



General Assembly

January Session, 2025

Raised Bill No. 1278

LCO No. 4030



Referred to Committee on AGING

Introduced by:
(AGE)

AN ACT CONCERNING LONG-TERM CARE INSURANCE PREMIUM RATES.

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

1 Section 1. Subparagraph (B) of subdivision (20) of subsection (a) of
2 section 12-701 of the general statutes is repealed and the following is
3 substituted in lieu thereof (*Effective from passage and applicable to taxable*
4 *years commencing on or after January 1, 2025*):

5 (B) There shall be subtracted therefrom:

6 (i) To the extent properly includable in gross income for federal
7 income tax purposes, any income with respect to which taxation by any
8 state is prohibited by federal law;

9 (ii) To the extent allowable under section 12-718, exempt dividends
10 paid by a regulated investment company;

11 (iii) To the extent properly includable in gross income for federal
12 income tax purposes, the amount of any refund or credit for
13 overpayment of income taxes imposed by this state, or any other state

14 of the United States or a political subdivision thereof, or the District of
15 Columbia;

16 (iv) To the extent properly includable in gross income for federal
17 income tax purposes and not otherwise subtracted from federal
18 adjusted gross income pursuant to clause (x) of this subparagraph in
19 computing Connecticut adjusted gross income, any tier 1 railroad
20 retirement benefits;

21 (v) To the extent any additional allowance for depreciation under
22 Section 168(k) of the Internal Revenue Code for property placed in
23 service after September 27, 2017, was added to federal adjusted gross
24 income pursuant to subparagraph (A)(ix) of this subdivision in
25 computing Connecticut adjusted gross income, twenty-five per cent of
26 such additional allowance for depreciation in each of the four
27 succeeding taxable years;

28 (vi) To the extent properly includable in gross income for federal
29 income tax purposes, any interest income from obligations issued by or
30 on behalf of the state of Connecticut, any political subdivision thereof,
31 or public instrumentality, state or local authority, district or similar
32 public entity created under the laws of the state of Connecticut;

33 (vii) To the extent properly includable in determining the net gain or
34 loss from the sale or other disposition of capital assets for federal income
35 tax purposes, any gain from the sale or exchange of obligations issued
36 by or on behalf of the state of Connecticut, any political subdivision
37 thereof, or public instrumentality, state or local authority, district or
38 similar public entity created under the laws of the state of Connecticut,
39 in the income year such gain was recognized;

40 (viii) Any interest on indebtedness incurred or continued to purchase
41 or carry obligations or securities the interest on which is subject to tax
42 under this chapter but exempt from federal income tax, to the extent that
43 such interest on indebtedness is not deductible in determining federal
44 adjusted gross income and is attributable to a trade or business carried

45 on by such individual;

46 (ix) Ordinary and necessary expenses paid or incurred during the
47 taxable year for the production or collection of income which is subject
48 to taxation under this chapter but exempt from federal income tax, or
49 the management, conservation or maintenance of property held for the
50 production of such income, and the amortizable bond premium for the
51 taxable year on any bond the interest on which is subject to tax under
52 this chapter but exempt from federal income tax, to the extent that such
53 expenses and premiums are not deductible in determining federal
54 adjusted gross income and are attributable to a trade or business carried
55 on by such individual;

56 (x) (I) For taxable years commencing prior to January 1, 2019, for a
57 person who files a return under the federal income tax as an unmarried
58 individual whose federal adjusted gross income for such taxable year is
59 less than fifty thousand dollars, or as a married individual filing
60 separately whose federal adjusted gross income for such taxable year is
61 less than fifty thousand dollars, or for a husband and wife who file a
62 return under the federal income tax as married individuals filing jointly
63 whose federal adjusted gross income for such taxable year is less than
64 sixty thousand dollars or a person who files a return under the federal
65 income tax as a head of household whose federal adjusted gross income
66 for such taxable year is less than sixty thousand dollars, an amount
67 equal to the Social Security benefits includable for federal income tax
68 purposes;

