
PRELIMINARY BILL ANALYSIS

HB 5027 (as amended by LCO 4831)

***AN ACT CONCERNING THE UNIVERSITY OF CONNECTICUT
HEALTH CENTER'S FACILITIES PLAN***

SUMMARY:

This bill, with certain conditions, provides funding for (1) the construction of a new bed tower and renovations of academic, clinical, and research space at UConn's John Dempsey Hospital (JDH) and (2) the development of regional health network initiatives. It also establishes provisions for transferring, from JDH to Connecticut Children's Medical Center (CCMC), licensure and control of 40 neonatal intensive care unit (NICU) beds.

The total cost of the project is \$362 million. The bill authorizes the issuance of \$237 million in new state bonds to fund the project, of which \$207 million will be issued under the UConn 2000 infrastructure improvement program. It also reallocates \$25 million in existing UConn 2000 funds to pay for planning and design costs of the new JDH bed tower and requires a contribution of \$100 million in federal, private, or other nonstate money. The bill prohibits the \$237 million in new bonds from being issued and construction of the bed tower from commencing until the \$100 million is received. It establishes June 30, 2015 as the deadline for receiving the \$100 million.

The bill also confers the benefits of an enterprise zone to certain businesses in Hartford, Farmington, New Britain, and Bristol, and it requires UConn to report biennially on the progress of the health network initiative and the JDH construction and renovation.

EFFECTIVE DATE: Upon passage, except for the section on enterprise zones, which is effective July 1, 2010.

RENOVATIONS AND NEW BED TOWER AT JDH

Under the bill, “University of Connecticut Health Center (UCHC) new construction and renovation” means the planning, design, development, financing, construction, renovation, furnishing, equipping, and completion of clinical, academic, and research space in JDH. It specifically includes the construction of a new bed tower, resulting in up to 10 new licensed beds for a total capacity not to exceed 234 beds, including newborn bassinets.

The bill adds the UCHC construction and renovation to the list of enumerated UConn 2000 infrastructure improvement projects and authorizes \$207 million in new bonding. The issuance of these bonds is contingent on the receipt of \$100 million in nonstate money.

The bill also reallocates \$25 million in existing UConn 2000 authorizations for main building renovations to pay for the planning and design costs associated with the JDH construction and renovation. This reallocation is not contingent on the receipt of the \$100 million in nonstate money.

UConn HEALTH NETWORK INITIATIVE

The bill authorizes the issuance of up to \$30 million in state general obligation (GO) bonds to fund the UConn health network initiatives (see Table 1). The issuance of these bonds is contingent on the receipt of \$100 million in nonstate money.

Under the bill, the UConn health network initiatives include:

1. a simulation and conference center on the Hartford Hospital campus that uses new technologies and simulated care settings to educate and train healthcare professionals;
2. a Connecticut Institute for Primary Care at the Saint Francis Hospital and Medical Center campus that is intended to increase the number of primary care providers in the state;
3. an institute for clinical and translational science at UCHC;
4. a comprehensive cancer center to expand clinical trials and

advance patient care in the Hartford region;

5. a UConn-sponsored health disparities institute that is intended to enhance research and the delivery of care to the minority and medically underserved people;
6. the Connecticut Institute for Nursing Excellence at the UConn School of Nursing that will explore ways to enhance the recruitment, education, and retention of nurses and nursing faculty;
7. improvements at The Hospital of Central Connecticut, to include (a) the planning, design, land acquisition, development, and construction of a cancer treatment center constructed by, or in partnership with, the hospital and located entirely within the city of New Britain, (b) renovations and upgrades to the hospital's oncology unit, and (c) a permanent regional phase one clinical trials unit at the hospital, provided that a certificate of need is approved for this purpose; and
8. patient room renovations at Bristol Hospital.

The bill also requires the Hospital of Central Connecticut to repay its share of the proceeds in the event the cancer treatment center is built in whole or in part outside the legal boundaries of the city of New Britain.

Table 1: UConn Health Network Initiative Projects

<i>Project</i>	<i>Bond Authorization (in millions)</i>
Simulation and conference center	\$20
Primary care institute	
Institute for clinical and translational science	
Comprehensive cancer center	
Health disparities institute	
Hospital of Central Connecticut	5
Institute for nursing excellence	3
Bristol Hospital	2
TOTAL	30

Institute for Primary Care Innovation

The bill establishes the Connecticut Institute for Primary Care Innovation as a collaborative enterprise between the UConn School of Medicine and Saint Francis Hospital and Medical Center. The institute will be located on the St. Francis campus and focus on research and training relevant to primary care. The bill prohibits the institute from engaging in or managing the delivery of healthcare services, and it requires the UConn School of Medicine and St. Francis to enter into an affiliation agreement under which the institute will not be constrained by the Ethical and Religious Directives for Catholic Health Care Services with regard to (1) research and training pertaining to primary care or (2) any report or recommendation generated from such research.

