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*The collective voice of Long Island's  
not-for-profit and public hospitals*

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## **Statement by Kevin Dahill, President and CEO Nassau-Suffolk Hospital Council**

### **Governor's Announcement about Taxes and Proposed Budget**

"Governor Paterson's decision to use some of New York's \$12 billion dollars in federal Medicaid funding to eliminate proposed taxes on such purchases as salon services, digital downloads, movie tickets, and non-diet soda is designed in his words "to provide targeted relief to average New Yorkers struggling to make ends meet."

However, left out of the relief package are the thousands of hospital workers, right here on Long Island, whose jobs hang in the balance because of the Governor's proposed gross receipts tax on their hospitals - a cut of about \$42 million in Medicaid funding to Long Island hospitals. The Governor has chosen not to rescind this proposed tax even though President Obama himself has indicated that these health care dollars should be used to ensure that health care services and jobs are protected during this economic downturn.

FMAP, the federal funding mechanism that allows for the distribution of federal funds to the state, is Medicaid-based, and so it is only logical and reasonable that at least a portion of the \$12 billion windfall be used to eliminate the proposed \$42 million in gross receipts tax on Long Island's hospitals. This is a tax hospitals would pay on their gross revenues, before any accounting for labor, energy, insurance, and other overhead expenses incurred as a result of providing care. More than two thirds of Long Island's hospitals operate at or below the break-even point, so such a tax would be devastating. All of Long Island's hospitals are not-for-profit. Our facilities already have contingency plans in place and these include program and service closures and staff reductions.

With the GNP for health care near 17 percent, almost every economist now agrees that health care is inextricably linked to the health of the economy, both locally and nationally. The Governor's resistance to mitigating at least the gross receipts tax portion of his proposed Medicaid cuts is imprudent economic policy. This decision fails not only the 85,000 individuals who staff our region's hospitals, but it fails the 2.8 million Long Island residents who rely on these health care workers and their hospitals to be there when illness and injury strikes. Further, it erodes the economic input hospitals provide their local communities - a value of about \$13 billion annually.

We hope that in the weeks leading up to the April 1 budget deadline, the Governor, and legislature realize the extensive economic damage that will occur if hospitals and critical health care jobs are not protected. Certainly, there is ample federal stimulus funding available to eliminate the gross receipts tax and still address other budget issues."

*The Nassau-Suffolk Hospital Council is the association that represents Long Island's not-for-profit and public hospitals. To schedule an interview with Kevin Dahill, please contact Janine Logan, director of communications: 631-963-4156; cell - 631-334-8321; e-mail - [jlogan@nshc.org](mailto:jlogan@nshc.org).*

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