



General Assembly

January Session, 2023

Raised Bill No. 6577

LCO No. 3400



Referred to Committee on AGING

Introduced by:
(AGE)

AN ACT CONCERNING LONG-TERM CARE INSURANCE PREMIUM RATES.

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

1 Section 1. Subparagraph (B) of subdivision (20) of subsection (a) of
2 section 12-701 of the general statutes is repealed and the following is
3 substituted in lieu thereof (*Effective from passage, and applicable to taxable*
4 *years commencing on or after January 1, 2023*):

5 (B) There shall be subtracted therefrom:

6 (i) To the extent properly includable in gross income for federal
7 income tax purposes, any income with respect to which taxation by
8 any state is prohibited by federal law;

9 (ii) To the extent allowable under section 12-718, exempt dividends
10 paid by a regulated investment company;

11 (iii) To the extent properly includable in gross income for federal
12 income tax purposes, the amount of any refund or credit for
13 overpayment of income taxes imposed by this state, or any other state
14 of the United States or a political subdivision thereof, or the District of

15 Columbia;

16 (iv) To the extent properly includable in gross income for federal
17 income tax purposes and not otherwise subtracted from federal
18 adjusted gross income pursuant to clause (x) of this subparagraph in
19 computing Connecticut adjusted gross income, any tier 1 railroad
20 retirement benefits;

21 (v) To the extent any additional allowance for depreciation under
22 Section 168(k) of the Internal Revenue Code for property placed in
23 service after September 27, 2017, was added to federal adjusted gross
24 income pursuant to subparagraph (A)(ix) of this subdivision in
25 computing Connecticut adjusted gross income, twenty-five per cent of
26 such additional allowance for depreciation in each of the four
27 succeeding taxable years;

28 (vi) To the extent properly includable in gross income for federal
29 income tax purposes, any interest income from obligations issued by or
30 on behalf of the state of Connecticut, any political subdivision thereof,
31 or public instrumentality, state or local authority, district or similar
32 public entity created under the laws of the state of Connecticut;

33 (vii) To the extent properly includable in determining the net gain
34 or loss from the sale or other disposition of capital assets for federal
35 income tax purposes, any gain from the sale or exchange of obligations
36 issued by or on behalf of the state of Connecticut, any political
37 subdivision thereof, or public instrumentality, state or local authority,
38 district or similar public entity created under the laws of the state of
39 Connecticut, in the income year such gain was recognized;

40 (viii) Any interest on indebtedness incurred or continued to
41 purchase or carry obligations or securities the interest on which is
42 subject to tax under this chapter but exempt from federal income tax,
43 to the extent that such interest on indebtedness is not deductible in
44 determining federal adjusted gross income and is attributable to a
45 trade or business carried on by such individual;

46 (ix) Ordinary and necessary expenses paid or incurred during the
47 taxable year for the production or collection of income which is subject
48 to taxation under this chapter but exempt from federal income tax, or
49 the management, conservation or maintenance of property held for the
50 production of such income, and the amortizable bond premium for the
51 taxable year on any bond the interest on which is subject to tax under
52 this chapter but exempt from federal income tax, to the extent that
53 such expenses and premiums are not deductible in determining federal
54 adjusted gross income and are attributable to a trade or business
55 carried on by such individual;

56 (x) (I) For taxable years commencing prior to January 1, 2019, for a
57 person who files a return under the federal income tax as an
58 unmarried individual whose federal adjusted gross income for such
59 taxable year is less than fifty thousand dollars, or as a married
60 individual filing separately whose federal adjusted gross income for
61 such taxable year is less than fifty thousand dollars, or for a husband
62 and wife who file a return under the federal income tax as married
63 individuals filing jointly whose federal adjusted gross income for such
64 taxable year is less than sixty thousand dollars or a person who files a
65 return under the federal income tax as a head of household whose
66 federal adjusted gross income for such taxable year is less than sixty
67 thousand dollars, an amount equal to the Social Security benefits
68 includable for federal income tax purposes;

69 (II) For taxable years commencing prior to January 1, 2019, for a
70 person who files a return under the federal income tax as an
71 unmarried individual whose federal adjusted gross income for such
72 taxable year is fifty thousand dollars or more, or as a married
73 individual filing separately whose federal adjusted gross income for
74 such taxable year is fifty thousand dollars or more, or for a husband
75 and wife who file a return under the federal income tax as married
76 individuals filing jointly whose federal adjusted gross income from
77 such taxable year is sixty thousand dollars or more or for a person who
78 files a return under the federal income tax as a head of household

79 whose federal adjusted gross income for such taxable year is sixty
80 thousand dollars or more, an amount equal to the difference between
81 the amount of Social Security benefits includable for federal income tax
82 purposes and the lesser of twenty-five per cent of the Social Security
83 benefits received during the taxable year, or twenty-five per cent of the
84 excess described in Section 86(b)(1) of the Internal Revenue Code;

