

Aging Committee JOINT FAVORABLE REPORT

Bill No.: HB-6577

Title: AN ACT CONCERNING LONG-TERM CARE INSURANCE PREMIUM RATES.

Vote Date: 02/28/2023

Vote Action: Joint Favorable Change of Reference to Finance, Revenue and Bonding

PH Date: 2/21/2023

File No.:

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SPONSORS OF BILL:

Aging Committee

REASONS FOR BILL:

This bill would allow an income tax deduction for long-term care insurance premiums. It would also require that the Insurance Dept. to hold a public hearing for long-term care premium rate increases in excess of 10% and also require policyholders be notified in advance of the hearing.

RESPONSE FROM ADMINISTRATION/AGENCY:

None

NATURE AND SOURCES OF SUPPORT:

Connecticut Assoc. of Health Care Facilities/Connecticut Center for Assisted Living, Mr. Matt Barrett, President and CEO: They offer their strong **support** for this legislation. Connecticut's Partnership for Long Term Care has encouraged the private purchase of long-term care insurance with Medicaid asset protection incentives. Adoption of a state tax incentive for doing the same will encourage the private purchasing of long-term care insurance policies. They included a report and information that showed details of the dollars spent on long term care expenses. They point out that resources such as insurance benefits and other dedicated sources of private long-term service and supports are needed to help balance the ratio of public and private funds in the system.

American Council of Life Insurers/Insurance Assoc, of Connecticut, Mr. Eric George, President: They **support** the proposed tax deduction outlined in the bill but oppose the requirement for carriers to hold a public hearing prior to implementing a rate increase that

exceeds 10%. To remain solvent and ensure that adequate funds are available to pay claims insurers must be able to charge necessary rates and change them when actuarially justified. Current law prohibits an insurer from using or changing premium rates for a long-term care policy unless the rates have been filed and approved by the Insurance Commissioner. They believe that these current statutory requirements strike a fair balance for the protection of consumers and insurers.

AARP Connecticut, Ms. Anna Doroghazi, Assoc. State Director, Advocacy and Outreach: They **support** the tax deduction for long-term care insurance premiums proposed but believe these deductions should only be offered for comprehensive policies that have consumer protections and cover care in a variety of settings. They also point out that while a tax deduction would be beneficial to consumers who have existing policies, it would be harmful if it incentivized the purchase of policies that limit benefits to only one type of long-term setting.

NATURE AND SOURCES OF OPPOSITION:

None

Reported by: Richard Ferrari, Assist. Clerk

Date: 3/3/23