

Fringe Benefit Rate (%) Calculation (based on audited 2018 Northwell Health, Inc. Financial Statement)

<u>Fringe Benefit Related Cost</u>	<u>Amount</u>	<u>%</u>
Retirement - Pension & 403b/401k expense	\$ 375,229,677	6.41%
Major Medical	430,505,691	7.36%
Worker's Comp Insurance	90,460,856	1.55%
Disability Insurance	17,409,780	0.30%
Unemployment Insurance	4,879,182	0.08%
Life Insurance Premiums	3,271,421	0.06%
Employee Wellness Credits	21,022,332	0.36%
Tuition Plan	23,475,383	0.40%
MTA Tax	18,699,805	0.32%
Paid Time Off (PTO)	465,148,559	7.95%
Total Fringe Benefit Cost / Rate (%)	\$ 1,450,102,685	24.78%

Salary Expense for Fringe Benefit Calculation **\$ 5,851,950,000**

Rate Allocation

Fringe Benefit Rate (per above)	24.78%
FICA	7.65%

Total Fringe Benefit Rate (%) **32.43%**

Fringe Benefit reconciliation to the 2018 Northwell Health, Inc. FS (audited)

Fringe Benefit Costs (per above)	\$ 1,450,102,685	
Paid Time Off (PTO) elimination		(465,148,559)
FICA added back		362,663,874
		<u>1,347,618,000</u>
2018 Northwell Health, Inc. FS (audited)	\$ 1,347,618,000	

Northwell Health, Inc. has calculated the Fringe Benefit Rate (%) to be **32.43%**

However, it is the policy to universally accept **31.00%** for reimbursement of fringe benefits.

Northwell Health, Inc.

Consolidated Statements of Operations (In Thousands)

	Year Ended December 31	
	2018	2017
Operating revenue:		
Net patient service revenue	\$ 8,762,122	\$ 7,784,115
Physician practice revenue	1,854,861	1,471,198
Total patient revenue	10,616,983	9,255,313
Other operating revenue	826,999	653,082
Net assets released from restrictions used for operations	63,021	61,375
	11,507,003	9,969,770
Operating expenses:		
Salaries	5,851,950	5,212,002
Employee benefits	1,347,618	1,230,621
Supplies and expenses	3,530,160	2,841,508
Depreciation and amortization	474,509	431,497
Interest	146,660	129,509
	11,350,897	9,845,137
Excess of operating revenue over operating expenses, excluding Health Insurance Companies	156,106	124,633
Health Insurance Companies operating revenue	58,909	828,077
Health Insurance Companies operating expenses	80,620	971,447
Health Insurance Companies excess of operating expenses over operating revenue	(21,711)	(143,370)
Total excess (deficiency) of operating revenue over operating expenses	134,395	(18,737)
Non-operating gains and losses:		
Investment income	130,096	109,051
Change in net unrealized gains and losses and change in value of equity method investments	(328,931)	281,520
Change in fair value of interest rate swap agreements designated as derivative instruments	433	-
Non-operating net periodic benefit cost	(12,862)	(27,863)
Loss on refunding of long-term debt	-	(42,619)
Contribution received in the acquisition of John T. Mather Memorial Hospital	75,819	-
Gain on sale of property	65,723	-
Other non-operating gains and losses	(41,779)	(7,107)
Total non-operating gains and losses	(111,501)	312,982
Excess of revenue and gains and losses over expenses	22,894	294,245
Net assets released from restrictions for capital asset acquisitions	44,170	32,516
Change in fair value of interest rate swap agreements designated as cash flow hedges	1,279	2,218
Pension and other postretirement liability adjustments	(31,190)	(36,130)
Other changes in net assets	(7,438)	(5,681)
Increase in net assets without donor restrictions	\$ 29,715	\$ 287,168

See accompanying notes.