitioner	103,333	99,638
Piscatelli, Nicole	Dentist ECMC PT	120,481	120,481
Pittman, Courtney	Director of Patient Access Services	86,308	112,199
Pitz, Anita	Charge Nurse	108,726	92,431
Pollock, Michael	Info Technology Operations Manager	120,760	114,477
Poodry, Abby	Charge Nurse	102,257	92,431
Popat, Saurin	Attending Physician PT	432,068	432,068

Powers, Paul	Information Systems Analyst	105,980	89,538
Pressley III, Charles	Staff Counsel ECMC	95,691	124,000
Price, Donna	Nurse Case Manager	34,888	109,487
Prybylski, Monica	Nurse Practitioner Orthopedic Services	133,026	133,428
Pulka, Ashley	Pharmacist ECMC	113,759	119,687
Quatroche Jr., Thomas	Chief Executive Officer ECMC	983,781	984,300
Quinby, Barrett	Senior Hospital Public Safety Officer	113,276	71,240
Radovic, Vladan	Attending Physician	392,921	355,136
Rassman, Jeffrey	Physician Assistant	113,716	118,329
Ratinskaya, Olga	General Duty Nurse	140,881	78,098
Rayer, Ethan	Clinical Laboratory Technologist	110,263	67,843
Redtchik, Galina	General Duty Nurse	103,996	87,899
Reed, Karen	Anesthesiologist	518,158	477,458
Reeners, Eric	Manager of Financial Reporting	100,001	100,312
Reeves, Sandra	Charge Nurse	108,554	92,431
Reigle, Corey	Charge Nurse	115,731	95,220
Reiter, Braden	Attending Physician	240,587	233,398
Requena, Steven	Nursing Supervisor LTC RPT	102,992	102,992
Resetarits, Christopher	Anesthetist RPT	138,047	138,047
Rhinehart, Mary	Director of Nursing Education-CC	120,252	123,831
Riley, Pamela	Unit Manager Medical Surgical	90,337	109,487
Riley, Peggy-Sue	Charge Nurse	101,917	92,431
Rizzo, Ann	General Duty Nurse	100,934	87,899

Rizzo, Heather	Anesthetist RPT	152,263	152,263
Rizzo, John	Charge Nurse	101,995	87,129
Robb, Noel	Charge Nurse	108,612	92,431
Robertson, Heather	Charge Nurse	102,716	89,752
Robinson, Constance	Nursing Supervisor LTC	135,463	112,773
Robinson, Migdalys	Licensed Practical Nurse	136,538	50,001
Roeder, Anastasia	Director of Development & Marketing ECMC	105,162	105,217
Rogan, Ilona	Echocardiography Technician EKG	105,284	80,382
Rogers, Angeline	Nurse Case Manager	113,901	112,773
Rogers, Nancy	Clinical Nurse Specialist Behavioral Health	126,277	125,767
Rohl, Kathleen	Assistant Head Nurse	102,371	95,220
Rohrbacher, Bernhard	Medical Specialist RPT	108,887	108,887
Rojek, Janet	Senior Pharmacist ECMC	146,026	142,657
Roman, Julie	Clinical Documentation Specialist	101,315	89,752
Roof, Donald	Director of Materials Management	102,984	105,061
Root, Sarah	Nursing Team Leader LTC	113,230	99,638
Roskopf, Laura	Consultant IV	55,391	166,860
Rossi, Lucia	Director of Outpatient Operations PC	115,317	107,099
Rossitto, Rachael	Dentist ECMC	303,495	305,963
Rubin, Kari	Nurse Case Manager	115,241	112,773
Rudyk, Jenine	Nursing Team Leader	101,684	96,730
Ruh, Christine	Clinical Pharmacy Specialist	131,966	130,360
Rust, Shawna	Charge Nurse	110,889	95,220

Rutty, Amy	General Duty Nurse	100,722	87,899
Salh, Manpreet	Minimum Data Set Specialist	132,992	93,910
Sammarco-Delmont, Renee	Unit Manager Medical Surgical	117,788	109,497
Sanders, Tamika	Infection & Wound Care Preventionist LTC	128,915	106,303
Sands, Robert	Anesthesiologist	519,697	477,458
Schubbe, Jayson	Healthcare Data Warehouse Architect	106,384	110,700
Schultz, Rachael	Anesthetist	94,311	190,000
Schunke, Katrina	Pharmacist ECMC	132,792	130,903
Schurr, Karen	Clinical Asst to VP Surg & Card. Svcs	115,354	116,280
Schwab, Linda	Trauma Program Manager	136,181	133,428
Schwanekamp, Karen	Anesthetist	212,650	205,000
Scrocco, Mary Carol	Nurse Practitioner Cardiovascular Lab	153,311	133,428
Seay, Michelle	Clinical Patient Care Liaison	120,009	121,861
Semrau, Jeffrey	Pharmacist ECMC	125,274	119,687
Senchoway, Laura	Anesthetist	100,478	190,000
Serafin, Laura	Clinical Resource Nurse Emergency Services	110,724	95,220
Shanahan, Robert	Network Analyst	115,314	91,603
Shea, Mary Molly	Patient Safety Clinical Investigation Co	123,494	112,773
Sheppard, Judith	Nursing Supervisor LTC	152,174	112,773
Short, Amy	Charge Nurse	105,588	92,431
Simon, Alexander	Clinical Application Systems Manager	112,858	107,099
Sitgreaves, Theresa	General Duty Nurse	104,934	80,432
Skomra, Richard	Chief Anesthetist	260,498	260,915

Skrzypczyk, Nancy	Charge Nurse	108,905	95,220
Smith, Andrew	Assistant Nurse Case Manager	102,836	95,220
Smith, Michael	Physician Assistant	57,291	110,000
Smith, Samantha	Clinical Laboratory Technologist	101,610	67,843
Smith, Taneca	Assistant Nurse Case Manager	103,569	84,596
Smolen, Ashley	General Duty Nurse	101,368	82,857
Snodgrass, Darress	Anesthetist	206,362	205,000
Sojda, Hollie	Echocardiography Technician EKG	108,358	82,218
Sole, Jennifer	Charge Nurse	107,786	95,220
Sorce, Lynn	Charge Nurse	100,678	95,220
Sperry, Howard	Clinical Director Medicine	311,583	300,750
Srodawa, Christopher	Administrative Director of Laboratory Se	126,129	127,500
Stadler, Nicholas	General Duty Nurse	105,475	75,791
Stanford, Benjamin	Unit Manager Medical Surgical	108,233	106,303
Staniorski, Paula	Charge Nurse	103,810	95,220
Steffen, Tracy	Charge Nurse	106,186	95,220
Stegemann, Philip	Chief of Orthopedic Surgery	117,148	117,148
Steinhart, Lorne	Special Asst to CEO	69,602	126,888
Stercula, Edna	Anesthetist	21,007	205,000
Stevenson, Gigi	General Duty Nurse	111,757	87,899
Steward, Kevin	Nursing Care Coordinator	135,483	121,861
Stobnicki, Cortney	Anesthetist	196,399	205,000
Stokes, Laura	Point of Care Clinical Laboratory Coord	102,831	102,209

Stroud, Kerry	Nursing Care Coordinator	137,173	121,861
Sturtz, Janice	General Duty Nurse	102,923	82,857
Suckow, Kyle	Senior Hospital Public Safety Officer	106,763	78,551
Sullivan, Michele	General Duty Nurse	105,767	87,899
Summerton, Thomas	Special Procedures Tech Angiographer	105,500	70,880
Surowiec, Stephanie	General Duty Nurse	106,719	78,098
Sutton, Danielle	Charge Nurse	107,425	92,431
Swain, Anthony	Charge Nurse	109,617	95,220
Swain, Maureen	Charge Nurse	113,053	95,220
Sweeney, Kathleen	Nurse Case Manager	103,191	112,773
Sweetland, Jennifer	Nursing In-service Instructor ECMC	105,255	102,600
Sweitzer, Sarah	Charge Nurse	107,773	82,116
Swiatkowski, Jonathan	Chief Financial Officer ECMC	490,385	509,999
Syed, Masroor	Anesthesiologist	509,663	468,096
Tabi-Mensah, Harold	Charge Nurse	132,738	87,129
Tadak, Monica	Director of Revenue Capture and Integrity	124,072	127,071
Tadt, Stephanie	Nurse Case Manager	111,631	109,497
Tague, Dana	Nurse Practitioner Rehab Services	183,649	133,428
Tait, Christopher	Nurse Case Manager	116,441	112,773
Tarbell, Ross	Senior Pharmacist ECMC	159,247	139,583
Tedesco, Kelly	General Duty Nurse	106,402	78,098
Teresi, Salvatore	General Duty Nurse	136,199	85,336
Thanki, Pamela	Senior Financial Analyst	100,375	100,429

