

Exhibit C: BMC response to Question 6, Office of Attorney General Questions

Boston Medical Center (Hospital only)

Total Operating Expense ('000)

| Summary | FY10 | FY11 | FY12 | Increase from FY10-FY12 | 1 Year % Change | 2 Year % Change |
|-------------------------|------------------|------------------|------------------|----------------------------|--------------------|-----------------|
| Salaries & Wages | 370,956 | 357,497 | 372,813 | 1,857 | 4.3% | 0.5% |
| Employee Benefits | 95,288 | 95,820 | 103,431 | 8,143 | 7.9% | 8.5% |
| Physician Services | 110,414 | 115,156 | 105,484 | (4,930) | -8.4% | -4.5% |
| Drugs | 31,365 | 30,202 | 29,151 | (2,214) | -3.5% | -7.1% |
| Insurance | 1,108 | 2,636 | 2,461 | 1,353 | -6.6% | 122.1% |
| Other Expenses | 57,216 | 65,586 | 68,248 | 11,032 | 4.1% | 19.3% |
| Purchased Services | 47,361 | 36,683 | 36,652 | (10,709) | -0.1% | -22.6% |
| Consulting & Management | 14,715 | 19,691 | 12,448 | (2,267) | -36.8% | -15.4% |
| Med/Surg Supplies | 59,832 | 54,805 | 51,544 | (8,288) | -6.0% | -13.9% |
| Lab Supplies | 11,954 | 12,751 | 12,228 | 274 | -4.1% | 2.3% |
| Utilities | 23,817 | 24,731 | 24,025 | 208 | -2.9% | 0.9% |
| Direct Research Expense | 76,417 | 79,039 | 75,870 | (547) | -4.0% | -0.7% |
| Depreciation | 65,660 | 62,398 | 59,383 | (6,277) | -4.8% | -9.6% |
| Interest Expense | 9,057 | 13,494 | 17,916 | 8,859 | 32.8% | 97.8% |
| Provision for bad debt | 29,416 | 33,586 | 30,499 | 1,083 | -9.2% | 3.7% |
| Total Expense | 1,004,576 | 1,004,075 | 1,002,153 | (2,423) | -0.2% | -0.2% |

The following categories of expenses have grown more than five percent:

1. Employee Benefits: a two-year increase of 8.5 percent is primarily attributable to health insurance,

which is the result of increases in provider prices, specialty drugs, and utilization of services. Additionally, pension expenses have increased due to defined benefit plan contributions.

2. Insurance: a two-year cost increase of 122 percent is primarily attributable to malpractice insurance.

3. Interest expense: a two-year cost increase of 98 percent is attributable to BMC refinancing its Series A bonds and expensing its Series C issuance cost.

Also, the Shapiro building came online, contributing to this expense.

4. Other expenses: a two-year cost increase of 19 percent is not really a cost increase but results from re-mapping license fees from "Purchased Services" to the "Other Expenses" category.

The following categories of expenses have grown more than ten percent:

1. Insurance: a two-year cost increase of 122 percent is primarily attributable to malpractice insurance.
2. Interest expense: a two-year cost increase of 98 percent is attributable to BMC refinancing its Series A bonds and expensing its Series C issuance cost. Also, the Shapiro building came online, contributing to this expense.
3. Other expenses: a two-year cost increase of 19 percent is not really a cost increase but results from re-mapping license fees from "Purchased Services" to the "Other Expenses" category.