
OLR Bill Analysis

HB 8001 (as amended by House "A")*

AN ACT CONCERNING THE UNIVERSITY OF CONNECTICUT HEALTH CENTER JOINT VENTURE INITIATIVE.

SUMMARY

This bill increases by \$390 million over five fiscal years the bond authorizations for the UConn 2000 program, which authorizes UConn to issue bonds and finance capital projects, and allows use of an equivalent amount of bond proceeds for the University of Connecticut Health Center Joint Venture Initiative (UCHC-JVI).

Under the bill, this initiative is one or more subsidiaries or joint ventures of UConn Health Center or the UConn Health Center Finance Corporation (see BACKGROUND) to acquire, operate, fund, improve, and sell or otherwise divest from one or more hospital systems by:

1. acquiring assets, business, or stock in a Connecticut hospital or hospitals;
2. funding their deferred maintenance;
3. having the necessary information technology and equipment to operate a subsidiary or joint venture;
4. making capital improvements to hospitals or facilities operated by a subsidiary or joint venture; and
5. maintaining a subsidiary's or joint venture's capital needs.

The bill also makes changes to expand the purposes of the UConn 2000 program to include:

1. establishing subsidiaries or joint ventures under the UCHC-JVI to acquire, operate, fund, improve, and sell or otherwise divest from hospital systems;

2. issuing securities to make loans or grants to a UCHC-JVI subsidiary or joint venture; and
3. entering joint ventures contracts.

The bill requires depositing in the General Fund any proceeds from the sale or divestiture of a hospital system under UCHC-JVI.

It also makes conforming changes.

*House Amendment "A" requires depositing in the General Fund any proceeds from the sale or divestiture of a hospital system under UCHC-JVI.

EFFECTIVE DATE: Upon passage

BONDS

The bill increases the UConn 2000 program's aggregate bond cap by \$390 million and increases the annual bond limits for the program for FY 26 through FY 30, as shown in the table below.

**Table: UConn 2000 Annual Bond Limits Under
Current Law and the Bill, FY 26-FY 30 (in Millions)**

<i>Fiscal Year</i>	<i>Current Authorization</i>	<i>Authorization Under the Bill</i>	<i>Increase</i>
26	\$128	\$276	\$148
27	116	192	76
28	103.5	158.5	55
29	101.5	156.5	55
30	100	156	56

The bill also reduces by \$18 million (from \$1.03 billion to \$1.012 billion) the total bond authorization for UConn 2000 from FY 96 to FY 05, which reflects the annual caps authorized for those years.

The bill eliminates a limit on the amount of UConn 2000 bonds that can be used for operating charges. It does so by (1) eliminating a provision that prohibits issuing bonds for operating expenses in an amount that would prevent the bonds from being tax exempt under federal law and (2) specifying that securities for UConn 2000 can have

interest that is either taxable or tax exempt under federal tax law.

UCHC-JVI AND SUBSIDIARIES AND JOINT VENTURES

Under the bill:

1. the employees of a hospital system or hospital acquired, operated, funded, or improved by a UCHC-JVI subsidiary or joint venture are not state employees;
2. for purposes of the UCHC-JVI, UConn Health and a subsidiary or joint venture are not employers under the state employee collective bargaining law;
3. a subsidiary or joint venture is an employer under the state Labor Relations Act (which generally governs collective bargaining) and their employees or their representatives can strike, regardless of existing law's prohibition on strikes at licensed health care institutions, if notice is given (to the employer, Federal Mediation and Conciliation Service, and State Board of Mediation and Arbitration) and the National Labor Relations Board has not asserted jurisdiction;
4. a subsidiary or joint venture can set employee compensation and personnel practices and policies, including hiring, promotion, compensation, retirement, and collective bargaining, which does not need to be set according to the state's collective bargaining law;
5. a subsidiary or joint venture can contract and make purchases according to its own policies and procedures; and
6. a subsidiary or joint venture is not a public agency or political subdivision.

The bill exempts the UCHC-JVI from provisions on project approvals, oversight, and reporting applicable to UConn 2000 projects. Among other things, these provisions (1) give UConn design and construction authority for UConn 2000 projects; (2) require it to have construction

standards for all projects and detailed plans and specifications for each project; (3) set bidding and contract award procedures; (4) subject the projects to specified labor laws on preferences for state residents, wages and hours, occupational safety and health, and contractor disqualification; (5) exempt the projects from any ordinance, law, or regulation of a municipality or other political subdivision; and (6) give the UConn Board of Trustees specific construction oversight responsibilities for the projects.

BACKGROUND

UConn Health Center Finance Corporation

The UConn Health Center Finance Corporation created to allow the John Dempsey Hospital and the UConn medical and dental schools to operate with greater flexibility by acquiring and disposing of equipment and real property and entering into contracts and joint ventures on their behalf. The corporation administers a separate insurance fund through which it insures the hospital and itself against malpractice claims and associated expenses.

Bids for Waterbury Hospital

Two nonprofit corporations recently entered bids in bankruptcy court for the assets of Waterbury Hospital: UCHCFC ROBBINS STREET CORP. for the hospital's real property and UCHCFC WATERBURY HEALTH CORP. for the hospital's other assets (*In re: Prospect Medical Holdings, Inc., et al.*, Case No. 25-80002, Bankruptcy Court, N.D. Texas). According to their certificates of incorporation, these two entities were formed for the primary purpose of submitting these bids on behalf of the UConn Health Finance Corporation and their activities are to further UConn Health's mission to provide comprehensive healthcare services to the community.