



TESTIMONY OF
LAWRENCE + MEMORIAL HOSPITAL
NEW LONDON, CT
SUBMITTED TO THE
PLANNING AND DEVELOPMENT COMMITTEE
MARCH 21, 2014

**HB 5583, AN ACT CONCERNING THE PAYMENT OF REAL PROPERTY TAXES BY
CERTAIN INSTITUTIONS OF HIGHER LEARNING AND HOSPITAL FACILITIES**

Lawrence + Memorial Hospital appreciates the opportunity to submit testimony concerning HB 5583, An Act Concerning The Payment Of Real Property Taxes By Certain Institutions Of Higher Learning And Hospital Facilities.

Good afternoon. I am Bill Stanley, Vice President for Development + Community Relations at Lawrence + Memorial Hospital in New London. I am testifying in opposition to this bill.

We empathize with the fiscal challenges of communities like New London that have high concentrations of tax-exempt property. However, L+M and other hospitals throughout Connecticut believe imposing property taxes on not-for-profit hospitals and private colleges and universities that are located within their borders is not the solution to this long-standing problem.

Collectively each year, Connecticut's hospitals provide, conservatively, hundreds of millions of dollars in community investment in the form of programs, services, support and care benefitting hundreds of thousands of our state's citizens, regardless of their age, race, ethnic background, income or even their ability to pay.

These benefits range from caring for those who can't afford to pay to covering the gap between actual cost of care and what we receive in reimbursement from Medicare and Medicaid. In fact, in FY 2012, the combined Medicaid/Medicare shortfall for L+M alone, combined with charity care we provided during that period, totaled nearly \$40 million. More of that investment is in New London than in any other community.

The uncompensated and undercompensated care we provide runs the gamut, from cancer and cardiac to diabetes and substance abuse. We support safety and educational programs and those that provide shelter, healthcare and counseling for our homeless. These are not stop-gap programs; they are collaborative initiatives with other providers that not only reduce volume in our crowded emergency department, but provide hope, health and dignity for these patients.

At the same time, reduced volume of homeless and substance-abuse patients not only helps improve the quality of their lives, it reduces cost for the state of Connecticut, which also pays for a portion of their care, and for the cities and towns in our area.

At Lawrence + Memorial, we are proud to have eastern Connecticut's only Neonatal Intensive Care Unit for our most vulnerable patients – infants as small as 1 ½ pounds, often born prematurely and with life-threatening maladies – babies who spend days, weeks, even months in our care at a loss of around \$1 million annually to our community hospital.

L+M plays a critical role in preparing our future healthcare providers. This includes the underwriting of local nursing education programs, providing specialized training and many hours of supervision for more than 1,000 student interns from a variety of health disciplines. That investment totals nearly three-quarters of a million dollars.

We are proud that our hospital has further improved access to care by providing support services that assist patients applying for insurance or prescription drugs or trying to navigate the healthcare system. Nearly 50,000 residents of our region took advantage of our community health education programs last year. Our cost: nearly \$1.5 million.

We provide care to residents in a 10-town primary service area that ranges from the rural communities of Lyme and North Stonington to urban settings such as New London, where our main campus is located and where most of our nearly 3,000 employees work.

L+M's annual community investment total exceeds \$50 million, and no community benefits more from that than New London, which also reaps much of the economic benefit of having our hospital in its midst. With an operating budget of more than one-third of a billion dollars and a payroll that exceeds \$140 million, our hospital is an economic driver for New London and the rest of southeastern Connecticut.

Requiring property tax payments from what is supposed to be a tax-exempt community hospital would provide about \$5 million in revenue to the City of New London if we were taxed at the standard mill rate.

The money to pay that amount in property taxes would have to come from somewhere, and it would:

- from salaries and benefits that would accompany more than 70 layoffs we experienced in 2013 because of state cuts in Medicaid reimbursement;
- from community programs, services and sponsorship support which were drastically reduced last year as a result of those same cuts.
- From postponement of technology acquisition and system expansion – both factors that would, ultimately, hurt the state's and the region's still-struggling economies.

We consider these and our many other programs and services to be worthwhile investments, not burdens. They mean a lot to us and even more to the people in southeastern Connecticut who benefit from them in so many ways.

We want to continue with them and grow them so that even more may benefit. However, re-assigning municipal revenue generation from where it belongs – in state government – to institutions like hospitals that are supposed to be tax-exempt would be penny-wise and pound foolish.

Thank you for your attention and consideration of our position.