

May 15, 2018

Sean Welsh
Chair, Spectrum Health Finance Committee

The Finance Advisory Committee (FAC) is established under the Consent Decree to provide counsel to the Finance Committee of Spectrum Health during the budgeting process. Prior to 2007, the FAC issued a written report to the community on several provisions of the Consent Decree. However, some of the commitments have formally expired and in 2014 the FAC determined that it is not necessary to issue a written report. The FAC herewith provides its comments to the Spectrum Health Finance Committee regarding the budget.

Matthew Cox and members of his team recently provided the FAC with an overview of the Spectrum Health fiscal 2019 budget, which included a review of key revenue and expense assumptions along with discussion of business risks and opportunities impacting both the insurance and delivery system. Our discussions were candid, and management was very responsive to our requests for information.

Based on Mr. Cox's detailed presentation and his responses to questions raised by the FAC, we conclude that the 2019 budget supports the objective of providing the community with excellent healthcare outcomes in a cost-effective manner, while building a sustainable organization for the future.

In addition, Mr. Cox reviewed an initiative to conduct benchmarking activities to help improve efficiency and control costs. The FAC fully supports these efforts.

As in prior years, we specifically solicited comments from the payer community for consideration in the fiscal 2019 budgeting process. We will also attend the Community Meeting on June 5, 2018 where Spectrum Health's management will present its current year budget to the community at large. If any other concerns regarding Spectrum Health's financial plans come to our attention as a result, I will communicate them to you following the Community Meeting.

Sincerely,



Martin R. Jennings
Chair, Finance Advisory Committee

Finance Advisory Committee Members: Martin Jennings, Win Irwin, Mari Beth Jelks, Mark Mossing, Stuart Vander Heide, Jerry Vander Wal, Steve Wert