



General Assembly

February Session, 2014

Raised Bill No. 13

LCO No. 56



Referred to Committee on INSURANCE AND REAL ESTATE

Introduced by:
(INS)

AN ACT REQUIRING PUBLIC COMMENT FOR CERTAIN LONG-TERM CARE INSURANCE POLICY RATE INCREASE REQUESTS.

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

1 Section 1. Section 38a-501 of the 2014 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective January 1, 2015*):

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

16 duration of the elimination period. Such trust shall create an
17 unconditional duty to pay the full amount held in trust exclusively to
18 cover the costs of confinement during the elimination period, subject
19 only to taxes and any trustee's charges allowed by law. Payment shall
20 be made directly to the provider. The duty of the trustee may be
21 enforced by the state, the grantor or any person acting on behalf of the
22 grantor. A long-term care policy shall provide benefits for confinement
23 in a nursing home or confinement in the insured's own home or both.
24 Any additional benefits provided shall be related to long-term
25 treatment of an injury, illness or loss of functional capacity. "Long-term
26 care policy" shall not include any such policy that is offered primarily
27 to provide basic Medicare supplement coverage, basic medical-surgical
28 expense coverage, hospital confinement indemnity coverage, major
29 medical expense coverage, disability income protection coverage,
30 accident only coverage, specified accident coverage or limited benefit
31 health coverage.

32 (2) (A) No insurance company, fraternal benefit society, hospital
33 service corporation, medical service corporation or health care center
34 delivering, issuing for delivery, renewing, continuing or amending any
35 long-term care policy in this state may refuse to accept or make
36 reimbursement pursuant to a claim for benefits submitted by or
37 prepared with the assistance of a managed residential community, as
38 defined in section 19a-693, in accordance with subdivision (7) of
39 subsection (a) of section 19a-694 solely because such claim for benefits
40 was submitted by or prepared with the assistance of a managed
41 residential community.

42 (B) Each insurance company, fraternal benefit society, hospital
43 service corporation, medical service corporation or health care center
44 delivering, issuing for delivery, renewing, continuing or amending any
45 long-term care policy in this state shall, upon receipt of a written
46 authorization executed by the insured, (i) disclose information to a
47 managed residential community for the purpose of determining such
48 insured's eligibility for an insurance benefit or payment, and (ii)

49 provide a copy of the initial acceptance or declination of a claim for
50 benefits to the managed residential community at the same time such
51 acceptance or declination is made to the insured.

52 (b) (1) No insurance company, fraternal benefit society, hospital
53 service corporation, medical service corporation or health care center
54 may deliver or issue for delivery any long-term care policy that has a
55 loss ratio of less than sixty per cent for any individual long-term care
56 policy. An issuer shall not use or change premium rates for a long-
57 term care policy unless the rates have been filed with and approved by
58 the Insurance Commissioner in accordance with the provisions of this
59 subsection. Any rate filings or rate revisions shall demonstrate that
60 anticipated claims in relation to premiums when combined with actual
61 experience to date can be expected to comply with the loss ratio
62 requirement of this section. A rate filing shall include the factors and
63 methodology used to estimate irrevocable trust values if the policy
64 includes an option for the elimination period specified in subdivision
65 (1) of subsection (a) of this section.

66 (2) (A) Prior to approving any rate filing for a long-term care policy
67 (i) other than a long-term care policy precertified under the
68 Connecticut Partnership for Long-Term Care as set forth in section 38a-
69 475, and (ii) that is for more than a ten per cent increase in such rate,
70 the commissioner shall hold a symposium that provides an
71 opportunity for public comment.

72 (B) Not later than five business days after receiving such rate filing,
73 the commissioner shall set a date for such symposium and post the
74 date, place and time of such symposium in a conspicuous place on the
75 Internet web site of the Insurance Department. Such symposium shall
76 be held not later than sixty calendar days prior to the proposed
77 effective date of such rate filing, at a place and time that is convenient
78 to the public.

79 (C) In making a decision to approve, disapprove or modify such

80 rate filing, the commissioner shall consider any oral or written
81 comments made or provided by the public at the symposium.

