

OFFICE OF LEGISLATIVE RESEARCH  
PUBLIC ACT SUMMARY



PA 11-75—sSB 1152

*Higher Education and Employment Advancement Committee  
Finance, Revenue and Bonding Committee*

**AN ACT CONCERNING THE UNIVERSITY OF CONNECTICUT  
HEALTH CENTER**

**SUMMARY:** This act increases previously authorized funding to construct a new bed tower and renovate academic, clinical, and research space at UConn’s John Dempsey Hospital (see BACKGROUND). It increases existing bond authorizations by \$254.9 million by (1) authorizing \$262.9 million in new bonding under the UConn 2000 infrastructure program and (2) reducing, by \$8 million, existing general obligation (GO) bond authorizations for UConn health network initiatives. It also requires the UConn Health Center (UHC) to (1) contribute at least \$69 million from operations, special eligible gifts, or other sources toward the new construction and renovation project and (2) provide for the construction of a new ambulatory care center through private financing.

Additionally, the act eliminates a requirement that UConn obtain at least \$100 million in federal, private, or other nonstate money before the bonds are issued and construction commences. However, it retains a requirement that the State Bond Commission allocate the GO bonds for UConn health network initiatives before UConn may expend funds for new construction and renovation. It also extends, by six months, a notification date concerning the possible transfer of neonatal intensive care units (NICU) beds from John Dempsey Hospital (JDH) to the Connecticut Children’s Medical Center (CCMC). Lastly, the act makes technical and conforming changes.

EFFECTIVE DATE: Upon passage

**PROJECT AUTHORIZATIONS AND FUNDING SOURCES**

The act increases existing bond authorizations by \$254.9 million by (1) authorizing \$262.9 million in new bonding under the UConn 2000 infrastructure program and (2) reducing, by \$8 million, existing GO bond authorizations for UConn health network initiatives (see Table 1).

**Table 1: Changes to Existing Bond Authorizations**

<b>Project</b>	<b>Description of funds</b>	<b>Prior Authorization (in millions)</b>	<b>Authorization Under the Act (in millions)</b>	<b>Change (in millions)</b>
UHC Main Building Renovation	UConn 2000 bonds	\$50	\$125	\$75

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<b>UCHC New Construction and Renovation</b>	UConn 2000 bonds	207	394.9	187.9
<b>UConn health network initiatives</b>	State GO bonds, outside of UConn 2000	30	22	(8)
<b>TOTAL CHANGE</b>				<b>254.9</b>

*Bonding Conditions*

Under prior law, the funding plan for the new construction and renovation at UCHC included the \$207 million in UConn 2000 bonds described above and an additional (1) \$25 million in UConn 2000 bonds for planning and design costs and (2) at least \$100 million in federal, private, or other nonstate money. The law also authorized \$30 million in state GO bonds to fund the UConn health network initiatives. The issuance of the \$207 million in UConn 2000 bonds for new construction and renovation and \$30 million in state GO bonds was contingent on UConn securing the nonstate money.

The act eliminates requirements that (1) the \$100 million in nonstate money be secured before issuing both the UConn 2000 and the GO bonds and (2) UCHC follow the specific funding plan described above. It retains a requirement that the State Bond Commission allocate the GO bonds for UConn health network initiatives before UConn may expend funds for new construction and renovation. The act also removes a provision that made a \$3 million bond authorization to the Department of Public Health for enhancements to the accessibility and efficiency of health care services in Hartford contingent on securing the \$100 million in nonstate money.

Additionally, the act requires UCHC to contribute at least \$69 million from operations, special eligible gifts, or other sources toward the new construction and renovation project, but this contribution is not a prerequisite for issuing the bonds.

*UConn 2000 Bonds*

To conform to the increased bond authorizations, the act adjusts the annual bond limit caps for the UConn 2000 infrastructure program for FY 14 through FY 17 as shown in Table 2. Under existing law and the act, any difference between the amount actually issued in any year and the cap can be carried forward to any succeeding fiscal year. Financing transaction costs can be added to the caps.

**Table 2: Annual Bond Limits for UConn 2000**

<b>FY</b>	<b>Prior Limit (in millions)</b>	<b>New Limit (in millions)</b>	<b>Change (in millions)</b>
<b>2014</b>	\$140.0	\$198.0	\$58.0
<b>2015</b>	128.5	208.5	80.0
<b>2016</b>	119.5	199.5	80.0
<b>2017</b>	116.0	160.9	44.9

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<b>TOTAL CHANGE</b>	<b>262.9</b>
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*New Ambulatory Care Center*

The act directs UCHC to provide for the construction of a new ambulatory care center through debt or equity financing obtained from one or more private developers who contract with UConn to build the center.

*UConn Health Center Network Initiatives*

Under prior law, the UConn health network initiatives included eight projects, listed in Table 3. The act eliminates two of these projects, the Connecticut Institute for Nursing Excellence and the institute for clinical and translational science, along with \$8 million in related bond funding. It specifies that \$5 million is allocated for the comprehensive cancer center and the UConn-sponsored health disparities institute.

**Table 3: Changes to UConn Health Network Initiative Projects**

<b>Project</b>	<b>Prior Bond Authorization (in millions)</b>	<b>Authorization Under the Act (in millions)</b>
Simulation and conference center on the Hartford Hospital Campus	\$5	\$5
Primary care institute at St. Francis Hospital and Medical Center	5	5
Institute for clinical and translational science at UCHC	10	0
Comprehensive cancer center		5
UConn-sponsored Health disparities institute		
Hospital of Central Connecticut improvements	5	5
Institute for nursing excellence at the UConn School of Nursing	3	0
Bristol Hospital patient room renovations	2	2
<b>TOTAL</b>	<b>30</b>	<b>22</b>

**NEONATAL INTENSIVE CARE UNIT BED TRANSFER**

Existing law establishes provisions for transferring, from JDH to CCMC, licensure and control of 40 NICU beds. The act extends, from December 30, 2010 to June 30, 2011, the time by which CCMC and JDH must notify the Office of Policy and Management secretary (1) jointly, of their intent to proceed with the NICU transfer or (2) jointly or individually, that they will not pursue the transfer.

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## BACKGROUND

### *PA 10-104*

PA 10-104 provided funding, under certain conditions, for the (1) construction of a new bed tower and renovation of academic, clinical, and research space at JDH and (2) development of regional health network initiatives.

The total cost was \$362 million. The act authorized the issuance of \$237 million in new state bonds of which \$207 million would be issued under the UConn 2000 infrastructure improvement program. It also reallocated \$25 million in existing UConn 2000 funds to pay for planning and design costs of the new JDH bed tower and required a contribution of \$100 million in federal, private, or other nonstate money. The act prohibited the \$237 million in new bonds from being issued and construction of the bed tower from commencing until the \$100 million was received. It established June 30, 2015 as the deadline for receiving the \$100 million.

“UCHC new construction and renovation” means the planning, design, development, financing, construction, renovation, furnishing, equipping, and completion of clinical, academic, and research space at JDH. It specifically includes the construction of a new bed tower, increasing the number of licensed beds from 224 to a maximum of 234, including newborn bassinets.

The act also established provisions for transferring, from JDH to CCMC, licensure and control of 40 NICU beds. It conferred the benefits of an enterprise zone on certain businesses in Hartford and parts of Bristol, Farmington, and New Britain, and it required UConn to report biennially on the progress of the health network initiatives and JDH construction and renovation.

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