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)