82 (c) No such company, society, corporation or center may deliver or
83 issue for delivery any long-term care policy without providing, at the
84 time of solicitation or application for purchase or sale of such coverage,
85 full and fair disclosure of the benefits and limitations of the policy. If
86 the offering for any long-term care policy includes an option for the
87 elimination period specified in subdivision (1) of subsection (a) of this
88 section, the application form for such policy and the face page of such
89 policy shall contain a clear and conspicuous disclosure that the
90 irrevocable trust may not be sufficient to cover all costs during the
91 elimination period.

92 (d) No such company, society, corporation or center may deliver or
93 issue for delivery any long-term care policy on or after July 1, 2008,
94 without offering, at the time of solicitation or application for purchase
95 or sale of such coverage, an option to purchase a policy that includes a
96 nonforfeiture benefit. Such offer of a nonforfeiture benefit may be in
97 the form of a rider attached to such policy. In the event the
98 nonforfeiture benefit is declined, such company, society, corporation
99 or center shall provide a contingent benefit upon lapse that shall be
100 available for a specified period of time following a substantial increase
101 in premium rates. Not later than July 1, 2008, the Insurance
102 Commissioner shall adopt regulations, in accordance with chapter 54,
103 to implement the provisions of this subsection. Such regulations shall
104 specify the type of nonforfeiture benefit that may be offered, the
105 standards for such benefit, the period of time during which a
106 contingent benefit upon lapse will be available and the substantial
107 increase in premium rates that trigger a contingent benefit upon lapse
108 in accordance with the Long-Term Care Insurance Model Regulation
109 adopted by the National Association of Insurance Commissioners.

110 (e) The Insurance Commissioner shall adopt regulations, in
111 accordance with chapter 54, that address (1) the insured's right to

112 information prior to the insured replacing an accident and sickness
113 policy with a long-term care policy, (2) the insured's right to return a
114 long-term care policy to the insurer, within a specified period of time
115 after delivery, for cancellation, and (3) the insured's right to accept by
116 the insured's signature, and prior to it becoming effective, any rider or
117 endorsement added to a long-term care policy after the issuance date
118 of such policy. The Insurance Commissioner shall adopt such
119 additional regulations as the commissioner deems necessary in
120 accordance with chapter 54 to carry out the purpose of this section.

121 (f) [The] Except for subdivision (2) of subsection (b) of this section,
122 the Insurance Commissioner may, upon written request by any such
123 company, society, corporation or center, issue an order to modify or
124 suspend a specific provision of this section or any regulation adopted
125 pursuant thereto with respect to a specific long-term care policy upon
126 a written finding that: (1) The modification or suspension would be in
127 the best interest of the insureds; (2) the purposes to be achieved could
128 not be effectively or efficiently achieved without such modification or
129 suspension; and (3) (A) the modification or suspension is necessary to
130 the development of an innovative and reasonable approach for
131 insuring long-term care, (B) the policy is to be issued to residents of a
132 life care or continuing care retirement community or other residential
133 community for the elderly and the modification or suspension is
134 reasonably related to the special needs or nature of such community,
135 or (C) the modification or suspension is necessary to permit long-term
136 care policies to be sold as part of, or in conjunction with, another
137 insurance product. Whenever the commissioner decides not to issue
138 such an order, the commissioner shall provide written notice of such
139 decision to the requesting party in a timely manner.

140 (g) Upon written request by any such company, society, corporation
141 or center, the Insurance Commissioner may issue an order to extend
142 the preexisting condition exclusion period, as established by
143 regulations adopted pursuant to this section, for purposes of specific
144 age group categories in a specific long-term care policy form whenever

145 the commissioner makes a written finding that such an extension is in
146 the best interest to the public. Whenever the commissioner decides not
147 to issue such an order, the commissioner shall provide written notice
148 of such decision to the requesting party in a timely manner.