85 (III) For the taxable year commencing January 1, 2019, and each
86 taxable year thereafter, for a person who files a return under the
87 federal income tax as an unmarried individual whose federal adjusted
88 gross income for such taxable year is less than seventy-five thousand
89 dollars, or as a married individual filing separately whose federal
90 adjusted gross income for such taxable year is less than seventy-five
91 thousand dollars, or for a husband and wife who file a return under
92 the federal income tax as married individuals filing jointly whose
93 federal adjusted gross income for such taxable year is less than one
94 hundred thousand dollars or a person who files a return under the
95 federal income tax as a head of household whose federal adjusted
96 gross income for such taxable year is less than one hundred thousand
97 dollars, an amount equal to the Social Security benefits includable for
98 federal income tax purposes; and

99 (IV) For the taxable year commencing January 1, 2019, and each
100 taxable year thereafter, for a person who files a return under the
101 federal income tax as an unmarried individual whose federal adjusted
102 gross income for such taxable year is seventy-five thousand dollars or
103 more, or as a married individual filing separately whose federal
104 adjusted gross income for such taxable year is seventy-five thousand
105 dollars or more, or for a husband and wife who file a return under the
106 federal income tax as married individuals filing jointly whose federal
107 adjusted gross income from such taxable year is one hundred
108 thousand dollars or more or for a person who files a return under the
109 federal income tax as a head of household whose federal adjusted
110 gross income for such taxable year is one hundred thousand dollars or
111 more, an amount equal to the difference between the amount of Social

112 Security benefits includable for federal income tax purposes and the
113 lesser of twenty-five per cent of the Social Security benefits received
114 during the taxable year, or twenty-five per cent of the excess described
115 in Section 86(b)(1) of the Internal Revenue Code;

116 (xi) To the extent properly includable in gross income for federal
117 income tax purposes, any amount rebated to a taxpayer pursuant to
118 section 12-746;

119 (xii) To the extent properly includable in the gross income for
120 federal income tax purposes of a designated beneficiary, any
121 distribution to such beneficiary from any qualified state tuition
122 program, as defined in Section 529(b) of the Internal Revenue Code,
123 established and maintained by this state or any official, agency or
124 instrumentality of the state;

125 (xiii) To the extent allowable under section 12-701a, contributions to
126 accounts established pursuant to any qualified state tuition program,
127 as defined in Section 529(b) of the Internal Revenue Code, established
128 and maintained by this state or any official, agency or instrumentality
129 of the state;

130 (xiv) To the extent properly includable in gross income for federal
131 income tax purposes, the amount of any Holocaust victims' settlement
132 payment received in the taxable year by a Holocaust victim;

133 (xv) To the extent properly includable in gross income for federal
134 income tax purposes of an account holder, as defined in section 31-
135 51ww, interest earned on funds deposited in the individual
136 development account, as defined in section 31-51ww, of such account
137 holder;

138 (xvi) To the extent properly includable in the gross income for
139 federal income tax purposes of a designated beneficiary, as defined in
140 section 3-123aa, interest, dividends or capital gains earned on
141 contributions to accounts established for the designated beneficiary
142 pursuant to the Connecticut Homecare Option Program for the Elderly

143 established by sections 3-123aa to 3-123ff, inclusive;

144 (xvii) To the extent properly includable in gross income for federal
145 income tax purposes, any income received from the United States
146 government as retirement pay for a retired member of (I) the Armed
147 Forces of the United States, as defined in Section 101 of Title 10 of the
148 United States Code, or (II) the National Guard, as defined in Section
149 101 of Title 10 of the United States Code;

150 (xviii) To the extent properly includable in gross income for federal
151 income tax purposes for the taxable year, any income from the
152 discharge of indebtedness in connection with any reacquisition, after
153 December 31, 2008, and before January 1, 2011, of an applicable debt
154 instrument or instruments, as those terms are defined in Section 108 of
155 the Internal Revenue Code, as amended by Section 1231 of the
156 American Recovery and Reinvestment Act of 2009, to the extent any
157 such income was added to federal adjusted gross income pursuant to
158 subparagraph (A)(xi) of this subdivision in computing Connecticut
159 adjusted gross income for a preceding taxable year;

160 (xix) To the extent not deductible in determining federal adjusted
161 gross income, the amount of any contribution to a manufacturing
162 reinvestment account established pursuant to section 32-9zz in the
163 taxable year that such contribution is made;

