



**THE OFFICE OF
STATE TREASURER
DENISE L. NAPPIER**

PRESS STATEMENT

FOR IMMEDIATE RELEASE
June 3, 2013

**STATEMENT BY STATE TREASURER DENISE L. NAPPIER
CONCERNING THE GENERAL ASSEMBLY'S PLAN
TO EXEMPT CERTAIN FULLY-REIMBURSED
FEDERAL EXPENDITURES FROM THE SPENDING CAP**

“As I currently understand the plan, which would reportedly affect the accounting for approximately \$6 billion in federally-reimbursed expenditures over the next two years, we do not anticipate the proposed change in the method of accounting for federal Medicaid funds will raise any concerns with the credit rating agencies or investors.

The fact that the use of this method would depart from the State's longstanding practice could be viewed as an indication of continued fiscal challenges. However, based on my office's preliminary discussions with several credit rating agencies, it may assist in their comparisons of states as Connecticut adopts a practice that conforms to industry standard.

Furthermore, how expenditures and reimbursements are accounted for are not expected to impact our cash flows.

Overall, we conclude that the implications for both the State's credit rating and cash flow would be neutral.”

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