Thomas, Katheleen	General Duty Nurse	125,879	87,899
Thompson, Denise	Nursing Care Coordinator	129,624	114,880
Thorpe, Lisa	Director of Rehabilitation Services	130,824	119,569
Toal, Emily	General Duty Nurse	105,706	82,857
Tomljanovich, Darcy	General Duty Nurse	132,188	80,432
Tomljanovich, Paul	Attending Physician PT	209,402	209,402
Tornambe, Lynne	Pharmacist ECMC	129,130	125,295
Torres, Carmen	Nurse Practitioner ECMC	137,388	129,557
Toy, Amy	General Duty Nurse	103,010	87,899
Turner, Charlaina	Assistant Head Nurse	171,002	95,220
Turner, Jacqueline	General Duty Nurse	106,290	87,899
Turner, James	Senior VP of Surgical and Ambulatory	303,129	315,180
Twichell, Jerome	Senior Director Outpatient Operations	120,756	120,819
Urban, Paul	Assistant Info Tech Sys Architect	117,238	117,300
Vacanti, Angela	Infection Prevention Practioner	141,089	102,600
Vacanti, Charles	Nursing Team Leader	105,085	102,600
Vacanti, Jason	General Duty Nurse	124,435	80,432
Vaccaro, Jessica	General Duty Nurse	122,079	78,098
Vail, Robert	Healthcare Information Security Officer	160,407	141,881
Vazquez, Alexandra	Charge Nurse	111,148	87,129
Vazquez, Dionna	Utilization Review Nurse	115,150	80,432
Velicu, Simona	Attending Physician	265,595	307,661
Villacorta, Maria	Charge Nurse	120,906	95,220

Vogel, Jerald	General Duty Nurse	106,119	87,899
Walleshauser, Caitlin	Ultra-Sonographer	104,908	73,726
Walter, Robert	Chief Clinical Laboratory Technologist	117,993	102,209
Walters, Amy	General Duty Nurse	101,184	87,899
Walters, Kimberly	General Duty Nurse	132,902	87,899
Wang, Shirley	Pharmacist ECMC	23,155	119,687
Warmus, Renelle	Nurse Case Manager	106,674	106,303
Warne, Matthew	General Duty Nurse	113,588	82,857
Waterstram, Richard	Unit Manager Behavioral Health	101,922	103,199
Weber, Joseph	Network Analyst	114,685	91,603
Weiss, Katherine	Pharmacist ECMC	138,279	130,903
Welka, Andrew	Anesthesiologist	427,538	400,000
Weslow, Beth	Unit Manager Post Anesthesia Care	120,465	103,199
West, Ashley	Nurse Case Manager	109,589	109,497
Wheaton, Tina	General Duty Nurse RPT	109,413	109,413
Wickett, Rachel	General Duty Nurse	119,244	78,098
Wik, Michelle	General Duty Nurse	100,214	78,098
Wilcox, Ann	General Duty Nurse	100,519	87,899
Wilde, Michelle	General Duty Nurse	101,603	85,336
Williams, Sonia	Assistant Director Ambulatory Services	112,588	106,032
Williams, Stephanie	Charge Nurse	103,182	87,129
Williamson, Latecia	Licensed Practical Nurse	107,922	51,060
Wilson, Nicolette	VP Revenue Cycle	162,386	168,299

Wilson, Tiffany	Charge Nurse	106,877	87,129
Wittmann, Paula	Charge Nurse	120,908	95,220
Wohaibi, Eyad	Attending Physician	413,629	380,000
Wolf, Joann	Assistant Vice President Surgical Nursing	129,991	135,264
Woods, Kara	Physician Assistant	119,709	120,819
Yak, Joseph	Senior Clinical Laboratory Technologist	109,732	81,725
York-Renaud, Jamie	Assistant Head Nurse	107,880	95,220
Yotter, Emily	General Duty Nurse	111,296	80,432
Zajac, Jamie	Emergency Department Patient Flow TL	121,507	102,600
Zak, Katherine	General Duty Nurse	101,261	87,899
Zakrzewski, Thomas	Nursing Supervisor LTC	130,881	112,773
Zanghi, Marie	Charge Nurse	102,577	95,220
Zdon, Glen	Unit Manager Hemodialysis	104,724	103,199
Ziemianski, Karen	Senior VP of Nursing	353,651	367,711
Zimmer, Michelle	Charge Nurse	112,235	92,431
Zolnowski, Kimberly	General Duty Nurse	113,163	80,432
Zynda, Elizabeth	Nurse Practitioner Transplant	184,812	125,767

APPENDIX C
2020 CORPORATION EXPENDITURES IN EXCESS OF \$100,000

Vendor Name	Payments	Reporting Year	Contract Period		Purpose
1 ACCORD SERVICES INC	\$195,473	2020	2/15/2012	Evergreen	Other Professional Services
3M HEALTH INFORMATION SYSTEMS, INC	\$585,121	2020	10/1/2018	Evergreen	Technology - Software
ABBOTT LABORATORIES DIAGNOSTIC DIV	\$547,870	2020	Various	Evergreen	Commodities/Supplies
ABBOTT LABORATORIES, INC.	\$180,081	2020	Various	Evergreen	Commodities/Supplies
ACADEMIC MEDICAL SERVICES, INC.	\$7,160,089	2020	3/8/2018	3/7/2022	Other Professional Services
ACELL, INC.	\$285,101	2020	02/21/2020	Evergreen	Commodities/Supplies
ADVANCED CRITICAL DEVICES	\$138,470	2020	01/22/2020	Evergreen	Commodities/Supplies
AIRGAS USA, LLC	\$153,878	2020	9/10/2012	Evergreen	Commodities/Supplies
ALIGN HEALTHCARE SOLUTIONS	\$146,123	2020	6/10/2019	2/14/2020	Consulting Services
ALLERGAN USA INC	\$166,269	2020	01/31/2020	Evergreen	Commodities/Supplies
ALLOSOURCE	\$113,455	2020	01/22/2020	Evergreen	Commodities/Supplies
ALLPRO PARKING LLC	\$363,071	2020	12/8/2017	12/19/2020	Other Professional Services
ALLSCRIPTS LLC	\$951,000	2020	Various	Evergreen	Technology - Software
AMICO LIGHTS CORPORATION	\$149,164	2020	06/25/2020	Evergreen	Design and Construction/Maintenance
ANGIO DYNAMICS INC	\$108,330	2020	01/08/2020	Evergreen	Commodities/Supplies
ANS ADVANCED NETWORK	\$217,600	2020	11/18/2019	11/17/2022	Telecommunication Equipment or Services
APOGEE MEDICAL MANAGEMENT	\$7,812,829	2020	9/1/2015	3/31/2020	Other Professional Services
AQUA SCIENCES INC	\$210,732	2020	5/1/2018	4/40/21	Other Professional Services
ARC BUILDING PARTNERS, LLC	\$4,011,007	2020	2/18/2019	Evergreen	Design and Construction/Maintenance
ARTHREX INC	\$1,267,617	2020	10/1/2018	9/30/2021	Commodities/Supplies
AUDIO-VIDEO CORPORATION	\$260,616	2020	05/15/2020	Evergreen	Design and Construction/Maintenance
AXOGEN INC	\$274,897	2020	7/1/2004	6/30/2020	Commodities/Supplies
B.E. SMITH LLC	\$469,162	2020	4/9/2018	4/9/2021	Staffing Services
BAXTER	\$148,862	2020	Various	Evergreen	Commodities/Supplies
BAXTER HEALTHCARE CORP	\$355,861	2020	5/14/2018	4/4/2021	Commodities/Supplies
BAXTER HEALTHCARE CORP	\$193,401	2020	Various	Evergreen	Technology - Software
BAXTER HEALTHCARE CORP	\$107,426	2020	Various	Evergreen	Commodities/Supplies
BAXTER HEALTHCARE CORPORATION	\$110,170	2020	Various	Evergreen	Commodities/Supplies
BAYER HEALTHCARE LLC	\$281,886	2020	4/1/2016	3/31/2020	Commodities/Supplies
BCH, INC.	\$160,800	2020	01/03/2020	Evergreen	Other Professional Services
BEAUTIFUL BRAINS, LLC	\$138,700	2020	08/31/2020	Evergreen	Commodities/Supplies
BHS FOODSERVICE SOLUTIONS	\$180,502	2020	05/15/2020	Evergreen	Commodities/Supplies
BIOCARE SD	\$335,641	2020	01/03/2020	Evergreen	Commodities/Supplies
BIOFIRE DIAGNOSTICS LLC	\$381,268	2020	06/12/2020	Evergreen	Commodities/Supplies
BIOQUELL INC.	\$118,314	2020	09/24/2020	Evergreen	Commodities/Supplies
BOSTON SCIENTIFIC CORPORATION	\$203,316	2020	4/28/2016	4/27/2020	Commodities/Supplies

