

pennie[®]



- ✓ Lowest Costs
- ✓ Quality Coverage
- ✓ Local Support



Pennie Board of Directors Meeting

October 2024

Agenda

- **Preliminary Matters**

- August 8, 2024 Board Meeting Minutes
- 2025 Board Meeting Calendar

- **Executive Director's Report**

- ***Federal Updates***

- 2026 Notice of Benefit and Payment Parameters

- ***Organizational Updates***

- Open Enrollment 2025 Readiness
 - Calendar Year 2025 Proposed Budget

- **Appendix**

- Unwinding Data Report as of October 10th





Preliminary Matters

Preliminary Matters

- **Call to Order**
- **Roll Call**
- **Approval of Previous Meeting's Minutes**
- **Opportunity for Public Comment**

2025 Board of Directors Meeting Schedule

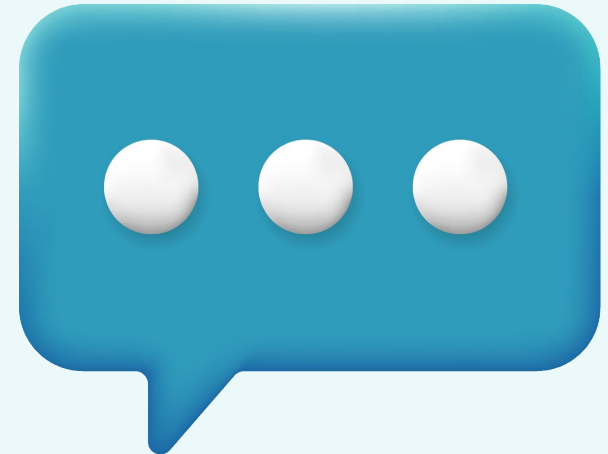
- **Wednesday, March 12, 2025**
- **Friday, May 16, 2025**
- **Thursday, August 21, 2025**
- **Thursday, October 16, 2025**



Executive Director's Report

Discussion Topics

- **Federal Updates**
 - 2026 Notice of Benefit and Payment Parameters (NBPP)
- **Organizational Updates:**
 - Open Enrollment 2025 Readiness
 - Calendar Year 2025 Proposed Budget





Federal Updates

2026 NBPP Summary

State Marketplace Audit and Compliance Report Publication:

- Proposal to publicly release the annual CMS state-based marketplace compliance report (beginning with 2023 report), programmatic and financial audits (already public on Pennie website) and expand Open Enrollment Data reports to include spending on outreach (including enrollment assisters), eligibility and enrollment policies/practices, plan certification requirements, and operational performance data, such as call center metrics (i.e., call volume, wait times, call abandonment rate) and website visits.
- Propose to comment supporting some but not all proposed information and recommending a focus on metrics that would directly tie to valuable information regarding state and federal marketplace performance.

Failure to Reconcile:

- Proposal to require direct or indirect notice to consumers and tax filers who have failed to file and reconcile their APTC for two consecutive tax years and inform them of the risk of losing APTC.
- Pennie is currently compliant with this proposal and will be sending indirect notices to tax filers who have failed to file and reconcile for one year as well as anyone who has not done so in two consecutive years
- Propose to comment in support/compliance and for clarification further from CMS regarding direct notices.

Other Pennie Support:

- Proposal for issuer option to adopt a fixed dollar payment threshold of \$5.00 or less in which issuers would not be required to trigger a grace period or terminate enrollment for customers. Propose to comment in support as an option for insurers to benefit the customer.
- Codify the option for broker or assister to file appeals on behalf of applicants. Pennie supports this proposal.

For Awareness and Future Pennie Consideration:

- Various federal rules surrounding program integrity and actions to respond to agent/broker fraud or inappropriate behavior. Pennie can consider future action to adopt similar approaches.



