

Conference Call Etiquette

- Please **mute your line** if you are not speaking.
- Identify yourself & organization before you speak.
- If you are on the phone **and** logged in via web, turn off your computer speakers.
- Please press ***6 to unmute** your line.
- The **chat is reserved for Board** members.



Board of Directors Meeting

July 17, 2020

Preliminary Matters

Meeting Agenda

1. Preliminary Matters

2. Executive Session

3. Resume Public Session

4. Action/Discussion Items by the Board

- Standard Administrative Updates
- Standard Technology and Operations Update
- CMS Transition Acknowledgement Letter
- Enrollment and Revenue Modeling Overview
- CY2020 Re-Budget
- Communication & Outreach Overview

5. Adjourn

Executive Session

Resume Public Session

Administrative Updates

Administrative Updates

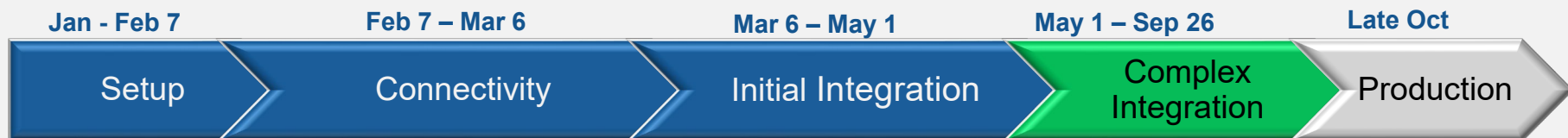
Updates

- Personnel
- Stakeholder Engagement
 - Insurers
 - Brokers

Stakeholder Engagement

Insurers

- Impact of covid-19 on Insurers
- EDI Technical Working Group (weekly)
 - All insurers have completed connectivity and initial integration testing
 - Complex Integration testing in process (13 scenarios)
 - Provider directory connectivity and 2020 test files in process
 - Pay Now self-service connectivity testing in process



- Insurer Policy Working Group (bi-weekly)
 - Reviewed special enrollment period (SEP) policy outcomes from June Board meeting
- Service Coordination Working Group (bi-weekly)
 - Broker pre-registration process & updates
 - Operational contingency planning
- Information Sharing via Insurer SharePoint (ongoing)

Stakeholder Engagement

Brokers Update

General update

- Held fourth monthly **Broker Workgroup July 10**. Presented on the approved SEP policies from the June Board Meeting as well as the Pennie Communications and Outreach plan.
- Preparing for presentations and system demos with producer groups.

Transition update

- Pre-registration opened second half of June
- Pennie continues outreach efforts to inform the producer community about pre-registration for the exchange

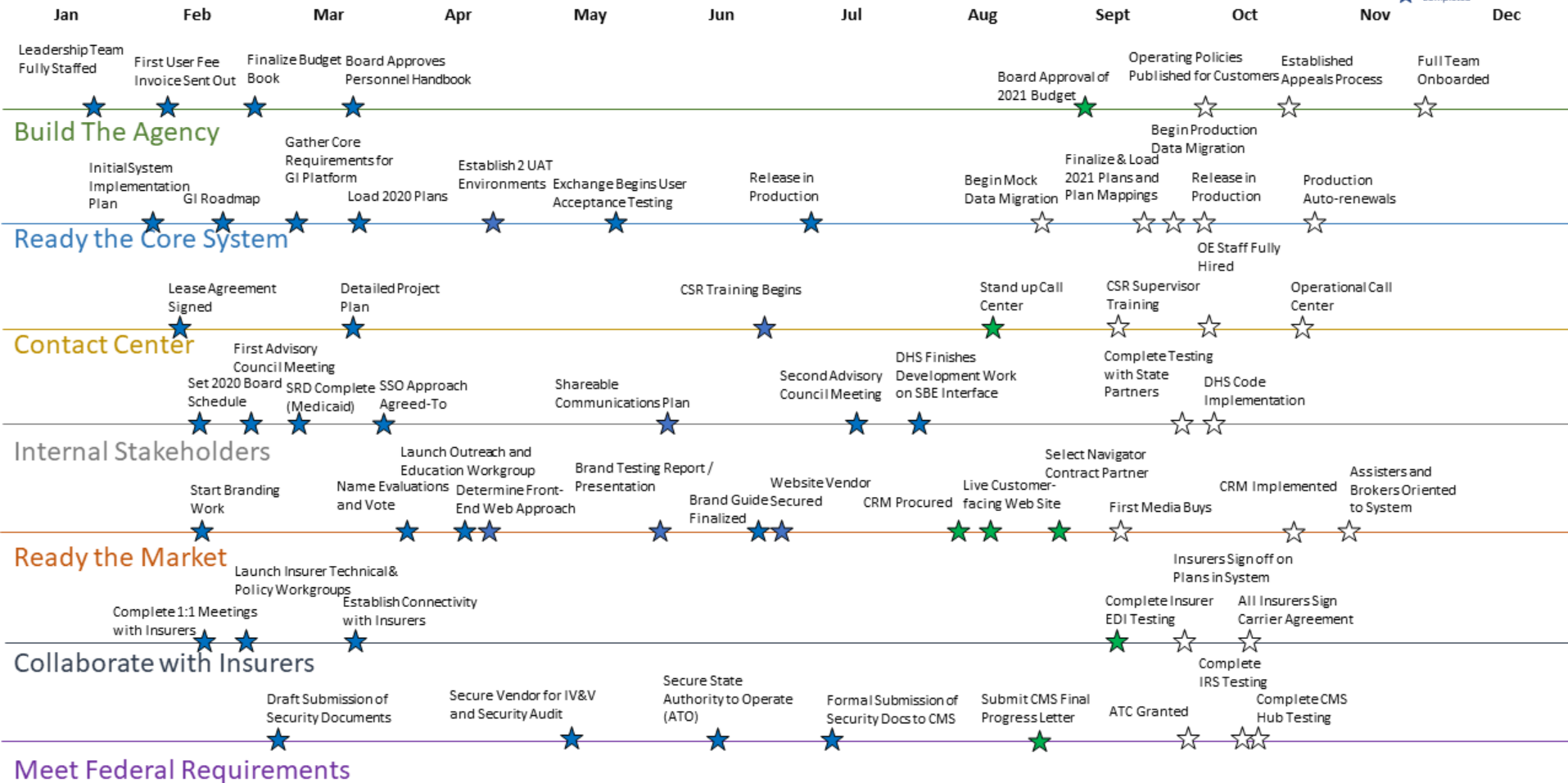
Current Registration Numbers

- Total Registrations to Date (7/17) = **369**
 - Total number of producers currently registered on the FFM = **335**
 - Total number of new producers who have not worked within the market place before = **34**
- Agency vs Non Agency Producers
 - Total Agency Producers = **131**
 - Total Individual Producers = **238**

Standard Technology and Operations Update

EXCHANGE AUTHORITY PROJECT MILESTONES

- ☆ Not Started
- ★ In Process, On Track
- ★ In Process, Behind Schedule
- ★ In Process, At Major Risk
- ★ Completed



Call Center Update

IVR

- Call flows built
- Finalizing content of IVR menus

Customer Assistance Portal

- Finalizing internal process flows for ticketing, workgroups, and escalations
- Includes insurer ticketing solution for customer service casework
- Handoffs procedures – when and where should calls be re-routed?
 - e.g. for claims issues, when to direct to insurer and when to direct to PID's Consumer Service Bureau

CSR Training

- 2nd CSR class underway

Appeals Process

- Specialized group of CSRs will support appeals process
- CSR Appeals Team will work with customers to attempt informal resolution where applicable
 - e.g. inadvertently reported \$1,000,000 instead of \$10,000 annual income
 - e.g. reported address as Pittsburgh, OH instead of Pittsburgh, PA
- If CSR Appeals Team unable to informally resolve, appeal escalates to exchange staff appeals team to review, attempt informal resolution, and/or continue through hearing.

Technology Development Updates

September Release, Federal Hub Testing, Security Assessment, Insurer Connectivity

September Release Progress

- Development is wrapping up and QA testing has begun.
- UAT for this release begins in early August.
- Test Case Development UAT (6/15/2020 - 8/7/2020) is on track with 811 test scenarios developed and 259 of 957 Test Cases documented.
- We are actively working with DHS testers to validate appropriate test case coverage as well as looking for efficiencies in regard to scenario overlap for Medicaid and CHIP account transfer..

Federal Data Services Hub (FDSH) Testing

- GI team has successfully tested the Remote Identity Proofing (RIDP) / Fraud Archive Reporting Service (FARS)/ Social Security Administration Composite (SSAC) / Verify Lawful Presence (VLP37) / Income and Family Size Verification (iFSV) / non-Employer Sponsored Insurance (ESI) / Minimum Essential Coverage (MEC) / State Based Marketplace (SBMi) through the two required environments – Test Harness & End-to-End Trusted Data Sources
- The team has begun Equifax testing which should complete next week. Renewal and Redetermination (RRV) testing will follow.

Security Assessment

- Security Assessment has been completed and submitted to CMS. All findings were in either the Moderate or Low categories.
- The DHS Chief Information Security Officer (CISO) has reviewed Pennie's security information and has signed the Authority to Operate document. This document, and the rest of the final security documents have been provided to CMS for their review.

Insurer Connectivity Testing

- Complex add scenarios have been successful, with successful effectuations. The second round of complex scenario testing is in flight and is 63% complete across all insurers.
- PayNow 4 of 13 Insurers have completed and signed off on PayNow testing.
- Vericred (Provider Directory) – All insurers have provided files with the exception of one, which we should receive today.

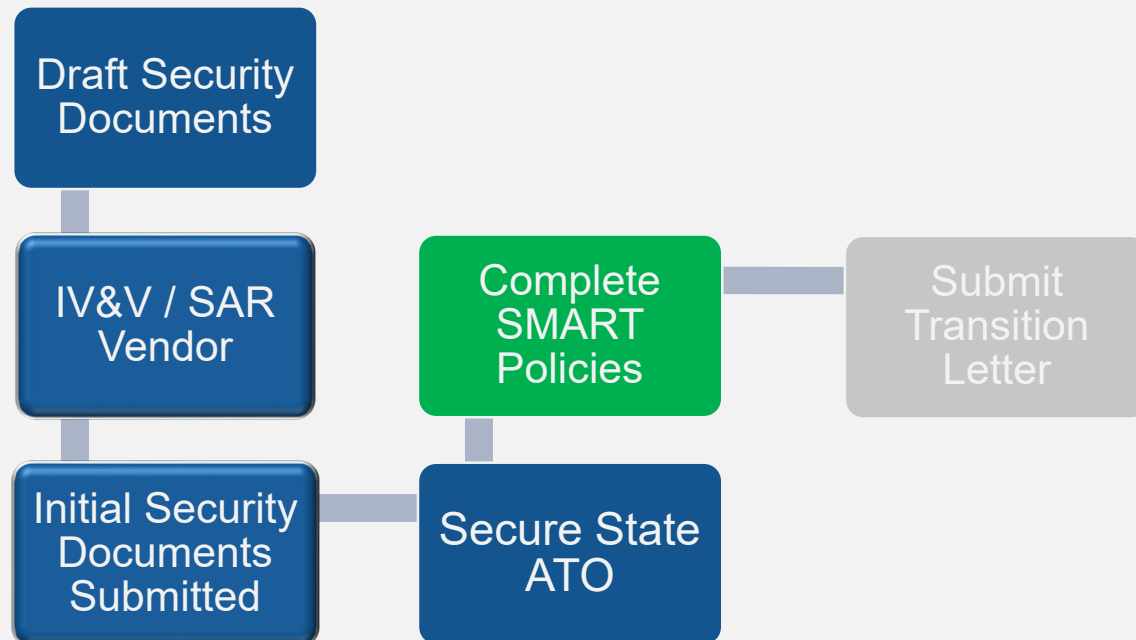
CMS Transition Acknowledgement Letter

Transition Letter Process and Criteria

What is the Transition Acknowledgment Letter?

