



**TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
SUBMITTED TO THE
FINANCE, REVENUE, AND BONDING COMMITTEE
Wednesday, April 10, 2019**

**HB 7408, An Act Concerning Municipal Revenue And Stormwater Authority,
Studies Of The Pilot Grants Program And A Property Tax Exemption For
Machinery And Equipment, And Enterprise Zones**

The Connecticut Hospital Association (CHA) appreciates this opportunity to submit testimony concerning **Proposed HB 7408, An Act Concerning Municipal Revenue And Stormwater Authority, Studies Of The Pilot Grants Program And A Property Tax Exemption For Machinery And Equipment, And Enterprise Zones**. CHA strongly opposes Section 6 of the bill.

Before commenting on the bill, it is important to point out that Connecticut hospitals and health systems provide high quality care for everyone, regardless of their ability to pay. They do more than treat illness and injury. They build a healthier Connecticut by improving community health, managing chronic illness, expanding access to primary care, preparing for emergencies, and addressing social determinants of health. By investing in the future of Connecticut's hospitals, we will strengthen our healthcare system and our economy, put communities to work, and deliver affordable care that Connecticut families deserve.

Section 6 of HB 7408 would allow municipalities to impose a new public safety and infrastructure benefit charge on entities that own real or personal property in the municipality and are exempt from taxation under one of the 29 categories listed under Section 501(c) of the Internal Revenue Code. We object to this proposal as a thinly disguised effort to impose a form of local property tax on not-for-profit acute care, chronic disease, children's, and psychiatric hospital health systems.

When you are the organization making the payment, it matters not whether the payment is called a municipal public safety and infrastructure benefit charge or a tax. If adopted, this levy will adversely impact healthcare providers and inevitably result in an increase in the cost of healthcare in Connecticut.

Imposing a new municipal charge on not-for-profit hospitals will impede access to care for Connecticut citizens. It will add cost and discourage providers from expanding access to healthcare into areas not presently served for a particular service or specialty. Given the formidable financial challenges facing hospital health systems in our state, it is likely that hospitals will become static in their present locations, and the current trend of expanding healthcare access into more communities will end.

There exists a long-cherished historical tradition in the United States whereby governments have elected not to impose levies on providers of essential services of a religious, charitable, or educational nature. It has been a traditionally held value in our nation that government will not tax activities that fortify the health and welfare of its people, and state governments across the nation, including Connecticut, have included not-for-profit hospitals among this group of charitable providers.

This tradition has helped to maintain the economic viability of providers of essential services for the benefit of the people who rely on these services. In short, if hospitals did not exist, then people would look to government to provide essential healthcare services. State government cannot afford to assume the responsibility that our people would demand of you in the absence of not-for-profit hospitals.

Section 6 of HB 7408 violates the traditional principles incenting the existence of organizations that have as their sole mission to provide essential healthcare services to the people of our state. These principles must remain intact.

Connecticut's not-for-profit hospitals are keeping their promise to state and local government to meet the healthcare needs of our residents by providing high quality healthcare, as well as an array of community benefits to enhance the quality of life in our cities and towns.

The benefits of hospitals and health systems 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 and health systems are cornerstones of their communities, providing great jobs to more than 100,000 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, for a total of 204,000 jobs and a total payroll of \$15.3 billion. In total, Connecticut hospitals and health systems contribute \$27.7 billion to the state and local economies.

Hospitals and health systems treat everyone who comes through their doors 24 hours a day, regardless of ability to pay. Currently, Medicare and Medicaid underpays Connecticut hospitals nearly \$1.5 billion each year. In 2017, Connecticut hospitals incurred nearly \$763 million in Medicare losses, nearly \$679 million in Medicaid losses, and spent more than \$111 million on charity care. Adding to that cost is the hospital tax.

Connecticut hospitals and health systems 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 and health systems are identifying and addressing key health issues people are facing, so they can live healthier lives. These efforts include outreach and support services for patients with cancer, diabetes, and asthma; 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 provided more than 12.4 million services to individuals and families at a value to the community of \$1.7 billion.

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. CHA urges the Finance, Revenue and Bonding Committee to continue to recognize the unique and critical role hospitals play in every community. Please reject Section 6 of HB 7408. Do not impose additional burdens on hospitals and health systems.

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