



STATE OF CONNECTICUT  
EXECUTIVE CHAMBERS

DANNEL P. MALLOY  
GOVERNOR

GOVERNOR'S OFFICE

January 16, 2018

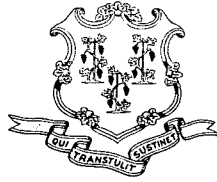
BILL NOTIFICATION  
RELEASE No. 21

For Immediate Release

Governor Dannel P. Malloy vetoed the following legislation of the 2018 January Special Session on January 16:

HB 7601      AN ACT CONCERNING ADJUSTMENTS TO THE STATE BUDGET REGARDING  
JSS PA 17-1    THE MEDICARE SAVINGS PROGRAM AND ELIGIBILITY THEREFOR.  
This bill had various effective dates.  
The Governor vetoed the bill. Scroll down to read the veto message.

As of this date, the Governor has signed two hundred sixty two (262) bills and vetoed four (4) bills of the 2017 Legislative Session. Additionally, the Governor has signed two (2) bills, vetoed one (1) bill, and line-item vetoed one (1) bill of the 2017 June Special Session. He has also vetoed one (1) bill of the 2018 January Special Session.



**Dannel P. Malloy**

GOVERNOR  
STATE OF CONNECTICUT

January 16, 2018

The Honorable Denise W. Merrill  
Secretary of the State  
30 Trinity Street  
Hartford, CT 06106

Dear Madam Secretary:

I hereby return, without my signature, House Bill 7601, *An Act Concerning Adjustments to the State Budget Regarding the Medicare Savings Program and Eligibility Therefor*. This bill restores the federal poverty level guidelines for eligibility for the Medicare Savings Plan to the levels in place prior to the adoption by the Legislature of the bi-partisan budget.

It further adjusts that bi-partisan budget in an attempt to fund the expansion of that program. The bi-partisan budget changes adopted to fund the Medicare Savings Plan are wishful thinking<sup>1</sup>, double-

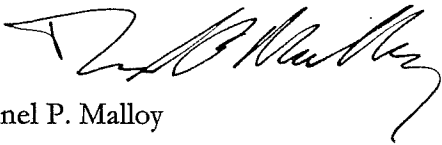
---

<sup>1</sup> It provides for a \$10m lapse to executive branch OE accounts. This is on top of more than \$20 million in lapses already applied to OE accounts. The language includes limitations to prevent eliminating earmarked programs funded out of OE accounts. Because the largest OE agencies are already unlikely to be able to achieve existing cuts (DSS and DOC) it seems unlikely that this cut will be achievable. It provides for a new \$6 million lapse for "managers and consultants" to be taken from executive branch budgets. OPM has only been approving managerial refills that are both critical and supported in reduced agency budgets. As a result, most vacancies are being held open already. We can always tighten further and achieve some savings but the savings from holding a vacancy starting this late in the year will be less than \$50,000 per position. This means we will have to hold several hundred more vacancies than we would have without the new lapse, which is not likely to be achievable. It provides for a new lapse of \$1,314,090 for consolidating HR into DAS. This reorganization is not likely to be able to achieve savings at this scale unless we immediately notice 40 or more HR staff in agencies and shift the work to DAS. This will produce significant turmoil, given that HR functions have been reduced significantly through attrition already in many agencies.

counting<sup>2</sup>, and pushing problems off into the future<sup>3</sup>. This bill has essentially done nothing to the state's budget operations in order to fund restoration of the Medicare Savings Plan by either adding new revenue or reducing state spending levels.

For these reasons, I disapprove of House Bill 7601, *An Act Concerning Adjustments to the State Budget Regarding the Medicare Savings Program and Eligibility Therefor*. Pursuant to Section 15 of Article Fourth of the Constitution of the State of Connecticut, I am returning House Bill 7601 without my signature.

Sincerely,



Dannel P. Malloy  
Governor

---

<sup>2</sup> It reduces the appropriation for the Teachers' Retirement System by \$19.4 million. The bipartisan budget had built this into the allocable lapses in the original budget and we have been assuming savings from this in OPM budget projections. As a result, this reduction does not produce any improvement to our overall balance.

<sup>3</sup> It eliminates a \$17.8 million revenue transfer from FY18 to FY19. This adds that amount to any deficit we face for FY19. The net impact of all the changes is a \$16.2 million reduction in the FY 18 general fund appropriation. There is also a revenue gain in FY18 of \$17.8 million. If we assume that only \$2 million of the additional lapses can be achieved, and that the postponement of MSP and the reduced TRS contribution are already built into our projection, these changes would improve balance by \$19.8 million in FY18 and would worsen balance by 17.8 million in FY 19. If the MSP changes are made permanent, the additional deficit in FY 19 would be approximately \$150 million.