The letter confirms Pennie's intent to move from SBE-FP to SBE, based on progress against transition requirements.

Overview of progress against CMS' transition criteria



Pennie Enrollment and Revenue Model Overview

For Discussion:

Pennie Board of Directors Meeting

July 17, 2020



Key Learnings

COVID-19 has fueled a **surge in unemployment** – 2.1 million initial unemployment claims were filed in PA between mid-March and June; Over 900,000 Pennsylvanians are estimated to be currently unemployed (15% of pre-COVID workforce)

However, we anticipate **only a marginal impact on Pennie enrollment and revenue for CY 2020:**

- Average monthly enrollment: 292,802 COVID-adjusted vs. 286,587 originally projected **(2% increase)**
- Total revenue: \$11.4 M COVID-adjusted vs. \$11.1 M originally projected **(2% increase)**

Key drivers of these results:

- **Low ESI loss rate:** to date, ESI losses have been low, suggesting that the COVID unemployed had other types of coverage (i.e. part time workers) and the rate of ESI retention amongst those previously covered by ESI is high
- **Leaving Exchange/Medicaid eligible population:** unemployment activity drives both incoming and outgoing Exchange enrollment volume as current Exchange enrollees become Medicaid eligible immediately due to the loss of a job, and over time as unemployment benefits expire
- **Coverage choices of impacted populations:** to date, Exchange take-up/enrollment activity amongst the newly unemployed has been well below historic levels

Considering the economic and policy uncertainty surrounding these key drivers, we have defined **three illustrative scenarios** resulting in the following range in enrollment for CY 2020:

- Average monthly enrollments range from 292,802 to 305,766 *(2-7% increase from original projections)*

Next Steps: Modeled impacts will be continuously refined given considerable economic and policy uncertainty

Agenda

A. Background and Methodology

- COVID-19 Unemployment
- Methodology Overview

B. Preliminary Results

- Baseline Enrollment Projection
- Revenue Projection

C. Three Scenarios and Key Drivers

- Key Drivers
- Scenarios: Baseline, Moderate, High

D. Key Driver Details (*Backup*)

- ESI Loss Rate
- Leaving Exchange/Medicaid Eligible Population
- Coverage Choices/Exchange Enrollment Activity to Date
- Unemployment/Economic Recovery

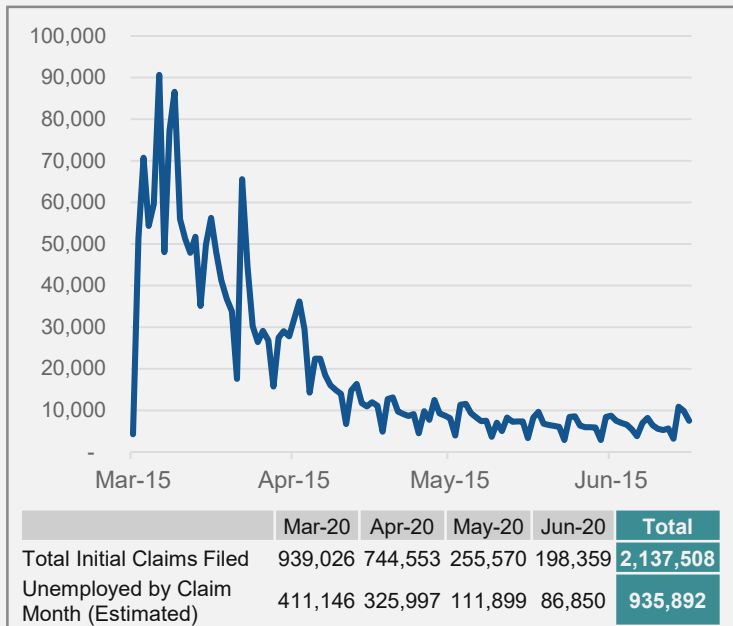
COVID-19 Unemployment

BACKGROUND & METHOD

COVID-19 has fueled a surge in unemployment – 2.1 million initial unemployment claims were filed in PA between mid-March & June – over 900,000 Pennsylvanians are estimated to be currently unemployed (15% of the pre-COVID workforce)

PA Initial Unemployment Claims Filed by Day

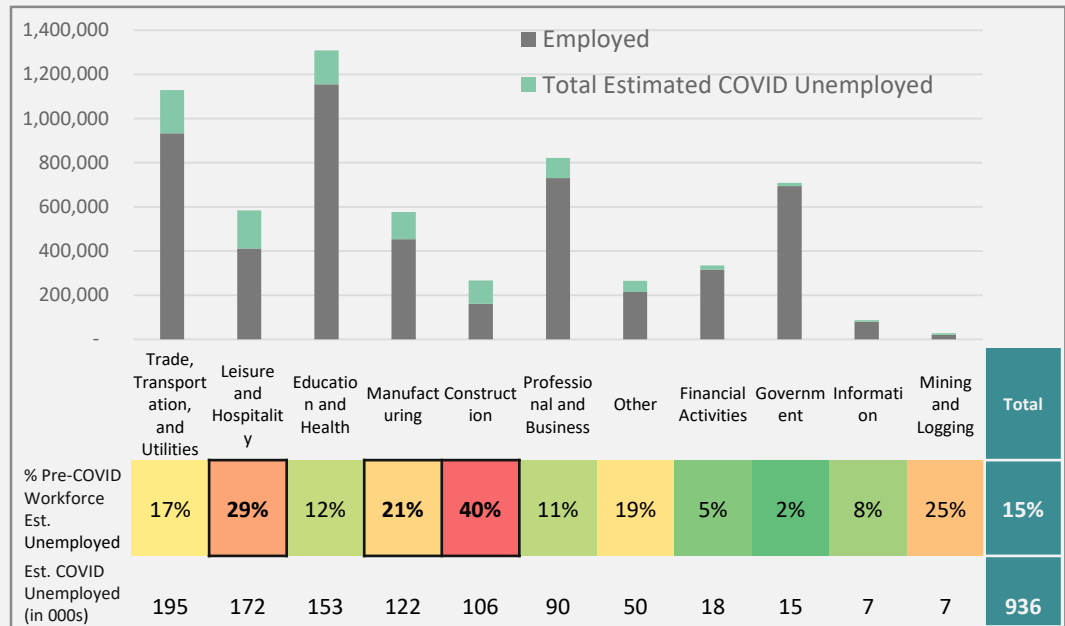
March 15 – June 30, 2020



Source: FCG analysis (see backup for detail)

PA Estimated Unemployed by Industry

As of June 30, 2020



Source: FCG analysis (see backup for detail)

Methodology Overview

BACKGROUND & METHOD

In response to COVID-19 unemployment, we have developed an enrollment model to project the effect of COVID-19 job and health coverage losses on Pennie’s enrollment.

The 8-step approach starts from unemployment by industry and models coverage loss and income-based program eligibility amongst the newly unemployed to project both incoming and outgoing Pennie enrollments.

1	2	3	4	5	6	7	8
Unemployment	Prior Coverage Status	Total Eligibles	Likely Enrollment	Dependent Children	Calibration to Enrollment Experience to Date	Economic Recovery	Medicaid Re-determination Delay
Establish base COVID unemployment to date, by industry	Estimate prior coverage status of the newly unemployed	Establish the pool of total eligibles by program	Apply historic take-up rates by income segment to estimate the share of total eligibles likely to enroll	Add dependent children and complete steps 2-4 to establish corresponding populations of dependent children	Calibrate enrollment projections to Pennie enrollment experience to date using two “enrollment activity” factors	Account for general economic uncertainty and project unemployment recovery with re-employed individuals returning to their prior coverage type	Account for the effects of Medicaid re-determination delays on the timing of Exchange members returning and baseline attrition

Methodology Overview: By the Numbers

BACKGROUND & METHOD

Steps 1-5 establish the universe of likely Exchange enrollments and disenrollments.

25,959 Likely New Exchange enrollments and 33,417 Leaving Exchange disenrollments are estimated (30,326 adults + 3,091 children).

1 Unemployment 935,892 adults

935,892 COVID Unemployed Adults (estimated as of June 2020)

2 Prior Coverage Status

78% of unemployed adults estimated to be retaining either ESI or public coverage

PRIOR COVERAGE TYPE	Total	Individual Market		ESI		Public	Uninsured
		79,568		716,650			
		Off Exchange	Exchange	ESI Lost	ESI Retained		
COVID Unemployed Adults	935,892	23,935	55,634	71,665	644,985	84,106	55,568
% Total	100%	3%	6%	8%	69%	9%	6%

3 Total Eligibles *75,425 unemployed adults who could newly enroll on Exchange – offset by 30,326 enrollees newly Medicaid eligible*

TOTAL ELIGIBLE	Total	Newly Uninsured		Retaining Prior Coverage				Leaving Exchange
		New Medicaid/CHIP	New Exchange	Individual	ESI	Public	Uninsured	New Medicaid/CHIP
COVID Unemployed Adults	935,892	41,446	75,425	34,362	644,985	84,106	55,568	30,326
% Total	100%	4%	8%	4%	69%	9%	6%	

4 Likely Enrollment *Based on historic take-up, 25,959 Likely New Exchange enrollments*

LIKELY ENROLLED (w/ Historic Take-up)	Total	Newly Uninsured			Retaining Prior Coverage				Leaving Exchange
		New Medicaid/CHIP	New Exchange	Uninsured	Individual	ESI	Public	Uninsured	New Medicaid/CHIP
COVID Unemployed Adults	935,892	33,323	25,959	57,590	34,362	644,985	84,106	55,568	30,326
% Total	100%	4%	3%	6%	4%	69%	9%	6%	

5 Dependent Children

Adding dependent children adds 3,091 Likely Leaving Exchange members and 0 Likely New Exchange members (given higher Medicaid/CHIP eligibility threshold for children)

Note: New Medicaid/CHIP category includes Medicaid, No Cost CHIP, and Low Cost CHIP kids (i.e. all kids up to 314% FPL); Full Cost CHIP kids (+314% FPL) are considered Exchange eligible

