



SENATE ELECTION LAW AND MUNICIPAL AFFAIRS COMMITTEE

March 4, 2020

SB 484 – Establishing a Commission to Study Payments in Lieu of Taxes

Testimony

Good morning, Madame Chair and members of the committee. My name is Steve Ahnen, president of the New Hampshire Hospital Association (NHHA), and I am here representing all 26 of our state's community hospitals, as well as all specialty hospitals.

New Hampshire's hospitals are driven by a mission to provide high quality health care and improve the health and well-being of the communities they serve. To their communities, the blue and white H promises health, healing and hope when it's needed most, and New Hampshire's hospitals remain committed to caring for their communities and ensuring access to quality, compassionate care.

From the North Country to the southern border, from our small towns to our growing cities, New Hampshire's hospitals recognize that every New Hampshire resident should have the opportunity to live a healthy life regardless of who they are or their zip code. They understand that much of what influences our health happens outside the walls of the doctor's office—in our schools, workplaces and neighborhoods.

That's why New Hampshire's hospitals make it a priority to engage and collaborate with community partners to share resources, skills and expertise, and leverage opportunities to meet the most critical health needs of our communities and make the vision of a healthy place a reality.

We have significant concerns about this legislation. SB 484 would establish a commission to study payments in lieu of taxes made by charitable organizations and other entities fully or partially exempt from property taxes under RSA 72. Twenty-three of New Hampshire's twenty-six community hospitals are non-profit and exempt from property taxes under RSA 72. Some non-profit hospitals, however, have negotiated and made arrangements to make payments in lieu of taxes, otherwise known as PILOTs. Those are decisions made at the local level and we believe that is where these decisions should be made.

Non-profit hospitals are exempt from paying property taxes in return for the charitable benefits they provide to their communities. New Hampshire's non-profit community hospitals provided nearly \$450 million in community benefits in 2017, the last year for which information is publicly available. Of that total, financial assistance to access care accounted for almost \$278 million, which includes financial assistance to patients at cost and the value of unreimbursed Medicaid services, while \$168 million was provided in other community benefits, such as community health improvement services, health professions education, subsidized health services and research, to name a few.

Hospitals work collaboratively in their communities to assess and identify the needs of their communities through detailed community health needs assessments, and they provide those reports to the Office of Charitable Trusts in the Attorney General's office.

Hospitals are strong community institutions that provide significant economic benefit to their communities and the patients they serve. In 2018, hospitals statewide provided over 40,000 jobs and contributed \$3.7 billion to the economy through salaries and benefits. When coupled with the over 30,000 jobs that are generated in the local economy because of the hospital's presence in the community and \$1.7 billion in additional salaries and benefits, New Hampshire's hospitals contribute over \$5 billion to the state's economy.

In addition, hospitals have partnered with the State on several important initiatives to support patients and impact state policy. In 2019, hospitals statewide paid a Medicaid Enhancement Tax (MET) of \$251 million, which is a tax on their net patient services revenue that, when matched by the federal government, resulted in just over \$500 million that is used to fund uncompensated care payments to hospitals and the overall Medicaid program. In just this past year alone, this resulted in \$275 million going to support the Medicaid program with just \$226 million supporting uncompensated care payments to hospitals. Additionally, hospitals committed to contribute \$50 million over five years to the Governor's Commission on Alcohol and Other Drugs to support the state's prevention, treatment and recovery efforts. And hospitals stepped up to help support the new hub and spoke program to help those suffering from addiction across New Hampshire.

Decisions about whether a community and a non-profit hospital or other entity should enter into a PILOT is a local decision and one that will be determined based on the local community needs, decisionmakers and more. We are concerned that this study commission could create the expectation that non-profits exempt from property taxes be required to enter into a PILOT. We do not believe that type of mandate from Concord is the right approach and believe the best approach is to leave those decisions to local decisionmakers to determine how best to serve their communities.

Thank you for the opportunity to testify and provide our comments. I would be happy to respond to any questions or comments you might have.