



General Assembly

February Session, 2016

Raised Bill No. 5454

LCO No. 1903



Referred to Committee on PUBLIC HEALTH

Introduced by:
(PH)

AN ACT CONCERNING THE CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 10a-178 of the general statutes is amended by
2 adding subsections (r), (s) and (t) as follows (*Effective July 1, 2016*):

3 (NEW) (r) "Related health care institution" means any hospital,
4 health care institution, nonprofit, nonstock corporation or any
5 nonprofit, nonstock, nonsectarian facility that (1) is wholly owned or
6 controlled by an entity that is domiciled in the state and is or controls a
7 health care institution; and (2) would qualify as a health care
8 institution if it were located in the state;

9 (NEW) (s) "Participating community hospital" means a participating
10 health care institution that (1) is an acute care nonprofit hospital; (2) is
11 not a teaching hospital or a member of a multihospital system; (3) has
12 twenty-five or fewer full-time equivalent interns or residents for each
13 one hundred inpatient beds; and (4) charges less for health care
14 services than the median prices for such health care services in the

15 state.

16 (NEW) (t) "Eligible project" means construction, renovation, the
17 acquisition of facilities, the purchase of equipment, including, but not
18 limited to, technology, and the cost of financing thereof.

19 Sec. 2. Subsection (a) of section 10a-186a of the general statutes is
20 repealed and the following is substituted in lieu thereof (*Effective July*
21 *1, 2016*):

22 (a) In connection with the issuance of bonds to finance a project at a
23 participating nursing home or to refund bonds previously issued by
24 the authority to finance a project at a participating nursing home, or in
25 connection with the issuance of bonds to effect a refinancing or other
26 restructuring with respect to one or more participating nursing homes
27 as permitted by subsection (b) of this section, to finance dormitories,
28 residential facilities, student centers, food service facilities and other
29 auxiliary service facilities and related buildings and improvements at a
30 public educational institution, to finance The University of Connecticut
31 Health Center clinical services projects, as defined in subsection (g) of
32 section 10a-114a, or to finance up to one hundred million dollars, in the
33 aggregate, for [equipment, including installation and any necessary
34 building renovations or alterations for the installation and operation of
35 such equipment, for participating health care institutions at the
36 discretion of the Secretary of the Office of Policy and Management and
37 the Treasurer] eligible projects for participating community hospitals,
38 the authority may create and establish one or more reserve funds to be
39 known as special capital reserve funds and may pay into such special
40 capital reserve funds (1) any moneys appropriated and made available
41 by the state for the purposes of such funds, (2) any proceeds of the sale
42 of notes or bonds for a project, to the extent provided in the resolution
43 of the authority authorizing the issuance thereof, and (3) any other
44 moneys which may be made available to the authority for the purpose
45 of such funds from any other source or sources. The moneys held in or
46 credited to any special capital reserve fund established under this

47 section, except as hereinafter provided, shall be used solely for the
48 payment of the principal of and interest, when due, whether at
49 maturity or by mandatory sinking fund installments, on bonds of the
50 authority secured by such capital reserve fund as the same become
51 due, the purchase of such bonds of the authority, the payment of any
52 redemption premium required to be paid when such bonds are
53 redeemed prior to maturity, including in any such case by way of
54 reimbursement of a provider of bond insurance or of a credit or
55 liquidity facility that has paid such amounts; provided the authority
56 shall have power to provide that moneys in any such fund shall not be
57 withdrawn therefrom at any time in such amount as would reduce the
58 amount of such funds to less than the maximum amount of principal
59 and interest becoming due by reasons of maturity or a required
60 sinking fund installment in the then current or any succeeding
61 calendar year on the bonds of the authority then outstanding or the
62 maximum amount permitted to be deposited in such fund by the
63 Internal Revenue Code of 1986, or any subsequent corresponding
64 internal revenue code of the United States, as from time to time
65 amended, to permit the interest on such bonds to be excluded from
66 gross income for federal tax purposes and secured by such special
67 capital reserve fund, such amount being herein referred to as the
68 "required minimum capital reserve", except for the purpose of paying
69 such principal of, redemption premium and interest on such bonds of
70 the authority secured by such special capital reserve becoming due
71 and for the payment of which other moneys of the authority are not
72 available. The authority may provide that it shall not issue bonds
73 secured by a special capital reserve fund at any time if the required
74 minimum capital reserve on the bonds outstanding and the bonds then
75 to be issued and secured by the same special capital reserve fund at the
76 time of issuance, unless the authority, at the time of the issuance of
77 such bonds, shall deposit in such special capital reserve fund from the
78 proceeds of the bonds so to be issued, or otherwise, an amount which,
79 together with the amount then in such special capital reserve fund, will
80 be not less than the required minimum capital reserve. On or before

