TESTIMONY OF
ROBERT C. HARTLEY
SENIOR VICE PRESIDENT
SAINT FRANCIS HOSPITAL & MEDICAL CENTER
BEFORE THE PLANNING AND DEVELOPMENT COMMITTEE
Friday, March 21, 2014

HB 5583, An Act Concerning the Payment of Real Property Taxes by Certain Institutions of Higher Learning and Hospital Facilities

Saint Francis Hospital and Medical Center opposes **HB 5583, An Act Concerning the Payment of Real Property Taxes by Certain Institutions of Higher Learning and Hospital Facilities.** We urge the General Assembly to keep the current tax exemption and Payment In Lieu of Taxes (PILOT) funding structure in place. We also support efforts by the Governor to provide more funds for the PILOT program as well as efforts by Senator Looney to focus PILOT funding in towns with the greatest need.

Saint Francis Hospital and Medical Center has had the privilege of serving the citizens of the Greater Hartford region and the state as a whole for nearly 117 years. From its humble beginnings to its role as the third largest hospital in the state, Saint Francis Hospital and Medical Center has served all those in need or care, regardless of their ability to pay.

The nature of that service and the range of lives Saint Francis has touched have grown over this century of service, but their health needs remain our primary concern.

Saint Francis has always been committed to improving the patient experience and ensuring that every person receives safe, excellent care. In fact, we believe that just like clean air, pure water, and excellent education facilities, a high-quality healthcare system is a foundational building block for a community if it is to create an environment where creative businesses thrive. Such an environment allows them to attract and retain the skilled workers they need.

In fact, as a cornerstone of the community, Saint Francis makes a tremendous contribution to the financial health of our local community and our state. Saint Francis has a direct economic benefit of over $1.3 billion to the Connecticut economy, over $340 million of which is in the form of salaries and benefits to its 3,700 full-time employees. These employees, in turn, pay local property taxes, support the schools and join the many local organizations that make our communities such vibrant places to live.

Saint Francis is also forever in pursuit of excellence in the patient care it delivers as part of its commitment to its patients and their families. In recognition of its excellence in patient care delivery, Saint Francis has recently received a variety of awards including:

- "Great Hospital" rankings for Health Services and Orthopedic Surgery from **Beckers' Hospital Review**,
- One of only two hospitals in Connecticut receiving Best Hospital for Surgery from **Consumer Reports**,
- Leadership in Healthcare Innovation from the **Association of American Medical Colleges and Alliance of Independent Academic Medical Centers**,
- Recognition as a one of only three hospitals in Connecticut to receive an "A" Safety Score from the **Leap Frog Group,**
- Recognition for clinical excellence from **Health Grades**, respectively.

Yet, beyond being an important economic engine for our region and source of high-quality healthcare, Saint Francis continually gives back to its community in the form of charity and subsidized healthcare for those who can't afford to pay for their health care. In FY2013 alone the total value of that community benefit was nearly $89.5 million and it was delivered to over 181,000 individuals in our community.

Unfortunately, these jobs, the high-quality healthcare delivery system and the community benefit support are already being threatened by actions taken at the state level beginning in 2013.

In 2013, a tax on hospital patients cost $27 million. In 2014, the tax on hospital patients grew to $101 million – raising the cost of care by $49 for every person who gets their health insurance coverage through work or privately. Beginning in July, the taxes will more than double to $235 million – raising the cost of care by $114 for those people.

Hospitals are also feeling the impact of cuts to Medicare payments and the federal sequestration – a 2% cut to Medicare funding.

As a result, Saint Francis was required to make some difficult choices in our effort to minimize the impact of these state payment reductions on patient care during 2013. Some of these choices included:

- The elimination of nearly 100 positions, all of which exceeded the new minimum wage increase of $10.10 recently proposed for Connecticut;
- The elimination of a wage increase for all of our employees in FY2013 and the reduction of other health and non-health benefit payments;
- Reduction of $1,000,000 in the amount of community support provided for a wide range of local community activities;
- Postponement or curtailing of new service initiatives along with consolidation of service sites where appropriate.

More importantly, in an era where we hear a great deal about the rise of the low-wage breadwinner, we need to remember that hospitals represent some of our local communities' biggest employers, and pay salaries that exceed the current state minimum wage. In fact, most hospital positions pay more than the current state and national proposals that would raise the minimum wage to $10.10 an hour.

The financial burden of paying property taxes to local governments, coupled with the adverse impacts of both the hospital tax and other state funding cuts, threaten the ability of Saint Francis to maintain the employment, high-quality health services and community benefits it now provides to its patients and their families.

Saint Francis believes it epitomizes the reason that the property tax exemption was created. As the hospitals play a unique and critically important role in its community, Saint Francis is worthy of continued exemption from property tax.

We urge the Committee to remember that though it is true that hospitals, unlike many other businesses, can't move out of state, they can fail. If this happens, the State of Connecticut and its citizens will lose vital access to necessary healthcare resources, as well as significant sources of economic viability and thousands of jobs.

Saint Francis simply cannot endure another tax. Therefore, we ask you to reject this bill and keep the current tax exemption and PILOT funding structure in place.

Thank you for considering our plea for help.