January 3, 2018

The Honorable Martin M. Looney
President Pro Tempore
Legislative Office Building, Room 3300

The Honorable Len Fasano
Senate Republican President Pro Tempore
Legislative Office Building, Room 3400

The Honorable Bob Duff
Senate Majority Leader
Legislative Office Building, Room 3300

The Honorable Joe Aresimowicz
Speaker of the House
Legislative Office Building, Room 4100

The Honorable Matt Ritter
House Majority Leader
Legislative Office Building, Room 4100

The Honorable Themis Klarides
House Minority Leader
Legislative Office Building, Room 4200

Dear Legislative Leaders:

As you know, in early December the Department of Social Services (DSS) announced that it would delay implementing the eligibility changes in the Medicare Savings Program (MSP) as prescribed in the bipartisan budget. I am writing to inform you that, earlier today, I directed DSS to further delay these changes until July 1, 2018, ensuring that none of your constituents will have their benefits impacted during the current fiscal year, or during the upcoming legislative session.

Given that we are now in a new calendar year, and that we are only a few short weeks away from a new legislative session, it seems reasonable that more time to explore sustainable changes to this program would be helpful to you and your members. Further, while you have not shared a plan for how you will pay for maintaining the program at current levels, based on comments in the press it appears your intention is to focus on a near-term solution for the MSP for the current fiscal year, and leave the full deficit to be resolved at a later date. If this is the case, I fear that changes made to the MSP now – even if they are paid for in the current year – could still add significantly to our out-year deficits. I hope we could all agree that doing anything that balloons future deficits would be fiscally irresponsible, to say the least.

Of course, the additional delay I’ve ordered today will add some cost to our current fiscal year. However, it will total less than $20 million – an amount that is far preferable to a recurring $130 million annual cost, which we would incur were we to restore the program in perpetuity without a sustainable plan for paying for it. The options I submitted to you last month in my deficit mitigation plan far exceed this relatively minor amount for the current year.
Finally, please keep in mind that this $130 million cost would compound the likely upcoming loss in revenue from the Republican federal tax plan recently signed into law by President Trump. While we may not understand the precise impact this bill will have on Connecticut for some time, the potential for dramatic revenue loss in the months ahead is very real.

I hope this change is helpful to you as you consider your options. As always, my staff and I are available to discuss this matter in more detail and answer any questions you may have.

Sincerely,

[Signature]

Governor Dannel P. Malloy