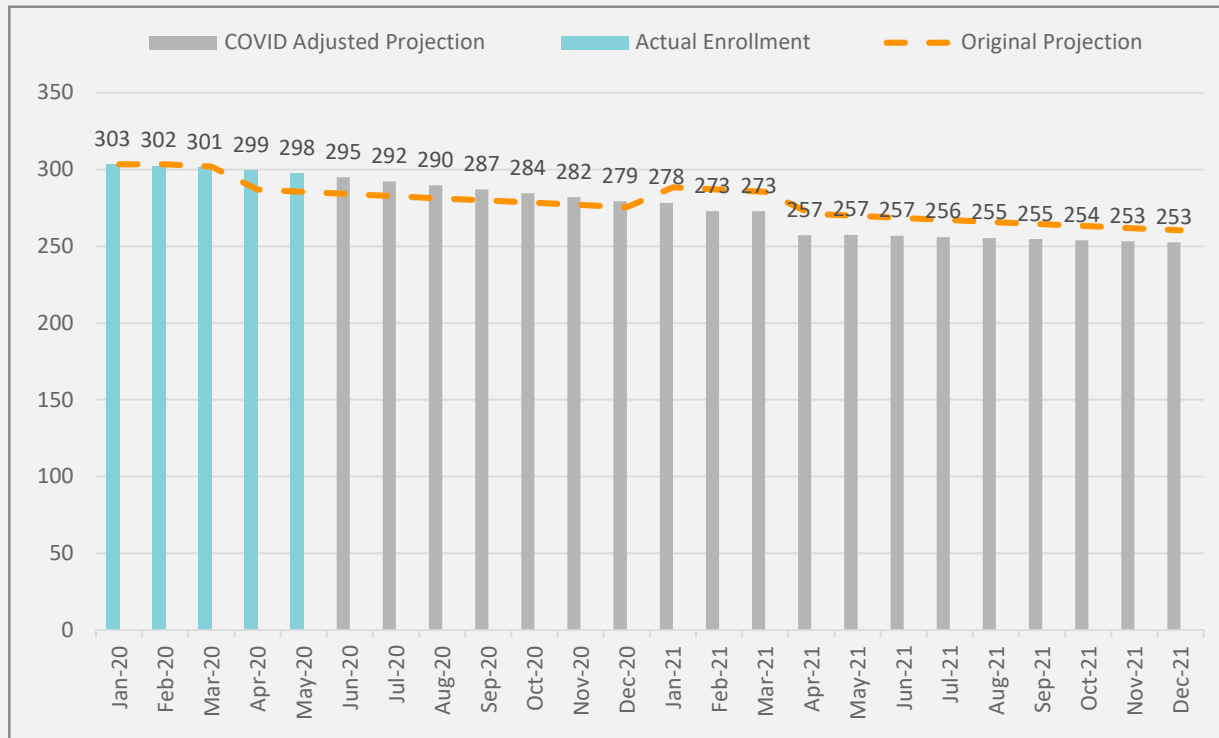
Source: Population values shown are associated with the Baseline (Conservative) scenario which uses estimated COVID unemployed as of the end of June as base with no additional UI claiming assumed

Enrollment Projection (Baseline)

PRELIMINARY
RESULTS

Our baseline enrollment projection anticipates a modest increase in CY 2020 enrollment, and a modest decrease in CY 2021 enrollment as a result of COVID-19.

Pennie Enrollment: Original vs. COVID-Adjusted Projection (in thousands)



Source: Pennsylvania Insurance Department COVID-19 Covered Lives Enrollment Data; PA Health Insurance Exchange Fund Cash Flow

	Original Projection	COVID Adjusted
CY 2020	286,587	292,802
Avg. Monthly Enrollment	+ 6,215 (2.2%)	
CY 2021	271,017	260,094
Avg. Monthly Enrollment	- 10,922 (-4.0%)	

Key Drivers/ Assumptions

- Unemployment Forecast**
UI claims to date with no additional claiming
- ESI Retention**
90% of the newly unemployed with ESI retain ESI coverage
- Enrollment Activity to Date**
Consistent w/ May-20 activity
- Leaving Exchange/Medicaid eligible population** - immediately due to job loss and overtime as benefits expire

Revenue Projection

PRELIMINARY
RESULTS

Our baseline enrollment projection translates to \$11.4 M in user fee revenue for CY 2020 – a 2% increase over the original projection of \$11.1 M for CY 2020.

User Fee Revenue Calculation

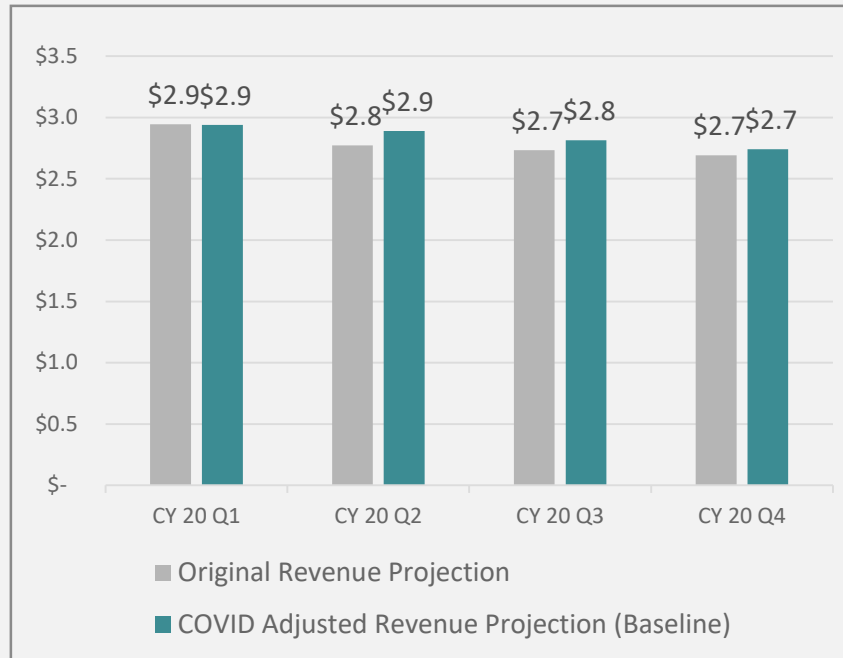
- (1) Projected Monthly Enrollment X
- (2) Average Premium X
- (3) User Fee (% premium) =

User Fee Revenue

Inputs/ Assumptions

(1) Monthly Enrollment	Sourced from enrollment projection
(2) Average Premium	Base: March 2020 avg premium (\$648 PMPM)
(3) User Fee	0.5% thru Dec-20

Pennie Revenue Projection: Original vs. COVID Adjusted (in millions)
CY 2020



\$11.1 M
Original Revenue
Projection, CY 2020

\$11.4 M
COVID Adjusted Projection,
CY 2020

+ \$0.24 M
COVID Adjusted vs. Original
(**2.2% increase**)

Key Drivers

SCENARIOS

Given the considerable uncertainty about economic recovery and the unique characteristics of COVID unemployment and coverage seeking activity, we have established a framework of assumptions and scenarios that can be refined as more information becomes available.

Key Assumptions	Assumption <i>(held constant)</i>
Medicaid Redeterminations	Medicaid re-determinations delayed thru Jan-21
Economic Recovery	U shaped economic recovery with full COVID unemployment recovery in Dec-21
Prior Coverage Type	<ul style="list-style-type: none"> The distribution of the newly unemployed by coverage type matches the statewide distribution of working adults by income segment Part time workers lose their jobs first – full time workers lose their jobs only after all part time workers in an industry are unemployed
Average Premium (Revenue)	Average premium PMPM is flat, consistent with March 2020 premium PMPM

Key Variables	Considerations <i>(vary by scenario)</i>
Unemployment Forecast	<ul style="list-style-type: none"> To what extent will job losses/layoffs continue? Will PPP funds exhaustion and general economic uncertainty drive new unemployment? When will new unemployment waves occur? To what extent will furloughed workers become unemployed over time?
ESI Retention	<ul style="list-style-type: none"> To what extent are the newly unemployed previously covered by ESI retaining coverage? How many people are retaining coverage through a spouse or parent, through COBRA, or through their employer while furloughed?
Exchange Enrollment Activity to Date	<ul style="list-style-type: none"> Exchange enrollment activity to date has been relatively low – will this change over time? What factors are influencing coverage seeking activity amongst the COVID unemployed who have lost coverage? Can low activity be attributed to limited active outreach by the FFM or is it driven by other factors? What will take-up amongst the newly eligible look like longer term?

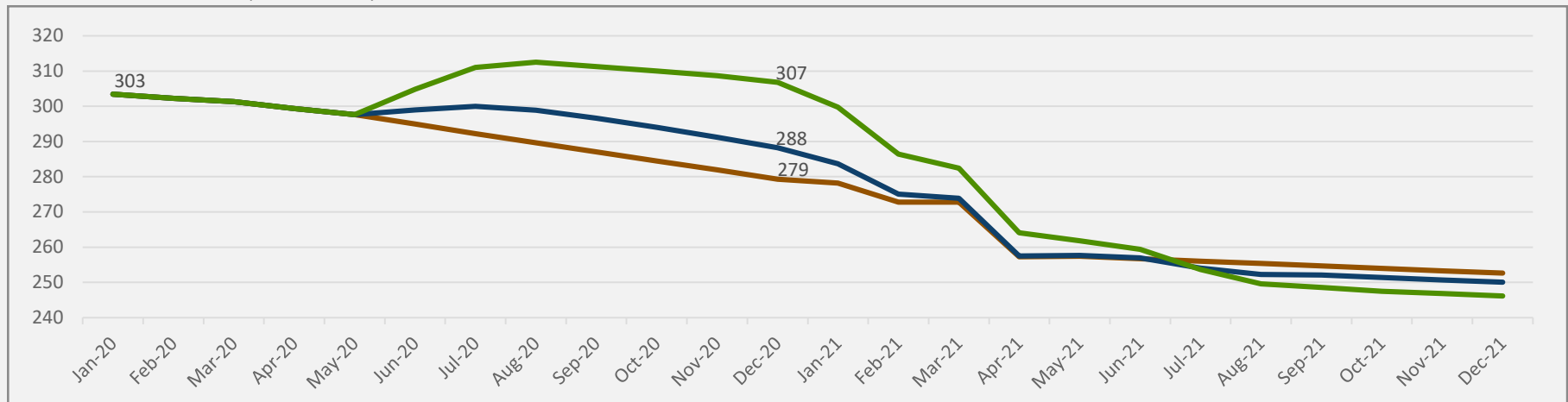
Scenarios

SCENARIOS

The scenarios below acknowledge the range around enrollment projections based on different assumptions about the unemployment forecast, ESI retention amongst the COVID unemployed, and enrollment activity.

