

EXHIBIT 3: NARRATIVE SUMMARY

Company Aetna Health Insurance Company of New York
 NAIC Code: 84450
 SERFF Tracking #: AETN-128619230

Aetna Health Insurance Company of New York is submitting rate increases for its Small Group market segment for the state of New York. As we have in the past, we will work with the New York State Insurance Department to make sure these rate changes comply with all state regulations.

The following is a summary of the proposed rate increases for policyholders' existing benefit plans, to be effective on the policyholder's next anniversary occurring on or after the effective dates shown:

Groups that renew from 1/1/2013 to 3/31/2013 will have an increase of 8.6%. Groups that renew from 4/1/2013 to 6/30/2013 will have an increase of 9.4%. Groups that renew from 7/1/2013 to 9/30/2013 will have an increase of 10.3%. Groups that renew from 10/1/2013 to 12/31/2013 will have an increase of 11.7%.

Effective Date	Proposed Rate Increases	Policyholders	Members
01/01/2013	8.6%	2,472	3,299
04/01/2013	9.4%	1,569	2,197
07/01/2013	10.3%	844	1,109
10/01/2013	11.7%	1,250	1,660

The total number of policyholders affected by the proposed rate adjustment is 6,135 as of 04/30/2012. The above rate table includes 1.53% for first quarter through third quarter renewals to cover the cost for new benefits required by State and Federal law.

The requested rates for Aetna's Small Group HMO and QPOS plans are directly related to medical claim trend due to changes in unit costs and utilization. Trends were based on a review of large group data and small group data over the period August 2009 – December 2011. The table below reflects our cost trends:

Utilization Trend	Unit Cost Trend	Other Trend	Total Trend
4.4%	4.0%	2.4%	11.2%

Utilization represents the number of services per member per year across all medical expense categories. Increase in Unit Cost represents the change in dollar amount per claim. Increases in Unit Cost reflect changes in our contracted rates and prescription drug costs as well as the price escalation due to usage of more intensive services or expensive technologies. Hospital unit cost is projected to increase at 6.3% and physician unit cost is projected to increase at 1.2%.

Other Trend represents deductible leveraging. Deductible leveraging occurs when the rate of change in deductibles is less than the rate of change in total medical costs. This results in the rate of change in insurer plan cost exceeding the rate of change in total medical costs. The deductible leveraging adds 2.4% to our total trend.

For this rate filing, we have used 11.2% as the projected change in total medical cost.

Our pricing projection and the resulting rate increases assume that 87.7% of premium is used for medical care. New York state law requires that at least 82% of premium must be used to pay medical member costs. The remaining 12.3% are used for administrative expenses, profit, and taxes. Administrative costs include (but are not limited to) customer service, processing and paying claims, medical management programs, maintaining our provider networks, and complying with State and Federal regulations.

Aetna takes our commitment to our customers seriously. We have taken a number of steps to try to keep our products as affordable as possible, such as:

- Reducing our administrative costs by cutting back on the number of plan designs we offer, focusing only on the most popular plans that meet the needs of the majority of our members.
- Developing innovative new relationships with health care providers that compensate them for the quality of care they provide, and not the quantity.
- Creating medical management programs which address potential health issues for members earlier, improving health outcomes and reducing the need for high-cost health care services.

We are also dedicated to increasing transparency within the health care system, as well as helping our members best utilize the plans that they have. Members can also access Aetna Navigator, our secure member website, which allows members to research their specific plan benefits, health care providers in a given area, and in some locations, the cost of certain health care services. Additionally, Aetna's Plan for Your Health website aims to educate all consumers—not just Aetna members—on how to take advantage of their health care benefits.

The narrative (exhibit 3) will be placed under Aetna.com that is open to the public.

There are three pdf files under this link below which is open to public.

<http://www.aetna.com/individuals-families-health-insurance/member-guidelines/stateprocess.html>