69 (II) For taxable years commencing prior to January 1, 2019, for a
70 person who files a return under the federal income tax as an unmarried
71 individual whose federal adjusted gross income for such taxable year is
72 fifty thousand dollars or more, or as a married individual filing
73 separately whose federal adjusted gross income for such taxable year is
74 fifty thousand dollars or more, or for a husband and wife who file a
75 return under the federal income tax as married individuals filing jointly
76 whose federal adjusted gross income from such taxable year is sixty

77 thousand dollars or more or for a person who files a return under the
78 federal income tax as a head of household whose federal adjusted gross
79 income for such taxable year is sixty thousand dollars or more, an
80 amount equal to the difference between the amount of Social Security
81 benefits includable for federal income tax purposes and the lesser of
82 twenty-five per cent of the Social Security benefits received during the
83 taxable year, or twenty-five per cent of the excess described in Section
84 86(b)(1) of the Internal Revenue Code;

85 (III) For the taxable year commencing January 1, 2019, and each
86 taxable year thereafter, for a person who files a return under the federal
87 income tax as an unmarried individual whose federal adjusted gross
88 income for such taxable year is less than seventy-five thousand dollars,
89 or as a married individual filing separately whose federal adjusted gross
90 income for such taxable year is less than seventy-five thousand dollars,
91 or for a husband and wife who file a return under the federal income tax
92 as married individuals filing jointly whose federal adjusted gross
93 income for such taxable year is less than one hundred thousand dollars
94 or a person who files a return under the federal income tax as a head of
95 household whose federal adjusted gross income for such taxable year is
96 less than one hundred thousand dollars, an amount equal to the Social
97 Security benefits includable for federal income tax purposes; and

98 (IV) For the taxable year commencing January 1, 2019, and each
99 taxable year thereafter, for a person who files a return under the federal
100 income tax as an unmarried individual whose federal adjusted gross
101 income for such taxable year is seventy-five thousand dollars or more,
102 or as a married individual filing separately whose federal adjusted gross
103 income for such taxable year is seventy-five thousand dollars or more,
104 or for a husband and wife who file a return under the federal income tax
105 as married individuals filing jointly whose federal adjusted gross
106 income from such taxable year is one hundred thousand dollars or more
107 or for a person who files a return under the federal income tax as a head
108 of household whose federal adjusted gross income for such taxable year
109 is one hundred thousand dollars or more, an amount equal to the

110 difference between the amount of Social Security benefits includable for
111 federal income tax purposes and the lesser of twenty-five per cent of the
112 Social Security benefits received during the taxable year, or twenty-five
113 per cent of the excess described in Section 86(b)(1) of the Internal
114 Revenue Code;

115 (xi) To the extent properly includable in gross income for federal
116 income tax purposes, any amount rebated to a taxpayer pursuant to
117 section 12-746;

118 (xii) To the extent properly includable in the gross income for federal
119 income tax purposes of a designated beneficiary, any distribution to
120 such beneficiary from any qualified state tuition program, as defined in
121 Section 529(b) of the Internal Revenue Code, established and
122 maintained by this state or any official, agency or instrumentality of the
123 state;

124 (xiii) To the extent allowable under section 12-701a, contributions to
125 accounts established pursuant to any qualified state tuition program, as
126 defined in Section 529(b) of the Internal Revenue Code, established and
127 maintained by this state or any official, agency or instrumentality of the
128 state;

129 (xiv) To the extent properly includable in gross income for federal
130 income tax purposes, the amount of any Holocaust victims' settlement
131 payment received in the taxable year by a Holocaust victim;

132 (xv) To the extent properly includable in the gross income for federal
133 income tax purposes of a designated beneficiary, as defined in section
134 3-123aa, interest, dividends or capital gains earned on contributions to
135 accounts established for the designated beneficiary pursuant to the
136 Connecticut Homecare Option Program for the Elderly established by
137 sections 3-123aa to 3-123ff, inclusive;

138 (xvi) To the extent properly includable in gross income for federal
139 income tax purposes, any income received from the United States

140 government as retirement pay for a retired member of (I) the Armed
141 Forces of the United States, as defined in Section 101 of Title 10 of the
142 United States Code, or (II) the National Guard, as defined in Section 101
143 of Title 10 of the United States Code;