Baseline (Conservative)	Moderate	High
CY 20 Avg. Monthly Enrollment 292,802 <ul style="list-style-type: none"> Unemployment Forecast: UI claims to date with no additional claiming forecast ESI Retention: 90% Enrollment Activity: Consistent w/ May-20 activity 	CY 20 Avg. Monthly Enrollment 297,663 <ul style="list-style-type: none"> Unemployment Forecast: UI claims to date with Sep-Oct increase for PPP funds exhaustion (May/Jun avg.) ESI Retention: 75% Enrollment Activity: Increase to 2x May-20 enrollment activity rate, consistent disenrollment rate 	CY 20 Avg. Monthly Enrollment 305,766 <ul style="list-style-type: none"> Unemployment Forecast: UI claims continue thru Dec 20 with Sep-Oct increase increase for PPP funds exhaustion (Apr-Jun avg.) ESI Retention: 60% Enrollment Activity: Increase to 3x May-20 enrollment activity rate, half May-20 disenrollment rate

Pennie Total Enrollment (in thousands)



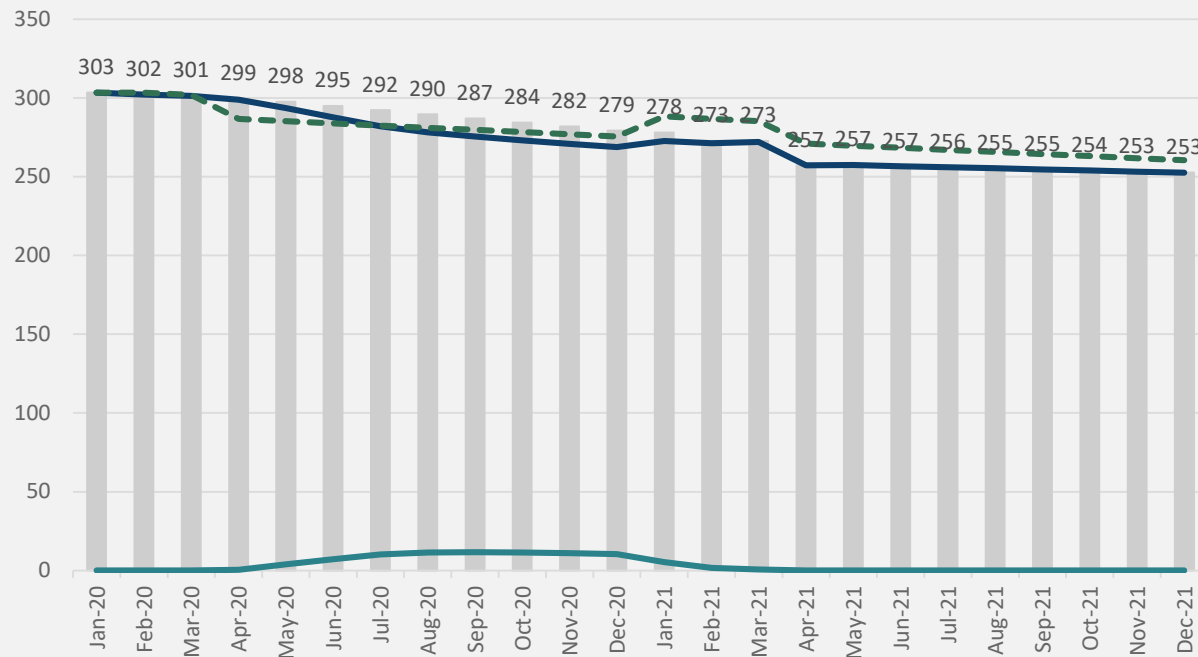
Detail: Baseline (Conservative) Scenario

SCENARIOS

Pennie Enrollment: Baseline (Conservative) Scenario (in thousands)

Baseline
Scenario
Drivers

- **Unemployment Forecast:** UI claims to date with no additional claiming forecast
- **ESI Retention:** 90%
- **Enrollment Activity:** Consistent w/ May-20 activity



Total Enrollment – Baseline (Conservative) COVID Impact Scenario

Original Enrollment Projection

Exchange Enrollment Baseline

Declines driven by three factors:

1. **Leaving Exchange Members:** Exchange enrollees who have lost a job and are newly eligible for Medicaid and return as a function of re-employment after Medicaid re-determinations begin again (Jan-21)
2. **Expected/historic attrition**
3. Loss of typical in-flow to the Exchange driven by **Medicaid redeterminations**

New to Exchange Members

Unemployed workers who are income eligible for Exchange coverage (subsidized and unsubsidized) **enroll and then disenroll** as a function of re-employment or after 39 weeks when UI benefits expire

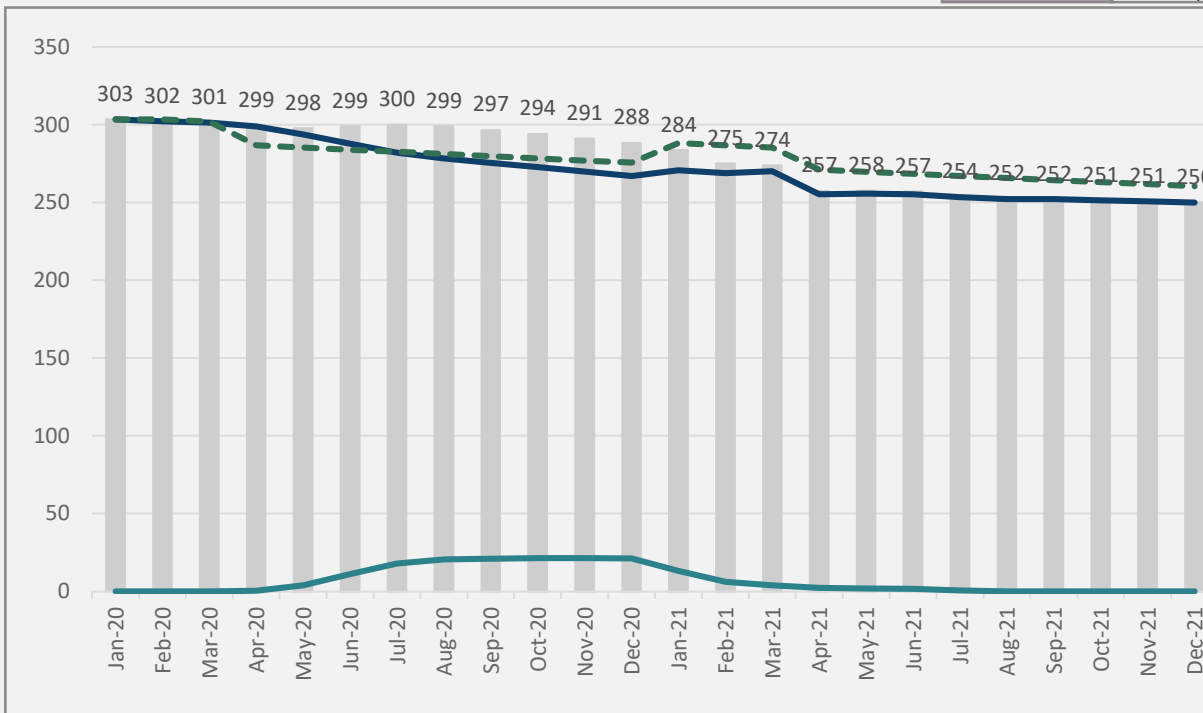
Detail: Moderate Scenario

SCENARIOS

Moderate Scenario Drivers

- **Unemployment Forecast:** UI claims to date with Sep-Oct increase for PPP funds exhaustion (May/Jun avg.)
- **ESI Retention:** 75%
- **Enrollment Activity:** Increase to 2x May-20 enrollment activity rate, consistent disenrollment rate

Pennie Enrollment: Moderate Scenario (in thousands)



Total Enrollment – Moderate COVID Impact Scenario

Original Enrollment Projection

Exchange Enrollment Baseline

Declines driven by three factors:

1. **Leaving Exchange Members:** Exchange enrollees who have lost a job and are newly eligible for Medicaid and return as a function of re-employment after Medicaid re-determinations begin again (Jan-21)
2. **Expected/historic attrition**
3. Loss of typical in-flow to the Exchange driven by **Medicaid redeterminations**

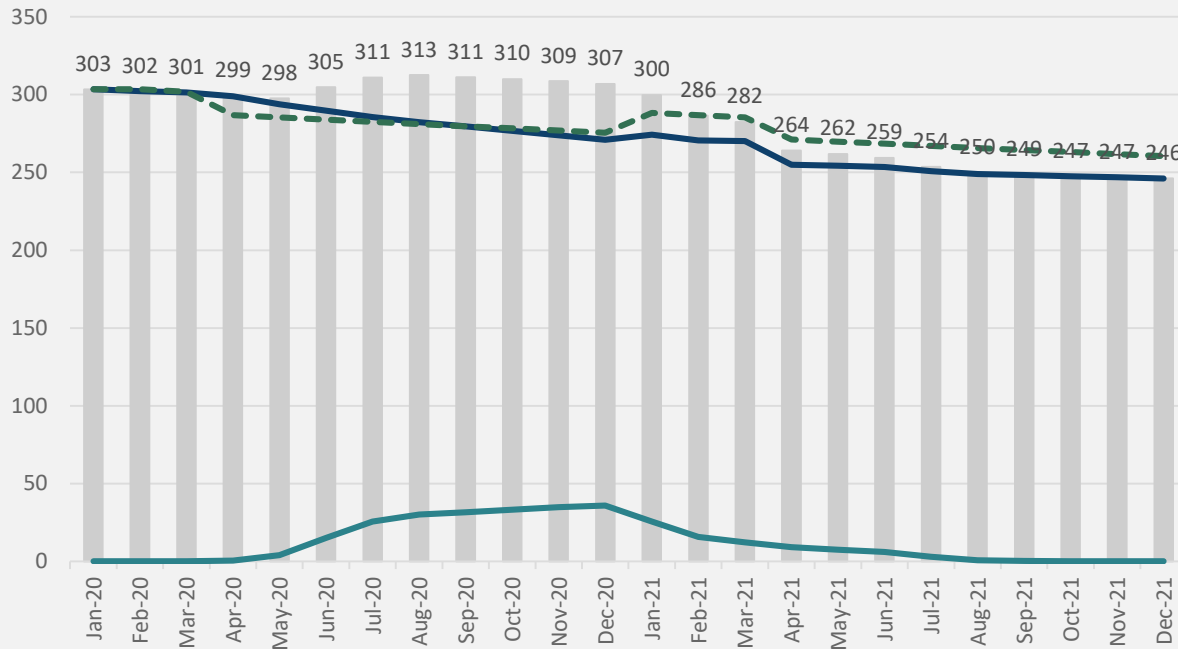
New to Exchange Members

Unemployed workers who are income eligible for Exchange coverage (subsidized and unsubsidized) **enroll and then disenroll** as a function of re-employment or after 39 weeks when UI benefits expire

Detail: High Scenario

SCENARIOS

Pennie Enrollment: High Scenario (in thousands)



High Scenario Drivers

- **Unemployment Forecast:** UI claims continue thru Dec 20 with Sep-Oct increase increase for PPP funds exhaustion (Apr-Jun avg.)
- **ESI Retention:** 60%
- **Enrollment Activity:** Increase to 3x May-20 enrollment activity rate, half May-20 disenrollment rate

Total Enrollment – High COVID Impact Scenario

Original Enrollment Projection

Exchange Enrollment Baseline

Declines driven by three factors:

1. **Leaving Exchange Members:** Exchange enrollees who have lost a job and are newly eligible for Medicaid and return as a function of re-employment after Medicaid re-determinations begin again (Jan-21)
2. **Expected/historic attrition**
3. Loss of typical in-flow to the Exchange driven by **Medicaid redeterminations**

New to Exchange Members

Unemployed workers who are income eligible for Exchange coverage (subsidized and unsubsidized) **enroll and then disenroll** as a function of re-employment or after 39 weeks when UI benefits expire

Key Drivers: ESI Loss Rate

KEY DRIVER DETAIL

To date, ESI losses have been low, suggesting that the COVID unemployed had other types of coverage, and the rate of ESI retention amongst those previously covered by ESI is high.

