House of Representatives

General Assembly

File No. 520

January Session, 2025

Substitute House Bill No. 7183

House of Representatives, April 3, 2025

The Committee on Government Oversight reported through REP. DATHAN of the 142nd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

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.

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

Section 1. (*Effective from passage*) Not later than February 1, 2026, the Insurance Department shall prepare and submit a report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committees of the General Assembly having cognizance of matters relating to insurance and government oversight. Such report shall include an evaluation of an alternative pool for long-term care policyholders in excess of twenty years.

Sec. 2. (NEW) (*Effective January 1, 2026*) The Insurance Department shall hold a public hearing for long-term care premium rate increase requests that exceed ten per cent. The Insurance Department shall provide notice of any such hearing electronically to the joint standing

committees of the General Assembly having cognizance of matters relating to insurance and government oversight not less than fourteen days in advance of such hearing. Any insurance company, fraternal benefit society, hospital service corporation, medical service corporation or health care center that requests such premium rate increase shall provide each policyholder with advance written notice of the date and time of such hearing not less than fourteen days in advance of such date.

Sec. 3. (NEW) (*Effective January 1, 2026*) No insurance company, fraternal benefit society, hospital service corporation, medical service corporation or health care center may deliver, issue for delivery, renew, continue or amend any long-term care policy in this state on or after January 1, 2026, unless such insurance company, fraternal benefit society, hospital service corporation, medical service corporation or health care center provides written notice to an individual prior to the purchase of any long-term care policy of the risk of future premium rate increases.

Sec. 4. (NEW) (*Effective January 1, 2026*) In addition to the requirements of sections 38a-501 and 38a-528 of the general statutes, no insurance company, fraternal benefit society, hospital service corporation, medical service corporation or health care center renewing any long-term care policy in this state on or after January 1, 2026, shall implement a premium rate increase that exceeds the most recent calendar year average in the consumer price index for urban consumers, as published by the United States Department of Labor, Bureau of Labor Statistics, provided: (1) Such long-term care policy was initially purchased by the policyholder on or before December 31, 1985; and (2) the policyholder of such long-term care policy has (A) attained the age of eighty, or (B) paid a maximum lifetime premium rate increase of not less than four hundred per cent. For the purposes of this section, "long-term care policy" has the same meaning as provided in section 38a-501 or 38a-528 of the general statutes, as applicable.

Sec. 5. (*Effective from passage*) The Secretary of the Office of Policy and Management, through the Connecticut Partnership for Long-Term Care,

shall, in conjunction with the Insurance Commissioner and Commissioner of Health Strategy, conduct an evaluation of the provision of long-term care insurance in the state and identify best practices for the regulation of such insurance and areas for improvement in such regulation, including, but not limited to, potential modifications to the rate-filing process of individual and group long-term care premiums established under sections 38a-501 and 38a-528 of the general statutes. Not later than February 1, 2026, the secretary, in conjunction with the Insurance Commissioner and Commissioner of Health Strategy, shall prepare and submit a report, in accordance with the provisions of section 11-4a of the general statutes, to the joint standing committees of the General Assembly having cognizance of matters relating to insurance and government oversight with the findings of such evaluation and any recommendations for legislation.

Sec. 6. Section 17b-254 of the general statutes is repealed and the following is substituted in lieu thereof (*Effective July 1, 2025*):

(a) The Office of Policy and Management shall seek the foundation funds and federal approvals necessary to carry out the purposes of this section and sections 17a-861, 17b-252, 17b-253 and 38a-475.

(b) Each year, on January first, the Secretary of the Office of Policy and Management shall report to the General Assembly on the progress of the program. Such report shall include: (1) The success in implementing the public and private partnership; (2) the number of policies precertified; (3) the number, age and financial circumstances of individuals purchasing precertified policies; (4) the number of individuals seeking consumer information services; (5) the extent and type of benefits paid under precertified policies that could count toward Medicaid resource protection; (6) estimates of impact on present and future Medicaid expenditures; (7) the cost effectiveness of the program; and (8) a determination regarding the appropriateness of continuing the program.

(c) The Auditors of Public Accounts shall perform a limited performance audit of the Connecticut Partnership for Long-Term Care

not less than biennially. As used in this subsection, a "limited performance audit" means (1) an audit pursuant to an engagement agreement between the joint standing committee of the General Assembly having cognizance of matters relating to human services and the auditors that includes specific procedures for reviewing transactions, testing controls, analyzing data and any other tasks specified in the engagement agreement, and (2) the report of the auditors 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 accordance with accounting standards.

This act shall take effect as follows and shall amend the following sections:		
Section 1	*from passage*	New section
Sec. 2	*January 1, 2026*	New section
Sec. 3	*January 1, 2026*	New section
Sec. 4	*January 1, 2026*	New section
Sec. 5	*from passage*	New section
Sec. 6	*July 1, 2025*	17b-254

Statement of Legislative Commissioners:
In Section 6(c), "Long-Term Care Partnership" was changed to "Partnership for Long-Term Care" for accuracy.

GOS *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 $	FY 27 $
Policy & Mgmt., Off.	GF - Cost	350,000	None
Auditors	GF - Cost	182,218	179,218
State Comptroller - Fringe Benefits	GF - Cost	71,494	71,494
Insurance Dept.	IF - Cost	30,000 - 50,000	None

Note: IF=Insurance Fund; GF=General Fund

Municipal Impact: None

Explanation

The bill, which makes various changes to long-term care (LTC) insurance policy rate increases and requires certain evaluations by the Insurance Department and the Office of Policy Management (OPM), results in the following costs to the state.

Section 1 results in a one-time cost to the Insurance Fund of $30,000 to $50,000 in FY 26 associated with hiring a contractor to complete an evaluation. The bill requires the Insurance Department to conduct an evaluation of an alternative pool for long-term care policyholders by February 1, 2026.

Section 5 results in a one-time cost of $350,000 to OPM in FY 26 for a consultant. The bill requires OPM, through the Connecticut Partnership for Long-Term Care program, to review LTC insurance in the state and submit findings by February 1, 2026. OPM will require a consultant to fulfill these requirements and meet the deadline.

Section 6 requires the Auditors of Public Accounts (APA) to perform a biennial limited performance audit of the Connecticut Partnership for Long-Term Care, resulting in a cost to the state. The APA does not have the current capacity to meet the requirements of this bill and will have to hire two additional auditors for a salary and other expenses cost of $182,218 in FY 26 and $179,218 in FY 27, along with associated fringe benefit costs of $71,494 per year.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to employee wage increases and inflation.

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)