



**TESTIMONY
FINANCE COMMITTEE
Thursday, March 13, 2014**

SB 368, An Act Phasing Out the Hospital Tax

Good Morning,

My name is Frank Corvino and I am the President and CEO of Greenwich Hospital. I am here today to testify on behalf of Yale New Haven Health System in strong support of SB 368, An Act Phasing Out the Hospital Tax.

Yale New Haven Health System, through Bridgeport, Greenwich and Yale-New Haven Hospitals, and affiliated organizations, strives to provide access to integrated, high-value, patient-centered care in collaboration with others who share our values. Together with our team of 19,000 employees and nearly 6000 medical staff, we offer our patients a range of healthcare services, from primary care to the most complex care available anywhere in the world. Bridgeport, Greenwich and Yale-New Haven Hospitals are committed members of their local communities.

With the implementation of health care reform, we have seen a significant increase in Medicaid enrollment, a program that offers comprehensive coverage, yet limited access, and reimburses YNHHS affiliates an average of 65 cents on a dollar of cost. At the same time, the cost of providing care to those who are undocumented, continues to grow. YNHHS hospital affiliates care for more than one quarter of the State's Medicaid clients and provide millions in free and uncompensated care to those who need our services and cannot pay for them.

The Hospital industry suffered from last year's budget cut, which imposed a tax of \$336 million on hospitals over the biennium. Last year, the combined decrease in funding for YNHHS was nearly \$40 million. This year, YNHHS affiliates will share a \$52 million reduction. And, in 2015 we will pay over \$75 million in taxes. We've done extraordinary things to minimize the impact to patient care. But it is very challenging.

When originally proposed, the hospital tax was levied to draw federal funds to help balance the state's budget. The taxes collected were returned to hospitals based on a formula that considered free and uncompensated care. From the beginning, Greenwich Hospital was one of a handful of hospitals who were negatively impacted by implementation of the hospital tax, meaning we paid more in taxes than we received through the redistribution from the state. This year, Greenwich Hospital will pay \$10.8 million in taxes; next year it will be more, without your help.

Altogether, in the last year, Connecticut hospitals have eliminated more than 1,400 jobs, reduced staff salaries and benefits, reduced some services, and postponed investments in technology and infrastructure. This is having a negative effect on the state economy.

We must focus health care dollars on quality and patient safety initiatives, and efforts to improve care efficiency. Our patients, staff and communities are relying on you. Please support SB 368.

Thank you for your consideration.