



**TESTIMONY OF
GRIFFIN 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

Griffin Hospital 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, Griffin Hospital opposes this bill.

Griffin Hospital serves nearly 7,000 inpatients and more than 190,000 outpatients each year, a number that includes nearly 40,000 emergency room visits. We employ 1,308 people, including 300 nurses, and have more than 350 members of our medical staff. We are also a teaching facility where medical students from the Yale University and Quinnipiac medical schools receive their residency training. Beyond the lifesaving care we provide 24 hours a day, Griffin Hospital had a direct economic impact on our community of more than \$260 million, and we invest more than \$9 million in community benefit-related activities that improve the health and well being of our community. These include the aforementioned medical education programs, and providing opportunities for nursing and allied health students from area schools to gain clinical experience. This is critical to our state's efforts to ensure that we have an adequate, well-trained supply of healthcare workers for the future.

Griffin 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, we are a tax-exempt hospital that pays more than \$5.4 million in provider taxes to the state each year. Even after receiving supplemental payments from the state, this results in a net loss of more than \$3.8 million due to the tax.

The increased tax liability proposed in the Governor's budget, combined with the elimination of the low-cost hospital pool and other reductions in state reimbursement for care provided to Medicaid and SAGA patients, would mean Griffin will lose more than \$6.3 million in revenue over the biennium. That is money that could have otherwise been invested in making needed improvements to our infrastructure and technology, maintaining vital services and programs to meet the needs of our community, and ensuring that we have the staffing needed to provide those services. Instead, we will be faced with increasingly difficult decisions about what and

where to cut, understanding that those cuts will impact our patients' access to services, and affect employment and the economic benefit we provide to our community.

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. At a time when hospitals have begun to build the necessary capabilities to manage the health of the populations we serve, these indiscriminate cuts will only serve to undermine our efforts in these areas and stall initiatives that will reduce costs and increase quality.

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.