The bill also requires the institute to (1) operate in accordance with the requirements and policies of the UConn School of Medicine, the Liaison Committee on Medical Education, and the Accreditation Council for Graduate Medical Education, and (2) disclose any research findings or results concerning medically accepted best practices.

Connecticut Institute for Nursing Excellence

The bill establishes the Connecticut Institute for Nursing Excellence at the UConn School of Nursing. The institute's governing board is chaired by a representative from the UConn School of Nursing, who is appointed by the school's dean. The board also comprises one representative each from:

1. UCHC, appointed by its board of directors;
2. Saint Joseph College, appointed by its president;
3. Yale University School of Nursing, appointed by its dean;
4. Yale-New Haven Hospital, appointed by its president;
5. the regional community-technical college system, appointed by its board of trustees;

6. Connecticut Hospital Association (CHA), appointed by its board of trustees;
7. Hartford Hospital, appointed by its president;
8. Saint Francis Hospital and Medical Center, appointed by its president;
9. a nursing student, appointed by the governor; and
10. a member of the public, appointed by the governor.

The board members must be appointed within 30 days of the issuance of the GO bonds for the institute, and the chairperson may appoint additional members as needed. Board members serve four year terms, with the exception that the initial terms of the nursing student, member of the public, and the representatives from CHA, Hartford Hospital, and Saint Francis Hospital and Medical Center are two years. Members may not serve more than two consecutive four-year terms.

Under the bill, the institute must:

1. evaluate and formulate strategies for increasing the retention of nurses and enhancing the education, recruitment, and retention of nursing faculty in Connecticut;
2. assist hospitals in establishing and evaluating a pilot nursing residency program to provide mentoring to first-year, hospital-based nurses;
3. establish and promote master's- and doctorate-level programs to prepare nurses to serve as educators in nursing schools, including the establishment of (a) loan forgiveness programs for those nurses who successfully complete such master's-level programs and have been members of a nursing faculty in this state for not less than four years, and (b) methods to increase compensation for nurse educators, including scholarships for service;

4. establish an evidence-based research center that reflects the current best science, experiential learning and clinical knowledge development; and
5. pursue grant funding and philanthropic support for nursing projects.

COSTS AND FUNDING SOURCES

Table 2 summarizes the cost of each project in the bill, the sources of funds, and the conditions for their use.

Table 2: Costs, Funding Sources, and Conditions on Use

<i>Project</i>	<i>Amount (in millions)</i>	<i>Description of funds</i>	<i>Conditions</i>
Planning and Design	\$25	Funds shifted from an existing UConn 2000 project	None
New Construction and Renovation at UCHC	207	New UConn 2000 bonds	May not be issued unless \$100 million in nonstate money is received.
	100	Federal, private, or other nonstate money	Must be received by June 30, 2015
UConn health network initiative	30	State GO bonds, outside of UConn 2000	May not be issued unless \$100 million in nonstate money is received.
TOTAL	\$362	\$237 million in new state bonding	

UConn 2000 Bonding

The bill (1) authorizes \$207 million in new bonding under UConn 2000, (2) extends the bonding for UConn 2000 from 2016 to 2018 and adjusts the annual caps, and (3) extends UConn’s control of UConn 2000 projects from June 30, 2016 until June 30, 2018 or until the program is completed, whichever is later.

The bill cancels UConn’s bond authorization for FY 10, reduces the cap for FY 11, increases the caps for FY 12 through FY 16, and extends the program through 2018 as shown in Table 3. Under prior law and the bill, 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 3: Annual Bond Limits for UConn 2000

<i>FY</i>	<i>Prior Limit (in millions)</i>	<i>New Limit (in millions)</i>	<i>Change (in millions)</i>
2010	\$140.5	\$0.0	(\$140.5)
11	146.5	138.8	(7.7)
12	123.1	157.2	34.1
13	114.5	143.0	28.5
14	111.5	140.0	28.5
15	100.0	128.5	28.5
16	90.9	119.5	28.6
17	N. A.	116.0	116.0
18	N. A.	91.0	91.0

Conditions

The issuance of the \$237 million in new state bonding is contingent on securing \$100 million in nonstate money. The bill requires the UConn president and the governor’s designee, by June 30, 2011, to notify the Office of Policy and Management (OPM) secretary of the status of the \$100 million, and it prohibits any construction from commencing until that money is received.

The bill sets June 30, 2015 as the deadline for receiving the \$100 million in nonstate money. If the money is not obtained by that date, all projects under the bill terminate, and the UConn 2000 bonding caps revert back to their previous totals. The effect of retroactively reverting the bonding caps is unclear.

