

Exhibit 3: Narrative Summary

Company: Aetna Health, Inc.
 NAIC Code: 95234
 SERFF Tracking #: AETN 127331586

Aetna Health, Inc. is requesting a premium rate increase for its HNY HMO and High Deductible Health Plans for the state of New York.

The following is a summary of the proposed rate adjustment to be effective on the policyholder's next anniversary occurring on or after the effective dates shown:

Effective Date	Proposed Rate Increase	Number of Policyholders
01/01/2012 (a)	28.8% - 34.2%	894
01/01/2012 (b)	47.5% - 53.8%	90
01/01/2012 (c)	27.0% - 28.1%	205
04/01/2012	27.0% - 28.1%	736
07/01/2012	27.0% - 28.1%	869
10/01/2012	27.0% - 28.1%	1,016

The total number of policyholders including small group subscribers affected by the proposed rate adjustment is 3,810 as of 3/31/2011.

Aetna Health Inc.'s intent is for all HNY members pay the same approved premium for the same plan. However, during our pricing review, we identified 2 blocks of business with different rates that had renewed in 1Q2011. These blocks are being treated separately for 2012 pricing, as burdening those policyholders with the full increase may be overwhelming. We will continue to treat these blocks separately in pricing until these blocks are at the same rate level.

<u>Block</u>	<u>Description</u>
Block 1Q2012 (a)	Policies written with January, February or March Anniversaries prior to 2011 that were sold or renewed at 2010 rates and new policies written in January 2011 at 2010 rates. These polices did not receive the 2011 increase.
Block 1Q2012 (b)	HDHP policies written from 9/2001 – 12/2008 that were last renewed at 2009 rates. These policies did not receive the 2010 and 2011 increases.
Block 1Q2012 (c)	New policies written in February and March 2011 at normal 2011 rates. This cohort is on the same 2011 rates as 2Q – 4Q new business and renewals.

Reason for Rate Change Request

The requested increases for Aetna's Healthy New York benefit plans are directly related to higher cost trends and increase utilization. Based on a review of HNY Individual segment claims from May 2010 to April 2011 compared to the prior period, we see the following cost trends:

Medical Expense Category	Distribution of Claim \$	Increase in Utilization	Increase in Unit Costs	Total Trend
Hospital Services	56%	3%	17%	20%
Physician Services	33%	4%	0%	4%
Rx	5%	4%	0%	4%
State Assessments	6%	4%	3%	8%
Total	100%	4%	10%	13%

Utilization represents the number of services per member per year. Increase in Unit Cost represents the change in dollar amount per claim. Increases in Unit Cost will 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.

Our experience indicates that total medical trend, weighted by paid claims, has increased by 13%. However, we think that our Healthy New York market segment past results are based on too few members to be a fully credible indication of future medical cost trend. For this rate filing, we have used 12.5% as the projected change in medical cost. The 12.5% total medical trend assumption was developed from large group data over the period July 2007 – June 2010.

Our pricing projection and the resulting rate increases assume that 90.0% 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 10% are used for administrative expenses. These 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. We do not expect to earn a profit on the Healthy New York market segment.

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 relationships with health care providers that provide incentives 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.