
OLR Bill Analysis

sHB 7183

AN ACT CONCERNING THE REGULATION OF LONG-TERM CARE INSURANCE, REPORTS CONCERNING SUCH INSURANCE AND A LIMITED PERFORMANCE AUDIT OF THE CONNECTICUT PARTNERSHIP FOR LONG-TERM CARE.

SUMMARY

This bill makes various changes affecting long-term care (LTC) insurance policy rate increases and oversight (see BACKGROUND). It applies to insurance companies, fraternal benefit societies, hospital and medical service corporations, and HMOs (“health carriers”).

For LTC insurance premium rate increases, the bill does the following:

1. requires the Insurance Department to hold a hearing for any LTC policy premium rate increase request above 10% (§ 2),
2. requires health carriers to give LTC policyholders at least 14 days’ advance notice of the hearing (§ 2),
3. requires health carriers to notify LTC policy purchasers of the risk of future premium increases (§ 3), and
4. indexes premium rate increases to the consumer price index for urban consumers for certain LTC policies and policyholders (§ 4).

Additionally, the bill requires the Insurance Department and the Office of Policy and Management (OPM), respectively, to (1) evaluate an alternative pool for LTC policyholders of over 20 years and best practices to regulate LTC insurance and (2) report their findings and recommendations to the Government Oversight and Insurance committees by February 1, 2026 (§§ 1 & 5).

Lastly, it requires the state auditors to do a limited performance audit

of the Connecticut Partnership for Long-Term Care (see below) (§ 6).

EFFECTIVE DATE: January 1, 2026, except that provisions (1) establishing new reporting requirements (§§ 1 & 5) take effect upon passage and (2) requiring the limited performance audit take effect July 1, 2025 (§ 6).

§§ 2-4 — LTC POLICY PREMIUM RATE INCREASE

Department of Insurance Hearing on Certain Rate Increases (§ 2)

For requests to increase LTC premium rates by more than 10%, the bill requires the Insurance Department to hold a public hearing and give electronic notice of it to the Government Oversight and Insurance committees at least 14 days before the hearing.

Additionally, health carriers requesting the rate increase must notify policyholders in writing about the hearing date and time at least 14 days in advance.

Written Notice of Risk of Future Premium Rate Increases (§ 3)

The bill prohibits health carriers from delivering, issuing for delivery, renewing, continuing, or amending any LTC policy in the state on or after January 1, 2026, unless they give written notice to someone before they purchase the policy about the risk of future premium rate increases.

Premium Rate Increases Above the Consumer Price Index (§ 4)

For LTC policies renewing in the state on or after January 1, 2026, the bill prohibits carriers from implementing a premium rate increase greater than the most recent calendar year average in the consumer price index for urban consumers, so long as (1) the policy was purchased on or before December 31, 1985, and the (2) policyholder is at least 80 years old and paid a lifetime rate increase of at least 400%.

The bill specifies that this prohibition applies in addition to existing law's renewal requirements for these policies.

§§ 1, 5 & 6 — REPORTING AND AUDIT REQUIREMENTS

Report on Best Practices for LTC Regulation (§ 5)

The bill requires the OPM secretary, through the Connecticut

Partnership for Long-Term Care program, and in conjunction with the Insurance and Office of Health Strategy commissioners, to evaluate the provision of LTC insurance in the state. The secretary must identify best practices to regulate LTC insurance and areas for improvement, including potential modifications to the rate-filing process.

Under the bill, the secretary, in conjunction with the commissioners, must report their findings and recommendations to the Government Oversight and Insurance committees by February 1, 2026.

Connecticut Partnership for LTC Audit (§ 6)

The bill requires the Auditors of Public Accounts to perform a limited performance audit of the Connecticut Partnership for Long-Term Care at least every two years.

Under the bill, a “limited performance audit” is an audit (1) conducted according to an engagement agreement between the Human Services Committee and the auditors that includes specific procedures for reviewing transactions, testing controls, analyzing data, and any other tasks specified in the agreement, and (2) whose report is limited to the results of the procedures performed and does not include a formal opinion as to whether the audited entity’s financial statements have been prepared in a way that is consistent with accounting standards.

By law, OPM coordinates the Connecticut Partnership for Long-Term Care program, which is a public/private partnership under which the state precertifies LTC policies sold by private companies that meet certain standards. People who buy them and later qualify for Medicaid can still keep assets equal to the amount the policy has paid for their care; this is known as Medicaid asset protection (CGS § 17b-252).

BACKGROUND

Long-Term Care Policies

By law, individual or group LTC insurance policies generally provide benefits for treating an injury, illness, or loss of functional capacity in a setting other than an acute care hospital (e.g., a nursing home or the insured’s home), for at least one year after a specified elimination

period. An LTC policy does not include a policy that primarily provides Medicare supplemental coverage, disability income protection coverage, or major medical coverage, among other exclusions (CGS § 38a-501 & -528).

Related Bills

sSB 1269 (File 283), favorably reported by the Insurance Committee, caps, at 10%, the premium rate increases that LTC insurers can request in their rate filings; and prohibits the carriers from filing a premium rate increase that exceeds the most recent calendar year average in the consumer price index for urban consumers if the policyholder has held the LTC policy for at least 15 years.

SB 1278 (File 284), favorably reported by the Aging Committee, creates a personal income tax deduction for LTC insurance premiums and requires LTC insurers, before implementing a premium rate increase of more than 10%, to hold a public hearing and notify policyholders about the hearing date and time at least 14 days in advance.

SB 1420, favorably reported by the Human Services Committee, (1) restricts rate increases for Connecticut Partnership for Long-Term Care policies by prohibiting the insurance commissioner from approving rate increases greater than increases allowed when the policy was precertified and (2) prohibits partnership policies from tying executive compensation to the state's approval of higher rates for policyholders.

sHB 7226, favorably reported by the Government Administration and Elections Committee, has substantially similar provisions that require (1) the insurance commissioner to hold a hearing for any LTC policy premium rate increase request above 10%, (2) health carriers to give LTC policyholders at least 14 days' advance notice of the hearing, and (3) health carriers to notify LTC policy purchasers of the risk of future premium increases.

COMMITTEE ACTION

Government Oversight Committee

Joint Favorable Substitute

Yea 12 Nay 0 (03/18/2025)