St.Vincent's Health Services

TESTIMONY OF
St. Vincent's Medical Center
SUBMITTED TO THE
PLANNING AND DEVELOPMENT COMMITTEE
Wednesday, March 11, 2015

HB 6965, An Act Concerning The Preservation of Municipal Tax Bases

Thank you for the opportunity to speak with you on behalf of St. Vincent's Medical Center, our patients, our associates, medical staff and our community about the impact that **HB 6965, An Act Concerning the Preservation of Municipal Tax Bases**, will have on our hospital and our community.

My name is Raymond Baldwin, Jr. and I serve as the President and CEO of St. Vincent's Special Needs Services. I am here today testifying on behalf of the entire leadership of St. Vincent's Health Services in the absence of our President and CEO Dr. Stuart Marcus, who could not be here today.

Let me begin by stating that St. Vincent's Medical Center strongly opposes **HB 6965, An Act Concerning the Preservation of Municipal Tax Bases.** We urge the General Assembly to keep the current tax exemption and payment in lieu of taxes (PILOT) funding structure in place. HB 6965 would allow municipalities to tax not-for-profit hospitals and colleges. If passed into law, Connecticut would be the only state in the nation to levy property tax on not-for-profit hospitals and colleges.

For more than 112 years, St. Vincent's has served the Greater Bridgeport community. We are the largest employer in the City of Bridgeport with more than 3,500 associates, including our medical staff. In 2013, St. Vincent's total direct economic impact on our community was greater than $900 million. We are a safety net hospital, and last year, delivered more than $56 million in community benefit.

The last Connecticut state budget cycle resulted in a $22 million impact leading us to close a school serving at risk troubled youth on our Behavioral Health campus, a workforce reduction and no pay raises with a loss of benefits for those fortunate enough to keep their jobs.

Governor Malloy's proposed budget cuts another $514.4 million in hospital reimbursements over the next two years. For St. Vincent's, we are estimating another $25M impact over the 2 year period, putting us at an operating loss. HB 6965 would result in an additional $10.2 million tax on St. Vincent's per year. That's a total of $45 million over the 2-year period that will be a direct impact and will absolutely do further damage to our ability to serve those most vulnerable and needy, which is the very reason St. Vincent's exists. These cuts will significantly impact the "ripple effect" that staff salaries, facility construction and purchases of supplies and food have on our economy.

Like all hospitals in Connecticut over the last two years, we have made difficult choices to account for the resources lost due to government underfunding of the Medicaid program, the hospital tax, and other cuts, and over the last few years, many jobs were eliminated, services were reduced, and investments in technology and infrastructure were put on hold. Your hospitals and the communities we serve can endure no more. You and your constituents rely on strong hospitals, and this additional tax will surely weaken an already fragile healthcare environment in Connecticut. Don't let this happen.

Connecticut hospitals play a unique and critically important role in our communities and we are worthy of continued exemption from property tax. Connecticut enacted the PILOT program to support cities and towns. We know that municipalities are also under financial strain. But we cannot support a proposal that would make not-for-profit Connecticut hospitals liable for the payment of real and personal property taxes. Connecticut hospitals cannot endure another tax. We urge you to keep the current tax exemption and PILOT funding structure in place.

Our patients, families, staff and businesses we support in our community are relying on you. Your constituents call upon you to protect hospital funding and ensure that their healthcare system will be there to maintain their health, not only when the unexpected happens but also to prevent the unexpected. Our entire leadership team and associates at St. Vincent's Medical Center urge you to vote "No" on the taxes contained in HB 6965.

Thank you for your consideration of our position.