BOSTON SCIENTIFIC/MICROVASIVE DIV	\$156,276	2020	Various	Evergreen	Commodities/Supplies
BRITE COMPUTERS	\$381,960	2020	Various	Evergreen	Technology - Software
BUFFALO INTERNIST AND ASSOCIATES	\$4,659,198	2020	6/13/2017	6/30/2024	Other Professional Services
BUFFALO PAPER AND TWINE CO	\$886,973	2020	01/03/2020	Evergreen	Commodities/Supplies
BUFFALO TRANSPORTATION INC.	\$420,435	2020	01/03/2020	Evergreen	Other Professional Services
C R BARD BARD PHERIPHERAL VASCULAR	\$272,749	2020	01/03/2020	Evergreen	Commodities/Supplies
C R BARD INC BARD ACCESS SYSTEMS	\$291,608	2020	01/03/2020	Evergreen	Commodities/Supplies
CANNON DESIGN ARCHITECTURE AND ENGINEERING, P.C.	\$286,035	2020	6/18/2019	Project Comp	Design and Construction/Maintenance
CANON MEDICAL SYSTEMS USA, INC.	\$205,059	2020	11/1/2018	10/31/2021	Technology - Consulting/Development or Support
CARA MEDICAL	\$195,000	2020	09/28/2020	Evergreen	Commodities/Supplies
CARAHSOFT TECHNOLOGY CORPORATION	\$230,226	2020	1/12/2018	1/11/2021	Technology - Software
CARDINAL HEALTH	\$10,132,208	2020	1/19/2013	10/31/2022	Commodities/Supplies
CARDINAL HEALTH 411 INC / BANK OF AMERICA LOCKBOX	\$1,524,789	2020	1/19/2013	10/31/2022	Commodities/Supplies
CARDINAL HEALTH MED PRODUCTS & SERVICES	\$3,614,222	2020	5/1/2013	10/31/2022	Commodities/Supplies
CAREFUSION 2200, INC.	\$189,070	2020	7/1/2016	6/30/2021	Commodities/Supplies
CARESTREAM HEALTH	\$369,124	2020	11/12/2020	12/25/2022	Technology - Consulting/Development or Support
CDW GOVERNMENT INC	\$1,678,957	2020	01/03/2020	Evergreen	Commodities/Supplies
CERAPEDICS, INC.	\$105,039	2020	01/29/2020	Evergreen	Commodities/Supplies
CERNER CORPORATION	\$1,630,910	2020	4/6/2015	3/30/2026	Technology - Software
CHANGE HEALTHCARE	\$895,294	2020	11/15/2017	11/14/2020	Financial Services
CLARK PATTERSON LEE	\$790,758	2020	9/22/2017	Project Comp	Design and Construction/Maintenance
CLEAN CARE LINEN	\$1,534,971	2020	5/2/2019	5/1/2024	Other Professional Services
COMPUTERSEARCH CORPORATION	\$138,753	2020	9/24/2018	9/23/2021	Technology - Hardware
CONMED LINVATEC	\$111,925	2020	01/15/2020	Evergreen	Commodities/Supplies
CONVIRGENT TECHNOLOGIES LLC	\$130,987	2020	04/29/2020	Evergreen	Technology - Software
COOK INC	\$185,014	2020	01/08/2020	Evergreen	Commodities/Supplies
CORE BTS INC	\$3,124,651	2020	Various	Evergreen	Technology - Software
COVIDIEN	\$757,001	2020	4/1/2015	3/31/2020	Commodities/Supplies
CREEKRIDGE CAPITAL-LB	\$865,303	2020	4/1/2011	4/30/2016	Financial Services
CROTHALL HEALTHCARE	\$1,811,585	2020	3/1/2019	2/28/2022	Other Professional Services
CROWN CASTLE FIBER, LLC.	\$290,616	2020	01/03/2020	Evergreen	Other
CRS NUCLEAR SERVICES LLC	\$241,193	2020	4/1/2011	4/30/2016	Commodities/Supplies
DCB ELEVATOR CO INC	\$241,912	2020	1/1/2014	12/31/2018	Design and Construction/Maintenance
DELL MARKETING LP / DELL USA LP	\$1,648,534	2020	02/21/2020	Evergreen	Technology - Software
DENTSPLY IMPLANTS DEPT IMP	\$153,668	2020	01/08/2020	Evergreen	Commodities/Supplies

DEPUY SYNTHES JOINT RECONSTRUCTION	\$1,751,776	2020	03/04/2020	Evergreen	Commodities/Supplies
DOPKINS & CO LLP	\$401,815	2020	9/1/2019	6/30/2022	Consulting Services
DRAEGER MEDICAL	\$157,301	2020	1/12/2018	Evergreen	Commodities/Supplies
DRFIRST.COM INC.	\$267,255	2020	9/1/2011	9/15/2022	Technology - Software
EPOCH HEALTH SOLUTIONS, LLC	\$124,469	2020	6/1/2018	5/31/2021	Other Professional Services
EXPERIAN HEALTH, INC.	\$218,140	2020	11/30/2020	11/30/2030	Technology - Software
FFF ENTERPRISES	\$535,029	2020	01/03/2020	Evergreen	Commodities/Supplies
FINANCIAL SERVICES OF BUFFALO	\$149,485	2020	04/29/2020	Evergreen	Commodities/Supplies
FISHER HEALTHCARE	\$340,767	2020	01/03/2020	Evergreen	Commodities/Supplies
FLEXLUME	\$176,379	2020	03/04/2020	Evergreen	Design and Construction/Maintenance
FOAM DEPOT INC	\$1,055,260	2020	04/09/2020	Evergreen	Commodities/Supplies
FORWARD ADVANTAGE	\$160,391	2020	6/21/2018	6/20/2019	Technology - Software
FOXY DELIVERY SERVICE INC	\$101,296	2020	01/03/2020	Evergreen	Other Professional Services
FREED MAXICK CPAs PC	\$410,184	2020	5/15/2015	5/14/2020	Consulting Services
FRESENIUS USA MARKETING, INC.	\$596,734	2020	5/1/2017	7/31/2028	Commodities/Supplies
GE HEALTHCARE OEC	\$116,547	2020	Various	Evergreen	Technology - Consulting/Development or Support
GE MEDICAL SYSTEMS INFORMATION TECHNOLOGIES, INC.	\$442,480	2020	Various	Evergreen	Commodities/Supplies
GENERAL PHYSICIAN SUB II, PLLC	\$163,726	2020	10/1/2016	Evergreen	Staffing Services
GENERAL PHYSICIAN, P.C.	\$17,230,692	2020	1/1/2018	Evergreen	Staffing Services
GILBANE BUILDING COMPANY	\$18,349,595	2020	5/1/2018	Project Comp	Design and Construction/Maintenance
GLAXOSMITHKLINE FINANCIAL INC	\$133,182	2020	5/1/2018	Project Comp	Commodities/Supplies
GLOBUS MEDICAL INC	\$2,532,201	2020	4/30/2015	4/29/2020	Commodities/Supplies
GORDON COMPANIES	\$651,531	2020	04/03/2020	Evergreen	Commodities/Supplies
GOVERNMENT MARKETING & PROCUREMENT, LLC	\$293,802	2020	12/31/2019	Project Comp	Technology - Consulting/Development or Support
GRAYLINE NIAGARA FALLS/BUFFALO	\$446,307	2020	12/4/2017	12/3/2020	Other Professional Services
GREAT LAKES BUILDING SYSTEMS INC.	\$317,304	2020	01/03/2020	Evergreen	Design and Construction/Maintenance
GREAT LAKES MEDICAL IMAGING, LLC	\$8,736,937	2020	9/1/2015	8/31/2021	Other Professional Services
GREATER NEW YORK HOSPITAL	\$140,295	2020	9/1/2015	8/31/2021	Consulting Services
GREYCASTLE SECURITY, LLC	\$158,859	2020	11/1/2017	Evergreen	Consulting Services
GRIDER SUPPORT SERVICES, LLC	\$639,452	2020	3/1/2012	Evergreen	other
HAMILTON MEDICAL, INC.	\$549,525	2020	08/20/2020	Evergreen	Commodities/Supplies
HEALOGICS WOUND CARE	\$315,774	2020	1/18/2019	1/18/2022	Consulting Services
HEALTH SYSTEM SERVICE	\$219,872	2020	6/1/2016	5/31/2020	Commodities/Supplies
HILL-ROM	\$2,015,164	2020	6/30/2013	3/28/2018	Commodities/Supplies
HOSPITAL SYSTEMS, INC.	\$148,929	2020	01/17/2020	Evergreen	Design and Construction/Maintenance
HP, INC.	\$698,939	2020	04/17/2020	Evergreen	Commodities/Supplies
ICP MEDICAL, LLC	\$101,330	2020	05/29/2020	Evergreen	Commodities/Supplies

