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April 26, 2019

To the Members of the Finance Committee,

On behalf of **the Connecticut Orthopaedic Society** and the 230 orthopaedic surgeons we represent, I am writing to urge your **support for SB 1131, An Act Concerning the Ambulatory Surgical Centers Tax.**

Ambulatory Surgery Centers provide high-quality, cost effective care to patients throughout Connecticut. These Centers save patients millions of dollars each year through lower co-payments and lower deductibles while providing quality care to patients.

As you well know, the 6% gross receipts tax has had a chilling effect on the ASC industry. Not only is it the highest tax in the nation (only 4 states even tax ASCs), the fact that it's an "above the line tax" translates to an effective tax rate of 30%. The end result is that, unlike other small businesses, it negates the ASCs ability to deduct normal business expenses before taxes and unlike hospitals, and similar tax-exempt entities, they also pay a wide range of taxes such as income tax, sales tax, property tax, and more. So, ASCs are taxed both as a small business and as a health-care provider without enjoying the benefits of either category.

The bill before you today starts to address these inequities and also allows the state to benefit from the savings achievable under the Medicaid program. It is a step in the right direction.

By maintaining the \$1 million exemption through a waiver process and exploring other options for relief, you will begin the process of stabilizing this industry, spurring further investment and economic growth in Connecticut, and allowing us to be part of the solution as you grapple with ever increasing health care costs.

On behalf of the orthopaedic surgeon members of the Connecticut Orthopaedic Society, I would like to thank this committee and Sen. Fonfara for his leadership in recognizing the value proposition of ASCs for the state's health care delivery system. Let's work together to ensure access to high-quality, cost effective care in Connecticut. SB 1131 will put us on that path.

Sincerely,



Mariam Hakim Zargar, MD, MPH
President
Connecticut Orthopaedic Society
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