

Connecticut Ambulatory Surgery Centers

Making the cost of Connecticut healthcare less taxing

In the interest of public health, and cost savings for patients, insurers and employers—including the State of Connecticut—ASCs should be lauded for making healthcare more affordable, not be penalized for it.

*Changes to the CT ASC tax law have been made in the past two years — **but it's not enough** to have significant impact on reducing healthcare costs for the people of Connecticut.*

The ASC tax is a top-line tax.

It translates to an **effective income tax rate of 30%**, since it doesn't allow for deductions for expenses, such as property, sales and use taxes.

CT ASC Taxes

3X HIGHER

At 6%, Connecticut's ASC tax rate is **AT LEAST 3 TIMES HIGHER** than in other states, where the tax rates are 1-2%. **In other states the tax has been repealed.**

MA – FAILED

RI – 2% REPEALED

WI – 3.87% REPEALED

Unlike hospitals, ASCs already pay taxes that other small businesses pay: state income tax, sales tax, and property tax. An ASC should be taxed like any other small business OR taxed like a non-profit care provider—**but not both.**

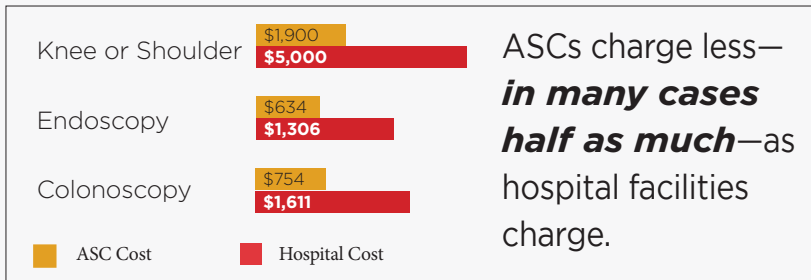
ASCs and Connecticut's Aging Population

More than **1 Million** Connecticut residents are between **50 and 75** years of age

ASCs are critically important for providing services—**like cataract procedures and colonoscopies**—to an increasingly older Connecticut population.

A recent study shows that the average cost of a colonoscopy at a Connecticut ASC is \$754, but at a hospital-owned facility the average is \$1,611—**more than double.**

Outpatient Surgery: Average Hospital vs. ASC Cost

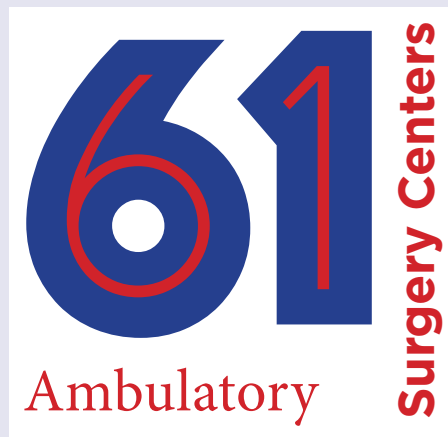


Source: Preferred Locations for Ambulatory Surgery Centers, Connecticut Business and Industry Association, April 2014.

Ambulatory Surgery Centers (known as ASCs)

are modern healthcare facilities focused on providing same-day surgical care, including diagnostic and preventive healthcare procedures that are less expensive and reduce long-term healthcare costs for patients, insurers and employers.

The most common procedures performed at ASCs are cataract surgeries, colonoscopies, endoscopies and orthopedic procedures.



Connecticut's 61 surgery centers should be part of the solution for reducing health-care spending. They are the lower cost, high-quality health care providers in this state.

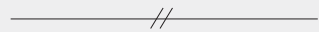
In 2015, a tax was levied on ASCs with no warning, no public hearing and no input from the industry. As a result, where other states are seeing growth in the ASC industry, growth in Connecticut has been curtailed.

Ambulatory Surgery Centers—credited with improving the health of Connecticut residents and reducing healthcare costs—are not hospitals, and should not be taxed as such.

Relief from the onerous ASC tax will save money for everyone—but none more so than for the State of Connecticut and the 200,000 people for whom it provides healthcare coverage.

A study published in *Health Affairs* found that ASCs save money and increase efficiency for Medicare, insurers and patients alike, while providing the same high-quality care as hospitals.

ASCs are a **high-quality, lower-cost alternative** to hospitals for outpatient surgery



ASCs perform about
200,000
medical procedures in
Connecticut each year

Connecticut patients
saved more than
\$6.4 million
and insurers save tens of millions
in just one year when patients
have their colonoscopies in ASCs.

(Source: ASCA, 2014 data)

ASCs add considerable value to
the U.S. economy, with a nation-
wide economic impact of

\$90 billion
including more than
\$5.8 billion
in tax payments.

(Based on 2009 data)

Economic Impact

of a single CT ASC

\$7 million

in economic output

34 jobs

\$4 million

in wages and benefits

\$318,000

in state and local taxes



Impact estimates are based on data from a 2018 report from the American Medical Association and a conservative estimate of 3 ASC physicians.

ASC employment growth projections have slowed since the ASC tax was introduced. Four years ago, out-patient care centers (which includes ASCs) had a 10-year projected employment growth rate of more than 39%. The latest projections show growth at just 32% through 2026.

Source: Connecticut Department of Labor Data



FOR MORE INFORMATION

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