



**District of Columbia  
Hospital Association**

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**Testimony before the**

**District of Columbia**

**Tax Revision Commission**

**on**

**Policy Option #51**

**&**

**Policy Option #36**

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**Presented by**

**Robert A. Malson**

**President**

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Children's National Medical Center • George Washington University Hospital • Howard University Hospital  
Malcolm Grow Medical Clinic and Surgery Center, Joint Base Andrews, MD • MedStar Georgetown University Hospital  
MedStar National Rehabilitation Hospital • MedStar Washington Hospital Center • Providence Hospital • Psychiatric Institute of Washington  
Saint Elizabeths Hospital, D.C. Department of Mental Health • Sibley Memorial Hospital • Specialty Hospital of Washington – Capitol Hill  
Specialty Hospital of Washington – Hadley • United Medical Center • Veterans Affairs Medical Center • Walter Reed National Military Medical Center

Chairman Williams and members of the Tax Revision Commission, I am Robert A. Malson, President of the District of Columbia Hospital Association (DCHA). I appreciate the opportunity to present testimony on behalf of our hospitals regarding our opposition to policy options 51 & 36. DCHA is a non-profit organization with 16 member hospitals and 37 Associate Members whose mission is to provide leadership in improving health care in the District of Columbia. DCHA members employ approximately 30,000 people who are on the front lines for delivering quality health care and responding to any medical emergency in the District of Columbia. Our hospitals provide tens of millions in uncompensated care annually and provide a considerable community benefit to the areas and populations they serve. These hospitals are a fundamental and critical part of the District's health care delivery system, especially as it relates to the care provided Medicaid and Alliance beneficiaries.

Our District's hospitals collectively employ 27,000 individuals, which translates to \$2 billion in payroll and benefits. According to the American Hospital Association, our hospitals support 44,767 jobs in the District. In 2011, our hospitals had expenditures totaling \$3.7 billion that led to \$5 billion in total output in the District's economy.

First, I want to address Policy Option #51. As you are aware this option would create a payment in lieu of tax program in the District. The premise of this proposal is that non-profit organizations that are exempt from property taxes consume resources and services from the District but fail to contribute funds to support them. This premise is patently false. Nonprofit organizations provide a tremendous amount to the District. The fact is the District's nonprofits, especially hospitals, perform services that would otherwise be the responsibility of the city. If this proposal would be adopted it would lead to the draining of resources that would have normally gone to program services, economic development projects, or job creation. In the case of our hospitals, this program would drain more than \$6 million in resources from health programs and patient care. I also believe if this program were to remain "voluntary" it would violate the charge this commission received to "create a fair and equitable tax system.'

This proposal is particularly offense for the District's hospitals. The government has to stop viewing our hospitals as ATMs. In the last few years our Medicaid reimbursement rates have been cut for inpatient services, we have been taxed \$15 million a year through a bed tax to pay for Medicaid services, and currently the District currently only reimburses hospitals 98 cents on the dollar for inpatient services and 47 cents on the

dollar for outpatient services. While some of our hospitals receive disproportionate hospital share payments, these payments do not begin to cover all the uncompensated care our hospitals provide. Further, as part of the certificate of need process our hospitals are required to provide levels of uncompensated care stipulated by SHPDA.

I would also like to address Policy Option #36. The hospital Association would like to express its opposition for this Policy Option as well. This proposal would create a local services tax. This would mean that all D.C. employers would pay a \$50, \$75 or \$100 tax per employee. We believe that this proposal does not comport to goals of Commission Pbecause this proposal is commuter tax imposed on employers instead of the employees. Further, this proposal would require businesses to pay the tax on both District and non-District residents. The former already pay to support the city's infrastructure maintenance. The DC Hospital Association believes that this proposal could also have chilling effect on the hiring of more employees by D.C. businesses, especially for the District's nonprofit sector, which has fewer resources to offset the cost of this new expense. I would also point out that this proposal is legally questionable at best. Even though it is imposed on employers rather than employees, it would appear to have the effect of being an impermissible commuter tax.

Thank you for letting me present this testimony before you today and I am happy to answer any questions you may have this evening.