Prior Coverage Type

Assumptions (*held constant - do not vary by scenario*)

- The distribution of the newly unemployed by coverage type matches the statewide distribution of working adults by income segment
- Part time workers lose their jobs first – full time workers lose their jobs only after all part time workers in an industry are unemployed

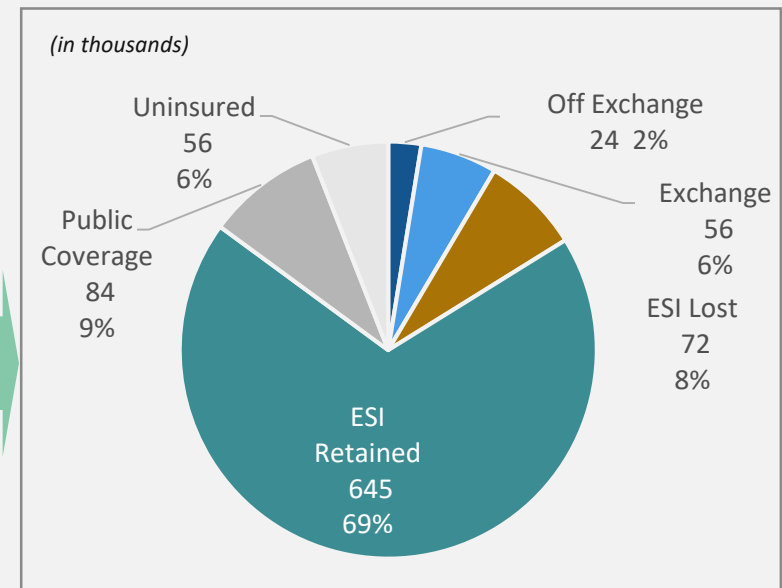
ESI Retention Factor

Of the newly unemployed previously covered by ESI, how many are retaining coverage through a spouse or parent, through COBRA, or through their employer while furloughed?

Scenario Assumptions

Scenario	ESI Retention Factor	Basis
Baseline (Conservative)	90%	May PA Insurance Department data
Moderate	75%	Commonwealth Fund Survey: <i>An Early Look at the Potential Implications of the COVID-19 Pandemic for Health Insurance Coverage</i> , June 23, 2020
High	60%	Based on national models (KFF and Urban Institute) and BLS Monthly Jobs report data

COVID Unemployed by Prior Coverage Type
Baseline Scenario



Key Drivers: Leaving Exchange Population

KEY DRIVER DETAIL

Unemployment activity drives both incoming and outgoing Exchange enrollment volume as current Exchange enrollees become Medicaid eligible immediately due to the loss of a job, and over time as unemployment benefits expire.

Leaving Exchange/ Medicaid Eligible Population

Assumptions

(held constant – do not vary by scenario)

Exchange enrollees who are newly eligible for Medicaid based on unemployment income leave the Exchange in two waves:

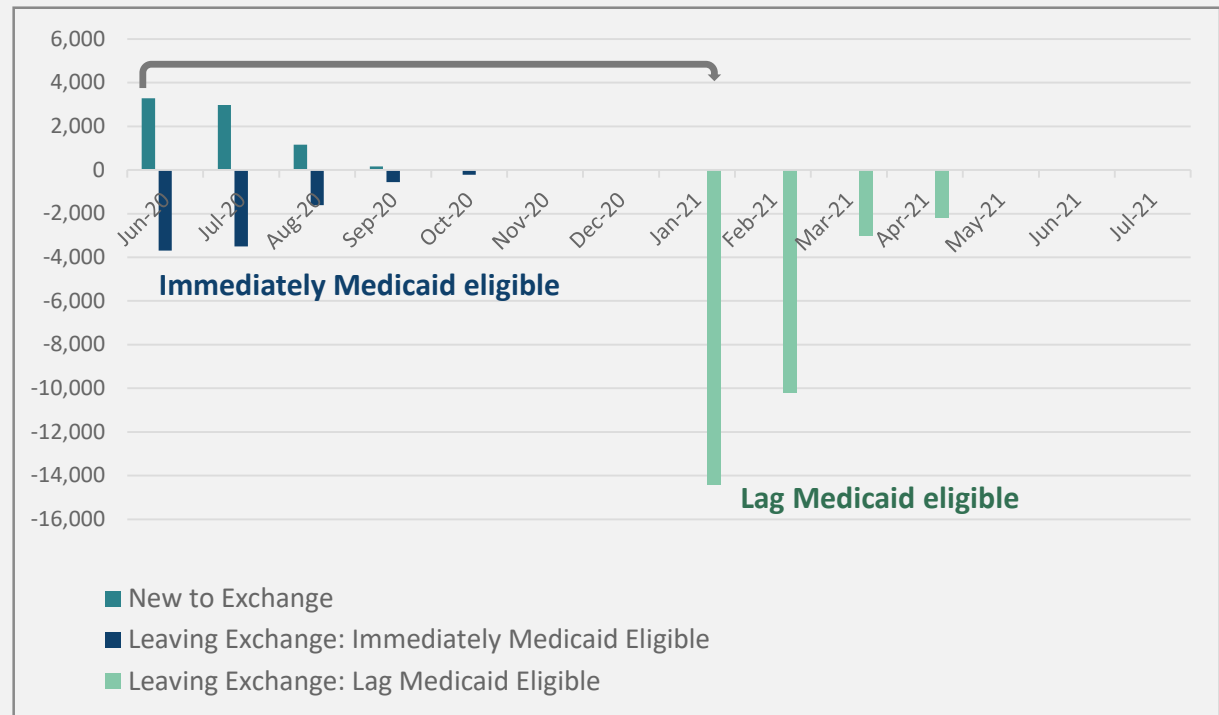
1. Immediately Medicaid eligible

Exchange enrollees who are newly eligible for Medicaid based on unemployment income at the time of job loss

2. Lag Medicaid eligible

New to Exchange enrollees and Previously Enrolled Exchange enrollees who are Exchange eligible based on unemployment income but become Medicaid eligible upon expiration of unemployment benefits after 39 weeks (if not yet re-employed)

Gross New to Exchange and Leaving Exchange Members by Month: Baseline Scenario (in thousands)



Key Drivers: Exchange Enrollment Activity to Date

KEY DRIVER DETAIL

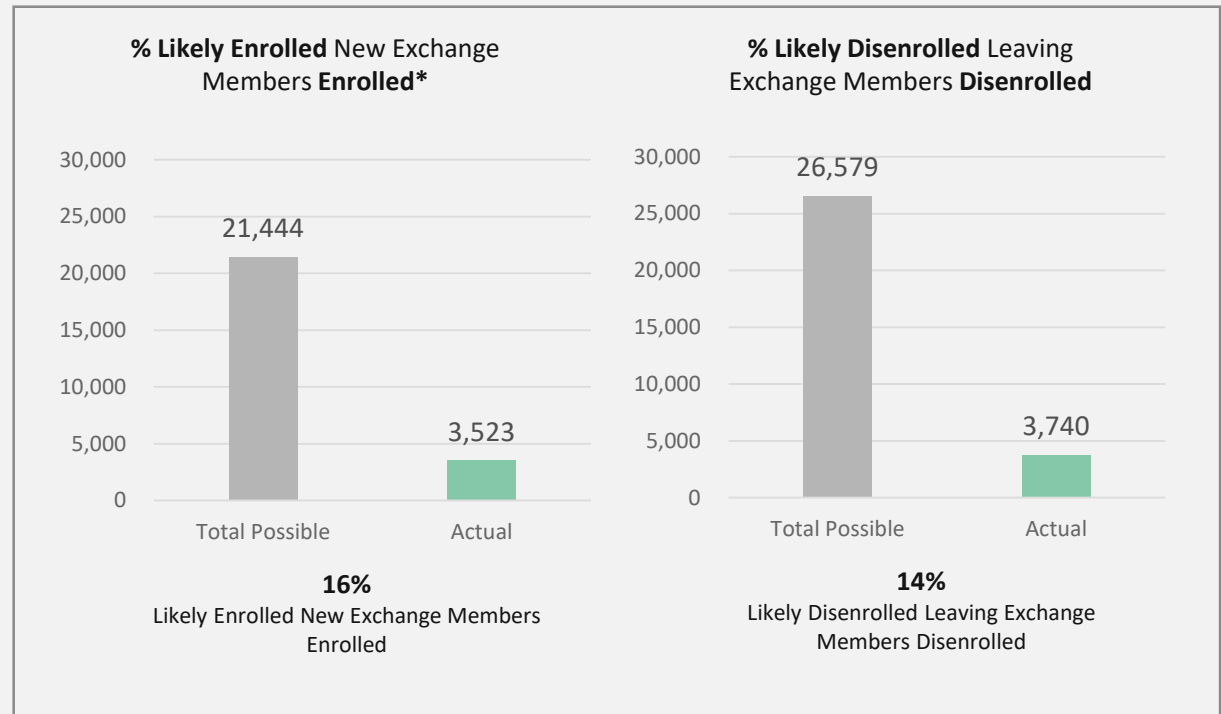
Take-up amongst the Likely Enrolled New Exchange members and Likely Disenrolled Leaving Exchange members has been low to date, well below historic levels.

Exchange Enrollment Activity to Date

Scenario Assumptions

- **Baseline (Conservative)**
Consistent w/ May-20 activity
- **Moderate**
Increase to 2x May-20 enrollment activity percentage, consistent disenrollment activity percentage
- **High**
Increase to 3x May-20 enrollment activity percentage, half May-20 disenrollment activity percentage

COVID Attributable Enrollment/Disenrollment Activity to Date: Baseline Scenario, May 2020



*Note: Likely Enrolled possible pool incorporates historic PA Exchange take-up rate by income segment in deriving the base population – 100% take-up means COVID attributable take-up is consistent with historic take-up rates

Key Drivers: Unemployment and Economic Recovery

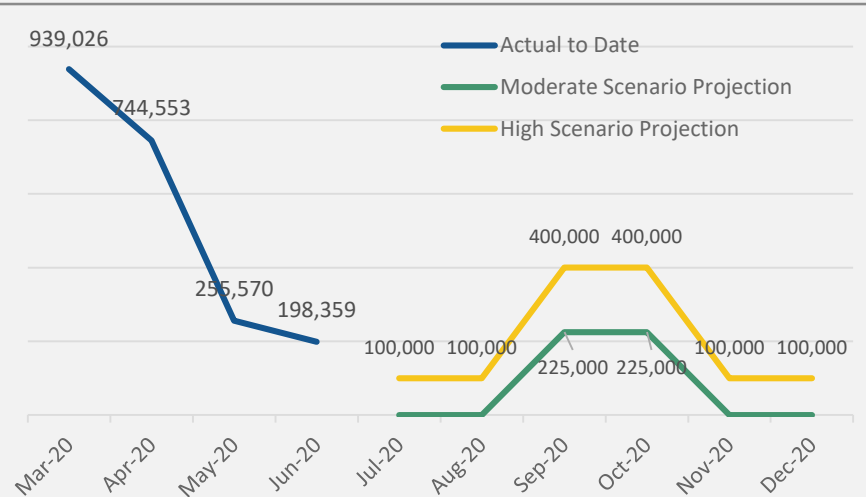
KEY DRIVER DETAIL

The unemployment and economic recovery forecasts drive enrollment activity over time.

