

May 15, 2017

Beth Nickels
Chair, Spectrum Health Finance Committee

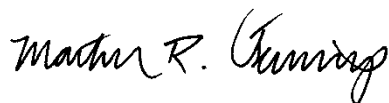
As you know, the Finance Advisory Committee (FAC) is established under the Consent Decree to provide counsel to the Finance Committee of Spectrum Health during the budgeting process. Prior to 2007, the FAC issued a written report to the community on several provisions of the Consent Decree. However, 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.

Ron Knaus recently provided the FAC with an overview of the internal and external factors that shape Spectrum Health's budget and financial plan. We discussed the continued uncertainties of the environment in which healthcare is delivered, the steps Spectrum Health management is taking to adapt to significant demographic changes and the challenges it faces in adapting to the uncertainty regarding the Affordable Care Act. We appreciate the complexity of the budgeting process and the environment in which Spectrum Health operates.

Based on Ron Knaus's detailed presentation and his responses to questions raised by the Finance Advisory Committee, we conclude that management appears to have carefully considered the risks without losing focus of its mission to provide the community with excellent healthcare outcomes and providing services in a cost-effective manner, while building a sustainable organization for the future. We appreciate the transparency that the management of Spectrum Health has brought to the process over the years.

As in prior years, we specifically solicited comments from the payer community for consideration in the fiscal 2018 budgeting process. We will also attend the Community Meeting on June 7, 2017 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,

A handwritten signature in black ink that reads "Martin R. Jennings". The signature is written in a cursive, flowing style.

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