Testimony of Amanda Gunthel
Wilton Surgery Center
Before the Finance Committee
In Support of
HB 5493, AA Phasing Out the Ambulatory Surgical Center Tax
March 9, 2016

Good afternoon, Sen. Fonfara, Rep. Berger and members of the Finance Revenue and Bonding Committee. My name is Amanda Gunthel and I am here today as the Administrator of the Wilton Surgery Center to speak in support of HB 5493, An Act Phasing out the Ambulatory Surgical Center Tax.

I would like to thank the committee for raising this important legislation before you today. Last year, the 6% gross receipts tax was passed late in the session without the benefit of public comment and without a true understanding of its impact on our industry.

Our Center opened in September of 2005. In our first month of business, we performed 45 surgeries. Today, in a busy month we will perform 650-700+ surgeries. In 2015, we provided care for 7500 patients. There are currently 46 members on our Medical Staff and approximately 40 facility employees.

Ambulatory Surgery Centers (ASCs) provide high-quality, cost-effective care to patients throughout Connecticut and across the country. We increase access to high quality care and save patients millions of dollars each year through lower co-payments and deductibles. Ambulatory Surgery Centers are held to the same regulatory standards as hospitals, yet Medicare reimburses ASCs 50% less than what they pay hospitals for the exact same procedure. As the lower cost health care option,

it hardly makes sense to impose a tax at a level that threatens our viability. If properly supported, Ambulatory Surgery Centers could play a vital role in the solution to rising healthcare costs in Connecticut and nationally.

Connecticut's ASC tax is the highest in the nation. Only 4 other states tax ASCs, and our neighbors in Rhode Island recently repealed a 2% tax. Not only is this tax the highest, it is structured in a way that ultimately costs facilities close to 30%, not 6%, because it is applied to the gross receipts of a center. Put plainly, every single bit of revenue that comes through the door is taxed.

In the long term, the ASC tax will affect my Center's ability to grow and thusly survive, as the negative impact to our financial performance will make it more difficult for us to attract new physician partners. In the short term, the ASC tax will affect our ability to make facility repairs and upgrades, and replace and repair the medical equipment necessary to ensure we are meeting the standard of care we are responsible for providing.

I would like to share with you two ways the Wilton Surgery Center was impacted by the payment of our very first tax bill.

I recently attended a Patient Safety Organization that addressed the increasing problem of Workplace Violence in the healthcare setting and how best to ensure the safety of our patients and staff. We heard from experts in law enforcement about the importance of installing proper safety measures like cameras, alarms and locks. This is something our Center desperately needs to address and was slated for January

2016. The tax payment we made in January prevented us from having the available funds to complete these critically important security upgrades.

The second impact I would like to share relates to my physician partners, and I'm sure to many physician partners at other facilities. It is not uncommon for physician partners to take out loans to finance their "buy-in" at an ASC, which requires them to meet a monthly debt service. Assuming additional debt can be quite daunting for them, as they are often still burdened by the debt from educational loans and loans made to help them start their practices. These physicians have made an investment in themselves. They have made an investment in and a commitment to, the healthcare delivery process in this state. Due to the tax payment we made in January, for the first time in ten years, I had physician partners who were unable to make their debt service for their ASC partnership loans.

The bill before you today is a common sense approach to a bad policy. While we would rather see an outright repeal, a phase-out is certainly a step in the right direction.

I commend you for raising HB 5493 and urge you to protect patient access to high-quality, cost-effective care in Connecticut's Ambulatory Surgery Centers by passing the repeal this session. Thank you for your consideration.