Press Coverage Report (CHA)

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Hartford Courant

Hospital Association Launches Ad campaign Against Malloy tax Proposal (2/16/17)
By Daniela Altimari

The Connecticut Hospital Association is taking its case against Gov. Dannel P. Malloy's budget proposal to the airwaves.

The group on Thursday began running ads on cable and broadcast television critical of the Democratic governor's plan to permit cities and towns to tax hospital real estate.

"The proposed budget, with a scheme to let municipalities tax hospitals, has once again put hospitals and their services at risk,'' said Jennifer Jackson, CEO of the hospital association. "After more than $2 billion taxed and cut from hospitals in the past five years, we have no choice but to once again fight back against these dangerous and unprecedented attacks on patients, hospitals, and our healthcare system. We look forward to again working with legislators to protect and defend the critical healthcare services on which the people of Connecticut deserve and rely."

The association declined to disclose the size of the ad buy.

CT Mirror

CT hospitals launch TV ad to protest new tax proposal (2/16/17)

By Keith M. Phaneuf

Connecticut's hospital industry launched a new television ad Thursday to protest Gov. Dannel P. Malloy's proposal to end nonprofit hospitals' exemption from local property taxation.

The Connecticut Hospital Association announced the commercial will air starting today on network and cable television stations, and also can be seen at http://nomorehospitaltax.org

The commercial opens by listing a variety of occupations and one common thread among the people in all of them: they all pay a price when taxes rise on Connecticut hospitals.

"We pay the price when the state taxes hospitals," the ad continues. "Services get cut. Wait times get longer."

"The proposed budget, with a scheme to let municipalities tax hospitals, has once again put hospitals and their services at risk," said Jennifer Jackson, chief executive officer of the hospital association. "After more than $2 billion taxed and cut from hospitals in the past five years, we have no choice but to once again fight back against these dangerous and unprecedented attacks on patients, hospitals, and our healthcare system. We look forward to again working with legislators to protect and defend the critical healthcare services on which the people of Connecticut deserve and rely."

Chris McClure, spokesman for the governor's budget office, said the industry would gain resources under the administration plan.

Municipal taxes on hospitals' real property, based at current mill rates, would amount to about $212 million per year, the administration says. The governor also proposed eliminating $11.8 million in annual funding for small hospitals.

In return, the state would increase its payments to hospitals by $250 million per year. But because those payments would be eligible for federal Medicaid reimbursement, the net cost to the state would be less than $88 million per year.

"Let's be clear: in a budget that includes $1.3 billion in spending cuts, the Governor's plan would increase total funding to the hospital industry by $28 million," McClure said. "For one of the few sectors that does well in the budget to cry foul and distort the facts is unfortunate, especially when the proposal would also inject more dollars into local municipalities. For an industry that repeatedly claims to be in dire financial circumstances, it's remarkable that they can find millions of dollars every year for paid advertising."

But hospital officials say they've already seen how growing pressures on state finances negated promises to assist hospitals in recent years.

In 2011, a new provider tax was imposed on hospitals only as a legal maneuver to qualify Connecticut for federal assistance through Medicaid. The state collected $350 million in taxes on the industry, but returned $400 million in supplemental payments.

Over the past six years, though, the tax has grown and the supplemental payments have shrunk — despite an increase in the federal reimbursement rate. Hospitals will pay $556 million in total this fiscal year and receive $117 million back as Connecticut misses out on hundreds of millions of dollars in potential federal reimbursement.

The Day

Skepticism Surrounds Molloy Hospital Tax Plan (2/16/17)
Editorial

While the legislature should not dismiss it out of hand, Gov. Dannel P. Malloy's proposal to allow towns and cities to levy a property tax on the land and buildings of nonprofit hospitals in the state must be viewed with skepticism.

The proposal goes hand-in-hand with other Malloy initiatives aimed at improving the financial standing of the state's struggling cities. These include creating a state education funding formula that prioritizes helping poor communities and removes the political maneuvers that keep the state funds flowing to wealthier communities as well. Overall, Malloy wants to provide more help for cities by reducing state aid to municipalities with healthy tax bases and budgetary surpluses.

