CONNECTICUT
HOSPITAL
ASSOCIATION

TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
SUBMITTED TO THE
GOVERNMENT ADMINISTRATION AND ELECTIONS COMMITTEE
Friday, March 19, 2010

HB 5515, An Act Concerning Government Efficiency Through Regionalization In Connecticut

The Connecticut Hospital Association (CHA) appreciates the opportunity to submit testimony in opposition to certain provisions of **HB 5515, An Act Concerning Government Efficiency Through Regionalization In Connecticut.** Our opposition centers on Section 7 – specifically, as it relates to the ability of a granting regional council to impose a hospital bed tax.

HB 5515 authorizes regional councils to impose 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 (State-Administered General Assistance) 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. Cuts and new hospital taxes, imposed either by the state or a local municipality, are potentially devastating to hospitals and contrary to the best interests of delivering the safest and highest quality care to patients in our state. Thus, we urge you to oppose HB 5515.

Thank you for your consideration of our position.

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