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## **OLR Bill Analysis**

### **HB 7226**

#### ***AN ACT CONCERNING LONG-TERM CARE INSURANCE AND ELIGIBILITY FOR STATE CONTRACTS.***

#### **SUMMARY**

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

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

1. requires the Insurance Department to hold a hearing for any LTC premium rate increase request above 10% and insurers to notify policyholders about the hearing date and time at least 14 days in advance (§ 1);
2. starting January 1, 2026, prohibits insurers from delivering, issuing, renewing, continuing, or amending an LTC policy in the state unless they give advanced written notice to someone before they purchase the policy about the risk of future premium rate increases (§ 2); and
3. requires rate filings for individual LTC policies to certify that the increase is necessary to prevent a material risk of insolvency (§ 3).

Additionally, starting October 1, 2025, the bill prohibits state agencies from executing state contracts with health insurers unless the insurer represents in the contract that it has not violated (1) the bill’s hearing and notification requirements for LTC premium rate increases or (2) existing law’s rate filing requirements for individual LTC policies.

Correspondingly, the bill requires the insurance and administrative services commissioners to enter into a memorandum of understanding to share information that enables the administrative services commissioner to verify the representations insurers made in these contracts.

EFFECTIVE DATE: January 1, 2026

### **INDIVIDUAL LTC POLICIES**

Under existing law, insurers cannot use or change premium rates for individual LTC policies without filing the rates with the insurance commissioner for approval. These rate filings must demonstrate that anticipated claims in relation to premiums, combined with actual experience, will meet the law's required minimum loss ratio of 60%. (This means that for every dollar of premium collected, the insurer must spend at least 60 cents on claim payments.)

The bill additionally requires the rate filings to certify that the increase is necessary to prevent a material risk of insolvency.

### **REQUIRED REPRESENTATIONS IN STATE CONTRACTS**

#### ***State Contract Definition***

Under the bill, a "state contract" is an agreement (or a combination or series of them) between a state agency and a person, firm, or corporation, with a total value of more than \$100,000 in a calendar or fiscal year, for the following:

1. a project to construct, alter, or repair any public building or public work;
2. services, including consulting and professional services;
3. procuring supplies, materials, or equipment; or
4. a lease or licensing arrangement.

It does not include a contract between a state agency or a quasi-public agency and a political subdivision of the state.

### ***Required Representations***

Starting October 1, 2025, the bill prohibits state agencies from executing a contract with an insurer, unless the insurer's principals or key personnel (e.g., officers, directors, or shareholders) represent in the contract that, during the previous five years, they or the insurer's agent have not violated (1) the bill's hearing and disclosure requirements for LTC policy rate increases or (2) existing law's rate filing requirements for individual LTC policies.

### ***Bidders and Proposers***

The bill requires state agencies to include in the bid specifications or request for proposals for a state contract a notice of the bill's representation requirements.

Under the bill, a state agency must reject a bidder or proposer that does not agree to these representations and (1) award the contract to the next highest ranked proposer or next lowest responsible qualified bidder or (2) seek new bids or proposals.

## **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 238), favorably reported by the Insurance and Real Estate Committee, caps, at 10%, the premium rate increases that LTC insurers can request but prohibits them from filing a 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 (File 381), 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 those 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 7183 (File 520), favorably reported by the Government Oversight 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 Administration and Elections Committee

Joint Favorable

Yea 18    Nay 1    (03/26/2025)