144 (xvii) To the extent properly includable in gross income for federal
145 income tax purposes for the taxable year, any income from the discharge
146 of indebtedness in connection with any reacquisition, after December
147 31, 2008, and before January 1, 2011, of an applicable debt instrument or
148 instruments, as those terms are defined in Section 108 of the Internal
149 Revenue Code, as amended by Section 1231 of the American Recovery
150 and Reinvestment Act of 2009, to the extent any such income was added
151 to federal adjusted gross income pursuant to subparagraph (A)(xi) of
152 this subdivision in computing Connecticut adjusted gross income for a
153 preceding taxable year;

154 (xviii) To the extent not deductible in determining federal adjusted
155 gross income, the amount of any contribution to a manufacturing
156 reinvestment account established pursuant to section 32-9zz in the
157 taxable year that such contribution is made;

158 (xix) To the extent properly includable in gross income for federal
159 income tax purposes, (I) for the taxable year commencing January 1,
160 2015, ten per cent of the income received from the state teachers'
161 retirement system, (II) for the taxable years commencing January 1,
162 2016, to January 1, 2020, inclusive, twenty-five per cent of the income
163 received from the state teachers' retirement system, and (III) for the
164 taxable year commencing January 1, 2021, and each taxable year
165 thereafter, fifty per cent of the income received from the state teachers'
166 retirement system or, for a taxpayer whose federal adjusted gross
167 income does not exceed the applicable threshold under clause (xx) of
168 this subparagraph, the percentage pursuant to said clause of the income
169 received from the state teachers' retirement system, whichever
170 deduction is greater;

171 (xx) To the extent properly includable in gross income for federal
172 income tax purposes, except for retirement benefits under clause (iv) of
173 this subparagraph and retirement pay under clause (xvi) of this
174 subparagraph, for a person who files a return under the federal income
175 tax as an unmarried individual whose federal adjusted gross income for
176 such taxable year is less than seventy-five thousand dollars, or as a
177 married individual filing separately whose federal adjusted gross
178 income for such taxable year is less than seventy-five thousand dollars,
179 or as a head of household whose federal adjusted gross income for such
180 taxable year is less than seventy-five thousand dollars, or for a husband
181 and wife who file a return under the federal income tax as married
182 individuals filing jointly whose federal adjusted gross income for such
183 taxable year is less than one hundred thousand dollars, (I) for the taxable
184 year commencing January 1, 2019, fourteen per cent of any pension or
185 annuity income, (II) for the taxable year commencing January 1, 2020,
186 twenty-eight per cent of any pension or annuity income, (III) for the
187 taxable year commencing January 1, 2021, forty-two per cent of any
188 pension or annuity income, and (IV) for the taxable years commencing
189 January 1, 2022, and January 1, 2023, one hundred per cent of any
190 pension or annuity income;

191 (xxi) To the extent properly includable in gross income for federal
192 income tax purposes, except for retirement benefits under clause (iv) of
193 this subparagraph and retirement pay under clause (xvi) of this
194 subparagraph, any pension or annuity income for the taxable year
195 commencing on or after January 1, 2024, and each taxable year
196 thereafter, in accordance with the following schedule, for a person who
197 files a return under the federal income tax as an unmarried individual
198 whose federal adjusted gross income for such taxable year is less than
199 one hundred thousand dollars, or as a married individual filing
200 separately whose federal adjusted gross income for such taxable year is
201 less than one hundred thousand dollars, or as a head of household
202 whose federal adjusted gross income for such taxable year is less than
203 one hundred thousand dollars:

T1	Federal Adjusted Gross Income	Deduction
T2	Less than \$75,000	100.0%
T3	\$75,000 but not over \$77,499	85.0%
T4	\$77,500 but not over \$79,999	70.0%
T5	\$80,000 but not over \$82,499	55.0%
T6	\$82,500 but not over \$84,999	40.0%
T7	\$85,000 but not over \$87,499	25.0%
T8	\$87,500 but not over \$89,999	10.0%
T9	\$90,000 but not over \$94,999	5.0%
T10	\$95,000 but not over \$99,999	2.5%
T11	\$100,000 and over	0.0%