Unemployment Forecast

- To what extent will job losses/layoffs continue?
- Will PPP funds exhaustion and general economic uncertainty drive new unemployment? When will new unemployment waves occur?

COVID Unemployment Claims Filed: Actual and Projected



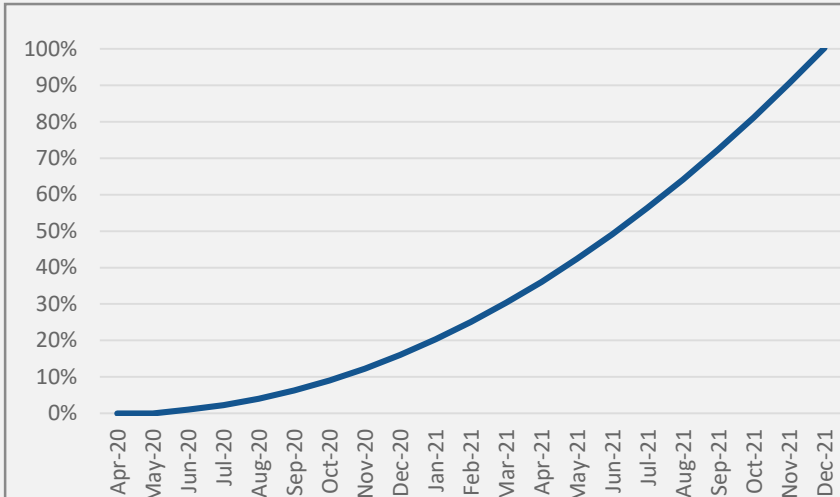
Scenario Assumptions

- **Baseline (Conservative):** UI claims to date with no additional claiming
- **Moderate:** Sep-Oct increase (equivalent to May/June avg.)
- **High:** Continued claiming at half of June's volume thru Dec 20; with Sep-Oct increase (equivalent to Apr-June avg.)

Economic Recovery

- What shape will the COVID economic recovery take? V, U, W?
- How long will full economic recovery take? At what point will the COVID unemployed be re-employed?

COVID Economic Recovery: % COVID Unemployed, Re-employed



Assumption (Constant)

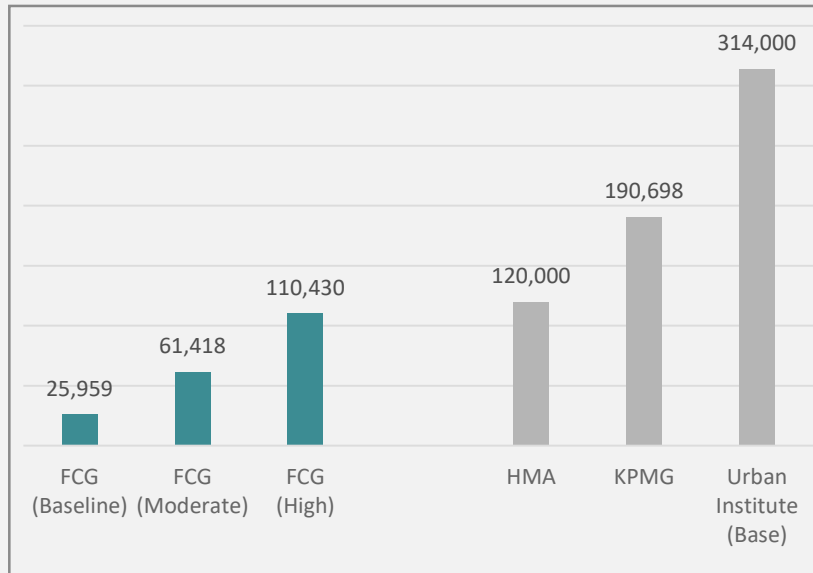
U shaped economic recovery with full COVID unemployment recovery by Dec-21

Comparison to National Models

BACKUP

A number of national models leveraging a range of approaches have estimated the impact of COVID-19 job and coverage losses on Exchange enrollments – our model's results are considerably lower than national model results.

New Exchange Enrollments: Comparison of Model Results



Note: New Exchange enrollment estimates shown are based on different underlying unemployment assumptions; values are as reported, not normalized

Key Model Differences (FCG vs. other national models)

- **ESI Retention:** PA data has shown that ESI coverage losses to date are much lower than anticipated; the FCG model's ESI retention assumption is calibrated to actual ESI losses
- **Part Time Worker Adjustment:** Low ESI loss rates to date suggest that not only are more people retaining ESI – fewer of the newly unemployed likely had ESI to begin with – the FCG model accounts for part time workers and assumes part time workers lost jobs before full time workers
- **Leaving Exchange Members:** High end estimates of increases in Exchange enrollment (i.e. Urban Institute) do not consider the countervailing outflow of Exchange enrollees to Medicaid based on job loss/change in income – this appears to be a considerable factor in projecting net Exchange enrollment
- **Actual Enrollment Experience to Date:** Actual enrollment/disenrollment experience to date has been lower than anticipated; two Exchange “enrollment activity” factors are incorporated in the FCG model to calibrate projections based on actual experience

COVID-19 Unemployment Estimate Detail

BACKUP

The model's base of unemployed workers by claiming month, by industry is estimated using available data sources, as below:

1

COVID Initial UI Claims Filed by Month

	Mar-20	Apr-20	May-20	Jun-20	Total
COVID Initial UI Claims Filed	939,026	744,553	255,570	198,359	2,137,508
	44%	35%	12%	9%	100%

Source: Pennsylvania Office of Unemployment Compensation, *Unemployment Compensation Claim Statistics & COVID-19*

2

Estimated Unemployed by Initial Claiming Month

	Mar-20	Apr-20	May-20	Jun-20	Total
Estimated Unemployed by Initial Claiming Month	411,146	325,997	111,899	86,850	935,892
	44%	35%	12%	9%	100%
Total Unemployed as of May 2020:	849,042				
Preliminary Estimate - June Claiming Month Unemployed:					86,850

- Square to latest state unemployment data (May unemployment = 849,042); assume that unemployed workers are distributed proportionally by initial claiming month
 - Add preliminary estimate of June claiming month unemployment based on the ratio of COVID Initial UI Claims Filed to Estimated Unemployed for prior month
 - Update based on unemployment data as available – June unemployment data scheduled for release on July 17th
- Source: U.S. Bureau of Labor Statistics, *Pennsylvania Unemployment*, May 2020

3

Estimated Unemployed by Initial Claiming Month, by Industry

Estimated Unemployed by Initial Claiming Month	Mar-20	Apr-20	May-20	Jun-20	Total
Mining and Logging	2,267	2,408	1,263	875	6,813
Construction	58,693	34,634	6,529	5,714	105,570
Manufacturing	54,476	38,770	16,560	12,489	122,296
Trade, Transportation, and Utilities	78,737	73,938	22,730	19,341	194,745
Information	2,219	3,067	1,264	802	7,352
Financial Activities	6,305	7,437	2,679	1,827	18,248
Professional and Business	30,879	34,265	13,952	10,979	90,075
Education and Health	62,447	56,337	19,687	15,029	153,499
Leisure and Hospitality	86,983	53,791	17,820	13,317	171,911
Other	26,176	17,403	4,123	2,580	50,282
Government	1,964	3,947	5,293	3,896	15,100
TOTAL	411,146	325,997	111,899	86,850	935,892

- Apply the distribution of COVID Initial UI Claims filed by industry, by month to the Estimated Unemployed by Initial Claiming Month

Source: Pennsylvania Center for Workforce Information and Analysis, *Unemployment Compensation Activity: Initial Claims by Industry and Week*

Employment Data Note

The employment by industry data and % Pre-COVID Workforce Est. Unemployed measure shown on the summary background slide measures total estimated unemployment by industry against pre-COVID employment by industry (as of February 2020)

Source: Pennsylvania Department of Labor and Industry, *Current Employment Statistics (CES)*, Feb 2020

Calendar Year 2020 Revised Budget

Section Overview

Updates

- Federal Medicaid Advanced Planning Document Overview & Request
- Approved CY2020 Budget Overview
- 2020 Re-budget Snapshot
- Proposed Re-Budget Details

Federal Medicaid Advance Planning Document (APD) Funding Request

A portion of Pennie's expenses are eligible for Medicaid match as the work being conducted serves the Medicaid population

Overview

What does eligible Medicaid match mean?

- The Federal Government will match State funding for Department/Program expenses providing the work being done is serving the Medicaid Program.

Are Pennie expenses eligible to be matched?

- Yes, the costs for the Medicaid related work we do is eligible to be matched and, in accordance with the requirements, we have an Interagency Agreement with DHS who submits our documentation and distributes the funds to us when they are received.

What is State match?

- The amount the State must pay in order to be able to "draw down" Federal matching funds.
- The expenditure is paid with 100% State funds, then reimbursed for the Federal match amount

Federal Funding Request Status Overview

- Pennie's funding request for the 2020 federal fiscal year (FFY) year ending September 30, 2020 was submitted earlier this year as part of an update to an existing Department of Human Services (DHS) funding request to CMS
- Last week, CMS approved the request, providing Pennie with the authority to leverage up to **\$3.4 million in federal funding** for approved services and functions through September
 - Funding categories include personnel, quality assurance/user acceptance testing, technical assistance, customer transition support and communications, outreach, administration and facilities
 - The approved funding is retroactively effective back to March 23 for applicable expenses
- In addition, Pennie has provided DHS with the necessary information to inform a similar funding request for the 2021 FFY ending September 30, 2021 which includes an additional \$3.3 million in October through December 2020, bringing the approved and requested federal funding authority to up to \$6.7 million in calendar year 2020

Approved 2020 Budget Expenditures to Date

Amount spent covers January through June 2020

Budget Categories	Original Budgeted Amount	Amount Budgeted Q1/Q2	Amount Spent Through Q2	Variance
Personnel	\$2,998,180	\$1,127,170	\$1,051,486	\$75,684
Marketing	\$4,900,000	\$525,000	\$10,419	\$514,581
Outreach/Navigator	\$600,000	\$0	\$316	(\$316)
IT and Customer Service	\$0	\$0	\$0	\$0
Other Technical Assistance	\$3,295,000	\$1,045,002	\$73,748	\$971,254
General Operations	\$808,192	\$300,718	\$80,002	\$220,716
TOTAL	\$12,601,372	\$2,997,890	\$1,215,970	\$1,781,920

Note: The PID loan line has been removed due to these expenditures being incurred in CY2019.

Proposed Re-budget: Overview

	Original Budget	Proposed Budget with approved and requested federal funds
Total Revenue	\$11,209,562	\$16,900,898
User Fee Revenue	\$11,209,562	\$11,400,000
Federal Receipts	\$0	\$5,489,614
Treasury Interest	\$0	\$11,283
Total Expenses	\$12,601,372	\$15,986,018
Personnel	\$2,998,180	\$3,641,345
Operations	\$9,603,192	\$12,344,673
(Deficit)/Surplus	\$(1,391,810)	\$914,880
Note: Re-budget includes requested federal funds for the 2021 federal fiscal year		

Proposed Revised Budget by Budget Area

Including federal and state share

Budget Categories	Original Budgeted Amount	Revised Budget	Federal Share	Total Pennie Share
Personnel	\$2,998,180	\$3,641,345	\$1,271,782	\$2,369,563
Marketing	\$4,900,000	\$7,440,636	\$2,231,770	\$5,208,866
Outreach/Navigator*	\$600,000	\$800,000	\$209,517	\$590,482
IT and Customer Service	\$0	\$0	\$0	\$0
Other Technical Assistance	\$3,295,000	\$3,453,302	\$1,623,880	\$1,829,422
General Operations	\$808,192	\$650,735	152,664	\$498,070
Total	\$12,601,372	\$15,986,018	\$5,489,614	\$10,496,404

*The Outreach/Navigator contract is expected to begin mid-year and as a result the budgeted amounts shown only represent half of the annual contract budget.

