Senate

General Assembly

File No. 381

January Session, 2025

Senate Bill No. 1420

Senate, April 1, 2025

The Committee on Human Services reported through SEN. LESSER of the 9th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING THE CONNECTICUT PARTNERSHIP FOR LONG-TERM CARE.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

Section 1. Section 17a-861 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(a) The Office of Policy and Management shall establish an outreach program to educate consumers as to: (1) The need for long-term care; (2) mechanisms for financing such care; (3) the availability of long-term care insurance; and (4) the asset protection provided under sections 17b-252 to 17b-254, inclusive, and 38a-475, as amended by this act. The Office of Policy and Management shall provide public information to assist individuals in choosing appropriate insurance coverage.

(b) The Secretary of the Office of Policy and Management, in consultation with the Insurance Commissioner, shall, not later than January 15, 2026, and annually thereafter, file a report, in accordance with the provisions of section 11-4a, with the joint standing committees of the General Assembly having cognizance of matters relating to aging, human services and insurance and real estate on the incurred loss and actual paid loss for each long-term care policy precertified pursuant to section 38a-475, as amended by this act, in the past three calendar years. The secretary shall include a link to the report on the Internet web site of the Office of Policy and Management and the Insurance Department shall include a link to the report on the Insurance Department's Internet web site.

(c) Not later than October 1, 2025, the Secretary of the Office of Policy and Management shall file a report, in accordance with the provisions of section 11-4a, with the joint standing committees of the General Assembly having cognizance of matters relating to aging, human services and insurance and real estate on the feasibility and effect on access to long-term care insurance of a requirement that issuers of long-term care insurance policies provide policyholders an opportunity to cancel such insurance and obtain full refunds of any premiums paid since the start of the policies whenever such issuer files for rate increases that exceed the rate of inflation.

Sec. 2. Section 38a-475 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

The Insurance Department shall only precertify long-term care insurance policies that (1) alert the purchaser to the availability of consumer information and public education provided by the Department of Aging and Disability Services pursuant to section 17a-861, as amended by this act; (2) offer the option of home and community-based services in addition to nursing home care; (3) in all home care plans, include case management services delivered by an access agency approved by the Office of Policy and Management and the Department of Social Services as meeting the requirements for such agency as defined in regulations adopted pursuant to subsection (m) of section 17b-342, which services shall include, but need not be limited to, the development of a comprehensive individualized assessment and care plan and, as needed, the coordination of appropriate services and the monitoring of the delivery of such services; (4) provide inflation protection; (5) provide for the keeping of records and an explanation of benefit reports on insurance payments which count toward Medicaid resource exclusion; **[**and**]** (6) do not tie executive compensation to approval of higher rates for policyholders; and (7) provide the management information and reports necessary to document the extent of Medicaid resource protection offered and to evaluate the Connecticut Partnership for Long-Term Care. No policy shall be precertified if it requires prior hospitalization or a prior stay in a nursing home as a condition of providing benefits. The commissioner may adopt regulations, in accordance with chapter 54, to carry out the precertification provisions of this section.

Sec. 3. Subsection (b) of section 38a-501 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(b) (1) No insurance company, fraternal benefit society, hospital service corporation, medical service corporation or health care center may deliver or issue for delivery any long-term care policy that has a loss ratio of less than sixty per cent for any individual long-term care policy. An issuer shall file an annual report, not later than January fifteenth, with the Insurance Commissioner on incurred losses and actual paid losses for each long-term care policy issued in the state. An issuer shall not use or change premium rates for a long-term care policy unless the rates have been filed with and approved by the commissioner. For a policy precertified in accordance with section 38a-475, as amended by this act, the Insurance Commissioner shall not approve any rate increase greater than a rate increase that was allowable at the time such policy was precertified. Any rate filings or rate revisions shall demonstrate that anticipated claims in relation to premiums when combined with actual experience to date can be expected to comply with the loss ratio requirement of this section. An insurance company, fraternal benefit society, hospital service corporation, medical service corporation or health care center shall, as part of any long-term care policy rate increase request, provide details of any and all reinsurance

<u>contracts associated with the policy at issue, including, but not limited to, participation percentage of each reinsurer, by date of contract.</u> A rate filing shall include the factors and methodology used to estimate irrevocable trust values if the policy includes an option for the elimination period specified in subdivision (1) of subsection (a) of this section.

