



Johnson Memorial Medical Center

**TESTIMONY OF
STUART E. ROSENBERG
JOHNSON MEMORIAL HOSPITAL
SUBMITTED TO THE
PLANNING AND DEVELOPMENT COMMITTEE
Wednesday, March 11, 2015**

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

Johnson Memorial Hospital appreciates this opportunity to submit testimony concerning **HB 6965, An Act Concerning The Preservation Of Municipal Tax Bases**. Johnson Memorial Hospital opposes this bill. It will cripple an already compromised health care system in Connecticut. We urge the General Assembly to keep the current tax exemption and payment in lieu of taxes (PILOT) funding structure in place.

Our Health Care marketplace is going thru significant turbulence and redesign. Connecticut hospitals are leading this change to continuously improve and innovate the way care is provided. They are focused on providing safe, accessible, equitable, quality driven, reliable, as we integrate and coordinate care for our patients and communities.

Very simply, 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.

Connecticut, like the rest of the nation, enacted the property tax exemption for hospitals many years ago in recognition of the unique and critically important role hospitals play in their communities. Not only do Connecticut hospitals care for the sick, but they also play a major and continually expanding role in improving community health. Working with their communities, Connecticut hospitals are identifying and addressing key health issues people are facing, so they can live healthier, better lives. For instance, at Johnson Memorial we provide many outreach services such as support services for patients with cancer, diabetes, asthma, or other chronic conditions, mobile vans, preventive care, healthy lifestyle education programs, crisis intervention services, services for seniors, and many other programs targeted to meet specific community needs. The community benefit

programs offered by hospitals improve the quality of life in our cities and towns. In 2013, Connecticut hospitals invested \$1.5 billion in community benefit initiatives. Connecticut hospitals play a vital role in our economy and are cornerstones of their communities, providing great jobs to more than 55,000 people who make sure we have access to the very best care whenever we need it. The jobs provided by hospitals sustain Connecticut families. And every hospital job creates another job in our community. In total, Connecticut hospitals generate more than 110,000 jobs in our communities and contribute more than \$21 billion to the state and local economies. Johnson Memorial employs 617 staff (1100 staff for the system) including 69 active medical staff. Beyond the lifesaving care we provide 24 hours a day we contribute over \$129 million dollars to our local economy and invest \$170,000 in improving the health of our community.

Connecticut hospitals treat everyone who comes through their doors 24 hours a day, regardless of ability to pay. In 2013, Connecticut hospitals provided nearly \$218 million in free services for those who could not afford to pay. They also incurred \$1.1 billion in losses due to Medicare and Medicaid paying hospitals less than the cost of caring for patients on those programs.

The commitment of Connecticut hospitals to their communities has not wavered, even while the financial burdens imposed on hospitals by the state have grown increasingly unbearable.

In 2014, Connecticut hospitals paid \$349.1 million in the so-called hospital tax. The Governor has proposed to increase that tax by \$165 million, bringing the tax to \$514.4 million per year. This is in addition to proposed reductions to Medicaid provider rates by \$107.5 million in FY 2016 and \$117.5 million in FY 2017, the elimination of a \$15 million low-cost hospital pool, and the withholding of hospital supplemental payments of \$12.9 million in FY 2014 and \$16.1 million in FY 2015. Hospitals 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. Hospitals can endure no more.

Johnson Memorial Hospital is focused on providing safe, accessible, equitable, high reliable affordable, patient-centered care for everyone who walks through our doors. We continue identify innovative solutions to integrate and coordinate care to better serve our patients and communities. But this job is much harder because we continue to be under significant financial challenges. In addition to government underfunding, we are a tax-exempt hospital that pays \$1,373,472 each year

because of the provider tax. The proposed Governors Budget is also proposing to eliminate the distress hospital funding for small community hospitals. The impact for Johnson Memorial is \$1.2 million dollars.

That's money Johnson Memorial Hospital would have invested in critical staffing, improved information technology, critical facility enhancements that in part involve safety and compliance requirements. We had to reduce expenses by well over \$5,000,000. The cuts were in areas of employee benefits, community education, inpatient and outpatient resources, staffing reductions, reducing resources to our community we serve.

HB 6965 would place yet another fiscal burden on hospitals. 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 the ability of hospitals to maintain community benefits at their current levels, and affect access and services for all patients.

Connecticut hospitals epitomize the reason that the property tax exemption was created. They play a unique and critically important role in their communities. They are worthy of continued exemption from property tax.

Connecticut enacted the PILOT program to support cities and towns. CHA understands 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.

Thank you for your consideration of our position. For additional information, contact CHA Government Relations at (203) 294-7310.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Stuart E. Rosenberg". The signature is fluid and cursive, written in a professional style.

Stuart E. Rosenberg
President/CEO