



**TESTIMONY OF
CONNECTICUT HOSPITAL ASSOCIATION
SUBMITTED TO THE
FINANCE, REVENUE AND BONDING COMMITTEE
Monday, April 29, 2019**

**SB 1137, An Act Concerning Deposits In Lieu Of Taxes and
SB 1138, An Act Concerning Community Restoration Funds**

The Connecticut Hospital Association (CHA) appreciates this opportunity to submit testimony concerning **SB 1137, An Act Concerning Deposits In Lieu Of Taxes** and **SB 1138, An Act Concerning Community Restoration Funds**. CHA opposes these bills.

Before commenting on these bills, it is important to point out that Connecticut hospitals and health systems provide high quality care for everyone, regardless of their ability to pay. By investing in the future of Connecticut's hospitals, we will strengthen our healthcare system and our economy, put communities to work, and deliver affordable care that Connecticut families deserve.

SB 1137 and **SB 1138** would each require a not-for-profit hospital to pay an annual fee to the state treasurer in an amount equal to 25% of the sum the hospital would have paid to the municipalities in which such real property is located, if such property were subject to the local property tax, to fund community restoration and revitalization activities. We object to this proposal as a thinly disguised effort to impose a hybrid form of property tax on not-for-profit acute care, chronic disease, children's, and psychiatric hospitals and health systems. We believe that Connecticut citizens are already well-served by a system through which hospitals and their community partners identify and address the medical, behavioral health, and social service needs that are unique to each community.

Imposing a new fee on not-for-profit hospitals will adversely impact healthcare providers and inevitably result in an increase in the cost of healthcare in Connecticut.

This new fee would also violate the long-cherished historical tradition in the United States not to impose taxes or other levies on providers of essential services that fortify the health and welfare of our people. State governments across the nation, including in Connecticut, have included not-for-profit hospitals among this group of charitable providers.

Connecticut's not-for-profit hospitals are keeping their promise to state and local government to meet the healthcare needs of our residents by providing high quality healthcare, as well as an array of community benefits to enhance the quality of life in our cities and towns.

Through community benefit programs, hospitals and health systems embrace their responsibility to improve the health of the people and communities they serve by working in partnership inside and outside their hospitals to build a healthier Connecticut. Today, hospitals are collaborating with community partners to deliver outreach and support programs that address critical health needs for expectant mothers and for patients with cancer, diabetes, and asthma; mobile vans and clinics delivering primary and preventive care; healthy lifestyle education programs; clinics for migrant farm workers; crisis intervention services; and many other programs targeted to meet specific community needs.

Hospitals, health systems, and their community partners are identifying resources and services that focus on addressing the social determinants of health and improving health equity. Working alongside community-based organizations, healthcare providers are helping the homeless find housing and jobs, securing healthy food options for families, and coordinating transportation to medical appointments.

The community benefit programs offered by hospitals and health systems in 2017 provided more than 12.4 million services to individuals and families at a value to the community of \$1.7 billion. That amounts to 15% of total hospital revenue.

The benefits of hospitals and health systems extend well beyond their walls, as they strive to improve the health of our communities and play a vital role in our economy. Connecticut hospitals and health systems are cornerstones of their communities, providing great jobs to more than 100,000 people who make sure we have access to the very best care whenever we need it. The jobs provided by hospitals sustain Connecticut families. Moreover, every hospital job creates another job in our community, for a total of 204,000 jobs and a total payroll of \$15.3 billion. In total, Connecticut hospitals and health systems contribute \$27.7 billion to the state and local economies.

Hospitals and health systems treat everyone who comes through their doors 24 hours a day, regardless of ability to pay. Currently, Medicare and Medicaid underpay Connecticut hospitals nearly \$1.5 billion each year. In 2017, Connecticut hospitals incurred nearly \$763 million in Medicare losses, nearly \$679 million in Medicaid losses, and spent more than \$111 million on charity care. Adding to that cost is the hospital tax.

The commitment of Connecticut hospitals to their communities has not wavered, even while the financial burdens imposed on hospitals by the state have grown increasingly unbearable. CHA urges the Finance, Revenue and Bonding Committee to continue to recognize the unique and critical role hospitals play in every community. Please reject **SB 1137** and **SB 1138**. Do not impose additional burdens on hospitals and health systems.

Thank you for your consideration of our position. For additional information, contact CHA Government Relations at (203) 294-7310.