



**TESTIMONY OF
STEPHEN A. FRAYNE
SENIOR VICE PRESIDENT, HEALTH POLICY
CONNECTICUT HOSPITAL ASSOCIATION
BEFORE THE
APPROPRIATIONS COMMITTEE
THURSDAY, FEBRUARY 11, 2016**

**HB 5044, An Act Making Adjustments To State Expenditures For The
Fiscal Year Ending June 30, 2017**

Good afternoon. My name is Stephen A. Frayne, and I am the Senior Vice President, Health Policy, for the Connecticut Hospital Association (CHA). I am here today to testify in opposition to **HB 5044, An Act Making Adjustments To State Expenditures For The Fiscal Year Ending June 30, 2017**.

Before commenting on the bill, it's important to point out that Connecticut hospitals provide core healthcare services to all of the people in Connecticut, 24 hours a day, regardless of ability to pay. Connecticut hospitals offer safe, accessible, equitable, affordable, patient-centered care that protects and improves peoples' lives.

HB 5044 proposes another \$90 million cut to hospitals. This is in addition to the hundreds of millions of dollars of cuts that were already contained in the original biennium budget. We all recall how this started. In 2012, there was imposed a tax that wasn't supposed to be a real tax because the hospitals were promised all their tax dollars would be returned in the aggregate, plus a small share of the additional federal funds. We also all know where we are today. Hospitals are paying in \$556 million in taxes, and the budget for the biennium anticipated a return of approximately \$255 million in each of the two years of the budget – a budgeted deficit of \$301 million per year. The biennium budget was modified once in December of this past year and hospitals were tapped for an additional \$90 million for SFY 2016. HB 5044 proposes another \$90 million cut for 2017, bringing the total hospital cuts related to the provider tax for the biennium to \$782 million.

In the span of four years, hospitals have gone from not being a source of tax revenue to help balance the budget to being the fourth highest source of tax revenue to help balance the budget. Hospitals now have a tax burden to the state of Connecticut that exceeds by nearly thirty times any other business.

There is a better way. The Connecticut Center for Economic Analysis at the University of Connecticut released an economic analysis showing that by returning to hospitals the taxes they pay to the state, the state can generate 6,600 jobs, and bring in close to \$35 million every year, on top of the state's investment, starting in the first year. This solution would enable the state to grow jobs and revenue quickly, and maintain it – as well as strengthen our healthcare system – for years to come. Investing in hospitals is a win for our state's economy, patients, communities, and healthcare system.

Our community members need their hospital to be there to protect them when they have an emergency. We need a sustainable healthcare environment in our state, not more cuts and taxes. Vote “No” on the hospital and healthcare cuts contained in HB 5044.

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