IMMCO DIAGNOSTICS INC	\$1,802,300	2020	5/5/2005	Evergreen	Other Professional Services
INSPIRE MEDICAL SYSTEMS, INC.	\$166,775	2020	4/2/2018	4/1/2020	Commodities/Supplies
INTEGRA LIFESCIENCES CORP	\$1,014,408	2020	10/7/2019	10/6/2020	Commodities/Supplies
INTELLIGENT MEDICAL OBJECTS, INC.	\$223,722	2020	8/13/2013	7/31/2020	Technology - Software
INTELLIPRINT SOLUTIONS, INC.	\$100,530	2020	01/03/2020	Evergreen	Financial Services
IPC HOSPITALIST SERVICES OF NEW YORK, PC	\$125,000	2020	7/1/2013	6/30/2020	Other Professional Services
ISECURE, LLC	\$193,929	2020	8/10/2018	8/9/2021	Technology - Software
J&J DETAILS & MAINTENANCE LLC	\$580,776	2020	05/21/2020	Evergreen	Other Professional Services
JEAN JUREK ASSOCIATES INC	\$205,616	2020	9/21/2015	9/30/2020	Other Professional Services
JOHN W DANFORTH CO	\$457,961	2020	9/25/2018	2/17/2020	Design and Construction/Maintenance
JOHNSON & JOHNSON HLTH CARE SYS INC	\$206,512	2020	11/21/2017	11/20/2019	Commodities/Supplies
JOHNSON CONTROLS FIRE PROTECTION LP	\$634,780	2020	4/8/2013	4/7/2018	Design and Construction/Maintenance
JOURNEY'S END REFUGEE SERVICES	\$156,405	2020	01/03/2020	Evergreen	Other Professional Services
KARL STORZ ENDOSCOPY-AMERICA INC	\$160,914	2020	7/30/2020	7/29/2023	Design and Construction/Maintenance
KCI USA, INC.	\$502,999	2020	01/03/2020	Evergreen	Commodities/Supplies
KELLER TECHNOLOGY CORPORATION	\$190,825	2020	02/19/2020	Evergreen	Other
KEYSTONE PERFUSION SERVICES, PC	\$119,500	2020	1/1/2020	12/31/2020	Other Professional Services
KIDENEY ARCHITECTS PC	\$1,626,417	2020	2/6/2017	Project Comp	Design and Construction/Maintenance
KRONOS	\$284,595	2020	03/13/2020	Evergreen	Technology - Software
KRUEGER INTERNATIONAL INC	\$118,798	2020	01/17/2020	Evergreen	Design and Construction/Maintenance
KSL DIAGNOSTICS, INC	\$171,678	2020	01/31/2020	Evergreen	Commodities/Supplies
LAB CORP OF AMERICA	\$820,095	2020	01/08/2020	Evergreen	Other Professional Services
LANGUAGE LINE LLC	\$100,874	2020	9/21/2009	9/20/2020	Other Professional Services
LAWLEY AGENCY, LLC	\$3,705,692	2020	5/31/2016	6/1/2020	Other Professional Services
LEVEL(3) COMMUNICATIONS LLC	\$154,600	2020	4/1/2020	4/1/2023	Telecommunication Equipment or Services
LIFENET HEALTH	\$230,880	2020	01/08/2020	Evergreen	Commodities/Supplies
LIMA, USA, INC	\$519,115	2020	7/25/2019	7/24/2020	Commodities/Supplies
LIRO ENGINEERS, INC.	\$624,193	2020	8/13/2018	9/1/2021	Design and Construction/Maintenance
LOGIQUIP LLC	\$140,876	2020	02/21/2020	Evergreen	Commodities/Supplies
MAGAVERN, MAGAVERN & GRIMM LLP	\$426,481	2020	3/18/2016	Evergreen	Legal Services

McKESSON DRUG CO	\$21,854,024	2020	3/30/2019	3/1/2024	Commodities/Supplies
MEDICAL INFO TECH INC	\$988,193	2020	7/14/2011	7/13/2020	Technology - Software
MEDLINE INDUSTRIES INC	\$203,471	2020	12/16/2020	12/15/2025	Commodities/Supplies
MED-METRIX, LLC	\$1,870,612	2020	8/1/2018	7/31/2023	Financial Services
MEDTRONIC ADVANCED ENERGY	\$123,529	2020	Various	Evergreen	Commodities/Supplies
MEDTRONIC MIDAS REX	\$307,067	2020	8/1/2020	8/20/2023	Commodities/Supplies
MEDTRONIC SD USA INC	\$588,989	2020	Various	Evergreen	Commodities/Supplies
MEDTRONIC USA INC	\$294,265	2020	Various	Evergreen	Commodities/Supplies
MERGE HEALTHCARE	\$493,604	2020	6/29/2017	Evergreen	Technology - Software
MERIDIAN IT INC.	\$366,815	2020	1/1/2017	5/7/2020	Technology - Software
METRO COMMUNICATIONS	\$263,419	2020	01/03/2020	Evergreen	Telecommunication Equipment or Services
METZ CULINARY MANAGEMENT	\$9,985,542	2020	4/6/2019	3/31/2026	Other Professional Services
MICROSOFT CORPORATION	\$107,981	2020	1/26/2019	1/25/2021	Technology - Software
MICROTEK MEDICAL	\$112,581	2020	01/03/2020	Evergreen	Commodities/Supplies
MINDRAY NORTH AMERICA	\$120,669	2020	04/29/2020	Evergreen	Commodities/Supplies
MIZUHO OSI	\$117,013	2020	01/15/2020	Evergreen	Commodities/Supplies
MORRISON MANAGEMENT SPECIALISTS	\$4,279,080	2020	3/1/2013	2/29/2020	Other Professional Services
NALCO CO	\$106,121	2020	4/27/2018	4/26/2023	Commodities/Supplies
NATIONAL GRID	\$865,546	2020	01/14/2020	Evergreen	Other
NUANCE COMMUNICATIONS INC	\$222,348	2020	11/8/2019	11/7/2020	Technology - Software
NXSTAGE	\$328,747	2020	12/11/2017	12/10/2020	Commodities/Supplies
OFFICE DEPOT	\$259,378	2020	01/03/2020	Evergreen	Commodities/Supplies
OLYMPUS AMERICA INC	\$151,911	2020	01/03/2020	Evergreen	Commodities/Supplies
OPTICOOOL TECHNOLOGIES, LLC	\$146,419	2020	3/17/2020	3/17/2021	Technology - Hardware
OPTUM360 LLC	\$251,839	2020	01/03/2020	Evergreen	Technology - Software
ORLICK, ARTHUR	\$376,859	2020	1/1/2018	12/31/2020	Other Professional Services
ORTHO CLINICAL DIAGNOSTICS, INC	\$137,880	2020	01/14/2020	Evergreen	Commodities/Supplies
ORTHOFIX, INC.	\$273,253	2020	02/07/2020	Evergreen	Commodities/Supplies
PARAGON 28, INC.	\$106,380	2020	5/23/2018	5/31/2021	Commodities/Supplies
PARTS SOURCE	\$107,885	2020	01/03/2020	Evergreen	Commodities/Supplies
PATTERSON DENTAL INC	\$265,838	2020	01/08/2020	Evergreen	Commodities/Supplies
PATTERSON, PAUL	\$437,200	2020	4/1/2011	10/31/2016	Staffing Services
PCMG, INC	\$1,883,170	2020	02/21/2020	Evergreen	Technology - Software
PHARMERICA	\$1,022,777	2020	3/1/2011	Evergreen	Commodities/Supplies
PHILIPS MEDICAL SYSTEMS	\$3,057,015	2020	Various	Evergreen	Commodities/Supplies
PHILIPS MEDICAL SYSTEMS NA CO	\$3,492,820	2020	Various	Evergreen	Commodities/Supplies
PRE-EMPLOY.COM INC	\$135,266	2020	12/1/2017	Evergreen	Other Professional Services
PREMIERE GLOBAL SERVICES	\$131,428	2020	01/03/2020	Evergreen	Telecommunication Equipment or Services
PRESS GANEY ASSOCIATES INC	\$212,078	2020	7/1/2014	6/30/2020	Other Professional Services
PRIORITY HEALTHCARE DIST DBA CURAScript SD	\$158,555	2020	02/21/2020	Evergreen	Commodities/Supplies
RICOTTA & VISCO	\$488,892	2020	8/7/2017	Evergreen	Legal Services
ROACH, BROWN	\$338,579	2020	8/8/2017	Evergreen	Legal Services
ROCHE DIAGNOSTICS CORPORATION	\$3,112,266	2020	Various	Evergreen	Commodities/Supplies
RONCO SPECIALIZED SYSTEMS INC	\$105,387	2020	01/29/2020	Evergreen	Design and Construction/Maintenance

