

**TESTIMONY OF LAWRENCE + MEMORIAL HOSPITAL**  
**SUBMITTED TO THE FINANCE, REVENUE AND BONDING COMMITTEE**

**Tuesday, April 21, 2015**

*HB 7058, An Act Concerning The Hospital Tax*

Thank you for the opportunity to submit testimony in support of HB 7058, An Act Concerning The Hospital Tax. Lawrence + Memorial Hospital's testimony today is submitted by Bill Stanley, Vice President of Development & Community Relations.

L+M Hospital strongly supports this bill, which would phase out the hospital tax in 20-percent increments over a five year period, beginning on January 1, 2017 and ending on January 1, 2021.

The hospital tax was proposed by Governor Malloy and enacted by the legislature in 2011 as part of a record tax increase that supposedly would relieve the state of the worst budget deficit in its history. Despite some misgivings, Connecticut's hospitals stepped up, in large part to demonstrate to our new governor that we are team players willing to do our share to alleviate the crisis. We were promised then that by paying the new tax, the state would receive additional federal funds that would be redistributed back to the hospitals, and that most of us would come out ahead financially.

That happened in the first year, but in subsequent years, less and less of the money was returned to the hospitals and more and more was kept by the state to balance its budget.

Lawrence + Memorial's share of the substantial financial hit was \$210,978 in 2013, and nearly \$2.5 million the following year. In the coming three fiscal years – without any reduction in the existing tax – L+M – a 103-year-old community hospital with about 2,500 dedicated employees, will lose nearly \$25 million. Please pause for a moment to consider a not-for-profit, supposedly tax-exempt entity losing \$25 million over three years, then think about the consequences.

Think about the prospect of job losses and the elimination and/or downsizing of vital programs and services that are provided for our patients and others in our community. Consider

whether we'll be able to afford potentially life-saving new technology or whether we'll be able to expand our network to make healthcare more accessible in the community we serve.

In each of the coming three years, the governor's budget will cost Connecticut hospitals more than a quarter-billion dollars collectively. Is it any wonder that the governor's budget secretary, Ben Barnes, quoted the infamous bank robber, Willie Sutton, when asked why hospitals are bearing such a disproportionate share of the state's ongoing budget crisis? "That's where the money is."

Please forgive us if we don't see the humor. The last time we absorbed a state-imposed financial hit of this magnitude at L+M, we had to lay off 75 of our valued employees and have left dozens of other vacant positions unfilled. After decades of positive, though thin positive margins, L+M has finished its last two fiscal years in the red, so Secretary Barnes won't find a lot of disposable income in our coffers. He will find, however, that we remain open around the clock, year-round, and that we provide quality care for all patients, regardless of whether they can pay for it.

On behalf of everyone at Lawrence + Memorial, thank you for raising this bill for public hearing. Please restore some common sense in the state's fiscal relationship with its hospitals and support this legislation.

Thank you.

William Stanley,

Lawrence + Memorial