



TESTIMONY OF
Eastern Connecticut Health Network
Manchester Memorial Hospital and Rockville General Hospital
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

Eastern Connecticut Health Network (ECHN) appreciates the 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, and add new regulatory burdens. It is focused on short-term budget fixes, when what we need is a long-term plan for hospital sustainability in Connecticut. For those reasons, ECHN opposes this bill.

ECHN serves more than 12,000 inpatients and 164,000 outpatients each year. We employ over 2,500 people with a payroll of \$163M. Beyond the lifesaving care we provide 24 hours a day, we spend over \$100M on goods and services. The economic impact of ECHN on our local economy is an enormous benefit to our community as we work to improving the health of its residents.

ECHN with its hospitals, Manchester Memorial Hospital and Rockville General Hospital, is focused on providing safe, accessible, equitable, affordable, patient-centered care for everyone who walks through our doors. We are finding innovative solutions to integrate and coordinate care to better serve our patients and communities. But this job is much harder because we are under significant financial stress. In addition to government underfunding, our tax-exempt hospitals paid \$8,141,734 last year because of the provider tax.

That's money we would have invested in programs, providers, services and technology to address community health needs and restructure our care delivery systems to meet the demands from health care reform, specifically to keep patients well in the least cost settings with the best possible outcomes.

The Governor's proposed budget would expand the hospital tax to \$514.4 million each year, cut Medicaid rates, and eliminate the low-cost hospital pool for FY 2016 and 2017. It would not distribute enhanced revenue on hospital supplemental payments due for FY 2014 and 2015, and would eliminate payments in the future. It would also limit the use of tax credits for businesses and hospitals.

Our hospital invests exclusively in the health and well-being of Connecticut residents, yet we are not eligible to earn any of the tax credits available to other entities. Hospitals, as taxpayers, should be eligible to earn tax credits just like any other business that fulfills the obligations necessary to earn the tax credit, and such amount should be taken against our hospital tax liability.

In short, this budget would add even more financial pressure at a time when we need relief. We know the state is facing a challenging budget, but we have already been cut and taxed so significantly that it is hurting patient care, access, jobs, and our economy.

In addition, in SB 945, An Act Concerning The Tax Exempt Status Of Certain Hospital Facilities, 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 property taxes to local governments, coupled with the adverse impacts of both the hospital tax and state funding cuts, threaten our ability to maintain community benefits at their current levels, and negatively affect access and services for patients.

Connecticut hospitals epitomize the reason that the property tax exemption was created. We 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 us to pursue our basic mission of caring. Because of the unique and critically important role we play in our community, we are worthy of continued exemption from paying property taxes.

Added to these very serious budget concerns are a number of challenging regulatory issues we face this session that would burden and constrain our hospital, impeding our ability to move care forward in line with the expectations set forth by federal healthcare reform.

Our community members need their hospital to be there to protect them when they have an emergency. We need a sustainable healthcare environment in our state, 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. Thank you for your consideration of our position.