OLR Bill Analysis
sSB 1269

AN ACT CONCERNING LONG-TERM CARE INSURANCE.

SUMMARY

This bill makes various changes in laws related to long-term care (LTC) insurance policies (see BACKGROUND), specifically related to things such as LTC riders, individual and group LTC insurance premium rate increases, and tax credits for certain LTC policy premiums.

Regarding LTC riders, the bill specifically allows certain life insurance companies doing business in the state to issue LTC riders subject to requirements the bill establishes and state insurance statutes and regulations. Under the bill, an "LTC rider" is any provision or endorsement attached to an annuity contract or certificate that provides LTC benefits for qualified LTC services (see below).

Regarding individual and group LTC policy premium rate increases, the bill caps, at 10%, the premium rate increases that LTC insurers (i.e. insurers, fraternal benefit societies, hospital or medical service corporations, and HMOs) can request in their rate filings. However, regardless of this provision, the bill prohibits LTC insurers 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.

The bill repeals a provision it makes obsolete related to a minimum set of affordable benefit options that current law requires LTC insurers to offer in any individual or group LTC policy for which they have filed a 20% or higher premium rate increase.

Additionally, the bill generally allows an eligible taxpayer (see below) to get a credit against the state income tax in an amount equal to

20% of the LTC policy premiums he or she paid during the taxable year for which he or she is the insured.

It also requires the Insurance Department, by February 1, 2026, to report to the Insurance and Real Estate Committee an evaluation of (1) an alternative pool for LTC policyholders over 20 years and (2) the individual and group LTC premium rate filing processes as amended by the bill (§§ 1 & 5).

Lastly it makes minor, technical, and conforming changes.

EFFECTIVE DATE: January 1, 2026, except the (1) tax credit provision (§ 4) is applicable to taxable years beginning on or after January 1, 2026, and (2) Insurance Department reporting provisions (§§ 1 & 5) are effective upon passage.

§§ 2 & 3 — LONG-TERM CARE RIDERS

License and Approval Requirements

Under the bill, to be authorized to sell LTC riders in the state, a life insurance company must be doing business in the state and be licensed to issue both life and health insurance here.

As is the case under existing law for other riders, the bill requires LTC riders used in connection with a life insurance policy or annuity contract delivered or issued in the state to be filed with and approved by the insurance commissioner.

Disclosure Requirements

Any life insurance company that issues an LTC rider under the bill must disclose the following to each policyholder in writing:

1. the cost of the LTC rider and any impact it may have on the annuity contract's benefits, including reductions in death benefits or surrender value;

2. any conditions or LTC benefit triggers required by state or federal law, including qualifying events such as an inability to perform at least two activities of daily living or conditions related

to severe cognitive impairment; and

3. any exclusions, limitations, or coordination of benefits with other insurance coverage.

Other Requirements

The bill also requires life insurance companies that issue an LTC rider to:

1. comply with any applicable requirement under Connecticut insurance laws regarding annuity contract suitability, LTC insurance, and disclosure;

2. comply with any applicable requirements under federal law, including tax-qualified LTC policy requirements under HIPAA;

3. include nonforfeiture benefits required under Connecticut insurance statutes and applicable regulations;

4. only provide coverage for LTC rider benefits upon the occurrence of a qualifying event, as defined in the policy and required under Connecticut insurance statutes and regulations and federal law; and

5. allow a policyholder to cancel the LTC rider within 30 days after receiving it, without penalty.

Qualified LTC Services

Under the bill, "qualified LTC services" are necessary diagnostic, preventive, therapeutic, curing, treating, mitigating, and rehabilitative services, as well as maintenance or personal care services, required by a chronically ill individual and prescribed by a licensed health care practitioner.

§§ 6 & 7 — PREMIUM RATE INCREASES OF LTC POLICIES

Under current law, any LTC insurer that requests a premium rate increase of 20% or more in its rate filing for an individual or group LTC policy must spread the increase over at least a three-year period and not file a rate filing for an increase during that period. Current law also requires the insurers to use a periodic rate increase that is actuarially equivalent to a single rate increase and a current interest rate during the period.

The bill eliminates these requirements and instead caps, at 10%, the premium rate increase that LTC insurers can request in their LTC policy rate filings. However, regardless of this provision, for policyholders that have held their LTC policies for at least 15 years, the bill prohibits LTC insurers from filing a premium rate increase that exceeds the most recent calendar year average in the consumer price index for urban consumers.

§ 8 — AFFORDABLE BENEFIT OPTIONS REPEALED

Under current law, the insurance commissioner must develop and prescribe a minimum set of affordable benefit options to be offered by an LTC insurer that submits a rate filing for an individual or group LTC policy premium rate increase of 20% or more. The bill repeals this provision, which it makes obsolete, and eliminates related provisions in current law that require LTC insurers to disclose the availability of these affordable benefit options to policyholders.

§ 4 — TAX CREDIT FOR ELIGIBLE TAXPAYERS

The bill generally allows a resident of this state (see below) whose federal adjusted gross income is less than $200,000 (“eligible taxpayer”) to get a credit against his or her state income tax, excluding any liability on payroll or nonpayroll taxes deducted and withheld, in an amount equal to 20% of the premiums paid by the eligible taxpayer during the taxable year for an LTC policy for which the eligible taxpayer is the insured. This tax credit is applicable to tax years starting on or after January 1, 2026.

Resident of This State

Under the bill, a “resident of the state” is any natural person (1) who is generally domiciled in this state or (2) who is not domiciled in this state but maintains a permanent residence in this state and is in this state for an aggregate of more than 183 days of the taxable year, unless the person is in active service in the U.S. armed forces (CGS § 12-701).

BACKGROUND

Long-Term Care Policy

By law, an "LTC policy" generally means any individual or group health insurance policy or certificate delivered or issued for delivery to a resident of this state on or after July 1, 1986, that is designed to provide, within the terms and conditions of the policy or certificate, benefits on an expense-incurred, indemnity, or prepaid basis for necessary care or treatment of an injury, illness, or loss of functional capacity provided by a certified or licensed health care provider in a setting other than an acute care hospital, for at least one year after a certain elimination period (CGS §§ 38a-501 & -528).

Related Bills

SB 1278, favorably reported by the Aging Committee, creates a personal income tax deduction for LTC insurance premiums by allowing taxpayers to reduce their Connecticut adjusted gross income by the amount of any LTC insurance premiums they paid in the taxable year. It also 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.

sHB 7183, favorably reported by the Government Oversight Committee, (1) has provisions related to the evaluations and reports that this bill requires of the Insurance Department (§§ 1 & 5); (2) requires the Insurance Department to hold a hearing for any LTC policy premium rate increase above 10% and LTC insurers to give policyholders at least 14 days' notice of the hearing (§ 2); (3) requires LTC insurers to notify policyholders of the risk of future premium increases (§ 3); (4) indexes premium rate increases to the consumer price index for urban consumers for certain policies (§ 4); and (5) requires the state auditors to audit the Connecticut LTC Partnership (§ 6).

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Substitute				
Yea	12	Nay	1	(03/11/2025)