

**EXHIBIT 3
NARRATIVE SUMMARY**

Company Name: Capital District Physicians' Health Plan, Inc.

NAIC Code: 95491

SERFF Tracking #: CAPD-129090271

Capital District Physicians' Health Plan, Inc. (CDPHP) offers a Health Maintenance Organization (HMO) product on a community rated basis to an employer group with 51 or more full time employees.

CDPHP has filed with the NYS Department of Financial Services a request for approval for changes to premium rates as follows:

	Renewals Effective			
	01/01/2014 to 03/31/2014	04/01/2014 to 06/30/2014	07/01/2014 to 09/30/2014	10/01/2014 to 12/31/2014
Average Rate Adjustment *	5.43%	5.37%	5.31%	5.25%
Number of Policyholders Affected	173	25	68	27
Number of Members Affected	69,009	3,256	10,177	4,029

* Rate Adjustment will vary based on specific plan design

Large group HMO policyholders will receive the rate adjustments on the policyholder's next anniversary on or after January 1, 2014.

These increases are necessary due to changes in administrative expenses, correction for past pricing and to cover expected increases in claim costs due to the expected change in medical and pharmacy trend as discussed below.

Changes in administrative expenses will increase premiums 2.82%. This increase is due largely to fees associated with the Affordable Care Act.

Corrections for past pricing will reduce premiums -0.18%.

Due to changes in membership in the covered pool, CDPHP has adjusted underlying demographic assumptions used in the rate derivation by 1.67%.

In 2013 and 2014, CDPHP expects to see increases in utilization due to advances in medical technology, increased frequency of genetic testing, aging of the covered population, and increased use of pharmaceuticals used to manage rare and complex medical conditions. These increases will be held lower than industry trends due to CDPHP medical management programs which include care management, disease management, medical therapy management, hospital readmission avoidance, and the Enhanced Primary Care program, an innovative CDPHP program designed to improve

coordination of care and promote delivery of cost-effective services through greater use of technology and efficiency in the physician's office. Utilization of outpatient and office-based services will increase as CDPHP lowers utilization of more costly inpatient stays through case management.

The net overall utilization of medical services is expected to decrease by 0.1% for 2013 and to increase by 1.8% for 2014.

CDPHP negotiates reimbursement rates with hospitals on an annual or semi-annual basis. CDPHP's negotiated increases in rates for hospitals for inpatient and outpatient services averaged 5.3% in 2013. For 2014, CDPHP is targeting 6.4%.

CDPHP's physician fee schedule was increased by 2.75% in 2013 and is estimated to increase by 2.4% in 2014.

The expected average overall annual medical cost increase, based on the above factors, is 5.20% for 2013 and for 2014.

CDPHP contracts with CVS Caremark for pharmacy benefit management. Projected increase in pharmacy utilization is 2.5% annually. Pharmacy per script cost is projected to decrease by 2.0% in 2013 and increase by 4.1% in 2014. Pharmacy rebates are expected to remain flat from 2013 to 2014. Based on these factors, average pharmacy costs are projected to decrease by 1.6% in 2013 and increase by 8.1% in 2014.