

Testimony of the CT Association of Ambulatory Surgery Centers
On HB 5018/SB 328, An Act Concerning Health Care Cost Growth in Connecticut
Before the Insurance & Real Estate Committee
March 5, 2020

Good afternoon, Sen. Lesser, Rep. Scanlon and distinguished members of the Insurance & Real Estate Committee. The Connecticut Association of Ambulatory Surgery Centers (CAASC) offers this testimony on behalf of the sixty-one freestanding Ambulatory Surgery Centers (ASCs) in Connecticut on HB 5018/SB 328, An Act Concerning Health Care Cost Growth in Connecticut.

ASCs provide high-quality, cost-effective care to patients throughout Connecticut. We save patients millions of dollars each year through lower co-payments and coinsurance amounts, and lower deductible responsibilities. We pride ourselves on the level of care we provide to our patients.

For example, in 2014 Connecticut patients saved more than \$6.4 million dollars by having their colonoscopy performed in an ASC. Data available on the Office of Health Strategy website shows firsthand how ASCs compare with other providers on both cost and quality.

We share this information to clearly demonstrate that ASCs are an integral part of Connecticut's healthcare cost containment efforts. The ASC community views the goals of the bill before you as laudable and we welcome the opportunity to work with the Office of Health Strategy, Executive Director Vicki Veltri, this Committee and others to work on cost control efforts and how best to achieve these goals.

Since 2015, Connecticut's ASCs have faced extensive challenges as a result of the highest in the nation tax that was imposed on its' surgery centers. This 6% gross receipts tax has had a chilling effect on our industry. Not only is it the highest in the nation (only 4 states tax ASCs), it is structured in a way that ends up costing facilities close to 30%, not 6%, because it is applied to gross receipts. Unlike other businesses, ASCs are not permitted to deduct business expenses; unlike hospital-owned facilities, ASCs pay a wide range of taxes—on income, sales, property, and more. Under the current tax structure, ASCs are taxed as a small business and as a health-care provider.

The tax has forced ASCs to reduce expenses even further, negatively impacting staff and growth opportunities, limiting medical equipment purchases and upgrades, delaying installation of security systems – these are critical to the provision of high-quality medical care and ensuring the safety of our patients and healthcare providers. ASCs are highly regulated entities with significant reporting requirements both nationally and in Connecticut. Connecticut's ASCs are already providing extensive data to the Office of Health Strategy. Without dedicated IT departments and extensive data analysis staff, the burden of reporting compliance falls upon Center Administrators and other facility team members.

Continuing to burden our ASCs does not support an industry that we know is already the lower cost option and represents a solution for Connecticut.

We have included specific language in caps and bold below that addresses our concerns with the provisions in Section 5. Again, we welcome the opportunity to work together on the other provisions as this bill moves forward.

Suggested language:

Sec. 5. (NEW) (Effective July 1, 2020) (a) Not later than March 1, 2022, 236 and annually thereafter, each institutional provider, on behalf of such institutional provider and its parent organization and affiliated entities, health care provider that is not an institutional provider and provider organization in this state, shall submit to the executive director, for the preceding calendar year: (1) Data concerning: (A) The utilization of health care services provided by such provider or organization; (B) The charges, prices imposed and payments received by such provider or organization for such services; (C) The costs incurred, and revenues earned, by such provider or organization in providing such services; and (D) Any other matter that the executive director deems relevant for the purposes of this section; and (2) If such provider is a hospital, the data described in subdivision (1) of this subsection, and such additional data, information and documents designated by the executive director, including, but not limited to, charge masters, cost data, audited financial statements and merged billing and discharge data, provided such provider shall not be required to submit any data contained in a report that is filed pursuant to chapters 368aa to 368ll, inclusive, of the general statutes and available to the executive director; **AND (3) IF SUCH PROVIDER IS LICENSED AS AN OUTPATIENT SURGICAL FACILITY, THE DATA DESCRIBED IN SUBDIVISION (1) OF THIS SUBSECTION SHALL BE SATISFIED BY THE PATIENT IDENTIFIABLE ENCOUNTER DATA REPORTED PURSUANT TO SUBSECTION (C) OF CONNECTICUT GENERAL STATUTES SECTION 19A-654.**