



For Immediate Release
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CT Hospital Operating Income Down \$175 Million in 2013

*Hospitals Ask for Phase Out of Tax on Patient Care to Protect Care, Save Jobs,
and Reduce Cost of Care*

WALLINGFORD – Financial filings reported to the state of Connecticut for 2013 show that hospital operating income is down by \$175 million. This loss of operational income – funds used to purchase equipment and technology and maintain facilities and services in the future – is due to the \$103 million rescission enacted in December 2012 and the \$101 million tax on hospital patients that began in July 2013. In addition to state cuts and the hospital tax, hospitals are feeling the impact of cuts to Medicare payments and the federal sequestration – a 2% cut to Medicare funding.

Hospitals require a minimum 4% operating margin to remain viable and have sufficient resources to attract highly skilled healthcare personnel and maintain, replace, and acquire medical equipment and advanced technology. The average hospital operating margin in 2013 was 3.27%.

Non-operating revenue has remained steady - typical examples of non-operating revenue are dividends and interest earned on investments and the change in value of the investments.

Hospitals have done extraordinary things to minimize the impact of the tax on hospital patients. But it is very challenging. In the last year, Connecticut hospitals eliminated more than 1,400 jobs, reduced staff salaries and benefits, reduced some services, and postponed investments in technology and infrastructure.

Starting in July 2014, the tax on hospital patients will more than double – to \$235 million a year. The tax means providing care with even fewer resources, affecting access and services for all patients. Moreover, at a time when hospitals are trying to reduce the cost of care, this tax adds \$49 to the cost of care for people with commercial insurance in FY 2014, and adds \$114 to the cost of care in FY 2015 and every year thereafter.

Connecticut hospitals are asking legislators to phase out the hospital tax over five years. Phasing out the tax will protect patient care, save jobs, and reduce the cost of healthcare for the people of Connecticut. On Thursday, March 13, 2014, the Finance, Revenue and Bonding Committee will hold a public hearing on [SB 368](#), *An Act Phasing Out The Hospitals Tax*.

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About CHA

The Connecticut Hospital Association has been dedicated to serving Connecticut's hospitals since 1919. Through state and federal advocacy, CHA represents the interests of Connecticut's hospitals on key healthcare issues in the areas of quality and patient safety, access and coverage, workforce, community health, diversity, and hospital reimbursement.