



A community partner of YaleNewHavenHealth

**TESTIMONY OF
ANNE DIAMOND
PRESIDENT AND CEO
DAY KIMBALL HEALTHCARE
FINANCE, REVENUE, AND BONDING COMMITTEE
Monday, April 29, 2019**

My name is Anne Diamond, and I am the President and CEO of Day Kimball Healthcare (DKH). I am here to testify in opposition to **SB 1137, An Act Concerning Deposits In Lieu Of Taxes, and SB 1138, An Act Concerning Community Restoration Funds.**

Before commenting on the bill, it's important to point out that Day Kimball Healthcare provides high quality care for everyone, regardless of their ability to pay.

Day Kimball Healthcare is comprised of Day Kimball Hospital, Day Kimball Medical Group and Day Kimball Healthcare at Home. Our nonprofit community healthcare system is the major provider of comprehensive healthcare services in Northeast Connecticut, serving more than 70,000 of the region's approximately 100,000 residents. Our hospital provides life-saving access to care for approximately 23,000 emergency visits each year, in addition to high quality, efficient care for approximately 500 births, 3,000 surgical procedures and 4,000 inpatients. We provide this care to everyone in the communities we serve, regardless of ability to pay; and in our area, those covered by Medicare and Medicaid (which reimburses less than the actual cost of care) make up over 60% of the patient population.

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 such hospital would have paid to the municipalities in which the 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 Day Kimball Healthcare and other 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.

The ability to provide comprehensive healthcare services depends largely on the financial health of our hospital. Despite skyrocketing costs and ever-increasing hospital taxes, Day Kimball Healthcare has managed to continue providing high quality, highly efficient care to our patients. This is thanks to our ongoing efforts to find innovative business and clinical partnerships, such as our new tele-ICU partnership with Yale New Haven Health. Clinical technology and partnerships such as this allow us to bring services that would normally be prohibitively costly at a community hospital into our hospital and into our community, enabling our patients to receive the high level of care they need close to home and in a less costly setting.

Progressive, dynamic initiatives like this are the future of high-quality, lower-cost healthcare. But to make that happen, hospitals must have the financial breathing room necessary to make the investments in technology, clinical talent and facilities that are required. Continued cuts and taxes make it increasingly difficult to make these investments. And for small, independent hospitals like ours, these cuts and taxes are a threat not only to innovation but to our very survival. Ensuring access to high quality, cost-efficient health care in Connecticut requires foresight for responsible fiscal planning beyond mere months, and the knowledge and vision to truly appreciate how allowing for these investments today will make for a healthier Connecticut – both physically and economically – tomorrow.

Our contributions to the community extend far beyond the great care and critical health services we provide within our health system. Through community benefit programs, DKH embraces a responsibility to improve the health of the people and communities we serve by working in partnership inside and outside our health system to build a healthier Connecticut.

We are a strong community partner offering programs and services that improve the health and well-being of community members. DKH is one of four hospitals in the state participating in a project that is testing ways to determine if patients have needs related to housing, employment, food insecurity, and transportation – factors that are not traditionally part of medical care but have significant impact on health – in order to refer them to appropriate services.

Furthermore, DKH is an economic cornerstone, fostering growth throughout the community and across the state. Beyond the lifesaving care we provide 24 hours a day, we are also the region's largest employer, employing approximately 1,000 people (more than 80% of whom live in our service area), contributing more than \$258 million to our local and state economies, and investing in improving the health of our communities.

The financial ripple effect from DKH is far reaching. Nearly every job at DKH produces another outside the hospital. The money spent on hospital operations flows from DKH to other businesses, and then ripples out into the wider economy.

Therefore, if adopted, **SB 1137** and **SB 1138** would not only adversely impact our ability to increase access to healthcare and community benefit programs for Northeast Connecticut residents and result in an increase in the cost of healthcare in Connecticut, it will also negatively impact the overall economic health of Northeast Connecticut since we are the largest employer and a significant buyer of local goods and services.

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. Day Kimball Healthcare urges the Finance, Revenue and Bonding Committee to continue to recognize the unique and critical role hospitals play in their communities. 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.