



House of Representatives

General Assembly

File No. 93

January Session, 2007

House Bill No. 7283

House of Representatives, March 20, 2007

The Committee on Insurance and Real Estate reported through REP. O'CONNOR of the 35th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT ESTABLISHING A LONG-TERM CARE INITIATIVE.

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

1 Section 1. Section 38a-501 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2007*):

3 (a) As used in this section, "long-term care policy" means any
4 individual health insurance policy, delivered or issued for delivery to
5 any resident of this state on or after July 1, 1986, which is designed to
6 provide, within the terms and conditions of the policy, benefits on an
7 expense-incurred, indemnity or prepaid basis for necessary care or
8 treatment of an injury, illness or loss of functional capacity provided
9 by a certified or licensed health care provider in a setting other than an
10 acute care hospital, (1) for at least one year after a reasonable
11 elimination period, or (2) having an elimination period not to exceed
12 four years, provided such period is covered by an irrevocable trust,
13 with a corpus in an amount determined by the Insurance
14 Commissioner to be sufficient, that furnishes such benefits to the
15 grantor of such trust. A long-term care policy shall provide benefits for

16 confinement in a nursing home or confinement in the insured's own
17 home or both. Any additional benefits provided shall be related to
18 long-term treatment of an injury, illness or loss of functional capacity.
19 "Long-term care policy" shall not include any such policy which is
20 offered primarily to provide basic Medicare supplement coverage,
21 basic medical-surgical expense coverage, hospital confinement
22 indemnity coverage, major medical expense coverage, disability
23 income protection coverage, accident only coverage, specified accident
24 coverage or limited benefit health coverage.

25 (b) No insurance company, fraternal benefit society, hospital service
26 corporation, medical service corporation or health care center may
27 deliver or issue for delivery any long-term care policy which has a loss
28 ratio of less than sixty per cent for any individual long-term care
29 policy. An issuer shall not use or change premium rates for a long-
30 term care insurance policy unless the rates have been filed with and
31 approved by the Insurance Commissioner. Any rate filings or rate
32 revisions shall demonstrate that anticipated claims in relation to
33 premiums when combined with actual experience to date can be
34 expected to comply with the loss ratio requirement of this section.

35 (c) No such company, society, corporation or center may deliver or
36 issue for delivery any long-term care policy without providing, at the
37 time of solicitation or application for purchase or sale of such coverage,
38 full and fair disclosure of the benefits and limitations of the policy.

39 (d) The Insurance Commissioner shall adopt regulations, in
40 accordance with chapter 54, which address (1) the insured's right to
41 information prior to his replacing an accident and sickness policy with
42 a long-term care policy, (2) the insured's right to return a long-term
43 care policy to the insurer, within a specified period of time after
44 delivery, for cancellation, and (3) the insured's right to accept by his
45 signature, and prior to it becoming effective, any rider or endorsement
46 added to a long-term care policy after the issuance date of such policy.
47 The Insurance Commissioner shall adopt such additional regulations
48 as he deems necessary in accordance with chapter 54 to carry out the

49 purpose of this section.

50 (e) The Insurance Commissioner may, upon written request by any
51 such company, society, corporation or center, issue an order to modify
52 or suspend a specific provision of this section or any regulation
53 adopted pursuant thereto with respect to a specific long-term care
54 policy upon a written finding that: (1) The modification or suspension
55 would be in the best interest of the insureds; (2) the purposes to be
56 achieved could not be effectively or efficiently achieved without such
57 modification or suspension; and (3) (A) the modification or suspension
58 is necessary to the development of an innovative and reasonable
59 approach for insuring long-term care, (B) the policy is to be issued to
60 residents of a life care or continuing care retirement community or
61 other residential community for the elderly and the modification or
62 suspension is reasonably related to the special needs or nature of such
63 community, or (C) the modification or suspension is necessary to
64 permit long-term care policies to be sold as part of, or in conjunction
65 with, another insurance product, whenever the commissioner decides
66 not to issue such an order, he shall provide written notice of such
67 decision to the requesting party in a timely manner.

68 (f) Upon written request by any such company, society, corporation
69 or center, the Insurance Commissioner may issue an order to extend
70 the preexisting condition exclusion period, as established by
71 regulations adopted pursuant to this section, for purposes of specific
72 age group categories in a specific long-term care policy form whenever
73 he makes a written finding that such an extension is in the best interest
74 to the public. Whenever the commissioner decides not to issue such an
75 order, he shall provide written notice of such decision to the
76 requesting party in a timely manner.

77 (g) The provisions of section 38a-19 shall be applicable to any such
78 requesting party aggrieved by any order or decision of the
79 commissioner made pursuant to subsections (e) and (f) of this section.

This act shall take effect as follows and shall amend the following sections:

Section 1	<i>October 1, 2007</i>	38a-501
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INS *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
Insurance Dept.	IF - Cost	Potential Minimal	Potential Minimal

Note: IF=Insurance Fund

Municipal Impact: None

Explanation

The bill could result in a minimal cost to the extent that the Insurance Department requires outside consultants or temporary staff to perform the actuarial functions for establishing a long-term care initiative.

The Out Years

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

OLR Bill Analysis**HB 7283*****AN ACT ESTABLISHING A LONG-TERM CARE INITIATIVE*****SUMMARY:**

This bill creates a new type of long-term care policy by expanding the term's definition. Under current law, a long-term care policy is a health insurance policy that provides specified benefits for at least one year following a reasonable elimination period (i.e., a waiting period after the onset of the injury, illness, or function loss during which no benefits are payable). The bill expands the definition to include a policy that has an elimination period of up to four years if an irrevocable trust provides benefits to its grantor during that time (presumably the insured is also the grantor). The trust must have a sufficient corpus (principal amount), as determined by the insurance commissioner. (This new type of policy does not appear to have a minimum length of time for which benefits must be provided after the elimination period ends.)

EFFECTIVE DATE: October 1, 2007

BACKGROUND***Long-Term Care Policy***

Under the portion of the "long-term care policy" definition unchanged by the bill, a long-term care policy is an individual health insurance policy that provides expense-incurred, indemnity, or pre-paid benefits for the 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 hospital, including a nursing home and an insured's own home. It excludes policies that provide Medicare supplement, basic medical-surgical expense, hospital confinement indemnity, major medical expense, disability

income protection, accident only, specified accident, and limited benefit health coverage.

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable

Yea 18 Nay 0 (03/08/2007)