Connecticut Long-Term Care Insurance Legislation, 2017-2022

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Issue

Summarize legislation that Connecticut has considered or passed in the last five years related to long-term care insurance, specifically any legislation intended to address related premium increases.

Summary

Long-term care insurance generally provides coverage for home care, assisted living, and other services that help individuals perform activities of daily living, such as bathing, dressing, and personal hygiene.

Over the past five legislative sessions, the legislature enacted four laws related to long-term care insurance, PA 18-13, PA 21-150, PA 21-156, and PA 22-107.

Two of these, PA 21-150 and PA 22-107, are specifically focused on reducing, or studying how to reduce, long-term care insurance premiums. PA 21-156 prohibits certain discrimination in offering or selling long-term care insurance policies, while PA 18-13 makes changes to the Connecticut Life and Health Insurance Guaranty Association (CLHIGA). (CLHIGA pays the valid claims of policyholders and certain other claimants when a member insurer defaults.)

Long-Term Care Insurance Premiums

By law, insurers filing for a rate increase of 20% or more must (1) spread the premium increase over at least three years, and (2) as with other rate increases, offer insureds the option of reducing benefits to correspondingly reduce the premium increase (CGS §§ 38a-501 & 38a-528).

In 2021, the legislature added two customer protection provisions to these statutes under PA 21-150. First, PA 21-150 prohibits insurers from filing additional rate increases during this three-year period. Second, it requires the insurance commissioner to develop a minimum set of affordable benefit options that long-term care insurers filing these large rate increases must offer to insureds as an alternative to the benefit reduction. As with the option to reduce benefits, insurers are required to (1) notify policyholders of their options and provide a description of the minimum set of affordable benefit options, and (2) allow policyholders at least 30 days to select new coverage before they are deemed to have chosen to keep the existing policy.

These minimum benefit options are available in Insurance Department Bulletin HC-130.

This year, a new law requires the Insurance Department and Office of Policy and Management to evaluate the use of a captive insurer to reduce premium rate increases for long-term care insurance policyholders who purchased their policies through the Connecticut Partnership for Long-Term Care. The department must report its recommendations to the Insurance and Real Estate Committee by January 1, 2023 (PA 22-107, § 1). (The CT Partnership for Long-Term Care is a public-private initiative under which the state approves special long-term care insurance policies sold by private companies. These policies offer Medicaid asset protection equal to the amount the policy has paid for an individual's care.)

Living Organ Donor Discrimination

In 2021, the legislature prohibited long-term care insurers from discriminating against living organ donors and living organ donation by (1) declining or limiting coverage solely because the insured is a living organ donor, (2) prohibiting insureds from donating organs as a condition of maintaining the policy, or (3) otherwise discriminating in a policy's prices, conditions, or coverage solely because the insured is a living organ donor (PA 21-156).

Connecticut Life and Health Insurance Guaranty Association (CLHIGA)

The legislature made several substantive changes to the CLHIGA in 2018. For example, among other things, PA 18-13 equalizes the assessments for long-term care insurer insolvencies between (1) accident and health insurers and (2) life and annuity insurers, effective July 1, 2018.

Connecticut Policy Proposals

Over the last few years, the Connecticut legislature has considered bills to address high long-term care insurance premium rate increases while also recognizing the risk of insurer insolvency. For example:

1. HB 6674 (2021), which died in the House, would have provided taxpayer with a state tax deduction or credit based on the amount spent on long-term care insurance premiums;
2. SB 409 (2022) would have required (a) a public hearing on rate increases over 10% and (b) insurers to notify insureds of the risk of rate increases when they deliver or renew policies (this bill received a public hearing but was not voted out of committee); and
3. HB 7264 (2019), which died in the House, and proposed bill HB 6245 (2021) would have required high rate increases to be spread out over at least five years.

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