RSM MCGLADREY INC	\$190,150	2020	03/18/2020	Evergreen	Financial Services
RUPP BAASE PFALZGRAF	\$269,002	2020	1/8/2016	Evergreen	Legal Services
SAMIE, MOHAMMAD REZA	\$180,784	2020	6/1/2016	5/31/2020	Staffing Services
SAUDER EDUCATION	\$136,763	2020	06/19/2020	Evergreen	Design and Construction/Maintenance
SAVIN ENGINEERS, P.C.	\$487,893	2020	11/29/2018	5/28/2021	Design and Construction/Maintenance
SCHAEFER PLUMBING SUPPLY INC.	\$102,835	2020	01/03/2020	Evergreen	Commodities/Supplies
SICOLI CONSTRUCTION SERVICES, INC.	\$528,485	2020	2/26/2018	Project Comp	Design and Construction/Maintenance
SIEMENS INDUSTRY INC	\$323,916	2020	Various	Evergreen	Commodities/Supplies
SIEMENS MEDICAL SOLUTIONS USA	\$662,027	2020	Various	Evergreen	Technology - Consulting/Development or Support
SIRTEX MEDICAL, INC.	\$270,969	2020	01/22/2020	Evergreen	Commodities/Supplies
SMITH & NEPHEW ENDOSCOPY	\$451,183	2020	3/1/2020	2/28/2023	Commodities/Supplies
SMITH & NEPHEW ORTHOPAEDICS	\$1,609,796	2020	3/1/2020	2/28/2023	Commodities/Supplies
SONEX HEALTH	\$357,603	2020	3/26/2016	3/25/2019	Commodities/Supplies
STANSBERRY AND KNIGHT	\$460,234	2020	3/28/2018	12/31/2020	Staffing Services
STERICYCLE INC	\$616,872	2020	2/1/2017	1/31/2022	Other Professional Services
STERIS CORPORATION	\$297,215	2020	1/1/2019	12/31/2021	Commodities/Supplies
STERIS CORPORATION	\$128,326	2020	1/1/2019	12/31/2021	Commodities/Supplies
STRYKER COMMUNICATIONS	\$137,501	2020	Various	Evergreen	Commodities/Supplies
STRYKER CRAINOMAXILLOFACIAL	\$400,683	2020	5/10/2019	5/9/2020	Commodities/Supplies
STRYKER ENDOSCOPY	\$324,928	2020	Various	Evergreen	Commodities/Supplies
STRYKER ORTHOPAEDICS	\$1,821,702	2020	2/24/2020	2/24/2022	Commodities/Supplies
STRYKER SALES CORP	\$601,406	2020	2/24/2020	2/24/2022	Commodities/Supplies
STRYKER SALES CORP	\$496,930	2020	Various	Evergreen	Commodities/Supplies
STRYKER SPINE	\$131,257	2020	Various	Evergreen	Commodities/Supplies
SUICIDE PREVENTION & CRISIS SERVICES, INC.	\$725,979	2020	10/1/2018	9/30/2023	Other Professional Services
SUMMIT HEALTH CARE	\$216,635	2020	01/03/2020	Evergreen	Other Professional Services
SUPPLEMENTAL HEALTH CARE	\$410,368	2020	12/8/2016	12/7/2021	Other Professional Services
SUTURE EXPRESS	\$644,313	2020	1/4/2019	Evergreen	Commodities/Supplies
SYNTHE	\$4,742,245	2020	3/30/2020	3/29/2022	Commodities/Supplies
SYNTHE MAXILLOFACIAL	\$195,948	2020	4/8/2013	4/7/2018	Commodities/Supplies
SYSMEX AMERICA INC	\$209,415	2020	3/30/2017	3/29/2024	Commodities/Supplies
TELETRACKING	\$114,251	2020	3/1/2016	8/31/2020	Technology - Software
TERUMO MEDICAL CORP	\$164,611	2020	9/24/2019	9/30/2020	Commodities/Supplies
THE ADVISORY BOARD COMPANY	\$171,960	2020	3/31/2012	3/30/2022	Technology - Software
THE CHARTIS GROUP, LLC	\$2,971,542	2020	5/10/2019	5/9/2024	Consulting Services
THE MARTIN GROUP LLC	\$1,512,639	2020	6/9/2014	6/8/2020	Telecommunication Equipment or Services
THE PIKE COMPANY	\$15,624,336	2020	7/1/2017	Project Comp	Design and Construction/Maintenance
THE RESEARCH FOUNDATION	\$7,065,633	2020	Various	Evergreen	Other Professional Services
THE SSI GROUP LLC	\$101,242	2020	01/03/2020	Evergreen	Technology - Software
THREE STICKS MARKETING, LLC	\$333,000	2020	10/22/2020	Evergreen	Commodities/Supplies

TORNIER INC	\$486,425	2020	9/1/2019	12/31/2021	Commodities/Supplies
TRI-DELTA RESOURCES CORP	\$252,960	2020	9/1/2014	3/17/2021	Technology - Software
UB FAMILY MEDICINE INC.	\$2,373,926	2020	6/1/2017	5/31/2020	Other Professional Services
UBMD PSYCHIATRY	\$11,700,417	2020	8/1/2016	9/30/2019	Other Professional Services
UNITED NETWORK FOR ORGAN SHARING	\$124,084	2020	3/31/2017	Evergreen	Other Professional Services
UNITED UNIFORM CO INC	\$107,455	2020	12/22/2015	Evergreen	Commodities/Supplies
UNIV. ORTHOPAEDIC SERVICES	\$1,984,810	2020	6/1/2017	5/31/2020	Staffing Services
UNIVERISTY AT BUFFALO ORAL AND MAXILLOFACIAL	\$339,151	2020	10/1/2016	9/30/2019	Other Professional Services
UNIVERSITY AT BUFFALO NEUROSURGERY, INC.	\$1,478,379	2020	11/7/2018	11/6/2019	Other Professional Services
UNIVERSITY AT BUFFALO PATHOLOGISTS	\$706,990	2020	12/1/2010	2/28/2019	Other Professional Services
UNIVERSITY EMERGENCY MEDICAL SERVICES, INC.	\$3,630,492	2020	8/1/2017	3/31/2021	Other Professional Services
UNIVERSITY GYNECOLOGISTS	\$456,704	2020	10/1/2016	9/30/2019	Staffing Services
UNIVERSITY NEUROLOGY, INC.	\$119,096	2020	6/14/2016	6/13/2021	Other Professional Services
UNIVERSITY OPHTHALMOLOGY SERVICE, INC.	\$301,779	2020	4/1/2013	9/30/2016	Staffing Services
UNVERISITY AT BUFFALO SURGEONS, INC.	\$6,778,490	2020	1/1/2018	12/31/2020	Staffing Services
UP TO DATE	\$208,882	2020	9/1/2017	8/31/2021	Technology - Software
UPSTATE MEDICAL PHYSICS DIAGNOSTIC RADIOLOGY, MH	\$100,425	2020	11/1/2016	10/31/2018	Other Professional Services
UPSTATE NEW YORK TRANSPLANT	\$7,744,783	2020	8/2/2016	Evergreen	Commodities/Supplies
US POSTAL SERVICE	\$275,000	2020	01/03/2020	Evergreen	Commodities/Supplies
VERATHON INC	\$205,942	2020	01/15/2020	Evergreen	Commodities/Supplies
VERIZON	\$196,745	2020	01/31/2020	Evergreen	Telecommunication Equipment or Services
VIVIAN L. LINDFIELD MD PC	\$108,329	2020	2/15/2012	2/14/2021	Other Professional Services
W L GORE & ASSOC INC	\$665,938	2020	9/3/2020	7/31/2022	Commodities/Supplies
WILLIAM BELLES PC	\$552,511	2020	4/1/2011	5/31/2018	Staffing Services
WNY UROLOGY ASSOCIATES LLC	\$665,792	2020	10/1/2018	9/30/2025	Staffing Services
XEROX CORPORATION	\$129,504	2020	3/12/2012	3/11/2017	Other
ZIMMER BIOMET INC	\$3,350,007	2020	10/5/2016	1/31/2022	Commodities/Supplies
ZIMMER US INC	\$3,474,489	2020	2/11/2015	1/31/2022	Commodities/Supplies
ZOLL MEDICAL CORPORATION	\$480,903	2020	11/23/2016	1/31/2022	Design and Construction/Maintenance

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.

A Resolution of the Board of Directors Approving Compliance Plan

Approved March 23, 2021

WHEREAS, Erie County Medical Center Corporation (the "Corporation") is dedicated to ensuring a culture of compliance, honesty and integrity throughout the Corporation; and

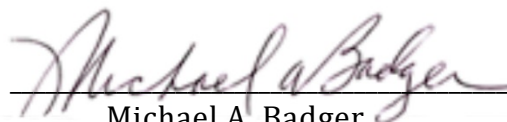
WHEREAS, in order to enhance its collective efforts to comply with the various federal, state and local laws and regulations governing the actions of both its clinical and non-clinical personnel, the Corporation wishes to adopt the attached Corporate Compliance Plan (the "Plan") and Code of Conduct, replacing those previously adopted by the Corporation;

WHEREAS, on December 17, 2020, the Audit & Compliance Committee of the Corporation Board of Directors (the "Board") reviewed and approved the Plan and Code of Conduct and recommended its approval to the full Board; and

WHEREAS, the Board wishes to approve the Plan and Code of Conduct in the form presented;

NOW, THEREFORE, the Board resolves as follows:

1. The Board of Directors of the Corporation approves and adopts the Compliance Plan and Code of Conduct in the form presented.
2. The Corporation is authorized to do all things necessary and appropriate to effectuate this resolution.
3. This resolution shall take effect immediately.