(2) (A) Any insurance company, fraternal benefit society, hospital service corporation, medical service corporation or health care center that files a rate filing for an increase in premium rates for a long-term care policy that is for twenty per cent or more shall spread the increase over a period of not less than three years and not file a rate filing for an increase in premium rates for the long-term care policy during the period chosen. Such company, society, corporation or center shall use a periodic rate increase that is actuarially equivalent to a single rate increase and a current interest rate for the period chosen.

(B) Prior to implementing a premium rate increase, each such company, society, corporation or center shall:

(i) Notify its policyholders of such premium rate increase and make available to such policyholders the additional choice of reducing the policy benefits to reduce the premium rate or electing coverage that reflects the minimum set of affordable benefit options developed by the commissioner pursuant to section 38a-475a. Such notice shall include a description of such policy benefit reductions and minimum set of affordable benefit options. The premium rates for any benefit reductions shall be based on the new premium rate schedule;

(ii) Provide policyholders not less than thirty calendar days to elect a reduction in policy benefits or coverage that reflects the minimum set of affordable benefit options developed by the commissioner pursuant to section 38a-475a; and

(iii) Include a statement in such notice that if a policyholder fails to elect a reduction in policy benefits or coverage that reflects the minimum set of affordable benefit options developed by the commissioner pursuant to section 38a-475a by the end of the notice period and has not cancelled the policy, the policyholder will be deemed to have elected to retain the existing policy benefits.

Sec. 4. Subsection (b) of section 38a-528 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(b) (1) No insurance company, fraternal benefit society, hospital service corporation, medical service corporation or health care center may deliver or issue for delivery any long-term care policy or certificate that has a loss ratio of less than sixty-five per cent for any group long-term care policy. An issuer shall file an annual report, not later than January fifteenth, with the Insurance Commissioner on incurred losses and actual paid losses for each long-term care policy issued in the state. An issuer shall not use or change premium rates for a long-term care policy or certificate unless the rates have been filed with the commissioner. For a policy precertified in accordance with section 38a-475, as amended by this act, the Insurance Commissioner shall not approve any rate increase greater than a rate increase that was allowable at the time such policy was precertified. Deviations in rates to reflect policyholder experience shall be permitted, provided each policy form shall meet the loss ratio requirement of this section. Any rate filings or rate revisions shall demonstrate that anticipated claims in relation to premiums when combined with actual experience to date can be expected to comply with the loss ratio requirement of this section. An insurance company, fraternal benefit society, hospital service corporation, medical service corporation or health care center shall, as part of any long-term care policy rate increase request, provide details of any and all reinsurance contracts associated with the policy at issue, including, but not limited to, participation percentage of each reinsurer, by date of contract. On an annual basis, an insurer shall submit to the commissioner an actuarial certification of the insurer's continuing compliance with the loss ratio requirement of this section. Any rate or rate revision may be disapproved if the commissioner determines that the loss ratio requirement will not be met over the lifetime of the policy form using reasonable assumptions.

(2) (A) Any insurance company, fraternal benefit society, hospital service corporation, medical service corporation or health care center that files a rate filing for an increase in premium rates for a long-term care policy that is for twenty per cent or more shall spread the increase over a period of not less than three years and not file a rate filing for an increase in premium rates for the long-term care policy during the period chosen. Such company, society, corporation or center shall use a periodic rate increase that is actuarially equivalent to a single rate increase and a current interest rate for the period chosen.