204 (xxii) To the extent properly includable in gross income for federal
 205 income tax purposes, except for retirement benefits under clause (iv) of
 206 this subparagraph and retirement pay under clause (xvi) of this
 207 subparagraph, any pension or annuity income for the taxable year
 208 commencing on or after January 1, 2024, and each taxable year
 209 thereafter, in accordance with the following schedule for married
 210 individuals who file a return under the federal income tax as married
 211 individuals filing jointly whose federal adjusted gross income for such
 212 taxable year is less than one hundred fifty thousand dollars:

T12	Federal Adjusted Gross Income	Deduction
T13	Less than \$100,000	100.0%
T14	\$100,000 but not over \$104,999	85.0%
T15	\$105,000 but not over \$109,999	70.0%
T16	\$110,000 but not over \$114,999	55.0%
T17	\$115,000 but not over \$119,999	40.0%
T18	\$120,000 but not over \$124,999	25.0%
T19	\$125,000 but not over \$129,999	10.0%
T20	\$130,000 but not over \$139,999	5.0%
T21	\$140,000 but not over \$149,999	2.5%
T22	\$150,000 and over	0.0%

213 (xxiii) The amount of lost wages and medical, travel and housing
214 expenses, not to exceed ten thousand dollars in the aggregate, incurred
215 by a taxpayer during the taxable year in connection with the donation
216 to another person of an organ for organ transplantation occurring on or
217 after January 1, 2017;

218 (xxiv) To the extent properly includable in gross income for federal
219 income tax purposes, the amount of any financial assistance received
220 from the Crumbling Foundations Assistance Fund or paid to or on
221 behalf of the owner of a residential building pursuant to sections 8-442
222 and 8-443;

223 (xxv) To the extent properly includable in gross income for federal
224 income tax purposes, the amount calculated pursuant to subsection (b)
225 of section 12-704g for income received by a general partner of a venture
226 capital fund, as defined in 17 CFR 275.203(l)-1, as amended from time to
227 time;

228 (xxvi) To the extent any portion of a deduction under Section 179 of
229 the Internal Revenue Code was added to federal adjusted gross income
230 pursuant to subparagraph (A)(xiv) of this subdivision in computing
231 Connecticut adjusted gross income, twenty-five per cent of such
232 disallowed portion of the deduction in each of the four succeeding
233 taxable years;

234 (xxvii) To the extent properly includable in gross income for federal
235 income tax purposes, for a person who files a return under the federal
236 income tax as an unmarried individual whose federal adjusted gross
237 income for such taxable year is less than seventy-five thousand dollars,
238 or as a married individual filing separately whose federal adjusted gross
239 income for such taxable year is less than seventy-five thousand dollars,
240 or as a head of household whose federal adjusted gross income for such
241 taxable year is less than seventy-five thousand dollars, or for a husband
242 and wife who file a return under the federal income tax as married

243 individuals filing jointly whose federal adjusted gross income for such
244 taxable year is less than one hundred thousand dollars, for the taxable
245 year commencing January 1, 2023, twenty-five per cent of any
246 distribution from an individual retirement account other than a Roth
247 individual retirement account;

248 (xxviii) To the extent properly includable in gross income for federal
249 income tax purposes, for a person who files a return under the federal
250 income tax as an unmarried individual whose federal adjusted gross
251 income for such taxable year is less than one hundred thousand dollars,
252 or as a married individual filing separately whose federal adjusted gross
253 income for such taxable year is less than one hundred thousand dollars,
254 or as a head of household whose federal adjusted gross income for such
255 taxable year is less than one hundred thousand dollars, (I) for the taxable
256 year commencing January 1, 2024, fifty per cent of any distribution from
257 an individual retirement account other than a Roth individual
258 retirement account, (II) for the taxable year commencing January 1, 2025,
259 seventy-five per cent of any distribution from an individual retirement
260 account other than a Roth individual retirement account, and (III) for
261 the taxable year commencing January 1, 2026, and each taxable year
262 thereafter, any distribution from an individual retirement account other
263 than a Roth individual retirement account. The subtraction under this
264 clause shall be made in accordance with the following schedule:

T23	Federal Adjusted Gross Income	Deduction
T24	Less than \$75,000	100.0%
T25	\$75,000 but not over \$77,499	85.0%
T26	\$77,500 but not over \$79,999	70.0%
T27	\$80,000 but not over \$82,499	55.0%
T28	\$82,500 but not over \$84,999	40.0%
T29	\$85,000 but not over \$87,499	25.0%
T30	\$87,500 but not over \$89,999	10.0%
T31	\$90,000 but not over \$94,999	5.0%
T32	\$95,000 but not over \$99,999	2.5%

