CONNECTICUT HOSPITAL ASSOCIATION

TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
SUBMITTED TO THE
FINANCE, REVENUE AND BONDING COMMITTEE
Monday, March 15, 2010

SB 436, An Act Concerning Municipal Revenue

The Connecticut Hospital Association (CHA) appreciates the opportunity to submit testimony in opposition to **SB 436, An Act Concerning Municipal Revenue**.

SB 436 authorizes municipalities to impose, by local ordinance, any type of tax, including hospital bed taxes. Imposing additional taxes on hospitals will do nothing to help hospitals meet the healthcare needs of the communities they serve, and will significantly increase the cost of healthcare.

Connecticut's hospitals are among the finest in the nation, focused on providing the highest quality and safest possible care. Access to the most skilled professionals and latest technology is expected by patients in our state, and Connecticut hospitals deliver. Providing care to all who need it, regardless of ability to pay, twenty-four hours a day, seven days a week year-round, hospitals are integral to the quality of life and health in our communities. Hospitals are among the largest employers in the state, supporting over 97,000 jobs and generating nearly $13 billion in annual economic activity. In more ways than one, the health of our communities is inextricably linked to the health of the local hospital. Unfortunately, the economic crisis continues to ravage the health of our hospitals.

2008 was an extraordinarily difficult year for all, including hospitals. In that year alone, Connecticut hospitals lost more than $300 million due to under-reimbursement for Medicaid and SAGA patients. One of the traditional means hospitals use to make ends meet—non-operating (investment) income—more than disappeared, going negative for the first time ever in 2008. Instead of investments supporting operations, hospitals posted losses on those investments of over $200 million. In addition, since the start of the recession, about 76,000 Connecticut residents have lost jobs and employer-paid health insurance coverage, and the Medicaid and SAGA populations have increased by 75,000; combined enrollment in those programs now stands at about 500,000 – a little more than 14 percent of the state population.

Layered onto the difficultites of the past years, Governor M. Jodi Rell's FY2011 Mid-Year Budget Adjustments and proposed March deficit mitigation plan makes cuts that are deep and devastating to hospitals and the healthcare safety net. CHA's analysis indicates that the proposed reductions would have an overall impact on hospitals totaling approximately $219 million, and a proposed tax on gross revenues of hospitals would amount to a $130 million levy. If implemented, the Governor's plan would result in the loss of $289 million in local business activity, 2,327 Connecticut jobs, and $104 million in Connecticut salary and wages. These proposed cuts and new taxes would hurt hospitals, patients, Connecticut businesses, and Connecticut's economy.

Unfortunately, Connecticut's hospitals find themselves with their backs up against the wall – needing your help more than ever.

Instead of cuts and hospital taxes, imposed either by the state or a local municipality, let's work together and use the enhanced federal Medicaid match for the purpose it was intended: to maintain eligibility and coverage, and make another down payment on bringing provider rates closer to covering the cost of care. In other words, let's help those who need it most and support those providing the help, while at the same time contributing significantly to balancing the state budget.

Thank you for your consideration of our position.

For additional information, contact CHA Government Relations at (203) 294-7310.