



### A-4013 Testimony

Assembly State and Local Government

May 16, 2019

Chairman Mazzeo and Honorable Members of the Committee:

My name is Neil Eicher, Vice President of Government Relations and Policy at the New Jersey Hospital Association. On behalf of NJHA's members, thank you for the opportunity to testify in **full support of A-4013 (Coughlin)**. Joining me today are Kevin Slavin, President and CEO of St. Joseph's Healthcare System, and David DeSimone, Senior VP, Organizational Transformation & Chief Legal Officer of CentraState Medical Center.

This testimony will serve as a supplement to the memo we sent to the committee members yesterday detailing our support for this legislation.

NJHA's goal is to support a statewide solution that will strike a fair balance between hospitals and municipalities and allow them to carry on together in their shared goal of community health, safety and well-being. This important piece of legislation preserves a non-profit hospital's property tax exemption and requires hospitals to contribute \$2.50 per bed per day to its local municipality. It also requires satellite emergency departments to pay a fee of \$250 per day to its host municipality. Lastly, it establishes a task force to review the contribution fee over the next few years.

This piece of legislation is necessary due to the uncertainty created by the Tax Court decision in the 2015 Morristown Memorial case. In that decision, Judge Vito Bianco indicated that the Legislature needs to provide a statewide legislative solution based on his opinion.

For our hospitals, which deliver care 24/7 and provide more than **150,000 jobs**, the ability to plan and budget is essential as we are in the midst of some of the greatest changes our industry has ever experienced. New Jersey hospitals have long supported their communities beyond traditional healthcare services. Our nonprofit hospitals provide annual community benefits totaling **\$2.83 billion** – not to mention the jobs and other economic contributions that hospitals bring to their communities. (Attachment)

NJHA believes that this legislation is an extension of the very important relationship that exists between a hospital and its host municipality. Our members have stepped forward to endorse this bill to voluntarily add more financial support for their municipalities. This bill has been unanimously endorsed by the NJHA Board of Trustees and our NJHA Property Tax Task Force and its chair, Mr. Slavin, whom you'll hear from in a moment.

It is our united view that the community service contribution contained in this bill would help avert expensive and lengthy litigation between municipalities and their hospitals – the outcomes of

which provide no certainty and could damage the important partnership that must exist between hospitals and their communities.

Thank you for the opportunity to testify on this issue and we urge your full support of the legislation.