283 enhancement program from funding allocated to the state through the
284 Coronavirus Relief Fund established under the Coronavirus Aid, Relief,
285 and Economic Security Act, P.L. 116-136, and (II) the 2021 Earned
286 Income Tax Credit enhancement program from funding allocated to the
287 state pursuant to Section 9901 of Subtitle M of Title IX of the American
288 Rescue Plan Act of 2021, P.L. 117-2;

289 (xxxix) For the taxable year commencing January 1, 2023, and each
290 taxable year thereafter, for a taxpayer licensed under the provisions of
291 chapter 420f or 420h, the amount of ordinary and necessary expenses
292 that would be eligible to be claimed as a deduction for federal income
293 tax purposes under Section 162(a) of the Internal Revenue Code but that
294 are disallowed under Section 280E of the Internal Revenue Code
295 because marijuana is a controlled substance under the federal
296 Controlled Substance Act;

297 (xxxix) To the extent properly includable in gross income for federal
298 income tax purposes, for the taxable year commencing on or after
299 January 1, 2025, and each taxable year thereafter, any common stock
300 received by the taxpayer during the taxable year under a share plan, as
301 defined in section 12-217ss;

302 (xxxix) To the extent properly includable in gross income for federal
303 income tax purposes, the amount of any student loan reimbursement
304 payment received by a taxpayer pursuant to section 10a-19m;

305 (xxxix) Contributions to an ABLE account established pursuant to
306 sections 3-39k to 3-39q, inclusive, not to exceed five thousand dollars for
307 each individual taxpayer or ten thousand dollars for taxpayers filing a
308 joint return; [and]

309 (xxxix) To the extent properly includable in gross income for federal
310 income tax purposes, the amount of any payment received pursuant to
311 subsection (c) of section 3-122a; and

312 (xxxix) For the taxable year commencing January 1, 2025, and each

313 taxable year thereafter, the amount of any premiums paid in the taxable
314 year for a long-term care insurance policy issued pursuant to section
315 38a-475, 38a-501, as amended by this act, or 38a-528, as amended by this
316 act.

317 Sec. 2. Subdivision (2) of subsection (b) of section 38a-501 of the
318 general statutes is repealed and the following is substituted in lieu
319 thereof (*Effective July 1, 2025*):

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

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

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

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

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

349 (C) Prior to implementing a premium rate increase exceeding ten per
350 cent, each such company, society, corporation or center shall hold a
351 public hearing on such rate increase. Policyholders shall be provided
352 notice of the date and time of such hearing not less than fourteen days
353 in advance of such date.

354 Sec. 3. Subdivision (2) of subsection (b) of section 38a-528 of the
355 general statutes is repealed and the following is substituted in lieu
356 thereof (*Effective July 1, 2025*):

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

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

368 (i) Notify its certificate holders of such premium rate increase and
369 make available to such certificate holders the additional choice of
370 reducing the policy benefits to reduce the premium rate or electing
371 coverage that reflects the minimum set of affordable benefit options
372 developed by the commissioner pursuant to section 38a-475a. Such
373 notice shall include a description of such policy benefit reductions and

374 minimum set of affordable benefit options. The premium rates for any
375 benefit reductions shall be based on the new premium rate schedule;

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

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

386 (C) Prior to implementing a premium rate increase exceeding ten per
387 cent, each such company, society, corporation or center shall hold a
388 public hearing on such rate increase. Policyholders shall be provided
389 notice of the date and time of such hearing not less than fourteen days
390 in advance of such date.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage and applicable to taxable years commencing on or after January 1, 2025</i>	12-701(a)(20)(B)
Sec. 2	<i>July 1, 2025</i>	38a-501(b)(2)
Sec. 3	<i>July 1, 2025</i>	38a-528(b)(2)

Statement of Purpose:

To (1) allow an income tax deduction for long-term care insurance premiums, (2) require the Insurance Department to hold a public hearing for long-term care premium rate increase requests that exceed ten per cent, and (3) require that policyholders are provided advance notice of such hearing.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]