



**TESTIMONY OF  
CONNECTICUT HOSPITAL ASSOCIATION  
SUBMITTED TO THE  
PLANNING AND DEVELOPMENT COMMITTEE  
Friday, March 21, 2014**

**HB 5583, An Act Concerning The Payment Of Real Property Taxes By  
Certain Institutions Of Higher Learning And Hospital Facilities**

The Connecticut Hospital Association (CHA) appreciates this opportunity to submit testimony concerning **HB 5583, An Act Concerning The Payment Of Real Property Taxes By Certain Institutions Of Higher Learning And Hospital Facilities**. CHA opposes this bill. We urge the General Assembly to keep the current tax exemption and payment in lieu of taxes (PILOT) funding structure in place.

Connecticut, like the rest of the nation, enacted the property tax exemption for hospitals many years ago in recognition of the unique and critically important role hospitals play in their communities.

All of our lives have, in some way, been touched by a hospital: through the birth of a child, a life saved by prompt action in an emergency room, or the compassionate end-of-life care for someone we love. Or perhaps our son, daughter, husband, wife, or friend works for, or is a volunteer at, a Connecticut hospital.

Hospitals treat everyone who comes through their doors 24 hours a day, regardless of ability to pay. In 2012, Connecticut hospitals provided nearly \$225 million in free services for those who could not afford to pay. They also incurred \$868.3 million in losses due to Medicare and Medicaid paying hospitals less than the cost of caring for patients on those programs.

Connecticut hospitals are committed to initiatives that improve access to safe, equitable, high-quality care. They are ensuring that safety is reinforced as the most important focus—the foundation on which all hospital work is done. Providing culturally competent care, eliminating disparities, and achieving health equity are also priorities of Connecticut hospitals.

The benefits of hospitals extend well beyond their walls, as they strive to improve the health of our communities and play a vital role in our economy. Connecticut hospitals are cornerstones of their communities, providing great jobs to more than 55,000 people who make sure we have access to the very best care whenever we need it. The jobs provided by hospitals sustain Connecticut families. And every hospital job creates another job in our community. In total,

Connecticut hospitals generate more than 110,000 jobs in our communities and contribute more than \$20 billion to the state and local economies.

Connecticut hospitals not only care for the sick, but they also play a major and continually expanding role in improving community health. Working with their communities, Connecticut hospitals are identifying and addressing key health issues people are facing, so they can live healthier, better lives. These efforts include outreach and support services for patients with cancer, diabetes, asthma, or other chronic conditions, mobile vans and clinics delivering primary and preventive care, healthy lifestyle education programs, services for the homeless, clinics for migrant farm workers, crisis intervention services, and many other programs targeted to meet specific community needs. The community benefit programs offered by hospitals improve the quality of life in our cities and towns. In 2012, Connecticut hospitals invested \$1.2 billion in community benefit initiatives.

The commitment of Connecticut hospitals to their communities has not wavered, even while the financial burdens imposed on hospitals by the state have grown increasingly unbearable.

In 2013, a tax on hospital patients cost \$27 million. In 2014, the tax on hospital patients grew to \$101 million – raising the cost of care by \$49 for every person who gets their health insurance coverage through work or privately. Beginning in July, the tax will more than double to \$235 million – raising the cost of care by \$114 for those people.

In addition to the tax on hospital patients, in December 2012, the state reduced hospital funding by \$103 million. That is funding that would have offset some of the losses hospitals experienced from treating the poor.

Hospitals are also feeling the impact of cuts to Medicare payments and the federal sequestration – a 2% cut to Medicare funding.

Hospitals made difficult choices to absorb all of these blows as best they could, but already in the last year, more than 1,400 jobs were eliminated, services were reduced, and investments in technology and infrastructure were put on hold. However, even in this challenging fiscal environment, the commitment of Connecticut hospitals to their patients and communities remained steadfast and strong. But hospitals can endure no more.

The financial burden of paying property taxes to local governments, coupled with the adverse impacts of both the hospital tax and state funding cuts, threaten the ability of hospitals to maintain community benefits at their current levels, and affect access and services for all patients.

Connecticut hospitals epitomize the reason that the property tax exemption was created. They play a unique and critically important role in their communities. They are worthy of continued exemption from property tax.

Connecticut enacted the PILOT program to support cities and towns. CHA understands that municipalities are also under financial strain. We applaud the Governor's efforts to increase funding to the PILOT program, which will provide them with additional needed relief. But we cannot support a proposal that would make Connecticut hospitals liable for the payment of real property taxes and establish a state grant program to reimburse such tax payments.

Connecticut hospitals cannot endure another tax. We urge you to keep the current tax exemption and PILOT funding structure in place.

Thank you for your consideration of our position. For additional information, contact CHA Government Relations at (203) 294-7310.