2020 Personnel Budget

Approved 2020 Budget	Q1/Q2 Budgeted	Q1/Q2 Actuals	Variance	Proposed Re-Budget	
\$2,998,180	\$1,127,170	\$1,051,486	\$75,684	\$3,641,345	
				Federal Share \$1,271,782	Pennie Share \$2,369,563

Approved Budget

- Phased hiring approach
- Included 30 full-time staff members with benefits
- Projections composed and approved in advance of fully established leadership team

Spend to Date

- Underspend due to being slightly behind on hiring schedule

Proposed Revised Budget

- Phased hiring approach
- Adjusted to account for 7 additional full-time (37 total) staff members with benefits. Additional staff needed to adequately resource reconciliation of enrollment discrepancy efforts (4), project management (1), legal (1) and finance (1) areas.
- Adjusted to account for 3 part-time, temporary, highly-specialized subject matter experts. Hiring these resources as part-time personnel results in decreased spending on contracted consultant resources.
- Staffing needs were re-evaluated as leadership team members assessed their business areas and as project work evolved.

2020 Outreach and Navigators

Approved 2020 Budget	Q1/Q2 Budgeted	Q1/Q2 Actuals	Variance	Proposed Re-Budget	
\$600,000	\$0	\$316	(\$316)	\$800,000	
				Federal Share \$209,517	Pennie Share \$590,482

Approved Budget

- Increased budget for re-procured, enhanced, incentive-based Navigator network contract
- Full contract year budget is \$1,200,000

Proposed Revised Budget

- Additional funds for in-person assistance and education events
- Stakeholder/community relations facilitation and support
- Increase in translation services
- Increase in printing and distribution of collateral to community-based organizations
- Proposed re-budget for the contract year would be \$1,600,000

2020 Marketing Budget

Approved 2020 Budget	Q1/Q2 Budgeted	Q1/Q2 Actuals	Variance	Proposed Re-Budget	
\$4,900,000	\$525,000	\$10,419	\$514,581	\$7,440,636	
				Federal Share \$2,231,770	Pennie Share \$5,208,866

Approved Budget

- Market research as part of brand development
- Media buying
- Creative services - initial brand ideation, development of multi-channel campaigns inclusive of customized messaging to meet population needs
- Development and user experience testing of a front-end website

Spending to Date

- While research and creative development work has been ongoing, invoices will not be issued until the end of the engagements
- Media spending has not yet started

Proposed Revised Budget

- Increased spending on Brand Awareness and Open Enrollment campaigns. The majority of the proposed budget increase will support additional media placements.
 - On average, other state-based marketplaces have budgeted, \$13.23 per uninsured person on advertising. Using these estimates, based on Pennsylvania's uninsured population, we recommend a marketing budget of around \$8 million per year to reach the uninsured population.
 - The increased number of Pennsylvanians experiencing hardship due to the economic impact of COVID-19 requires an expansion of efforts.
- Acquisition of website domains
- Trademarking services

2020 Other Technical Assistance

Approved 2020 Budget	Q1/Q2 Budgeted	Q1/Q2 Actuals	Variance	Proposed Re-Budget	
\$3,295,000	\$1,045,002	\$73,748	\$971,254	\$3,453,302	
				Federal Share \$1,623,880	Pennie Share \$1,829,422

Approved Budget

- System Quality Assurance and User Acceptance Testing
- Short-term Information Technology Lead to assist with vendor on-boarding
- Expert technical and contract management assistance
- Privacy and security assistance/Initial auditing

Spending to Date

- Underspending is a result of payment schedules

Proposed Revised Budget

- Addition of an impact evaluation of COVID19 on the PA markets as well as the development of an enrollment projection model
- Addition of Salesforce customer relationship management and marketing automation services
- Addition of data translation and aggregation services in support of a provider directory
- Factors in a decrease in expert technical assistance due to funding reallocated towards part-time SME resources

2020 Operating

Approved 2020 Budget	Q1/Q2 Budgeted	Q1/Q2 Actuals	Variance	Proposed Re-Budget	
\$808,192	\$735,329	\$80,002	\$655,327	\$650,735	
				Federal Share \$152,664	Pennie Share \$498,070

Approved Budget

- General operating expenses: travel, education and professional development, vehicle expenses, postage and printing
- Technology needs: hardware server, networking, storage, desktop devices and peripheral
- Subscriptions and software licenses
- Real estate, renovations, and office supplies, furniture and fixtures, telecom voice and data service

Proposed Revised Budget

- Decrease due to delayed office renovations
- Now includes cyber insurance expenses

Spending to Date

- Underspending due to halt of office build-out

Proposed Re-budget: Overview

	Original Budget	Proposed Budget with approved and requested federal funds
Total Revenue	\$11,209,562	\$16,900,898
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Personnel	\$2,998,180	\$3,641,345
Operations	\$9,603,192	\$12,344,673
(Deficit)/Surplus	(\$1,391,810)	\$914,880
Note: Re-budget includes requested federal funds for the 2021 federal fiscal year		

Communications & Outreach Overview

Communications & Outreach Overview

Overarching Goals

Pennie's Goals

1. Ensure a seamless transition
2. Improve access and customer service
3. Lower costs and lower premiums

Communications & Outreach Secondary Goals

1. Increase access to high-quality medical and dental coverage, reduce the uninsured rate
2. Improve the health insurance purchasing process, make sure customers are buying the plan best for them
3. Educate Pennsylvanians on the financial assistance and other resources available to them
4. Build rapport with a diverse group of stakeholders to create and activate brand ambassadors

Target Audiences

Current
Customers
Transitioning from
HealthCare.gov

Potential
Customers in
Individual Market

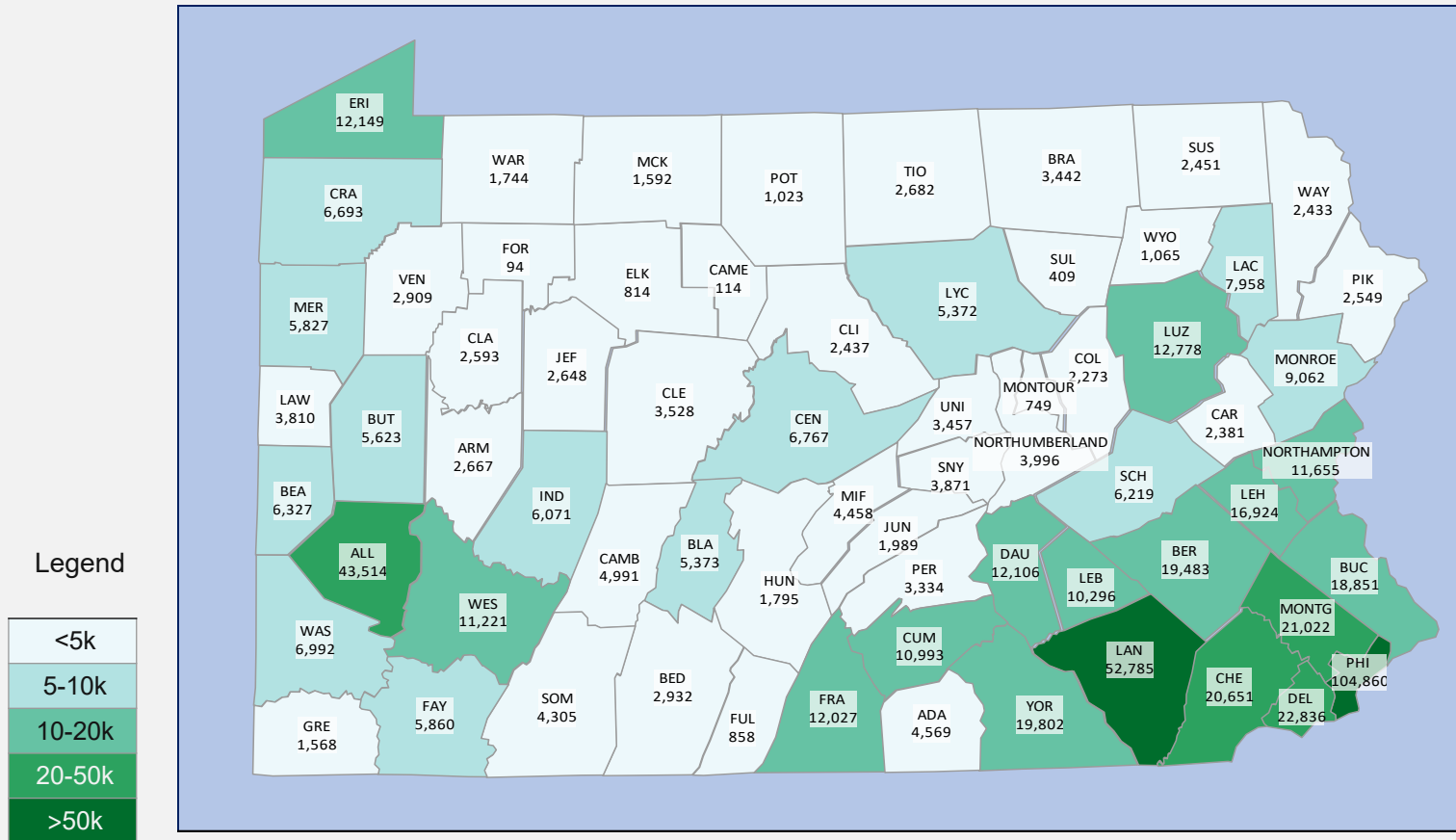
Uninsured

Producers

Target Subsets:
Multilingual
Workers in Transition
Young Invincibles
APTC & CSR Eligible