His goal is to drive down tax rates, making the state's cities more attractive to developers and businesses. By allowing cities to tax hospitals, and that is where most are located, the Malloy administration expects to generate $212 million for these urban centers.

By combining these ideas with another proposal, the creation of Municipal Accountability Review Board intended to make sure cities use increased revenues to balance budgets and drive down tax rates, not squander it in gift contracts to labor and special interests, Connecticut could place its cities on a healthier path.

Because of its small, costly and often economically depressed cities, Connecticut is finding it difficult to compete for jobs in a time when high-tech business and young professionals are trending toward vibrant urban centers.

Given current assessed values, New London would be able to tax Lawrence + Memorial Hospital $5.65 million and Norwich would be able to tax The William W. Backus Hospital $3.85 million under the Malloy hospital tax proposal.
The hospitals Malloy proposes taxing are not the small, independent operations that served Connecticut for much of the past century. They are massive operations which, while nonprofit by law, are very corporate in their organization and management.

The Yale New Haven Health System, which recently added Lawrence + Memorial Hospital to its network, includes four nonprofit hospitals. The William W. Backus Hospital in Norwich is part of the Hartford HealthCare network, which includes five nonprofit hospitals. These large operations will not wilt if forced to pay property taxes.

Which doesn't necessarily make it a good idea.

Hospitals will pass along any added costs associated with paying property taxes. Since Medicaid and Medicare rates are controlled, expect increased fees for procedures covered by private insurance, putting more stress on an insurance system already under pressure and facing uncertainty over the future of the Affordable Care Act.

If these hospital networks are going to be paying property taxes, expect them to cut back on community services they now underwrite. Yale-New Haven has promised to invest $300 million in improved health services in the region as part of its affiliation with L+M. During 2015, Yale-New Haven invested $494 million in financial aid and in-kind contributions in communities it serves.

A better model could be providing incentives for these hospitals to boost such local investment, perhaps to close the gap between what the state now provides under PILOT — payments in lieu of taxes — and what these hospitals would pay under a traditional property tax assessment. PILOT covers about 75 percent of the full taxable value.

However, Malloy is looking to cut spending. By allowing local taxation of hospitals, he would reduce PILOT payments.

The heftiest skepticism surrounds the administration's contention that it will make the hospitals fiscally whole. Malloy is promising to give hospitals $250 million in the form of supplemental Medicaid payments, a result of the state capturing more federal matching dollars.

As Connecticut Hospital Association CEO Jennifer Jackson noted, “We’ve been down that road before.”

In Malloy’s first term, his administration persuaded the legislature to assess a state tax on hospitals, with the promise it would capture more federal dollars and the state would compensate the hospitals. In the years since, the state has increased the tax it collects from the hospitals and reduced the amount it returns. This year, hospitals will pay about $556 million in taxes, but get only around $117 million back, very different from the “break even” situation Malloy described at the onset of that tax.
If the state allows cities to tax their hospitals, the assumption should be they won’t be getting anything back, Malloy’s assurances notwithstanding. The administration has a tough case to make that this is the best path forward to help cities.

AP

Appeared in USA Today, CT Post

Hospitals Launch TV Ad to Fight Latest Taxing Proposal (2/16/17)

The Connecticut Hospital Association is pushing back against a proposal from Gov. Dannel P. Malloy that would end the local property tax exemption that hospitals have enjoyed for years.

The organization launched a television ad campaign Thursday, warning the Democratic governor's plan will "jeopardize life-saving care."

This latest tax proposal follows another battle between Malloy's administration and the hospitals over a tax on net patient revenues, which hospitals say increases wait times, costs taxpayers more money and reduces services.

Chris McClure, a spokesman for Malloy's budget office, notes the governor's $20 billion budget proposal boosts total funding to the hospital industry by $28 million.

He says it's "unfortunate" that one of the few sectors that does well in Malloy's budget is crying foul and chose to "distort the facts."