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Testimony
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Senate Minority Leader Len Fasano
Senate Minority Leader Pro Tempore Kevin Witkos
Finance, Revenue and Bonding Committee Public Hearing
House Bill No. 5493 An Act Phasing Out the Ambulatory Surgical Center Tax

Senator Fonfara, Representative Berger, Senator Frantz, Representative Davis, and members of the Finance, Revenue and Bonding Committee, thank you for the opportunity to testify in support of H.B. No. 5493 An Act Phasing Out the Ambulatory Surgical Center Tax

Many Republican senators in our caucus have submitted requests this session to phase out the provider tax on ambulatory surgery centers, so we want to thank the Committee for raising this bill on behalf of all the lawmakers who shared similar proposals.

Ambulatory surgical centers (ASCs) were established as a cost-effective alternative to hospitals for surgical procedures. These centers are not tax exempt, so they already pay sales, corporate income and local property taxes. Paying an additional provider tax on top of all these other taxes puts these centers at a competitive disadvantage to other care providers.

Ambulatory surgical centers play a vital role in our state's health care market. They provide high-quality, low-cost surgery options for individuals outside of hospital settings which we need to work to protect and preserve.

According to the Connecticut Citizens for Affordable Health Care (CCAHC), surgical procedures performed at ambulatory surgery centers cost payers 55% less than the average paid to hospital outpatient departments. Medicare also reimburses these centers significantly less than hospitals. The centers operate on very thin margins to keep patient costs down. For example, an ACL surgery at a hospital could cost approximately \$6,705 based on Medicare rates, according to data from Surgical Care Affiliates (SCA). That same procedure would be almost half the cost, with a savings of over \$3,000 at an ambulatory surgery center.

The tax has placed more burdens on these centers, straining the amount of services they provide, inhibiting their expansion, and resulting in more people needing to go to hospitals for services that otherwise could have been provided in an ambulatory surgical center. According to data from CCAHC, these centers provided 210,000 cost-effective surgical procedures in 47 centers across the state just in 2013. This same group also estimated that approximately 25% of these centers would operate at a loss with the implementation of the 6% provider tax. The risks associated with added burdens also puts strain on nearly 2,000 jobs in Connecticut ambulatory surgery centers.

It's clear that our state is facing significant budget problems which obviously raise many questions about any proposal that would result in a reduction of revenue. That being said, we feel strongly that this tax is harmful to accessible, lower-cost care and should be repealed. Phasing out this tax slowly as proposed in this bill will ease the impact on the state. As you know, this bill phases out the Ambulatory Surgical Tax by reducing the tax rate from the current 6% by 2% annually so that beginning in October 2018 the tax would no longer be levied. In addition, helping people access more affordable health care in conveniently located centers will help us build a healthier state thereby relieving pressure on the need for certain state-run social services:

We believe our state needs to protect the accessible, low-cost, high-quality care offered at ambulatory surgery centers. We don't believe it is fair to double-tax these centers to the detriment of the patients they serve.

Thank you for the opportunity to share our input on this important bill.