MINUTES OF THE MEETING
OF THE FINANCE ADVISORY COMMITTEE

Held in Room 1E at the Legislative Office Building, on January 8, 2015

PRESENT: Lieutenant Governor Nancy Wyman
Deputy Comptroller Martha Carlson
Senator Beth Bye
Senator Robert Kane
Representative Toni Walker
Representative Melissa Ziobron
Deputy Treasurer Christine Shaw
Senator Terry Gerratana (Alternate)
Representative Catherine Abercrombie (Alternate)
Secretary Benjamin Barnes
Office of Policy and Management, Finance Advisory Committee Clerk

Lieutenant Governor Wyman called the meeting to order at 1:03 p.m.

The minutes of the June 5, 2014 meeting were adopted.

The following new transactions were considered by the committee:

FAC 2014-31- Latino and Puerto Rican Affairs Commission. Transfer of $39,000 from Personal Services to Other Expenses to cover expenses in the areas of legislative research, printing and mileage reimbursement.

Representative Ziobron noted that a study conducted in 2012 was completed for half of the amount contemplated by this transfer and asked how the 2015 study would differ from the 2012 study. Werner Oyanadel, Executive Director of the Latino and Puerto Rican Affairs Commission, responded that the study is usually completed every two years in order to keep relevant socioeconomic statistics current, and that the 2012 study was abbreviated in response to the state's economic situation. He noted that this year's study should be completed for less than the amount transferred and that any unexpended funds will lapse.

The item was approved.

FAC 2014-32– Department of Social Services. Transfer of $10,000,000 from the Medicaid account to the Connecticut Children's Medical Center (CCMC) account to increase the disproportionate share hospital (DSH) payment to CCMC.

Senator Bye expressed her support for the transfer and noted that CCMC did not have the same proportion of private pay patients to help generate revenue.

Senator Kane noted that the budget appropriates funding for CCMC as a grant and that any increase should be the subject of public hearing and legislative action rather than as a matter for the Finance Advisory Committee. He also asked why the transfer was proposed from

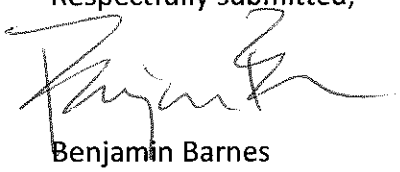
Medicaid, an account that has a projected deficiency. Secretary Barnes responded by noting that while CCMC is funded via a grant, payments are considered DSH payments which are a Medicaid-reimbursable expense. He further noted that similar DSH transfers have been approved through the Finance Advisory Committee in the past. Secretary Barnes explained that the Medicaid program is quite large and while a minor deficiency is currently projected in the account, this transfer would not have a material effect on year end results. By way of background, he related that CCMC – with the support of the local delegation – approached the Department of Social Services and OPM to address a projected operating deficit of more than $10 million. Secretary Barnes explained that the amount of this FAC transaction will ensure that CCMC remains safely under the DSH cap, thus allowing for federal reimbursement of a portion of the expenditure. Due to CCMC's apparent recurring and systemic financial problems, Secretary Barnes has asked CCMC to retain an outside consultant to develop a sustainability plan.

Representative Walker noted that other hospitals would presumably seek additional funding and noted the necessity of a dialogue about support for the state's hospitals given the fiscal challenges facing the state over the upcoming biennium.

This item was approved by a majority vote, with Senator Kane and Representative Ziobron voting no.

The meeting was adjourned at 1:20 p.m.

Respectfully submitted,



Benjamin Barnes
Clerk