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

152 Sec. 2. Section 38a-528 of the 2014 supplement to the general statutes
153 is repealed and the following is substituted in lieu thereof (*Effective*
154 *January 1, 2015*):

155 (a) (1) As used in this section, "long-term care policy" means any
156 group health insurance policy or certificate delivered or issued for
157 delivery to any resident of this state on or after July 1, 1986, [which]
158 that is designed to provide, within the terms and conditions of the
159 policy or certificate, benefits on an expense-incurred, indemnity or
160 prepaid basis for necessary care or treatment of an injury, illness or
161 loss of functional capacity provided by a certified or licensed health
162 care provider in a setting other than an acute care hospital, for at least
163 one year after a reasonable elimination period. A long-term care policy
164 shall provide benefits for confinement in a nursing home or
165 confinement in the insured's own home or both. Any additional
166 benefits provided shall be related to long-term treatment of an injury,
167 illness or loss of functional capacity. "Long-term care policy" shall not
168 include any such policy or certificate which is offered primarily to
169 provide basic Medicare supplement coverage, basic medical-surgical
170 expense coverage, hospital confinement indemnity coverage, major
171 medical expense coverage, disability income protection coverage,
172 accident only coverage, specified accident coverage or limited benefit
173 health coverage.

174 (2) (A) No insurance company, fraternal benefit society, hospital
175 service corporation, medical service corporation or health care center

176 delivering, issuing for delivery, renewing, continuing or amending any
177 long-term care policy in this state may refuse to accept or make
178 reimbursement pursuant to a claim for benefits submitted by or
179 prepared with the assistance of a managed residential community, as
180 defined in section 19a-693, in accordance with subdivision (7) of
181 subsection (a) of section 19a-694 solely because such claim for benefits
182 was submitted by or prepared with the assistance of a managed
183 residential community.

184 (B) Each insurance company, fraternal benefit society, hospital
185 service corporation, medical service corporation or health care center
186 delivering, issuing for delivery, renewing, continuing or amending any
187 long-term care policy in this state shall, upon receipt of a written
188 authorization executed by the insured, (i) disclose information to a
189 managed residential community for the purpose of determining such
190 insured's eligibility for an insurance benefit or payment, and (ii)
191 provide a copy of the initial acceptance or declination of a claim for
192 benefits to the managed residential community at the same time such
193 acceptance or declination is made to the insured.

194 (b) (1) No insurance company, fraternal benefit society, hospital
195 service corporation, medical service corporation or health care center
196 may deliver or issue for delivery any long-term care policy or
197 certificate which has a loss ratio of less than sixty-five per cent for any
198 group long-term care policy. An issuer shall not use or change
199 premium rates for a long-term care policy or certificate unless the rates
200 have been filed with and approved by the Insurance Commissioner in
201 accordance with the provisions of this subsection. Deviations in rates
202 to reflect policyholder experience shall be permitted, provided each
203 policy form shall meet the loss ratio requirement of this section. Any
204 rate filings or rate revisions shall demonstrate that anticipated claims
205 in relation to premiums when combined with actual experience to date
206 can be expected to comply with the loss ratio requirement of this
207 section. On an annual basis, an insurer shall submit to the Insurance
208 Commissioner an actuarial certification of the insurer's continuing

209 compliance with the loss ratio requirement of this section. Any rate or
210 rate revision may be disapproved if the commissioner determines that
211 the loss ratio requirement will not be met over the lifetime of the policy
212 form using reasonable assumptions.

213 (2) (A) Prior to approving any rate filing for a long-term care policy
214 (i) other than a long-term care policy precertified under the
215 Connecticut Partnership for Long-Term Care as set forth in section 38a-
216 475, and (ii) that is for more than a ten per cent increase in such rate,
217 the commissioner shall hold a symposium that provides an
218 opportunity for public comment.

219 (B) Not later than five business days after receiving such rate filing,
220 the commissioner shall set a date for such symposium and post the
221 date, place and time of such symposium in a conspicuous place on the
222 Internet web site of the Insurance Department. Such symposium shall
223 be held not later than sixty calendar days prior to the proposed
224 effective date of such rate filing, at a place and time that is convenient
225 to the public.

