



CONNECTICUT
HOSPITAL
ASSOCIATION

**TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
SUBMITTED TO THE
FINANCE, REVENUE AND BONDING COMMITTEE
MONDAY, APRIL 6, 2015**

SB 945, An Act Concerning The Tax Exempt Status Of Certain Hospital Facilities

The Connecticut Hospital Association (CHA) appreciates this opportunity to submit testimony concerning **SB 945, An Act Concerning The Tax Exempt Status Of Certain Hospital Facilities**. CHA opposes this bill and urges the General Assembly to keep the current tax exemption and Payment In Lieu Of Taxes (PILOT) funding structure for hospitals in place.

This is a time of unprecedented change in healthcare, and Connecticut hospitals are leading the charge to transform the way care is provided. They are focused on providing safe, accessible, equitable, affordable, patient-centered care for all, and they are finding innovative solutions to integrate and coordinate care to better serve their patients and communities.

Very simply, SB 945 would remove the property tax exemption for properties that are not part of a not-for-profit hospital's main campus. If passed into law, Connecticut would be the only state in the nation to levy property tax on not-for-profit hospitals in such a manner.

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. Not only do Connecticut hospitals 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 2013, Connecticut hospitals invested \$1.5 billion in community benefit initiatives.

Additionally, Connecticut hospitals play a vital role in our economy and 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 \$21 billion to the state and local economies each year.

Connecticut hospitals treat everyone who comes through their doors 24 hours a day, regardless of ability to pay. In 2013, Connecticut hospitals provided nearly \$218 million in free services for those who could not afford to pay. They also incurred \$1.2 billion in losses due to Medicare and Medicaid paying hospitals less than the cost of caring for patients on those programs.

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.

The proposed budget would cut Medicaid provider rates, increase the hospital tax to \$514.4 million per year, eliminate the low-cost hospital pool, and withhold hospital supplemental payments. Excluding the fiscal impact of SB 945, cuts and taxes in the proposed budget amount to approximately \$800 million collectively over the course of the biennium.

Hospitals have made difficult choices to account for the resources lost due to government underfunding of the Medicaid program, the hospital tax, and other cuts, and over the last few years, many jobs were eliminated, services were reduced, and investments in technology and infrastructure were put on hold. Hospitals can endure no more.

SB 945 would place yet another fiscal burden on hospitals. The financial burden of paying property taxes to local governments, coupled with the adverse impacts of both the Medicaid funding cuts and the hospital tax, threaten the ability of hospitals to maintain community benefits at their current levels, and would 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 paying property tax.

Connecticut enacted the PILOT program to support cities and towns. CHA understands that municipalities are also under financial strain. But we cannot support a proposal that would make not-for-profit Connecticut hospitals liable for the payment of property taxes.

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.