



**TESTIMONY OF  
CAROLYN SALSGIVER  
SENIOR VICE PRESIDENT, PLANNING AND MARKETING  
BRIDGEPORT HOSPITAL  
SUBMITTED TO THE  
FINANCE, REVENUE AND BONDING COMMITTEE  
Monday, February 9, 2009**

**HB 6350, An Act Eliminating Exemptions From The Sales And Use Tax And  
Lowering The Rate Of Such Tax**

My name is Carolyn Salsgiver. I am the Senior Vice President, Planning and Marketing, for Bridgeport Hospital. I am pleased to submit testimony today in opposition to **HB 6350, An Act Eliminating Exemption From The Sales And Use Tax and Lowering The Rate Of Such Tax.**

HB 6350 would eliminate most exemptions to the sales tax and lower the rate of the tax to five percent. The elimination of the exemption for patient care services would badly hurt Bridgeport Hospital and our ability to provide quality care and comprehensive services to our patients.

Bridgeport Hospital strives to be both a provider and employer of choice that delivers safe, high quality care. We serve residents from Eastern Fairfield County, and are the health care safety net for many of our patients. Last year, we provided 177,000 outpatient and emergency room visits and almost 20,000 inpatient stays. We offer services from primary care in our clinics to leading edge specialty inpatient services. We train hundreds physicians and nurses, have the only burn service for the State of Connecticut, are a recognized leader in cardiac care, and have the only Pediatric Intensive Care Unit in Fairfield County. Our full range of health care services is available 24 hours a day, 365 days a year. We take our mission seriously and are proud to be the safety net provider for the community. Additionally, with 2,700 employees, Bridgeport Hospital is one of the largest employers in the greater Bridgeport area.

Bridgeport Hospital is an important part of our local economy and the area's economic development strategies. Therefore, it is imperative that Bridgeport Hospital and all Connecticut hospitals be financially strong and stable. Today, however, many hospitals are already in unstable financial condition due to chronic and significant under-reimbursement by the state for the care we provide to the individuals enrolled in the Medicaid and SAGA programs. Specifically, Bridgeport Hospital receives only 71 cents for every dollar spent on providing care to its Medicaid patients. In FY 2008, the hospital's shortfall for the Medicaid and SAGA programs and uninsured patients was \$21.2 million (this is based on actual cost of care versus actual reimbursement, including payments from the uncompensated care and urban pools). Bridgeport Hospital has to negotiate increased rates from managed care companies to cover this state underpayment. However, this rate increase is passed on as a "cost shift" to employers and their employees in the form of higher deductibles and co-pays for health insurance, which causes some employers to stop offering health care insurance. This then erodes the employer-sponsored insurance system, which leads to more uninsured residents.

But even with increased payments from managed care companies due to this "cost shift," Bridgeport Hospital had an operating gain for Fiscal Year 2008 of less than 1.5% and has budgeted a gain of only 0.5% for Fiscal Year 2009. Due to the difficult economy, people are delaying non-emergent care, and, as a result, Bridgeport Hospital's patient volume and related financials for the first quarter of Fiscal Year 2009 are significantly behind budget targets, which will make this year very challenging. A five percent sales tax on net patient care revenue would cost an additional \$16 million, which would seriously impair our ability to continue to serve our patient base.

I strongly urge you not to implement a sales tax on hospital patient care revenues.

Thank you for your consideration of our position on this important matter.