226 (C) In making a decision to approve, disapprove or modify such
227 rate filing, the commissioner shall consider any oral or written
228 comments made or provided by the public at the symposium.

229 (c) No such company, society, corporation or center may deliver or
230 issue for delivery any long-term care policy without providing, at the
231 time of solicitation or application for purchase or sale of such coverage,
232 full and fair disclosure of the benefits and limitations of the policy. The
233 provisions of this subsection shall not be applicable to: (1) Any long-
234 term care policy [which] that is delivered or issued for delivery to one
235 or more employers or labor organizations, or to a trust or to the
236 trustees of a fund established by one or more employers or labor
237 organizations, or a combination thereof, for employees or former
238 employees or a combination thereof or for members or former
239 members or a combination thereof, or the labor organizations; and (2)

240 noncontributory plans.

241 (d) The Insurance Commissioner shall adopt regulations, in
242 accordance with chapter 54, [which] that address (1) the insured's right
243 to information prior to his replacing an accident and sickness policy
244 with a long-term care policy, (2) the insured's right to return a long-
245 term care policy to the insurer, within a specified period of time after
246 delivery, for cancellation, and (3) the insured's right to accept by [his]
247 the insured's signature, and prior to it becoming effective, any rider or
248 endorsement added to a long-term care policy after the issuance date
249 of such policy, provided (A) any regulations adopted pursuant to
250 subdivisions (1) and (2) of this subsection shall not be applicable to (i)
251 any long-term care policy [which] that is delivered or issued for
252 delivery to one or more employers or labor organizations, or to a trust
253 or to the trustees of a fund established by one or more employers or
254 labor organizations, or a combination thereof or for members or former
255 members or a combination thereof, of the labor organizations, or (ii)
256 noncontributory plans, and (B) any regulations adopted pursuant to
257 subdivision (3) of this subsection shall not be applicable to any group
258 long-term care policy. The Insurance Commissioner shall adopt such
259 additional regulations as [he] the commissioner deems necessary in
260 accordance with said chapter 54 to carry out the purpose of this
261 section.

262 (e) [The] Except for subdivision (2) of subsection (b) of this section,
263 the Insurance Commissioner may, upon written request by any such
264 company, society, corporation or center, issue an order to modify or
265 suspend a specific provision of this section or any regulation adopted
266 pursuant thereto with respect to a specific long-term care policy upon
267 a written finding that: (1) The modification or suspension would be in
268 the best interest of the insureds; (2) the purposes to be achieved could
269 not be effectively or efficiently achieved without such modification or
270 suspension; and (3) (A) the modification or suspension is necessary to
271 the development of an innovative and reasonable approach for
272 insuring long-term care, (B) the policy is to be issued to residents of a

273 life care or continuing care retirement community or other residential
274 community for the elderly and the modification or suspension is
275 reasonably related to the special needs or nature of such community,
276 or (C) the modification or suspension is necessary to permit long-term
277 care policies to be sold as part of, or in conjunction with, another
278 insurance product. [, whenever] Whenever the commissioner decides
279 not to issue such an order, [he] the commissioner shall provide written
280 notice of such decision to the requesting party in a timely manner.

281 (f) Upon written request by any such company, society, corporation
282 or center, the Insurance Commissioner may issue an order to extend
283 the preexisting condition exclusion period, as established by
284 regulations adopted pursuant to this section, for purposes of specific
285 age group categories in a specific long-term care policy form whenever
286 [he] the commissioner makes a written finding that such an extension
287 is in the best interest to the public. Whenever the commissioner
288 decides not to issue such an order, [he] the commissioner shall provide
289 written notice of such decision to the requesting party in a timely
290 manner.

291 (g) The provisions of section 38a-19 shall be applicable to any such
292 requesting party aggrieved by any order or decision of the
293 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	January 1, 2015	38a-501
Sec. 2	January 1, 2015	38a-528

Statement of Purpose:

To provide an opportunity for public comment prior to the Insurance Commissioner's approval, disapproval or modification of an individual or group long-term care policy rate filing of an increase of more than ten per cent.

[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]