



DANBURY HOSPITAL
NEW MILFORD HOSPITAL



**TESTIMONY OF
ANDREA RYNN
WESTERN CT HEALTH NETWORK
SUBMITTED TO THE
FINANCE, REVENUE AND BONDING COMMITTEE
MONDAY, APRIL 6, 2015**

**SB 945, An Act Concerning The Tax Exempt Status Of Certain Hospital
Facilities**

The Western CT Health Network (WCHN, the parent of Danbury, New Milford and Norwalk hospitals) appreciates this opportunity to submit written testimony concerning **SB 945, An Act Concerning The Tax Exempt Status Of Certain Hospital Facilities**. We oppose this bill and urge the General Assembly to keep the current tax exemption and Payment In Lieu Of Taxes (PILOT) funding structure for hospitals in place.

Our hospitals are undergoing unprecedented change in healthcare as we steer a course to transform the way care is provided for our patients. We are focused on providing safe, accessible, equitable, affordable, patient-centered care for all, and we are implementing innovative solutions to integrate and coordinate care to better serve their patients and communities. Many of our care sites are in community-based settings for patient convenience and easy access.

Simply put, SB 945 would remove the property tax exemption for properties that are not part of a not-for-profit hospital's main campus. If passed into law, Connecticut would be the only state in the nation to levy property tax on not-for-profit hospitals in such a manner. This law is counter-intuitive and puts at risk convenient access for our patients.

Connecticut, like the rest of the nation, enacted the property tax exemption for hospitals many years ago in recognition of the critically important role hospitals play in their communities. Working with our community partners, our hospitals are identifying and addressing key health issues people are facing, so they can live healthier, better lives.

These efforts include outreach and support services for patients with cancer, heart disease, diabetes, asthma, or other chronic conditions, and clinics delivering primary and preventive care, healthy lifestyle education programs, services for the homeless, clinics for migrant workers, crisis intervention services, and many other programs targeted to meet specific community needs. The community benefit programs offered by hospitals improve the quality of life in our cities and towns. In 2013, Connecticut hospitals invested \$1.5 billion in community benefit initiatives and our three hospitals invested more than \$70 million to improve the health of our residents.

Additionally, Danbury, New Milford and Norwalk hospitals play a vital role in our economy, providing great jobs to more than 6500 people who make sure we provide access to the very best care, 24/7. The jobs provided by our hospitals sustain Connecticut families. And every hospital job creates another job in our community.

We treat everyone who comes through our doors regardless of ability to pay. In 2013, our hospitals provided nearly \$69 million in free or subsidized services for those who could not afford to pay. We also incurred millions in losses due to Medicare and Medicaid paying hospitals less than the cost of caring for patients on those programs.

Yet our commitment to our patients has never wavered, even while the financial burdens imposed on hospitals by the state have grown increasingly unbearable.

The proposed budget would cut Medicaid provider rates, increase the hospital tax to \$514.4 million per year, eliminate the low-cost hospital pool, and withhold hospital supplemental payments. Excluding the fiscal impact of SB 945, proposed cuts and taxes in the budget amount to an estimated \$80+ million over the course of the biennium for our not-for-profit hospitals.

We have made difficult choices to account for the resources lost due to government underfunding of the Medicaid program, the hospital tax, and mental health cuts, and over the last few years, many jobs were eliminated, services were reduced, and investments in technology and infrastructure were put on hold. Hospitals can endure no more.

SB 945 would place yet another fiscal burden on hospitals. The financial burden of paying property taxes to local governments, coupled with the adverse impacts of both the Medicaid funding cuts and the hospital tax, threatens the ability of hospitals to maintain community benefits at their current levels, and would affect access and services for all patients.

Our hospitals epitomize the reason that the property tax exemption was created. They play a unique and critically important role in their communities. They are worthy of continued exemption from paying property tax.

We cannot support a proposal that would make not-for-profit Connecticut hospitals liable for the payment of property taxes. Connecticut hospitals cannot endure another tax. We urge you to keep the current tax exemption and PILOT funding structure in place.

Thank you for your consideration.

Andrea Rynn