(B) Prior to implementing a premium rate increase, each such company, society, corporation or center shall:

(i) Notify its certificate holders of such premium rate increase and make available to such certificate holders the additional choice of reducing the policy benefits to reduce the premium rate or electing coverage that reflects the minimum set of affordable benefit options developed by the commissioner pursuant to section 38a-475a. Such notice shall include a description of such policy benefit reductions and minimum set of affordable benefit options. The premium rates for any benefit reductions shall be based on the new premium rate schedule;

(ii) Provide certificate holders not less than thirty calendar days to elect a reduction in policy benefits or coverage that reflects the minimum set of affordable benefit options developed by the commissioner pursuant to section 38a-475a; and

(iii) Include a statement in such notice that if a certificate holder fails to elect a reduction in policy benefits or coverage that reflects the minimum set of affordable benefit options developed by the commissioner pursuant to section 38a-475a by the end of the notice period and has not cancelled the policy, the certificate holder will be deemed to have elected to retain the existing policy benefits.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*July 1, 2025*	17a-861
Sec. 2	*July 1, 2025*	38a-475
Sec. 3	*July 1, 2025*	38a-501(b)
Sec. 4	*July 1, 2025*	38a-528(b)

HS *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 $	FY 27 $
Policy & Mgmt., Off.	GF - Cost	430,000	125,000
State Comptroller - Fringe Benefits[1]	GF - Cost	50,888	50,888

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill results in a cost of $430,000 in FY 26 and $125,000 in FY 27 to the Office of Policy and Management (OPM) to cover consulting costs and support one full-time position.

OPM requires an insurance actuary to produce the annual reports regarding long-term care insurance policies, as the agency does not possess staff with relevant expertise or collect data related to these policies. This position will cost $130,000 in salary and related expenses in FY 26, and $125,000 in FY 27. There will be a corresponding cost to the State Comptroller of $50,888 in FY 26 and FY 27 for fringe benefits.

OPM will also require $300,000 in FY 26 to cover consulting costs related to a different one-time report regarding long-term insurance policies.

[1]The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 40.71% of payroll in FY 26.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis

SB 1420

AN ACT CONCERNING THE CONNECTICUT PARTNERSHIP FOR LONG-TERM CARE.

SUMMARY

This bill restricts rate increases for long-term care (LTC) insurance policies under the Connecticut Partnership for Long-Term Care by prohibiting the insurance commissioner from approving a rate increase greater than an increase allowed when the policy was precertified (see COMMENT). It also prohibits partnership policies from tying executive compensation to the state's approval of higher rates for policy holders.

Under the bill, the Office of Policy and Management (OPM) secretary must report annually, starting by January 15, 2026, to the Aging, Human Services, and Insurance and Real Estate committees on the incurred loss and actual paid loss in the past three calendar years for each partnership policy. OPM and the Connecticut Insurance Department (CID) must post the report on their websites.

The bill also establishes additional requirements for all LTC insurance policies sold in the state. Existing law requires LTC insurers to maintain a minimum loss ratio (currently 60% for individual policies and 65% for group policies) and file rate increases with CID before implementing them. The insurance commissioner may disapprove a rate filing if he determines the loss ratio requirement will not be met. The bill requires LTC insurers to include with this filing details on any reinsurance contracts associated with the policy, including each reinsurer's participation percentage, by date of contract. It also requires insurers to annually report to the insurance commissioner, by January 15, incurred losses and actual paid losses for each LTC policy sold in the state.

Lastly, the bill requires the OPM secretary to report to the Aging, Human Services, and Insurance and Real Estate committees by October 1, 2025, on the feasibility of requiring LTC policy insurers to allow policy holders to cancel their insurance and receive a refund for all premiums they paid since the start of the policy whenever the insurer files for a rate increase that exceeds the inflation rate. The report must also address how doing so would affect access to long-term care insurance.

EFFECTIVE DATE: July 1, 2025

BACKGROUND

Partnership Policies

The Connecticut Partnership for Long-Term Care is a program through which the insurance commissioner precertifies LTC policies that meet certain requirements. Among other things, these plans allow policy holders to keep a portion of their assets and remain eligible for Medicaid.

COMMENT

Among other things, the bill prohibits the insurance commissioner from approving a rate increase for a partnership LTC policy that is greater than a rate increase the commissioner allowed when he precertified the policy. However, the law does not require the commissioner to establish an allowed rate increase when precertifying a policy, nor does he do so in practice. Thus, it is unclear how the bill's requirement can be implemented.

COMMITTEE ACTION

Human Services Committee

Joint Favorable
Yea 18 Nay 4 (03/13/2025)