81 December first, annually, there is deemed to be appropriated from the
82 state General Fund such sums, if any, as shall be certified by the
83 chairman or vice-chairman of the authority to the Secretary of the
84 Office of Policy and Management and the Treasurer of the state, as
85 necessary to restore each such special capital reserve fund to the
86 amount equal to the required minimum capital reserve of such fund,
87 and such amounts shall be allotted and paid to the authority. For the
88 purpose of evaluation of any such special capital reserve fund,
89 obligations acquired as an investment for any such fund shall be
90 valued at market. Nothing contained in this section shall preclude the
91 authority from establishing and creating other debt service reserve
92 funds in connection with the issuance of bonds or notes of the
93 authority which are not special capital reserve funds. Subject to any
94 agreement or agreements with holders of outstanding notes and bonds
95 of the authority, any amount or amounts allotted and paid to the
96 authority pursuant to this section shall be repaid to the state from
97 moneys of the authority at such time as such moneys are not required
98 for any other of its corporate purposes and in any event shall be repaid
99 to the state on the date one year after all bonds and notes of the
100 authority theretofore issued on the date or dates such amount or
101 amounts are allotted and paid to the authority or thereafter issued,
102 together with interest on such bonds and notes, with interest on any
103 unpaid installments of interest and all costs and expenses in
104 connection with any action or proceeding by or on behalf of the
105 holders thereof, are fully met and discharged. No bonds secured by a
106 special capital reserve fund shall be issued to pay project costs unless
107 the authority is of the opinion and determines that the revenues from
108 the project shall be sufficient (A) to pay the principal of and interest on
109 the bonds issued to finance the project, (B) to establish, increase and
110 maintain any reserves deemed by the authority to be advisable to
111 secure the payment of the principal of and interest on such bonds, (C)
112 to pay the cost of maintaining the project in good repair and keeping it
113 properly insured, and (D) to pay such other costs of the project as may
114 be required.

115 Sec. 3. Subsection (g) of section 10a-178 of the general statutes is
116 repealed and the following is substituted in lieu thereof (*Effective July*
117 *1, 2016*):

118 (g) "Health care institution" means (1) any nonprofit, state-aided
119 hospital or other health care institution, including The University of
120 Connecticut Health Center, which is entitled, under the laws of the
121 state, to receive assistance from the state by means of a grant made
122 pursuant to a budgetary appropriation made by the General
123 Assembly, (2) any other hospital or other health care institution which
124 is licensed, or any nonprofit, nonstock corporation which shall receive
125 financing or shall undertake to construct or acquire a project which is
126 or will be eligible to be licensed, as an institution under the provisions
127 of sections 19a-490 to 19a-503, inclusive, or any nonprofit, nonstock,
128 nonsectarian facility which is exempt from taxation under the
129 provisions of section 12-81 or 38a-188 and which is a health care center
130 under the provisions of sections 38a-175 to 38a-191, inclusive, [or] (3)
131 any related healthcare institution, or (4) any nonprofit corporation
132 wholly owned by two or more hospitals or other health care
133 institutions which operates a project for and on behalf of such
134 hospitals or other health care institutions; [a project, as defined in
135 subsection (b) of this section, or is a nursing home;]

136 Sec. 4. (NEW) (*Effective July 1, 2016*) Notwithstanding the provisions
137 of chapter 187 of the general statutes, the authority, in consultation
138 with the Office of Policy and Management and the State Treasurer,
139 shall establish a self-sufficiency standard applicable to community
140 hospitals that takes into consideration the unique economic
141 circumstances facing such hospitals. Such self-sufficiency standard
142 shall be applicable in lieu of other measures of credit worthiness when
143 determining eligibility for financing for an eligible project for a
144 participating community hospital pursuant to the provisions of section
145 10a-186a of the general statutes, as amended by this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2016</i>	10a-178
Sec. 2	<i>July 1, 2016</i>	10a-186a(a)
Sec. 3	<i>July 1, 2016</i>	10a-178(g)
Sec. 4	<i>July 1, 2016</i>	New section

Statement of Purpose:

To add related health care institutions to the definition of a "health care institution" in the Connecticut Health and Educational Facilities statutes, to permit financing for eligible projects for participating community hospitals, and to require the establishment of a self-sufficiency standard for determining eligibility for financing of community hospital projects.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]