Michael A. Badger
Corporation Secretary

Via MS Teams

March 4, 2021

Present: Yogesh Bakhai, MD; Sam Cloud, MD; Victor Vacanti, MD; Mandip Panesar, MD; Richard Skomra, CRNA; Mark LiVecchi, MD; Ashvin Tadakamalla, MD
 Brian Murray, MD; Richard Hall, MD;

Excused: Robert Glover, MD

Agenda Item	Discussion/Recommendation	Action	Follow-up
I. CALL TO ORDER	Dr. Yogesh Bakhai called the meeting to order at 3:05 pm. The meeting started with discussion of the July Credentials Committee meeting date in 2021. It was decided to accommodate the residency programs ending 6/30/2021, the meeting would be rescheduled for 7/8/2021. This will allow primary source verification of completed residencies.	The calendar was adjusted to reflect the change of date 7/8/2021	None required.
II. ADMINISTRATIVE			
A. Minutes	The minutes of the February 2021 Credentials meeting were distributed for review. First motion to accept February 2021 minutes: Dr. Richard Hall Second motion to accept: Dr. Mandip Panesar	The Committee moved, all in favor, to accept the distributed minutes.	Via these minutes, the actions of the Credentials Committee are submitted to the Medical Executive Committee for review and action.
B. Deceased	None	None	None
C. Applications Withdrawn/Processing Cessation	<u>Psychiatry</u> <ul style="list-style-type: none"> Kulwant Buttar, MD- UPP withdrew application 	Informational Only	None
D. Automatic Conclusion (Initial Appointment)	None	None	None
E. Name changes	<u>Orthopaedic Surgery</u> <ul style="list-style-type: none"> Change from Nora Fiore, PA-C to Nora Costanzo, PA-C Change from Allison Cuzzacrea, PA to Allison Keitz, PA Change from Meredith Chamberland, FNP to Meredith Lavocat, FNP Change from Amanda Cimorelli, PA-C to Amanda Morrissey, PA-C Change from Monica Metzger, PA-C to Monica Slomba, PA-C 	IT and the security office were sent updated paperwork to make the necessary changes. Billing is alerted through these minutes	None

F. Resignations (12)			Noted.	Updates made to files. Notification via these minutes to the Medical Executive Committee and the Board.
NAME	DEPARTMENT	PRACTICE PLAN/REASON	COVERING/COLLABORATING/ SUPERVISING	DATE
Edward Plata, MD	Anesthesiology	Southtowns Surgery/does not wish to remain on staff per Dr. DePlato/email verification	Midlevel: None Covering: None	02/26/21
Shondra Brown, FNP	Family Medicine	UBMD/left practice plan/confirmed in email and signed letter	N/A	02/14/21
Elizabeth Leiser, ANP	Family Medicine	Family Choice of WNY/Left Practice plan/emailed confirmation	N/A	02/22/21
Veronica Miles, ANP	Family Medicine	Family Choice of WNY/Left Practice plan/emailed confirmation	N/A	02/22/21
Hanaw Adham, MD	Internal Medicine	Apogee/left practice plan/provider confirmed in email	Midlevel: None Covering: None	02/10/21
Samson Alliu, MD	Internal Medicine	Apogee/disaster privileges/confirmed in email with Locum company	Midlevel: None Covering: None	03/01/21
Muddusir Ayaz, MD	Internal Medicine	UBMD/Left for Fellowship/confirmed on resignation letter	Midlevel: None Covering: None	02/10/21
Jacquelyn Danna, FNP	Internal Medicine	S&K/no longer requires disaster privileging/confirmed in email	N/A	02/10/21
Wendy Kye, NP	Internal Medicine	S&K/left practice plan/provider confirmed in email	N/A	02/11/21
Stephanie Parobek-Baker, PA-C	Orthopaedic Surgery	UBMD/Left practice/confirmed in email	N/A	01/29/21
Joshua Albrektson, MD	Radiology	Vrad/not reading for ECMC/ email confirmation	N/A	02/26/21
Bruce Reiner, MD	Radiology	Vrad/not reading for ECMC/ email confirmation	N/A	02/26/21
III. CHANGE IN STAFF CATEGORY				
A. Shreyas Rana, MD	<u>Family Medicine</u> <ul style="list-style-type: none"> Changing from Active Staff to Courtesy, Refer and Follow 		Updates made to files. Notification via these minutes to the Medical	None

Highlight: Initiate FPPE

		Executive Committee and the Board. Billing is alerted through these minutes	
B. Richard Carlson, Jr., MD	<u>Internal Medicine</u> <ul style="list-style-type: none"> Changing from Associate Staff to Courtesy, Refer and Follow 	Updates made to files. Notification via these minutes to the Medical Executive Committee and the Board. Billing is alerted through these minutes	None
C. Roberto Pili, MD	<u>Internal Medicine</u> <ul style="list-style-type: none"> Changing from Active Staff to Courtesy, Refer and Follow 	Updates made to files. Notification via these minutes to the Medical Executive Committee and the Board. Billing is alerted through these minutes	None
IV. CHANGE/ADD DEPARTMENT			
A. Andrew Dybalski, PA-C	<u>Orthopaedic Surgery</u> <ul style="list-style-type: none"> Removing Neurosurgery Remaining in Orthopaedic Surgery with GPPC and adding UBMD Supervising Physician: Marcus Romanowski, MD (5)-GPPC Supervising Physician: Kathleen Boyle, MD (1)-UBMD 	The Committee voted, all in favor, to approve change in department with privileges granted as requested.	Recommendation to the Medical Executive Committee for approval.
V. CHANGE/ADDITION Collaborating/Supervising			
	None	None	None
VI. PRIVILEGE ADDITION/ REVISION			
A. Omar Chohan, DO	<u>Radiology</u> <ul style="list-style-type: none"> Discography Nuclear Medicine- In vivo diagnostic procedure Nuclear Medicine- In vivo therapeutic procedure-already added to the Radioactive Materials license 	The Committee voted, all in favor, to approve this change in privileges.	Recommendation to the Medical Executive Committee for approval.

Highlight: Initiate FPPE

	<ul style="list-style-type: none"> • Coordination of fistula or graft insertion • Fistula flow monitoring • Moderate sedation- certification exp. 10/27/24 		
VII. PRIVILEGE WITHDRAWAL			
A. William Hampton, MD	<u>Radiology</u> <ul style="list-style-type: none"> • Withdrawing Moderate sedation 	None	None
VIII. UNACCREDITED FELLOWSHIPS			
	Nothing to report	Noted	Informational Only
IX. INITIAL APPOINTMENTS (8)		First motion to accept all applications presented: Dr. Richard Hall Second motion to accept: Dr. Mandip Panesar	
Justin Janiga, PA-C Emergency Medicine	<ul style="list-style-type: none"> • D'Youville College combined Bachelor and Master of Science PA December 2020 • Associate Professor, EMT Department, Erie Community College January 2013 to present • Rural Metro - Basic/Intermediate EMT February 2008 to August 2011, Field Training Officer 2009-2012, Paramedic August 2011 to December 2012 • American Medical Response Ambulance – Operations Supervisor December 2012 to present • UEMS – Physician Assistant April 2021 • Supervising Physician – Jeffrey Thompson, MD (1) • NCCPA certified 	The Committee voted, all in favor, to approve the appointment with privileges granted as requested.	Recommendation, via these minutes, to the Medical Executive Committee for approval.
Marissa Sheehan, PA-C Emergency Medicine	<ul style="list-style-type: none"> • Daemen College Master of Science PA May 2020 • Physician Assistant UEMS Buffalo General Medical Center November 2020 to present, joining ECMC team April 2021 • Supervising Physician – Jeffrey Thompson, MD (2) • NCCPA certified 	The Committee voted, all in favor, to approve the appointment with privileges granted as requested.	Recommendation, via these minutes, to the Medical Executive Committee for approval.
Kenneth Garbarino, MD Family Medicine	<ul style="list-style-type: none"> • St. George's University School of Medicine Grenada, West Indies, MD May 1984 • ECFMG certified January 1985 	The Committee voted, all in favor, to approve the appointment with	Recommendation, via these minutes, to the Medical Executive

Highlight: Initiate FPPE

	<ul style="list-style-type: none"> • Coney Island Hospital Internal Medicine Residency June 1987 • Jacob School of Medicine Geriatric Fellowship June 1989 • UB Family Medicine - Medical Director of Long Term Care at ECMC August 1989 to July 1996 • Kaleida Health - Medical Director of Skilled Nursing Facility & Transitional Care Unit Millard Fillmore Gates Circle July 1996 to June 2002 and Medical Director of Geriatric Ambulatory Services DeGraff Hospital June 2002 to February 2019 • Family Choice of New York, PC – Medical Director February 2019 to present • American Board of Internal Medicine certified 	privileges granted as requested.	Committee for approval.
Jeannlis Sanchez, MD Internal Medicine	<ul style="list-style-type: none"> • Drexel University College of Medicine MD May 2012 • University of Maryland Transitional Internship June 2013 • Georgia Regents Medical Center Internal Medicine Residency June 2015 • Locum Tenen Physician with Interim Physicians since December 2015. Licensed in New York and Pennsylvania • Applying through Apogee Physicians, PC as Hospitalist Physician until anticipated full time hired providers complete Residency/Fellowship summer 2021 • Temporary privileges requested for immediate patient need effective Friday March 5, 2021 • American Board of Internal Medicine certified 	The Committee voted, all in favor, to approve the appointment with privileges granted as requested.	Recommendation, via these minutes, to the Medical Executive Committee for approval.
Philip Sullivan, MD Internal Medicine	<ul style="list-style-type: none"> • State University of New York at Buffalo MD June 1979 • University of Rochester Internal Medicine and Pediatrics Residency June 1982 • University of California at Irvine Pediatrics Residency December 1983 • Dartmouth-Hitchcock Medical Center Cardiology Fellowship June 1988 and Interventional Cardiology/Coronary Angioplasty June 1989 • UB Internal Medicine - Assistant Professor of Medicine and staff Cardiologist at Buffalo General Hospital June 1988 to June 1990 	<p>The Committee voted, all in favor, to approve the appointment with privileges granted as requested.</p> <p>Chief of Service endorsed application after reviewing flag</p>	Recommendation, via these minutes, to the Medical Executive Committee for approval.

