



Written Testimony of the Connecticut Orthopaedic Society
House Bill 5493 AN ACT PHASING OUT THE AMBULATORY SURGICAL CENTER TAX
Committee on Finance, Revenue and Bonding – March 9, 2016

Senator Fonfara, Representative Berger and distinguished Members of the Committee, on behalf of the more than 200 orthopaedic surgeons of the Connecticut Orthopaedic Society, thank you for the opportunity to submit testimony in support of, **House Bill 5493, AN ACT PHASING OUT THE AMBULATORY SURGICAL CENTER TAX.**

Ambulatory surgical centers (ASCs) provide safe and state of the art orthopaedic care for thousands of patients in the State of Connecticut every year. Generally, the facility fees paid for procedures at ASCs are a fraction (up to 50%) of those encountered at hospital-based outpatient surgery facilities. Over the past few decades, the migration of care to these facilities from hospital-based centers have saved the State, employers, and patients untold millions of dollars.

The high-quality, low cost care received in these centers are the very embodiment of “value-based healthcare purchasing” being emphasized by CMS, the State, payers and physicians. They are the institutions best equipped to deliver even more value to the healthcare marketplace as innovation continues around types of services provided, standardization of care, and cost-containment. The effort by CMS to introduce “site neutral payments” is the direct result of the documented value provided by ASCs.

Many of our members own, operate, and care for patients at ASCs. These facilities employ thousands of highly-skilled and dedicated employees, and furnish good wages and benefits, including health insurance and retirement benefits. These are vibrant small businesses, the very kind the State should be supporting as the basis for a strong skill-based economy.

To be singled out as the only industry in Connecticut subject to a gross receipts tax, implemented just this past year, is both unfair and could potentially cripple innovation in health delivery and cost-containment, but also puts at risk the employment of hard-working citizens. Without any reasonable ability to pass on this burdensome tax to payers this cost of business goes directly to the bottom-line. In addition, unlike hospital outpatient departments, ASCs pay property taxes, inventory taxes, sales tax and income taxes.

Finally, standard business practice for some procedures in ASCs is for payers to reimburse the direct cost of implants used during surgery. In a gross receipts environment, ASCs actually lose money on these “pass-through” payments. Not only are we being taxed on the surgical care we provide, but we are also being taxed on the device used.

We appreciate the Committee’s response to phase out, by 2018, the unfair business tax on healthcare and the Society strongly supports this bill. This Committee’s proactive efforts this session will help ensure that we can continue to provide the highest quality care at the best value to our patients; your constituents.

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