

Per the instructions, health insurance issuers proposing rate increases above the threshold fill in only those cells that are highlighted in GREY.
The other cells are auto-populated.

A. Base Period Data

Start Period: 02/01/2011 End Period: 01/31/2012

Service Categories	Member Months	Total Allowed	Net Claims	Cost Sharing	Cost Sharing PMPM	Net PMPM	Allowed PMPM
Inpatient	65,685	\$ 3,437,743.40	\$ 3,176,707.74	\$ 261,035.66	3.97	48.36	52.34
Outpatient	65,685	\$ 1,471,662.14	\$ 1,330,249.85	\$ 141,412.29	2.15	20.25	22.40
Professional	65,685	\$ 5,620,134.71	\$ 4,696,728.84	\$ 923,405.87	14.06	71.50	85.56
Prescription Drugs	65,685	\$ 2,392,856.03	\$ 1,687,238.57	\$ 705,617.46	10.74	25.69	36.43
Other	65,685	\$ 5,281,699.92	\$ 4,989,441.98	\$ 292,257.94	4.45	75.96	80.41
Capitation	65,685	\$ 693,499.98	\$ 693,499.98	\$ 0.00	0.00	10.56	10.56
Total	65,685	\$ 18,897,596.18	\$ 16,573,866.96	\$ 2,323,729.22	35.38	252.32	287.70

B. Claim Projections

B1. Adjustment to the Current Rate

Start Period: 01/01/2012 End Period: 12/31/2012

Service Categories	Overall Medical Trend	Projected Allowed PMPM	Net Claims	Cost Sharing
Inpatient	1.1022	\$ 57.68	\$ 54.14	0.0615
Outpatient	1.1022	\$ 24.69	\$ 22.67	0.0819
Professional	1.1022	\$ 94.30	\$ 80.04	0.1512
Prescription Drugs	1.1022	\$ 40.15	\$ 28.75	0.2839
Other	1.1022	\$ 88.63	\$ 85.03	0.0406
Capitation	1.1022	\$ 11.64	\$ 11.64	0.0000
Total		\$ 317.10	\$ 282.27	0.11

B2. Claims Projection for Future Rate

Start Period: 01/01/2013 End Period: 12/31/2013

Service Categories	Overall Medical Trend	Projected Allowed PMPM	Net Claims	Cost Sharing
Inpatient	1.1123	\$ 64.16	\$ 61.84	0.0363
Outpatient	1.1123	\$ 27.47	\$ 25.89	0.0573
Professional	1.1123	\$ 104.90	\$ 91.42	0.1284
Prescription Drugs	1.1123	\$ 44.66	\$ 32.84	0.2646
Other	1.1123	\$ 98.58	\$ 97.12	0.0148
Capitation	1.1123	\$ 12.94	\$ 12.94	0.0000
Total		\$ 352.71	\$ 322.07	0.09

B3. Medical Trend Breakout

Factor	Impact
Utilization	40.6286%
Unit Cost	37.2187%
Other Factors	22.1527%

C. Components of Current and Future Rates

	Future Rate		Prior Estimate of Current Rate		Difference	
	PMPM	%	PMPM	%	PMPM	%
1. Projected Net Claims	\$ 322.07	80.46%	\$ 329.87	91.56%	\$ (7.81)	-19.53%
2. Administrative Costs	\$ 64.99	16.24%	\$ 49.55	13.75%	\$ 15.43	38.60%
3. Underwriting Gain/Loss	\$ 13.22	3.30%	\$ (19.14)	-5.31%	\$ 32.36	80.93%
4. Total Rate	\$ 400.27	100.00%	\$ 360.28	100.00%	\$ 39.99	100.00%
5. Overall Rate Increase		11.10%				

D. Components of Rate Increase

Claims Components	Impact on Rate	Percent
1. Inpatient	\$ 6.08	-77.88%
2. Outpatient	\$ 2.55	-32.61%
3. Professional	\$ 8.99	-115.14%
4. Prescription Drugs	\$ 3.23	-41.36%
5. Other	\$ 9.55	-122.32%
6. Capitation	\$ 1.31	-16.74%
7. Cost Share	\$ 8.09	-103.54%
8. Correction of Prior Net Claims Estimate	\$ (47.60)	609.60%
9. Total	\$ (7.81)	100.00%
Claims Restatement for Current Rate Period		
8.a. Prior Net Claims Estimate for Current Rate Period	\$ 329.87	
8.b. Re-Estimate of Net Claims PMPM for Current Rate Period	\$ 282.27	

E. List of Annual Average Rate Changes Requested and Implemented in the Past Three Calendar Years

Calendar Year	New Form	Requested	Implemented
2012	N	4.5584%	2.4246%
2011	N	7.5164%	7.5164%
2010	N	17.1293%	17.1293%

F. Range and Scope of Proposed Increase

Number of Covered Individuals	8,265	Threshold Rate Increase	9.7560%
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Range of Rate Increase	
Minimum % Increase	8.5920%
Maximum % Increase	11.6792%

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Summary

Aetna is updating its rates for Small Group HMO plans in New York to adjust for several changing factors. Our new filing proposes to raise average premium rates by 9.8%.

Who This Change Will Affect

The rates will apply to policies that renew or start from January 2013 through December 2013. Approximately 8,000 members currently are enrolled in plans to which the new rates will apply.

Why We Need to Increase Premiums

Medical costs are going up and we are changing our rates to reflect this increase. We expect medical costs to go up 11.2%, excluding the effect of benefit changes described below. Medical costs go up mainly for two reasons – providers raise their prices and members get more medical care. We expect a third of the medical cost increase to come from providers raising price, half to come from members getting more care, and the remaining portion to come from cost sharing that does not increase as quickly as medical costs.

For Small Employers in New York, one example of increasing medical costs we have experienced in the last 12 months include:

- Expenses for ambulatory services have increased 17.7%.
- Expenses for home health care have increased 11.6%.

What Else Affects Our Request to Increase Premiums

We offer New York small businesses a variety of plans to choose from. In August 2012, we changed some benefits for these plans to include enhanced coverage for Women's Preventive Health Services. The changes increased expected medical costs by 1.53% and we took that change into account in this rate filing.

Will Premiums for All Small Groups Increase 9.8%?

No, the 9.8% is an average. Some premiums will increase by less or even go down; others will increase by more than the average. The exact rate change will depend on what benefit plan the group chooses, and when the group's contract renews.

How Does This Request Match up with Minimum Loss Ratio Requirements (MLR)?

We expect these rates will produce an MLR equal to or above the required 82% requirement for small group business – meaning that we expect at least 82% of the premiums we collect to pay for medical care and activities that improve health care quality for our members. If our actual MLR turns out to be less than 82% -- for instance, if doctors and hospitals raise prices less than we expect -- we will issue rebates as the law requires.

In addition to paying for medical claims and quality improvement activities, a portion of every member's premium goes toward covering administrative expenses such as customer service, claims and billing, and quality activities like disease management programs. Premium also includes premium taxes and Federal income tax.

What is Aetna Doing to Keep Premiums Affordable?

Our goal is to deliver competitive pricing that allows our customers and members to get the greatest value out of their health benefits. Aetna also is taking a number of steps to try to keep our products as affordable as possible, such as:

- Developing 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 access Aetna Navigator, our secure member website, which allows them 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.