164 (xx) To the extent properly includable in gross income for federal
165 income tax purposes, (I) for the taxable year commencing January 1,
166 2015, ten per cent of the income received from the state teachers'
167 retirement system, (II) for the taxable years commencing January 1,
168 2016, to January 1, 2020, inclusive, twenty-five per cent of the income
169 received from the state teachers' retirement system, and (III) for the
170 taxable year commencing January 1, 2021, and each taxable year
171 thereafter, fifty per cent of the income received from the state teachers'
172 retirement system or, for a taxpayer whose federal adjusted gross
173 income does not exceed the applicable threshold under clause (xxi) of
174 this subparagraph, the percentage pursuant to said clause of the

175 income received from the state teachers' retirement system, whichever
176 deduction is greater;

177 (xxi) To the extent properly includable in gross income for federal
178 income tax purposes, except for retirement benefits under clause (iv) of
179 this subparagraph and retirement pay under clause (xvii) of this
180 subparagraph, for a person who files a return under the federal income
181 tax as an unmarried individual whose federal adjusted gross income
182 for such taxable year is less than seventy-five thousand dollars, or as a
183 married individual filing separately whose federal adjusted gross
184 income for such taxable year is less than seventy-five thousand dollars,
185 or as a head of household whose federal adjusted gross income for
186 such taxable year is less than seventy-five thousand dollars, or for a
187 husband and wife who file a return under the federal income tax as
188 married individuals filing jointly whose federal adjusted gross income
189 for such taxable year is less than one hundred thousand dollars, (I) for
190 the taxable year commencing January 1, 2019, fourteen per cent of any
191 pension or annuity income, (II) for the taxable year commencing
192 January 1, 2020, twenty-eight per cent of any pension or annuity
193 income, (III) for the taxable year commencing January 1, 2021, forty-
194 two per cent of any pension or annuity income, and (IV) for the taxable
195 year commencing January 1, 2022, and each taxable year thereafter,
196 one hundred per cent of any pension or annuity income;

197 (xxii) The amount of lost wages and medical, travel and housing
198 expenses, not to exceed ten thousand dollars in the aggregate, incurred
199 by a taxpayer during the taxable year in connection with the donation
200 to another person of an organ for organ transplantation occurring on
201 or after January 1, 2017;

202 (xxiii) To the extent properly includable in gross income for federal
203 income tax purposes, the amount of any financial assistance received
204 from the Crumbling Foundations Assistance Fund or paid to or on
205 behalf of the owner of a residential building pursuant to sections 8-442
206 and 8-443;

207 (xxiv) To the extent properly includable in gross income for federal
208 income tax purposes, the amount calculated pursuant to subsection (b)
209 of section 12-704g for income received by a general partner of a
210 venture capital fund, as defined in 17 CFR 275.203(l)-1, as amended
211 from time to time;

212 (xxv) To the extent any portion of a deduction under Section 179 of
213 the Internal Revenue Code was added to federal adjusted gross income
214 pursuant to subparagraph (A)(xiv) of this subdivision in computing
215 Connecticut adjusted gross income, twenty-five per cent of such
216 disallowed portion of the deduction in each of the four succeeding
217 taxable years;

218 (xxvi) To the extent properly includable in gross income for federal
219 income tax purposes, for a person who files a return under the federal
220 income tax as an unmarried individual whose federal adjusted gross
221 income for such taxable year is less than seventy-five thousand dollars,
222 or as a married individual filing separately whose federal adjusted
223 gross income for such taxable year is less than seventy-five thousand
224 dollars, or as a head of household whose federal adjusted gross income
225 for such taxable year is less than seventy-five thousand dollars, or for a
226 husband and wife who file a return under the federal income tax as
227 married individuals filing jointly whose federal adjusted gross income
228 for such taxable year is less than one hundred thousand dollars, (I) for
229 the taxable year commencing January 1, 2023, twenty-five per cent of
230 any distribution from an individual retirement account other than a
231 Roth individual retirement account, (II) for the taxable year
232 commencing January 1, 2024, fifty per cent of any distribution from an
233 individual retirement account other than a Roth individual retirement
234 account, (III) for the taxable year commencing January 1, 2025,
235 seventy-five per cent of any distribution from an individual retirement
236 account other than a Roth individual retirement account, and (IV) for
237 the taxable year commencing January 1, 2026, and each taxable year
238 thereafter, any distribution from an individual retirement account
239 other than a Roth individual retirement account; [and]

240 (xxvii) To the extent properly includable in gross income for federal
241 income tax purposes, for the taxable year commencing January 1, 2022,
242 the amount or amounts paid or otherwise credited to any eligible
243 resident of this state under (I) the 2020 Earned Income Tax Credit
244 enhancement program from funding allocated to the state through the
245 Coronavirus Relief Fund established under the Coronavirus Aid,
246 Relief, and Economic Security Act, P.L. 116-136, and (II) the 2021
247 Earned Income Tax Credit enhancement program from funding
248 allocated to the state pursuant to Section 9901 of Subtitle M of Title IX
249 of the American Rescue Plan Act of 2021, P.L. 117-2; and

250 (xxviii) For the taxable year commencing January 1, 2023, and each
251 taxable year thereafter, the amount of any premiums paid in the
252 taxable year for a long-term care insurance policy issued pursuant to
253 section 38a-475, 38a-501, as amended by this act, or 38a-528, as
254 amended by this act.