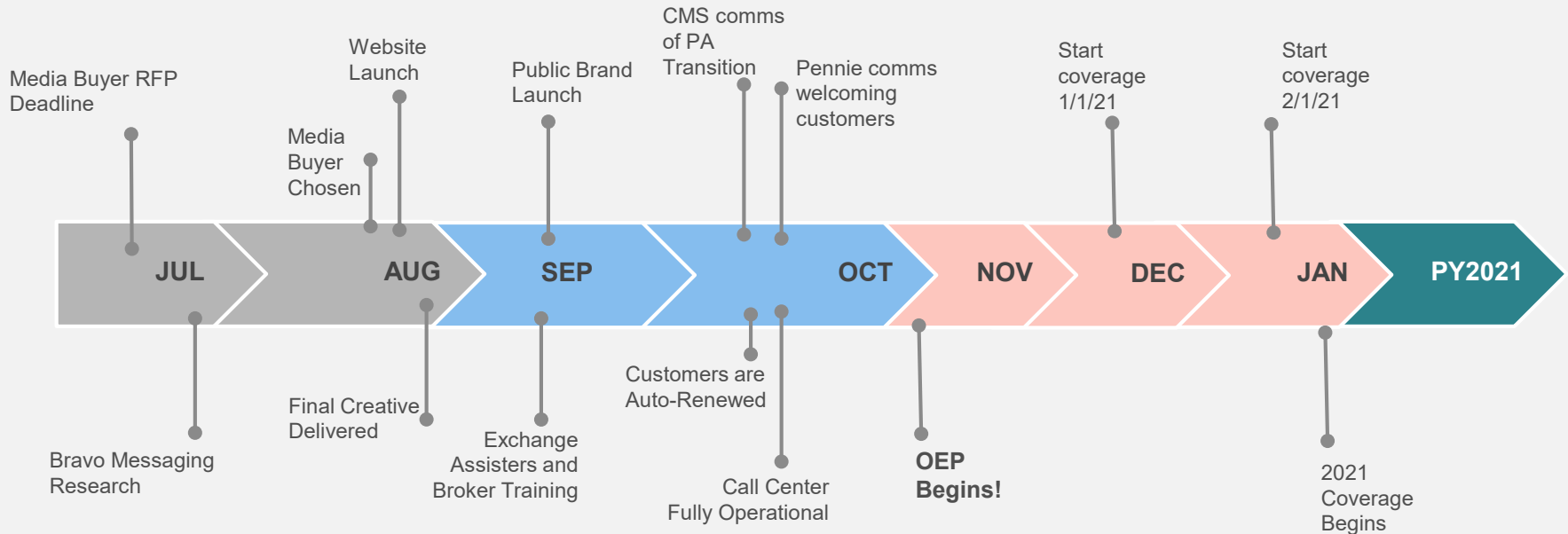
Prioritizing the uninsured

Five counties (Chester, Delaware, Lancaster, Montgomery and Philadelphia) in the southeast make up 36.6% of the uninsured



Notes: Uninsured has been adjusted to *exclude* uninsured undocumented immigrants (likely ineligible for ACA coverage) and uninsured individuals who indicate Pennsylvania German ancestry. Civilian noninstitutionalized population.
Source: SHADAC analysis of the United States Census Bureau's American Community Survey (ACS).

Critical Milestones



Awareness Campaign

(September 15 – October 31)

- Public roll-out of Pennie brand
- Launch of advertising to increase familiarity with organization and services offered
- Earned media push begins
- Outreach efforts and education begins

Call-to-Action Campaign

(November 1 – January 15, 2021)

- Message shifts across channels, focus on shopping and enrollment
- Increased effort during OEP milestones
- Behavioral-based microtargeting across all platforms
- Direct communication whenever possible

Plan Year 2021 and Special Enrollment Period

(January 16 – November 1, 2021)

- Support and retain current enrollees
- Assist those eligible for an Special Enrollment Period
- Advertising to focus on importance of coverage and Qualifying Life Events

Tactics

Earned Media

- Press releases, Interviews, press events, online reviews
- Word of mouth efforts, social shares

Paid Media

- Television, Radio, Out of Home/Transit, Print, Sponsorships
- Social Media advertisements, Search Engine Optimization, influencer marketing

Owned Media

- Website, Social pages, Pennie Podcast, portal content
- Collateral materials

Brand Ambassadors (internal & external)

- Open Enrollment Toolkit

Education and Enrollment Events

- Exchange Assister enrollment events and fairs
- Educational outreach events held in conjunction with outreach partners

Direct Communications

- Emails, Newsletters, Text Messages
potential: direct mail, auto-dials
- System generated notices

Federal

- Mid October – First notice to customers informing them of the transition to state-based exchange

State

- Mid October – Post-CMS launch email and postal mail to customers welcoming them to Pennie
- Late October – Written and electronic notices sent depending on preference selected on HealthCare.gov - Invitation for current customers to enroll in Pennie; autorenewal notice, corresponding eligibility notice

Stakeholder Engagement

Outreach Priorities

- Coordinating with other Commonwealth agencies
- Establishing partnerships with community-based organizations
- Partnering with faith-based groups
- Engaging underserved populations
- Planning legislative outreach
- Identifying opportunities for public speaking engagements and event sponsorships

Planning in a Precarious Environment

- With and without COVID-19 Restrictions
- Researching the most effective digital platforms for outreach

Stakeholder Feedback

Advisory Council & Workgroup suggestions

Languages to consider

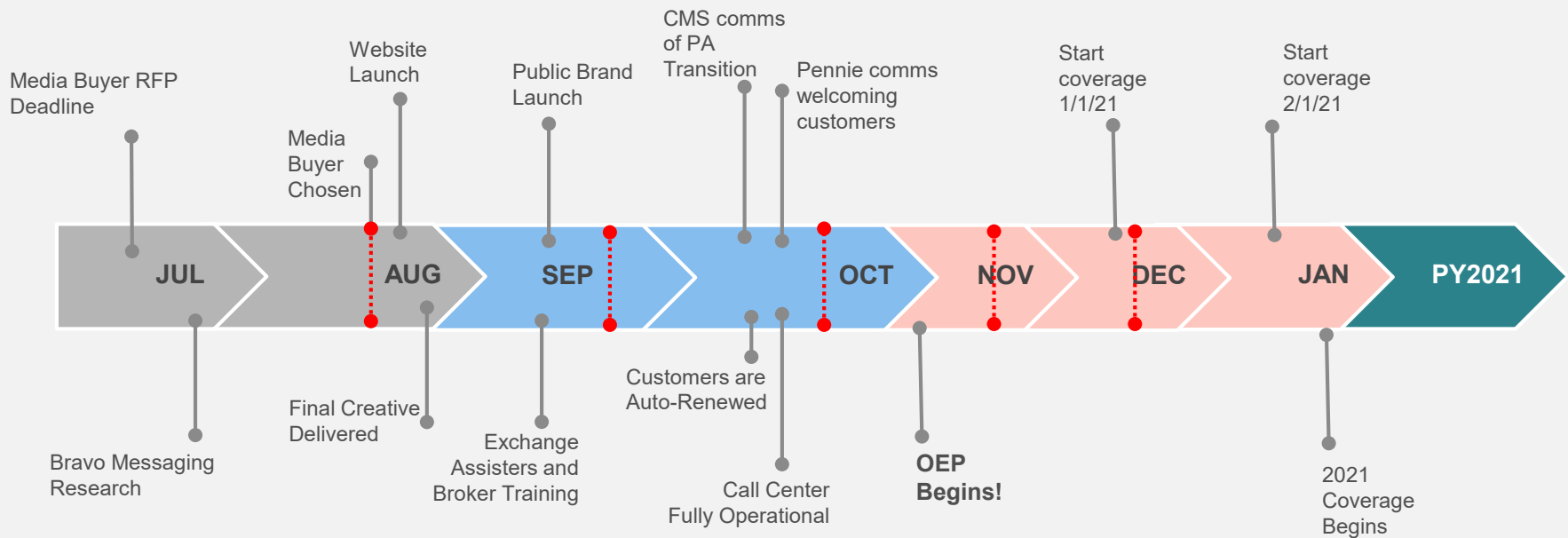
- Spanish, Chinese, Vietnamese, Khmer, Russian, Arabic, Haitian Creole, Portuguese, French

Potential partnerships

- Pharmacies, providers
- Schools, daycare centers and childcare facilities
- Laundromats
- Malls, shopping locations, supermarkets
- Restaurants doing takeout or delivery services
- Ride share services

Recommended tactics

- Tele-townhalls
- Info in coupon booklets and on receipts

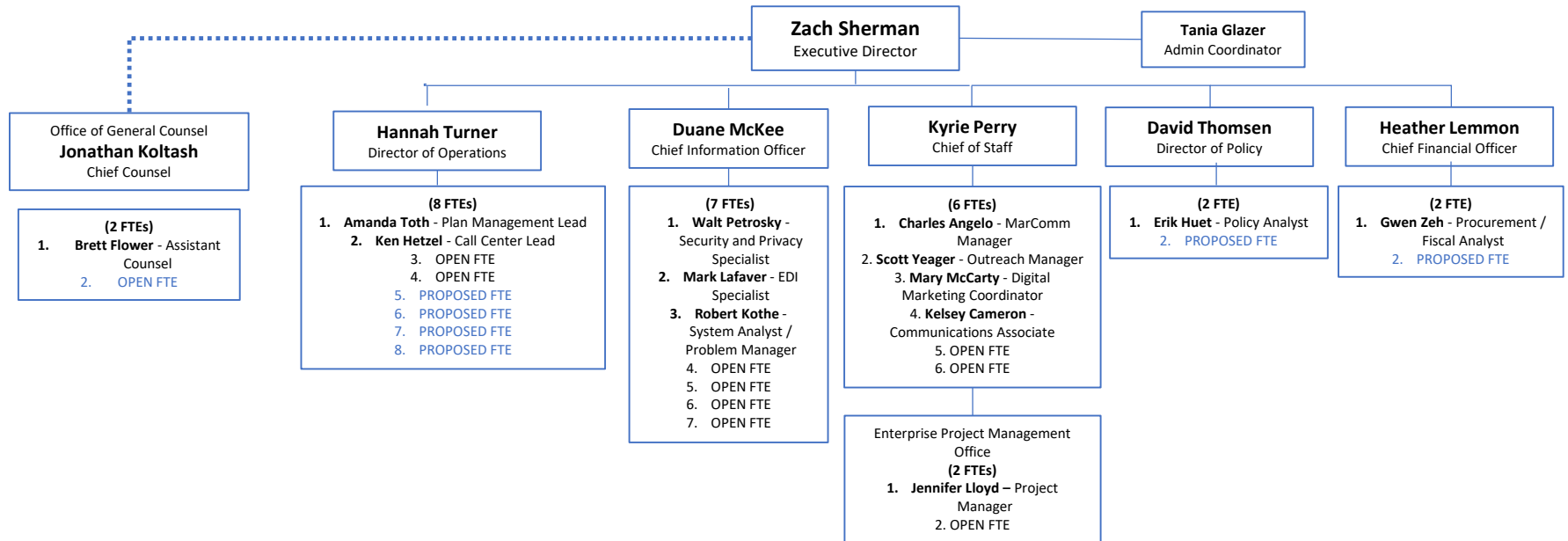


Board Engagement Opportunities	Goal	Benefits	Challenges
Proposal 1: Standing BOD Update	<ul style="list-style-type: none"> To update the BOD on Comms/Outreach development and plans 	<ul style="list-style-type: none"> No additional time constraint Increased awareness 	<ul style="list-style-type: none"> Restricted window for feedback
Proposal 2: Email Brief/Survey	<ul style="list-style-type: none"> To provide an update for BOD members to give input during the comms/outreach development plans 	<ul style="list-style-type: none"> Diversified insight Less of a time constraint Rapid response 	<ul style="list-style-type: none"> Lack of collective agreement Frequency of messaging
Proposal 3: Comms/Outreach Subcommittee	<ul style="list-style-type: none"> To provide a mechanism for BOD members to give input during the comms/outreach development plans 	<ul style="list-style-type: none"> Diversified insight 	<ul style="list-style-type: none"> Time constraints for staff and BOD Schedule coordination

Adjourn

Appendix

Proposed 2020 Revised Pennie Org Chart



*Proposal also includes three (3) part-time staff members