



University at Buffalo
The State University of New York

Office of the President

October 12, 2007

Richard F. Daines, M.D.
Commissioner of Health
State of New York Department of Health
Corning Tower
Empire State Plaza
Albany, NY 12237

Dear Richard:

I would like to take this opportunity to further apprise you of the progress with the Joint Governance Board that you established for purposes of joining Erie County Medical Center (ECMC) and the Kaleida Health (Kaleida) systems into one unified health care system as identified in the "Berger Commission" report.

The Board met again on October 10, 2007. At that meeting, the Presidents of Kaleida and ECMC reported that their respective organizations mutually agreed to work collaboratively and fully to bring ECMC and Kaleida under the new structure. Messrs. Kaskie and Young, under the supervision of the Joint Governance Board, will "undertake a planning process" for this activity. Additionally and importantly, the Board passed a motion supporting:

- * Endorsing the ECMC HEAL request to fund the \$130 million of legacy costs associated with the GASB 45 liability. This funding is critical to the joining of ECMC and Kaleida under the new entity. The Board clearly intends, however, that these funds be made available through the new entity only in consideration for new agreements by the unions representing the employees of ECMC.
- * Endorsing the ECMC HEAL request for \$4.5 million to expand the emergency services in anticipation of the patient overflow resulting from the implementation of other Berger Commission recommendations involving closures in the WNY marketplace.
- * Endorsing the request for \$46 million to advance the development of new heart and vascular infrastructure by the new entity after ECMC and Kaleida have been consolidated and the new entity initiates operations. The Board intends that these funds be distributed to the new entity in trust pending an ECMC-Kaleida consolidation.

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I'm pleased to report that the Board continues working collectively and collaboratively. We remain committed to improving healthcare delivery in Western New York and look forward to keeping you abreast of our continuing dialogue.

Sincerely,



John B. Simpson
President

cc: Members, Active Parent Board
Robert A. Wild, Esq.
Scott D. Nostaja