

**TESTIMONY OF
SAINT FRANCIS HOSPITAL & MEDICAL CENTER
SUBMITTED TO THE
FINANCE, REVENUE AND BONDING COMMITTEE
Monday, March 9, 2015**

SB 946, An Act Concerning Revenue Items To Implement The Governor's Budget

Saint Francis Hospital and Medical Center appreciates this opportunity to submit testimony concerning **SB 946, An Act Concerning Revenue Items To Implement The Governor's Budget**. This bill would reduce Medicaid reimbursement rates, expand the hospital tax, reduce hospital tax credits and add new regulatory burdens. This bill is focused on short-term budget fixes, when what the state needs is a long-term plan for hospital sustainability in Connecticut. For those reasons, Saint Francis Hospital and Medical Center opposes this bill.

Saint Francis admitted more than 35,000 inpatients and observation patients, saw over 81,000 individuals in its Emergency Department and treated 65,000+ in its clinics in FY 2014. Saint Francis currently employs 3,800 full-time workers, including 197 physicians. Beyond the lifesaving care the hospital provides 24 hours a day, Saint Francis contributes \$1.3 billion of economic benefit to its local and state economies each year and invested over \$78 million in improving the health of our community in 2014 alone.

Saint Francis is focused on providing safe, accessible, equitable, affordable, patient-centered care for everyone who walks through its doors. Saint Francis Hospital and Medical Center strives to develop innovative solutions to integrate and coordinate care to better serve our patients and communities. But this job has become increasingly difficult because the hospital is under significant growing financial stress. In addition to government underfunding, Saint Francis is a tax-exempt hospital that will pay over \$36 million in taxes each year as a result of the Hospital Tax if this budget proposal is approved.

The Governor's proposed budget not only expands the state Hospital Tax to \$514.4 million each year, but cuts Medicaid rates, and eliminates the low-cost hospital pool for FY 2016 and 2017. In addition, this budget proposal does not distribute enhanced revenue on hospital supplemental payments due for FY 2014 and 2015, and would eliminate these payments in the future. It would also limit the use of tax credits for businesses and hospitals.

In short, this budget would add even more financial pressure at a time when hospitals need relief. Saint Francis knows the state is facing a challenging budget, but hospitals have already been cut and taxed so significantly that it is hurting patient care, access to services, eliminating jobs, and damaging the state and local economy.

These draconian budget proposals are extremely harmful, but their impact on hospitals will be compounded by **SB 945, An Act Concerning The Tax Exempt Status of Certain Hospital Facilities**. In this bill the Governor's budget calls for imposing property taxes on not-for-profit hospital properties that don't contain an Emergency Department. The financial burden of paying additional property taxes to local governments, coupled with the adverse impacts of both the state hospital tax and state funding cuts, threaten Saint Francis Hospital & Medical Center's ability to maintain employment and community benefits at their current levels and will negatively threaten access and services for patients. The combined impact of these two bills will particularly hurt Connecticut's major cities, most of which still have not recovered from the impact of the Great Recession of 2008.

Connecticut's non-profit hospitals epitomize the reason that the property tax exemption was created. They serve the public good by enhancing the health and general welfare of the state's residents. Exemption from local property taxes provides necessary and important financial support that allows hospitals to pursue their basic mission of caring. Because of the unique and critically important role hospitals play in each local community, these institutions are worthy of continued exemption from paying property taxes.

Each hospital community needs its institution to be there to protect them when they have an emergency. All of Connecticut's citizens need a sustainable healthcare environment in their communities, not more cuts and taxes. Vote "No" on the hospital cuts and taxes contained in SB 946, and support the continuation of the property tax exemption for hospitals by voting "No" on SB 945.

Thank you for your consideration of our position.