



State of Connecticut

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PUBLIC HEALTH COMMITTEE

Testimony in Support of:
SB49: AN ACT CONCERNING AN EXEMPTION FROM THE HOSPITAL TAX FOR
HOSPITALS IN THE SMALL HOSPITAL POOL
Finance Revenue and Bonding Committee
February 26, 2016

Good Morning Chairman Fonfara, Chairman Berger, Ranking Members Senator Franz and Representative Davis, and distinguished members of the Finance, Revenue, and Bonding Committee. I would like to thank the committee for raising SB49: AN ACT CONCERNING AN EXEMPTION FROM THE HOSPITAL TAX FOR HOSPITALS IN THE SMALL HOSPITAL POOL.

In recent months we have seen the devastating effects of this “temporary tax” on our community hospitals. Over the past five years that this “temporary tax” has been in effect, we have heard stories from patients, doctors, administrators, and many others describing the hardships they have endured. The hospital tax has shattered our local hospitals and endangered the level of a care provided to our residents.

In recent months, our hospitals have lost millions of dollars in revenue as a result of this tax. This tax has resulted in not only emotional distress, but also:

- Job layoffs
- Elimination of pensions
- Elimination of salary increases
- Reduction or elimination of services and programs

I believe that we, as the state of Connecticut, have not followed through on our promises to these hospitals in addition to adding this tax burden. The state has yet to file the paperwork necessary to receive federal reimbursement dollars given to provide care to local families. This delay of federal money is putting severe pressure on the cash flow of our local hospitals, making it

difficult to operate necessary day to day programs and services. Additionally this delay in payment may lead to some small hospitals being in violation of their covenant of borrowing: banks may call in for full payment of current loans.

As legislators and policy experts, we need to decide just how important our community hospitals are to our local economy, jobs, and access to quality healthcare by our constituents. I believe that community hospitals should be a high priority to our state government. We should be supporting their efforts to improve our community rather than putting them out of business. Without our support, our local hospitals may disappear as well as the benefits they provide to our friends, families, and neighbors. For this year's budget, I strongly support the exemption of small hospitals from the hospital tax. Common sense dictates we adopt this legislation and by doing so, allow people to keep their jobs, and allow hospitals the opportunity to invest in their facilities and equipment to ensure high quality care for all.

I would like to thank the committee for raising SB 49, and I look forward to their continued support as we progress through the legislative process.

Representative Betts
78th District