	<ul style="list-style-type: none"> • David Goldstein, MD, PC – private practice Cardiologist February 1990 to June 1990 • UB Internal Medicine - Assistant Professor of Clinical Medicine and staff Cardiologist at Buffalo General Hospital June 1990 to February 2005 • Buffalo Heart Group – Cardiologist February 2005 to August 2016 • General Physician, PC (Great Lakes Cardiovascular) – Cardiologist September 2016 to present • American Board of Internal Medicine/Cardiovascular/Pediatrics certified 		
Michael Cicchetti, MD Orthopaedic Surgery	<ul style="list-style-type: none"> • University of Virginia School of Medicine MD May 2005 • Eastern Virginia Medical School Internal Medicine Internship July 2005 to June 2006 • University of Virginia School of Medicine Physical Medicine and Rehabilitation Residency June 2009 • Buffalo Spine and Sports Medicine, PLLC Spine, Sports and Occupational Medicine Fellowship June 2010 • Spine and Sports Rehabilitation Medicine Physician – The Virginia Spine Institute September 2010 to October 2011, Partner at Buffalo Spine and Sports Medicine, PLLC December 2011 to present • Applying to ECMC to perform Percutaneous Minimally Invasive Tenotomy (TenJet) with Dr. Paul Paterson • American Board of Physical Medicine and Rehabilitation with a subspecialty of Sports Medicine certified 	The Committee voted, all in favor, to approve the appointment with privileges granted as requested.	Recommendation, via these minutes, to the Medical Executive Committee for approval.
Marielle Ferstenberg-Osypian, DO Plastic & Reconstructive Surgery	<ul style="list-style-type: none"> • New York College of Osteopathic Medicine, DO May 2013 • NYU Langone Medical Center – Brooklyn, General Surgery Residency June 2018 • Allegheny General Hospital Health Network, Breast Surgical Oncology Fellowship July 2019 • Windsong Health Medical Alliance, PLLC – Breast Surgeon September 2019 to present • American Osteopathic Board of Surgery certified 	The Committee voted, all in favor, to approve the appointment with privileges granted as requested.	Recommendation, via these minutes, to the Medical Executive Committee for approval.
Amy Liszewski, PA-C Radiology	<ul style="list-style-type: none"> • D'Youville College Bachelor and Master of Science in Physician Assistant Studies December 2020 	The Committee voted, all in favor, to approve the appointment with	Recommendation, via these minutes, to the Medical

Highlight: Initiate FPPE

	<ul style="list-style-type: none">Great Lakes Medical Imaging – MRI Technologist May 2018 to March 2021, transitioning to Physician Assistant March 2021Supervising Physician – John McGrath, MD (4)NCCPA certified	privileges granted as requested.	Executive Committee for approval.	
X. TEMPORARY PRIVILEGES	<ul style="list-style-type: none">No temps issued February 4, 2021 to March 4, 2021	Noted	Informational Only	
XI. REAPPOINTMENTS (33)		The Committee voted, all in favor, to recommend approval of the re-appointments listed with privileges as requested.	Recommendation to Medical Executive Committee for approval.	
NAME	DEPARTMENT	CATEGORY	OPPE	PRIVILEGES
McKeever, Ashley CRNA	Anesthesia	AHP		
Korff, Kathryn DDS	Dentistry	Active		
Camposeo, Nicholas DO	Emergency Medicine	Active		
Innes, Johanna MD	Emergency Medicine	Active		
McNamara, John DO	Emergency Medicine	Active		Withdrawing: Admitting Privileges Chief of Service endorsed application after reviewing flag
Patel, Bindesh DO	Emergency Medicine	Active		
Witter, Katherine PA Supervising: Dr. Caldwell	Emergency Medicine	AHP		
Walters, Julie PA Supervising: DR. Azadfard	Family Medicine	AHP		
Hodgson, Matthew NP Collaborating: Dr. Alam Dr. Loree	Internal Medicine Plastic/Reconstructive Surgery	AHP		
Laskowski, Stephen DO	Internal Medicine	Active		
McMichael, Bonnie MD	Internal Medicine	C,R,F		
Milling, David MD	Internal Medicine	Active		
Novak, Jan MD	Internal Medicine	Active		
Radziwon, Christopher PhD	Internal Medicine Rehabilitation Medicine	AHP		
Shon, Alyssa MD	Internal Medicine	Active		
Siebert, Marc NP Collaborating: Dr. Brockman Dr. Picone	Internal Medicine Thoracic/Cardiovascular Surgery	AHP		

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Ukwuoma, Nnaemeka MD	Internal Medicine	Active		
Egnatchik, James MD	Neurosurgery	Associate		
Spiro, Richard MD	Neurosurgery	Active		
Patel, Sangita, MD PhD	Ophthalmology	Active		Withdrawing 6 privileges: Pediatrics Congenital Cataract, Goniotomy; Strabismus Horizontal/ Vertical; Laser – Focal; Ptosis (adult).
Boyczuk, Michael DDS	Oral & Maxillofacial Surgery	Active		
Cecere, William DDS MD	Oral & Maxillofacial Surgery	C,R,F		
White, Gregory DDS	Oral & Maxillofacial Surgery	Active		
Ablove, Robert MD	Orthopaedic Surgery	Active		
Schake, Travis PA Supervising: Dr. Bernas	Orthopaedic Surgery	AHP		
Szymanski, Talia PA Supervising: Dr. Rauh	Orthopaedic Surgery	AHP		
Kashin Jeffrey MD	Psychiatry and Behavioral Medicine	C,R,F		
Mangold, Daniel MD	Psychiatry and Behavioral Medicine	C,R,F		
Magno, Rebecca MD	Radiology/Teleradiology	Active		Withdrawing 2 Privileges: In Vivo Diagnostic Interpretation, In Vitro Diagnostic Interpretation.
Zimmer, Wendy MD	Radiology	Active		
Rasmusson, Timothy MD	Surgery	Associate		
Shisler, Tomi NP Collaborating: Dr. Kayler	Surgery	AHP		Withdrawing 4 Privileges: Preform EKG; Wound Care; Peripheral IV Lines; Subcutaneous Injection.
XII. AUTOMATIC CONCLUSION	Reappointment Expiration			
1st Notice	<u>Internal Medicine</u> <ul style="list-style-type: none"> Bakhai, Smita MD, MPH 		Noted	Informational Only
2nd Notice	<u>Internal Medicine</u> <ul style="list-style-type: none"> Diaz Del Carpio, Roberto MD Switzer, Donald MD 		Noted	Informational Only
3rd Notice	None		None	None
XIII. PROFESSIONAL PRACTICE EVALUATIONS				

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	<p><u>FPPE</u></p> <p>2/4/2021 11</p> <p>Anesthesiology 1</p> <p>Internal Medicine 4</p> <p>Internal Medicine 3</p> <p>Orthopaedic Surgery 2</p> <p>Radiology 1</p> <p>3/4/2021 11</p> <p>Cardiothoracic Surgery 1</p> <p>Internal Medicine 4</p> <p>Internal Medicine 1</p> <p>Neurology 1</p> <p>Orthopaedic Surgery 1</p> <p>Plastic & Reconstructive 1</p> <p>Radiology 2</p> <p><u>OPPE</u></p> <p>Radiology 28</p> <p>Teleradiology 38</p> <p>Total 66</p>	None	Informational Only
XIV. OLD BUSINESS			
A. Expirables	<ul style="list-style-type: none"> • Willis, Cornelia MD (Apogee) H/A 2/10/21 • Cowan, Richard MD (UPPC) H/A 2/4/21 • Boggiano, William MD (UPPC) IC 2/4/21 • Kaye, David MD (UPPC) H/A 2/4/21 • Koroschetz, Andrew (UEMS) PALS Expired 3/2/21 – Dr. Manka aware – Informed today it will be done by end of month 	Noted Providers are out of compliance	Informational Only
B. DEA, License, Boards	<p><u>DEAs</u></p> <ul style="list-style-type: none"> • March- 6 remaining; emailed/calls made • April- 15; emailed 	Noted	Informational Only
C. MICU Intubation Privileges	<ul style="list-style-type: none"> • Andrew Stansberry has worked with Robert Gibson (info to follow) to prepare a CME approved lecture on intubation induction medications (including Propofol) and paralytics. The primary focus will be MICU AHP's doing 	Noted- will present the privilege form change once completed	Informational Only

