

To the Members of the Finance Committee:

On behalf of the Middlesex Center for Advanced orthopedic Surgery (MCAOS) and as a member of the Connecticut Association of Ambulatory Surgery Centers, I 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. ASCs save patients and third-party payors millions of dollars each year through lower co-payments and lower deductibles. Our facility performs thousands of outpatient Orthopedic surgical procedures each year. Our quality metrics (admission rates, infection rates, etc.) exceed State and national averages and have done so for nine consecutive years.

As you well know, the 6% gross receipts tax has had a chilling effect on our industry. Not only is it the highest in the nation (only 4 states even tax ASCs), it is structured in a way that ends up costing facilities close to 30%, not 6% as it is applied to the gross receipts. Unlike other businesses, we're not permitted to deduct business expenses; unlike hospital-owned facilities, we already pay a wide range of taxes—on income, sales, property, and more. This difference cannot be understated. Under the current tax structure, ASCs are taxed as a small business AND as a health-care provider.

Our facility has postponed numerous equipment upgrades as well as physical plant expansion due to the dramatic effect that this tax has had on our financial standing.

The bill before you today begins 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. Our work and metrics should be nurtured as the engines of ingenuity that they have become. Providing high quality care at a fraction of the cost of hospital based care is what we have achieved. Help us to continue to grow and stem the rising slope of health care expenditures in Connecticut!

I want 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,

Paul J Schaefer MD  
Medical Director MCAOS