

TESTIMONY OF
LAWRENCE + MEMORIAL HOSPITAL
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

Thank you for the opportunity to submit testimony in strenuous opposition to SB 945, An Act Concerning The Tax Exempt Status Of Certain Hospital Facilities. Lawrence + Memorial Hospital's testimony today is submitted by Bill Stanley, Vice President of Development & Community Relations.

This legislation would require not-for-profit, community hospitals to begin paying property taxes on facilities in their service areas that are not located on their main campuses. The concept of assisting cities and towns that have been hurt by the state's consistent under-funding of its PILOT (Payment In Lieu Of Taxes) program may be commendable. However, doing it at the expense of not-for-profit community hospitals that are supposed to be tax-exempt is the wrong way to go. It would give Connecticut yet another dubious fiscal distinction as the only state to impose such a tax on hospitals.

When the PILOT law was enacted in the 1980s, the state reimbursed municipalities for tax-exempt properties at the rate of 77 cents per dollar. Today, through gradual erosion of that reimbursement over the years by governors and legislatures, that amount is a meager 33 cents on the dollar – less than half of what was originally provided. It is no wonder that the municipalities are in desperate need of additional funding.

Like other states throughout the U.S., Connecticut provides property tax exemptions for not-for-profit community hospitals, recognizing that we provide round-the-clock care for the sick regardless of their ability to pay. Part of the exemption also recognized is that hospitals play a critical and expanding role in improving the collective health of our respective communities. In fact, Lawrence + Memorial's actual mission statement is "To improve the health of our community."

Additionally, L+M and the state's other not-for-profit community hospitals are not only major economic engines in our host communities, but each of us gives back tens of millions of dollars annually in uncompensated care, free or reduced-cost programs and services, support for dozens of community causes and the growing gap between the actual cost of our care and the level at which the state and federal governments reimburse us.

This legislation has been introduced by the Malloy Administration. This is the same administration that four years ago introduced a gross receipts tax on community hospitals, then two years later imposed draconian cuts to our Medicaid reimbursement, costing hundreds, if not thousands, of hospital jobs statewide. At L+M, we were forced to lay off 75 employees, and dozens more positions at our hospital remain vacant.

Then, this year, the governor sought to increase the same gross receipts tax that Connecticut hospitals had hoped to phase out over the next five years. Additionally, the governor's budget calls for still more reductions in Medicaid reimbursement for Connecticut's hospitals.

All of these actions -- including the bill now before you -- would worsen already dire finances at most of the state's community hospitals. This bill, in fact, flies in the face of modern hospital trends that strive to make healthcare programs and services more accessible in the communities we serve.

I urge you to please vote against this legislation and support initiatives that will strengthen, not weaken, Connecticut's community hospitals.

Thank you.