255 Sec. 2. Subdivision (2) of subsection (b) of section 38a-501 of the
256 general statutes is repealed and the following is substituted in lieu
257 thereof (*Effective July 1, 2023*):

258 (2) (A) Any insurance company, fraternal benefit society, hospital
259 service corporation, medical service corporation or health care center
260 that files a rate filing for an increase in premium rates for a long-term
261 care policy that is for twenty per cent or more shall spread the increase
262 over a period of not less than three years and not file a rate filing for an
263 increase in premium rates for the long-term care policy during the
264 period chosen. Such company, society, corporation or center shall use a
265 periodic rate increase that is actuarially equivalent to a single rate
266 increase and a current interest rate for the period chosen.

267 (B) Prior to implementing a premium rate increase, each such
268 company, society, corporation or center shall:

269 (i) Notify its policyholders of such premium rate increase and make
270 available to such policyholders the additional choice of reducing the

271 policy benefits to reduce the premium rate or electing coverage that
272 reflects the minimum set of affordable benefit options developed by
273 the commissioner pursuant to section 38a-475a. Such notice shall
274 include a description of such policy benefit reductions and minimum
275 set of affordable benefit options. The premium rates for any benefit
276 reductions shall be based on the new premium rate schedule;

277 (ii) Provide policyholders not less than thirty calendar days to elect
278 a reduction in policy benefits or coverage that reflects the minimum set
279 of affordable benefit options developed by the commissioner pursuant
280 to section 38a-475a; and

281 (iii) Include a statement in such notice that if a policyholder fails to
282 elect a reduction in policy benefits or coverage that reflects the
283 minimum set of affordable benefit options developed by the
284 commissioner pursuant to section 38a-475a by the end of the notice
285 period and has not cancelled the policy, the policyholder will be
286 deemed to have elected to retain the existing policy benefits.

287 (C) Prior to implementing a premium rate increase exceeding ten
288 per cent, each such company, society, corporation or center shall hold a
289 public hearing. Policyholders shall be provided notice of the date and
290 time of such hearing not less than fourteen days in advance of such
291 date.

292 Sec. 3. Subdivision (2) of subsection (b) of section 38a-528 of the
293 general statutes is repealed and the following is substituted in lieu
294 thereof (*Effective July 1, 2023*):

295 (2) (A) Any insurance company, fraternal benefit society, hospital
296 service corporation, medical service corporation or health care center
297 that files a rate filing for an increase in premium rates for a long-term
298 care policy that is for twenty per cent or more shall spread the increase
299 over a period of not less than three years and not file a rate filing for an
300 increase in premium rates for the long-term care policy during the
301 period chosen. Such company, society, corporation or center shall use a

302 periodic rate increase that is actuarially equivalent to a single rate
303 increase and a current interest rate for the period chosen.

304 (B) Prior to implementing a premium rate increase, each such
305 company, society, corporation or center shall:

306 (i) Notify its certificate holders of such premium rate increase and
307 make available to such certificate holders the additional choice of
308 reducing the policy benefits to reduce the premium rate or electing
309 coverage that reflects the minimum set of affordable benefit options
310 developed by the commissioner pursuant to section 38a-475a. Such
311 notice shall include a description of such policy benefit reductions and
312 minimum set of affordable benefit options. The premium rates for any
313 benefit reductions shall be based on the new premium rate schedule;

314 (ii) Provide certificate holders not less than thirty calendar days to
315 elect a reduction in policy benefits or coverage that reflects the
316 minimum set of affordable benefit options developed by the
317 commissioner pursuant to section 38a-475a; and

318 (iii) Include a statement in such notice that if a certificate holder fails
319 to elect a reduction in policy benefits or coverage that reflects the
320 minimum set of affordable benefit options developed by the
321 commissioner pursuant to section 38a-475a by the end of the notice
322 period and has not cancelled the policy, the certificate holder will be
323 deemed to have elected to retain the existing policy benefits.

324 (C) Prior to implementing a premium rate increase exceeding ten per
325 cent, each such company, society, corporation or center shall hold a
326 public hearing. Policyholders shall be provided notice of the date and
327 time of such hearing not less than fourteen days in advance of such
328 date.

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

Section 1	<i>from passage, and applicable to taxable years commencing on or after January 1, 2023</i>	12-701(a)(20)(B)
Sec. 2	<i>July 1, 2023</i>	38a-501(b)(2)
Sec. 3	<i>July 1, 2023</i>	38a-528(b)(2)

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Joint Favorable C/R

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