

**TESTIMONY OF
DAVID A. WHITEHEAD, VICE PRESIDENT, PLANNING
CONNECTICUT HOSPITAL ASSOCIATION
BEFORE 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 Dave Whitehead. I am the Vice President, Planning, of the William W. Backus Hospital. I am testifying 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 community hospitals like Backus and their ability to provide quality care.

Providing patients and communities with the finest quality healthcare services is the highest priority for Connecticut's not-for-profit hospitals. Backus fulfills a vital role, caring for eastern Connecticut residents 24 hours a day, seven days a week, and we make enormous contributions to the health and quality of life for hundreds of thousands of eastern Connecticut residents. Last year, Backus Hospital provided over 48,000 days of inpatient care. In addition, Backus Hospital provides a tremendous amount of outpatient care. Last year, Backus provided more than 409,000 outpatient visits, including: 59,000 emergency department visits; 7,300 ambulatory surgery visits; 46,000 chemotherapy visits; 192,000 radiation therapy visits; 17,500 rehabilitation visits; 22,000 psychiatric care visits; and 32,000 clinical visits. Every moment of every day, Backus Hospital touches the lives of eastern Connecticut residents by providing high quality healthcare services. This bill would impose a sales tax on every one of those services.

Hospitals also make vital contributions to their local economy. Community hospitals like Backus are both the economic bedrock and engine in their communities. We are the largest non-governmental employer in Norwich, offering jobs at all skill and salary levels in a growing employment sector. Community hospitals won't move out of their community in search of a more favorable business climate – Backus is here to stay. Hospital purchases provide important secondary income and job benefits to the local economy. Hospitals serve as a magnet for other healthcare business and serve as a stimulus for economic and community development. This past year, Backus conducted an analysis of the economic impact the hospital has made in eastern Connecticut:

- Generate nearly **\$311 million** per year for the state and local economies;
- Provide **2,800** jobs in our communities generating approximately **\$136 million** in annual local economy payroll; and

- Purchase goods and services generating approximately **\$80 million** annually in local economic activity.

Imposing a five percent sales tax and diverting approximately **\$20million dollars** a year from patient care to the General Fund will do nothing to help hospitals meet the healthcare needs of the communities they serve and will significantly increase the cost of healthcare. Therefore, I ask you to vote against **HB 6350, An Act Eliminating Exemptions From The Sales And Use Tax And Lowering The Rate Of Such Tax.**

Thank you for your consideration of our position.