NICU TRANSFER

The bill does not require UConn and CCMC to pursue a NICU transfer, but it presumes that they have agreed to do so. The bill defines the NICU transfer as the transfer, from JDH to CCMC, of the licensure and control of 40 NICU beds, which remain located at JDH. It increases CCMC’s licensed bed capacity by 40 while leaving JDH’s licensed bed capacity unchanged.

By December 31, 2010, CCMC and JDH must notify the OPM secretary (1) jointly, of their intent to proceed with the NICU transfer or (2) jointly or individually that they will not pursue it.

By law, the NICU transfer and JDH bed capacity expansion require the issuance of a certificate of need (CON) from the Office of Healthcare Access (OHCA) (see BACKGROUND). The bill requires OHCA to (1) expedite the CON application process for the NICU transfer, UCHC new construction and renovation, and UConn health network initiatives, specifically by prohibiting any extensions to its 90-day review period for completed CON applications; and (2) treat the NICU transfer and JDH bed capacity expansion as a single project for CON purposes, thus prohibiting the NICU transfer from occurring unless JDH's expansion plans are also approved. Unlike other aspects of the bill, the NICU transfer is not contingent on the receipt of \$100 million in nonstate money.

The bill also maintains the ability of state employees who provide (1) services in the NICU and (2) transport services to JDH to continue to negotiate wages, hours, and other conditions of employment through their bargaining agents. It prohibits any change in the licensure and ownership of the transport services from occurring as a result of the NICU transfer.

The bill requires the NICU transfer and bed capacity increase to be treated as one project, but if the NICU transfer does not occur, the bill appears to allow UConn to file a CON application solely for the UCHC construction and renovation. In the event this new CON is approved and the \$100 million in nonstate money is secured, it appears UConn could proceed with the construction and renovation without undertaking the NICU transfer.

ENTERPRISE ZONE

The bill extends the benefits of an enterprise zone to certain businesses and commercial properties in (1) Hartford; (2) certain census blocks and block groups in Farmington; (3) certain census blocks, block groups, and tracts in New Britain; and (4) certain census

tracts in Bristol. By law, enterprise zone benefits include property tax exemptions, business tax credits, and sales tax exemptions for replacement parts.

Under current law, an eligible business is one that has had fewer than 300 employees at all times during the previous 12 months and is engaged in biotechnology, pharmaceutical, or photonics research, development, or production in the state. The bill extends this definition to include businesses engaged in bioscience, which it defines as the study of genes, cells, tissues, and chemical and physical structures of living organisms.

An eligible commercial property is one that an eligible business has owned or leased and used at all times during the preceding 12 months or real property that the Economic and Community Development commissioner or Connecticut Innovations, Incorporated has certified as newly constructed or substantially renovated and expanded primarily for occupancy by one or more eligible businesses.

The bill also extends enterprise zone benefits to eligible businesses and commercial properties in any municipality that has a major research university with a bioscience program. Under current law, unchanged by the bill, these benefits apply if the university has programs in biotechnology, pharmaceuticals, or photonics.

REPORTING

The bill requires UConn, beginning January 1, 2011 and until the health network initiatives and UCHC construction and renovation are completed, to submit a biennial progress report on these projects. The report must be submitted to the Higher Education, Public Health, Finance, and Appropriations committees.

BACKGROUND

Certificate of Need

By law, a health care facility, provider, or person must obtain a CON in order to (1) transfer its ownership or control; (2) introduce an additional function or service; (3) terminate a service; (4) substantially

reduce its total bed capacity; (5) incur a capital expenditure exceeding \$3 million; (6) purchase, lease, or accept a donation of major medical equipment requiring a capital expenditure of over \$3 million; or (7) acquire imaging equipment that uses equipment or technology that is new or being introduced into the state.

A CON applicant submits a request in writing to OHCA which is known as a "letter of intent" (LOI). This describes the type of proposal, its cost, and location, and gives a brief description of the project. OHCA reviews the LOI to ensure that it is complete and, once it determines it is, OHCA must publish notice of the LOI within 21 days in a newspaper with substantial circulation in the area served by the applicant. The applicant can file its CON application after the LOI has been on file for 60 days and up to 120 days after it was initially filed. The applicant can ask for one 30-day extension of the LOI phase.

After the applicant has filed its CON application, OHCA has 10 days following its receipt to determine whether the application is complete. If it is incomplete, OHCA requests the additional information needed, and the application is no longer considered to be before the office. This, in effect, tolls the review period for the CON. Once OHCA determines that the application is complete, the review period begins and OHCA has 90 days to issue a decision. The review period may be extended for 30 days upon the applicant's request. If OHCA fails to act on the application by the end of the review period, the application is deemed approved.