

To the Members of the Finance Committee:

On behalf of **Norwalk Surgery Center** 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. We save patients millions of dollars each year through lower co-payments and lower deductibles. We pride ourselves on the level of care we provide to our 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 our ability to deduct normal business expenses before taxes and unlike hospitals, and similar tax-exempt entities, we 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.

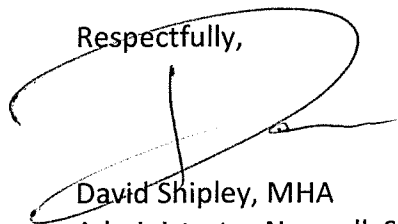
Since the inception of the ASC Provider Tax, Norwalk Surgery Center has contributed greater than \$2 million. With this additional tax burden, the ability to expand our facility through additional operating rooms and procuring new capital equipment to add new service lines such as Total Joint Replacement and Cardiovascular procedures has been prohibited. Consequently, many cases that could have, and should have been performed at Norwalk Surgery Center have shifted back to the hospitals, which has a much higher cost structure, creating an increased cost burden across all key stakeholders inclusive of patients, insurers, as well as the state of CT. With the inability to expand and procure new capital equipment, Norwalk Surgery Center has subsequently lost approximately \$2.5 million in revenue, leading to the loss and closure of 4 Full Time positions which will not be refilled.

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.

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.

Respectfully,

A handwritten signature in black ink, appearing to read 'David Shipley', is written over the word 'Respectfully,'. The signature is stylized with a large loop at the top and a horizontal stroke at the bottom.

David Shipley, MHA

Administrator Norwalk Surgery Center