



affiliate Columbia University College of Physicians and Surgeons
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**TESTIMONY OF
STAMFORD HOSPITAL
SUBMITTED TO THE
FINANCE, REVENUE AND BONDING COMMITTEE
SB945, An Act Concerning The Tax Exempt
Status of Certain Hospital Facilities**

Stamford Hospital appreciates this opportunity to submit testimony concerning **SB 945, An Act Concerning The Tax Exempt Status Of Certain Hospital Facilities**. Stamford Hospital opposes this bill. We urge the General Assembly to keep the current tax exemption and payment in lieu of taxes (PILOT) funding structure for hospitals in place.

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.

The reason a tax-exempt status is given to an organization is in recognition of an equal or greater amount of benefit being given to the community. Exemption from property taxes provides necessary and important financial support to our hospital allowing us to pursue our mission of caring. Losing this benefit as well as absorbing the increased taxes and reduced revenue currently contained in the Governor's proposed budget will not only make health care more expensive, it will require the elimination of key community programs and services, and it threatens our independent status which would result in loss of local control.

Stamford Hospital has been in operation for nearly 120 years, and provides a critical safety net for our community. At a time of unprecedented change in healthcare, Connecticut hospitals are leading the way to transform the way care is provided. Stamford Hospital is focused on providing safe, accessible, equitable, compassionate, patient-centered care for all, and is working in collaboration with key social service providers in our community to find innovative solutions to integrate and coordinate care to better serve our patients.

Stamford Hospital is the cornerstone of our community, caring for everyone who comes through our doors 24 hours a day, regardless of ability to pay. The benefits of hospitals extend well beyond the great care and critical safety net health services we provide. We also serve as the economic lifeblood of our community. With over 2,400 employees and total payroll of over \$295 million, we contribute to our community's economic vitality and security. In addition to the significant community benefit Stamford Hospital provides each year, our mission of caring includes high levels of uncompensated care, which continues to rise.

Stamford is often referred to as part of the Gold Coast. Yet, the city of Stamford is home to a significant undocumented population that is not eligible for any insurance coverage. Stamford Hospital has partnered with a number of organizations including Americares and Optimus Healthcare to provide primary and specialty care for these individuals and to reduce the use of hospital emergency services. And we have established a community collaborative to address the health care priorities identified in our Community Health Needs Assessment. The proposed budget cuts, hospital tax increases and imposition of property taxes threaten the sustainability of all of these efforts. While these programs have been well received, our Charity Care costs continue to rise (\$30.29 million in FY-2014).

This year, the hospital tax and reductions of DSH payments is \$19.4 million for Stamford Hospital. Rather than revenue neutral payments for Medicaid as promised, we were notified in December of 2014 of unplanned cuts to the current (FY2015) budget, approximately \$2 million for Medicaid. Medicaid net reimbursement to Stamford Hospital as proposed will decline by 12% from 2009 to 2016 while Medicaid patient visits will have risen 77%. Net reimbursement per visit has declined from \$830 per visit in 2009 to a projected \$414 per visit in 2016 or 50%. And despite Medicaid expansion, visits by uninsured patients have remained relatively unchanged over the same time period, reflecting the large undocumented population in Stamford.

We are deeply concerned that the current and proposed state budgets continue to tax hospital revenue and erode the safety net that our hospital provides to our community. In the proposed budget, Stamford Hospital is projecting additional funding cuts of \$7.5 million over the Biennium. These cuts, combined with the proposed increases in the user fee results in an added financial burden on Stamford Hospital of approximately \$25 million over the biennium, some of which may be offset when funds are redistributed. SB 945 would place another fiscal burden on our hospital and threatens our ability to maintain community benefits at their current levels. It would also establish an extremely troubling precedent of public policy that ignores the critically important role of hospitals in their communities.

The impact of the hospital tax on our current budget (FY 2015) cannot be overstated, and the atmosphere of uncertainty affects operations and morale. The proposed increase in the hospital tax and the imposition of property taxes will require Stamford Hospital to eliminate a number of programs and services including some community benefit programs that are specifically aimed at prevention and the improvement of community health. Such efforts include outreach and support services for patients with cancer, diabetes, asthma, or other chronic conditions, mobile vans and clinics delivering primary and preventive care, as well as health education programs.

We respectfully urge you to keep the current tax exemption and PILOT funding structure in place and reject SB 945.

Thank you for your consideration of our position.