



**TESTIMONY OF
LAWRENCE + MEMORIAL HOSPITAL
NEW LONDON, CT
SUBMITTED TO THE COMMITTEE ON APPROPRIATIONS
FEBRUARY 27, 2015**

**HB 6824, AN ACT CONCERNING THE STATE BUDGET FOR THE BIENNIUM ENDING
JUNE 30, 2017, AND MAKING APPROPRIATIONS THEREFOR
AND OTHER PROVISIONS RELATED TO REVENUE**

Good evening. My name is **Bill Stanley**. I am **Vice President for Development & Community Relations at Lawrence + Memorial Hospital in New London**.

Four years ago when Gov. Malloy came into office facing a \$3.5 billion budget deficit, he proposed “shared sacrifice,” including a gross receipts tax on hospitals. At the time, some of us were wary of the governor’s proposal because it sounded vaguely similar to a plan from the 1990s that would use revenue from the hospitals to leverage federal money to balance the state budget.

Hospitals were promised to be made whole in the aggregate. In fact, the original law had a kind of lock box that required it. However, laws are made and easily changed, and four years after it started, hospitals got less back than they put in. Thankfully, the legislature acknowledged the foul and ended the practice of not returning all the hospital money, and soon thereafter, swore off the hospital tax practice completely by 2000.

Having been assured more recently that it wouldn’t happen that way again, the hospitals reluctantly went along with the governor’s gross receipts tax in 2011. We would pay up-front, but we’d be made whole. Sure enough, in the first year – in the aggregate – hospitals got all their money back. However, a year later, things changed – again – and the state began to keep increasing portions of the hospital money. Today, the gross receipts tax costs Connecticut hospitals more than a quarter-billion dollars annually statewide.

Now, Gov. Malloy proposes not to phase out the hospital tax or even keep it at its current level. He proposes to raise this tax. Not to worry, we have been told yet again this year, this will enable the state to secure federal funds, and we are promised that all of the increased tax dollars will be returned to us – even though we remain shorted on the previous promise by more than a quarter-billion dollars per year.

Sorry, but we’re not buying it this time. And taken together with more proposed cuts in Medicaid reimbursement that will cause still more damage, Connecticut hospitals are wondering what we’ve done to deserve this disproportionate assignment of “shared sacrifice.”

We are Connecticut’s hospitals. We don’t get snow days – ever. We don’t shut down – ever. And we don’t turn away patients, even those who can’t pay – ever! We recognize times are tough, but we think we’ve shouldered at least our own share of the burden, and – likely – even more.

We can’t continue to do it this way, though, with the state’s harmful combination of higher taxes and reduced funding. Please don’t increase the hospital tax; phase it out. Please don’t cut our Medicaid funding again; keep it steady. Make us whole so that we can do what we’re best at – providing compassionate, quality care for the people who live and work in our communities. Thank you.