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	<p>intubation. This program will be delivered on March 23rd, at 5:00 p.m. MICU providers will be invited to the Smith Auditorium (capacity 25) and others will be able to join via MS Teams.</p> <ul style="list-style-type: none"> • Currently working on the tech aspect in order to make the presentation a hybrid model • This will be a mandatory requirement for any AHP's with intubation privileges in the MICU. It is expected that it will be recorded and built into the training program • Privilege form is being revised for presentation to the Credentials Committee. • This course will be made available to ED AHPs as a courtesy. 	Dr. Cloud thanked Cheryl Carpenter for all the hard work in completing this task	
D. Health Assessment & PPD Changes	<ul style="list-style-type: none"> • Changes to the health assessment/PPD form are due to the NYS 405.3 no longer requiring the annual PPD test. In its place is a risk assessment, and mechanism for education and the addressing of any positive findings on risk assessment. Please see Attachment 1 and 1a (1a. under separate cover). • Changes to the Credentials Procedure Manual will need to be made. This can be found in Article 7- 12.2.2 of the manual. 	<p>The Committee decided to bring this to the MEC for approval</p> <p>Add to MEC agenda</p>	The risk assessment will accompany these minutes for presentation to MEC for approval.
XIIV. NEW BUSINESS			
A. Disaster Privileging	<ul style="list-style-type: none"> • Follow up/update, from Dr. Tadakamalla, on the 1 to 1 monitoring for all Providers on disaster privileges and review of full time status for Locums will be discussed at the March 9, 2021 Apogee Operational call • Issues that may arise for FPPE/OPPE were discussed as well. Dr. Tadakamalla stated that he believes the Locums should remain on disaster privileging for as long as possible. • Currently have 15 on disaster privileges; all of which are requesting to come on full staff. In addition, 1 locum is coming on through the full process. (making the total 16) • Apogee is expecting 7 FTE's by summer • CDC states that there will be a 60 day "warning" before ending disaster protocol. 	Follow up at the April 2021 Credentials Meeting; after 3/9/21 Apogee call	None

B. RetinaVue Telehealth	<ul style="list-style-type: none"> ECMC has purchased RetinaVue for assistance in the ambulatory clinic with evaluation and screening for diabetic retinopathy. The reading of the scans will be done remotely. This will entail the additional of two board certified ophthalmologists. RetinaVue (Welch Allyn) requests we use full credentialing by proxy to bring these providers on. In fact, they will charge us \$5,000 for the documentation to credential them in-house. The contract and credentialing by proxy agreement have been reviewed and are compliant. Pursuant to the Credentials Procedure Manual: <p>The Medical Center may use the credentialing and privileging decision from the distant site to make a final privileging decision provided the distant site is accredited by the Joint Commission as a hospital or ambulatory care organization which has made its decision using the process outlined in the Joint Commission's standards for hospitals.</p> <p>When utilizing the credentialing format outlined in Section (2)b. or Section (2)c. above, the originating site assures that the distant-site telemedicine entity furnishes services in accordance with all related Medicare Conditions of Participation, Joint Commission Standards and applicable state law.</p> <p>CLINICAL SERVICES: The Credentials Committee shall recommend to the Medical Executive Committee, which shall in turn, recommend to the Board of Directors which clinical services would be appropriately delivered via telemedicine links and which services shall be approved by the Board. The clinical services offered via telemedicine links shall be consistent with commonly accepted quality standards.</p> <p><u>For discussion: Does this Committee recommend ophthalmology, specifically the Remote Interpretation of Fundus Photographs for The Assessment of Diabetic Retinopathy as a clinical service open to telemedicine operation?</u></p> <ul style="list-style-type: none"> The Committee would like feedback from Dr. Sieminski, as she is responsible for reviewing all information and data. If she is comfortable with this, the Committee will endorse. 	<p>Post meeting note: Cheryl Carpenter discussed with Dr. Sieminski. She is amenable to signing off on OPPE/FPPE for remote users in her office. She also noted a willingness to look at the possibility of providing the reads as well. This is accomplished through a provider portal, so would still be a remote read.</p> <p>Via these minutes, this committee recommends the approval of Ophthalmology as a remote service for the interpretation of RetinaVue scans.</p>	Per these minutes the MEC is asked to consider ophthalmology as a remote service as it pertains to the interpretation of RetinaVue scans.
C. OPPE Issues	Pathology: Provider with no recorded volume who acts as a specialty consultant to our local pathologists. Discuss moving the provider to Courtesy, Refer and Follow vs attempting to utilize supplemental data. In clarification of his role, Dr. Balos notes that	Noted	None

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	<p>He should be treated as an outside consultant that we seek a second opinion from. There is no direct Cerner or Meditech activity.</p> <p>The Committee agreed that it is appropriate to move the Provider to Courtesy, Refer and Follow</p> <p>NeuroAlert Monitoring: Discuss current process, contract issues.</p> <ul style="list-style-type: none"> NeuroAlert submitted Medical Record numbers for review; Quarter 2, 3 and 4. This will allow us to complete OPPE with data 		
D. Orthopaedic Privilege-TenJet	<ul style="list-style-type: none"> See Attachment 2 (Under separate cover) Verified that the Provider will receive a certificate upon completion and submit to the MDSO at initial request 	The Committee voted, all in favor, to approve the proposed changes on the privilege form.	Recommendation to the Medical Executive Committee for approval.
E. Radiology Privileges	<p>Revision of Nuclear Medicine privileges to align process and policy. In discussion with Dr. Drumsta, Cheryl Austin, the NYSDOH and the Nuclear Physicist, it was determined that the only providers who are mandated to be on the Radioactive Materials License are those providing therapeutic treatment. For diagnostic procedures, the regulation calls for authorized users to approve the study and the use of the radionuclide. The Department of Radiology operationalizes this requirement outside of the privileging requirements.</p> <ul style="list-style-type: none"> Suggested changes to the privilege form were approved by the COS and the Credentials committee See Attachment 3 (Under separate cover) 	The Committee voted, all in favor, to approve the proposed changes on the privilege form.	Recommendation to the Medical Executive Committee for approval.
XIIIV. ADJOURNMENT	The meeting was adjourned at 4:06 pm		

Attachment 1

Proposed: Article VII of the Credentials Procedure Manual related to Practitioner Health

SECTION C: COMPLIANCE WITH NEW YORK STATE DEPARTMENT OF HEALTH MANDATES

All credentialed providers will comply with New York State requirements regarding documentation of health status, including but not limited, to the following:

1. Upon Initial Appointment:
 - a. Provision of a physical examination and recorded medical history, of sufficient scope to ensure the provider is free from a health impairment which is of potential risk to the patient or which might interfere with the performance of his/her duties or granted clinical privileges.
 - b. Certification of immunity against rubella by one of the following
 - i. Evidence of immunization
 - ii. Serologic evidence of rubella antibodies
 - iii. Evidence of immunization/serologic evidence of rubella antibodies received from a prior employer or the school attended by the provider.
 - c. Certification of immunity against measles by one of the following:
 - i. Evidence of immunization
 - ii. Serologic evidence of measles antibodies
 - iii. Documentation of having had measles, by the provider who diagnosed the provider's measles.
 - iv. Evidence of immunity as received from a prior employer or the school attended by the provider.
 - d. An initial tuberculosis (TB) risk assessment, symptoms evaluation and TB test (either tuberculin skin test or FDA approved blood assay for the detection of latent tuberculosis infection). Any positive findings should be addressed by the provider's primary care provider or by contacting ECMCC's Center for Occupational & Environmental Medicine (COEM). Documented outcomes following referral for high risk or positive findings should be provided to the Medical Dental Staff Office.
 - e. Documentation of vaccination against influenza or declination, indicating education and consent to wear a procedure mask.
2. Annually thereafter, the Provider agrees to submit:
 - a. Provision of a Medical Evaluation Statement, completed by a licensed independent practitioner not related to the Provider by blood or marriage:
 - i. Includes documentation that the applicant is free from physical or mental impairment including habituation or addiction to depressants, stimulants, narcotics, alcohol or other behavior altering substances which might interfere with the performance of duties or would impose a potential risk to patients or personnel.
 - ii. Includes an appropriate tuberculosis risk assessment screening tool, indicating that the provider is deemed low risk, annual screening is recommended.
 - iii. Documentation may be accepted from another qualifying institution if all of the requirement elements are met and documented appropriately.
 - iv. Should the tuberculosis risk assessment identify the need for PPD testing and if any additional testing/treatment is needed, the provider may seek consult/treatment from his/her primary care provider or ECMC's Center for Occupational & Environmental Health Office, and will provide documentation of same to the Medical Dental Staff Office.
 - b. Evidence of annual flu vaccine or declination
3. These requirements apply to all credentialed medical staff providers, with the exception of those physicians who are practicing medicine from a remote location, as a condition of affiliation.
4. Failure to comply with these requirements will be addressed through the ECMC Bylaws, Rules & Regulations.

Respectfully submitted,



Yogesh Bakhai, MD

Chair, Credentials Committee

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