OLR Bill Analysis

SB 1550

AN ACT CONCERNING THE APPLICABILITY OF THE HOSPITAL TAX TO CHILDREN'S GENERAL HOSPITALS.

SUMMARY

This bill subjects children's general hospitals to the hospital provider tax starting on July 1, 2026 (FY 27). Under the bill, children's general hospitals that were exempt from the tax before July 1, 2026, must pay the tax on inpatient and outpatient hospital services at the same effective rates imposed on other hospitals. Under existing law, the effective rates for FY 27 are generally (1) 6% for inpatient hospital services and (2) 10.4858% for outpatient hospital services, based on each hospital's FY 16 audited net revenue attributed to these services. By law, these rates may be subject to specific adjustments and recalculations (e.g., if a hospital dissolves or ceases to be subject to the tax).

The bill makes a conforming change by eliminating the requirement that the Department of Social Services commissioner seek approval from the Centers for Medicare and Medicaid Services to exempt children's general hospitals from the tax.

By law, and under the bill, "children's general hospitals" are health care facilities licensed by the Department of Public Health as short-term children's hospitals. They exclude specialty hospitals.

EFFECTIVE DATE: July 1, 2026

BACKGROUND

Related Bill

sSB 1246, §§ 8 & 9, favorably reported by the Finance, Revenue and Bonding Committee, updates the base year for calculating the hospital provider tax for FY 27 and after. Principally, it sets the tax rate and base for:

1. inpatient hospital services at 6% of each hospital's audited net revenue for the applicable federal fiscal year (FFY) (e.g., FFY 24 for state FYs 27-29) attributable to these services and

2. outpatient hospital services at $960 million, minus the total tax imposed on all hospitals for providing inpatient services, divided by the total audited net revenue for the applicable FFY attributable to outpatient hospital services of all hospitals required to pay the tax. (Beginning with FY 28, the bill requires the starting amount used to calculate the tax ($960 million) to be increased by $25 million over the prior fiscal year.)

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable
Yea 52 Nay 0 (04/24/2025)