



**SCC**

Surgical Center of Connecticut, LLC

**Testimony of Charles Wallace  
Administrator  
Surgical Center of Connecticut LLC**

**Public Hearing of the State Tax Panel  
September 16, 2015**

I am writing on behalf of the Surgical Center of Connecticut LLC, which is a physician-owned, independent ambulatory surgery center (ASC) in Bridgeport Connecticut. Currently the Surgical Center of Connecticut employs 28 people and expects to serve up to 4,000 patients in the upcoming year.

I am writing in response to your recent public invitation to comment on businesses affected by the recently approved 6% gross receipts tax on ASCs. We believe the 6% ASC tax will have unintended negative consequences for the State, as follows:

**Job Losses:** Of the 47 ASCs in Connecticut, many operate at little to zero profit margins. They function as a cost effective place for physicians to see their Connecticut patients. These ASCs employ Connecticut residents in high paying positions, such as Nurses and Surgical Techs, that may be put out of a job because of the tax. As a result of the tax these ASCs will certainly cut back and reduce staffing levels as a matter of survival. We estimate that in total, 300-400 jobs could be lost - out of the estimated 2,000 Connecticut residents that work at the Facilities. Since just one lost job negates a dozen tax increases, the impact to State revenue could be significant.

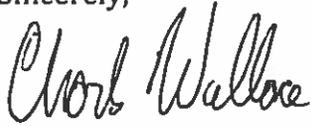
The impact to the Surgical Center of Connecticut will be impactful as well. We are still in the process of assessing the impact of the tax which has already caused us to plan on restructuring positions today, as well as scaling back on hiring nurses and technicians in the future.

**Increase in Healthcare Costs to Consumers.** ASCs perform cases at roughly 50-60% of the cost of hospitals. If any ASCs are put out of business it will result in a material increase in the cost of care to Connecticut patients.

**ASCs Currently Pay Their Fair Share.** ASCs are private business that already pay multiple taxes (income, sales and use, property, etc). As a result ASCs already pay their fair share of taxes into the system. Please consider that a 6% tax on gross receipts could represent between 30-100% of an ASC's income.

We are asking this be tax reconsidered or eliminated for the benefit of Connecticut residents. We would welcome the opportunity to further discuss this important issue with you or your staff or to provide additional information.

Sincerely,

A handwritten signature in black ink that reads "Charles Wallace". The signature is written in a cursive style with a large, prominent initial "C".

Charles Wallace - Administrator  
Surgical Center of Connecticut LLC