



The collective voice of Long Island's hospitals



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Hospital Associations Remind Governor that Tax on Non-Profit Hospitals Must Be Eliminated, Too

Hauppauge – Kevin Dahill, President and CEO of the Nassau-Suffolk Hospital Council (NSHC), and Neil Abitabile, President and CEO of the Northern Metropolitan Hospital Association (NorMet) released the following response to Governor David Paterson's publicly stated preference for using federal economic stimulus funds, including nearly \$12 billion in federal Medicaid funds, to roll back the many tax increases included in his 2009-2010 budget.

“The governor has made it very clear in recent statements that his first priority in distributing the massive windfall of federal funds is to eliminate the many proposed taxes – on gym memberships, salon services, sodas, etc. – included in his budget. Unfortunately, the governor has been unwilling to commit to eliminating the tax on hospitals' gross income he proposed, a tax that would result in \$72 million in cuts to Long Island and Hudson Valley hospitals.

“Putting aside for a moment that nearly half of the federal stimulus money for New York is Medicaid money that should be used primarily to address health care cuts, how can the governor find only one tax – the hospital gross receipts tax – that isn't worthy of being rolled back? The proposed tax, a levy on hospitals' gross income (not profits), is a \$30 million hit to Hudson Valley hospitals and \$42 million to Long Island hospitals. In addition, the payroll tax proposed as part of the Metropolitan Transit Authority (MTA) bailout package would cost Long Island and NorMet hospitals \$9.38 million and \$6.12 million per year, respectively.

Applying a gross receipts tax and payroll tax to the same health care institutions that provide \$1.6 billion a year in uncompensated care to New Yorkers runs counter to their non-profit status. At a time when hospitals are already struggling with rising numbers of uninsured patients, loss of investment revenue, exploding pension fund obligations and the threat of steep across-the-board Medicaid cuts, these taxes will be crippling to many institutions. Furthermore, the Medicaid cuts and taxes will inevitably force hospitals to cut back on the primary and preventative care that the governor and Health Commissioner Richard Daines are trying to bolster. Hospitals and hospital-owned clinics account for 44 million primary care and outpatient visits a year.

We urge the legislature and governor to honor Congress' intent of the American Recovery and Reinvestment Act of 2009 and direct FMAP funding to eliminate proposed Medicaid cuts to hospitals. We further urge the governor and legislature to realize that these tax burdens on hospitals will halt New York's recovery and economic progress, as hospitals will be forced to eliminate programs and follow with staff reductions. If Governor Paterson wants to curb layoffs, these taxes on hospitals will have the opposite result.

(MORE)

Indiscriminate taxes on hospitals, or any other one sector for that matter, will not lift this state out of its economic crisis. Rational, thoughtful reform that looks at how all health care – inpatient and outpatient – can most effectively and cost-efficiently be delivered is the only way to unravel this short-term and long-term economic quagmire.

The Nassau-Suffolk Hospital Council (NSHC) and the Northern Metropolitan Hospital Association (NorMet) represent not-for-profit and public hospitals on Long Island and in the Hudson Valley. To schedule an interview with Kevin Dahill or Neil Abitabilo, please contact Janine Logan, director of communications, at 631-963-4156; cell: 631-334-8321; e-mail jlogan@nshc.org.

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