Organizational Updates

Key Updates

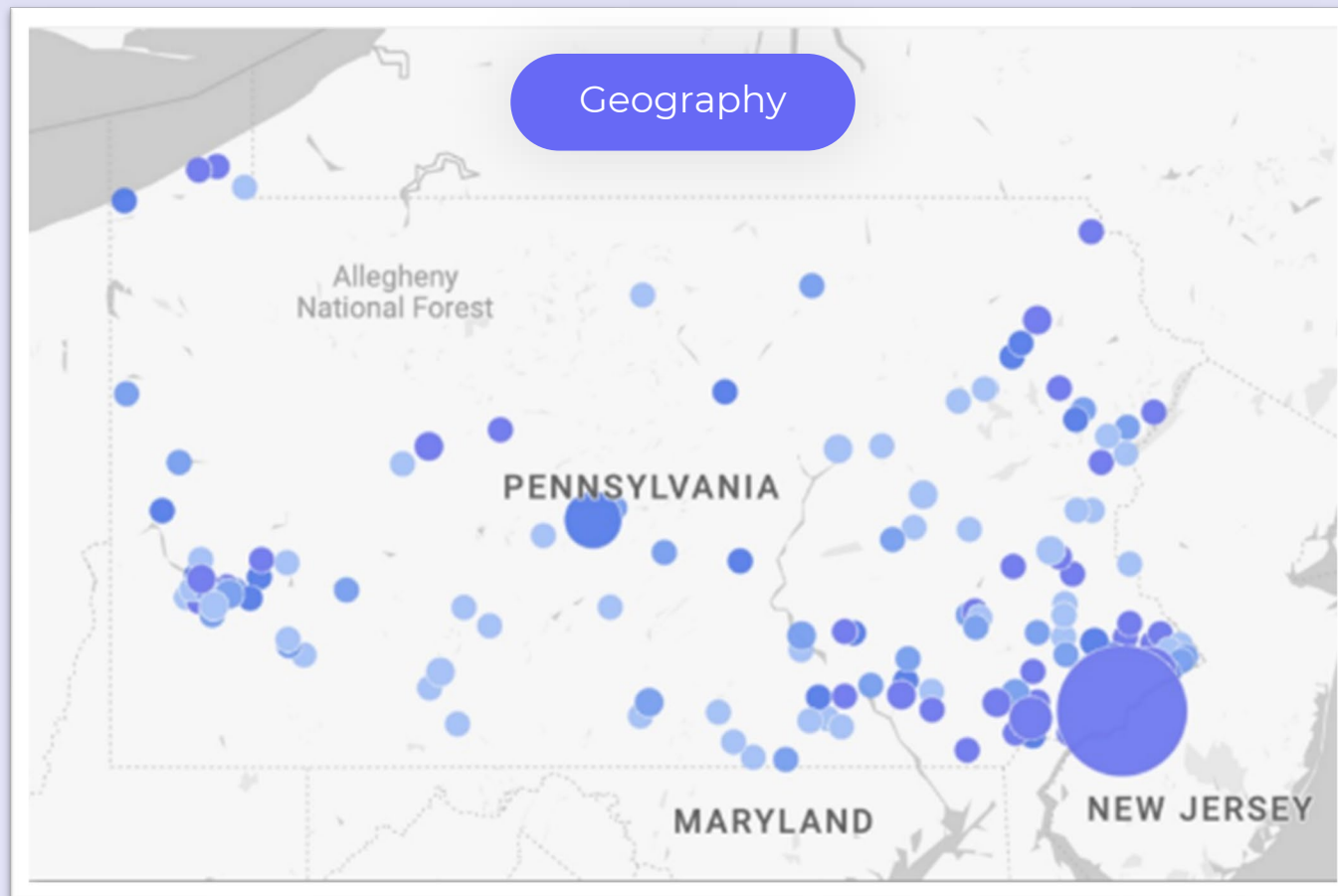
- Pennie has undertaken numerous surveys and in-person focus groups to understand the perspectives and wishes of the uninsured and current enrollees in Pennsylvania to inform Open Enrollment and long-term outreach efforts.
- Preparatory activities for Pennie's fifth Open Enrollment period are wrapping up, with a successful auto renewal process and finetuned outreach plans that build on what has worked well in the past.
- In addition to broad-based marketing, local activities supported by the Pennie outreach team and the assister network will provide on-the-ground enrollment support and engagement throughout Open Enrollment.
- Meanwhile, the budget for calendar year 2025 is proposed for approval with some valuable initiatives slated for 2025 with a longer-term budget approach to be defined pending the outcome of federal policies.



Uninsured Market Research

Market Research Methodology

- Digital Survey of 600 uninsured Pennsylvanians conducted June 2024
- Purpose: Better understand their awareness of Pennie and health coverage in general



Key Profiles

Male	65%
Female	33%
<45	95%
Rural	15%
Self-employed/gig	12%
White	73%
Afr. Am.	17%
Hispanic	21%
Urban	46%
Suburban	37%
Rural	15%

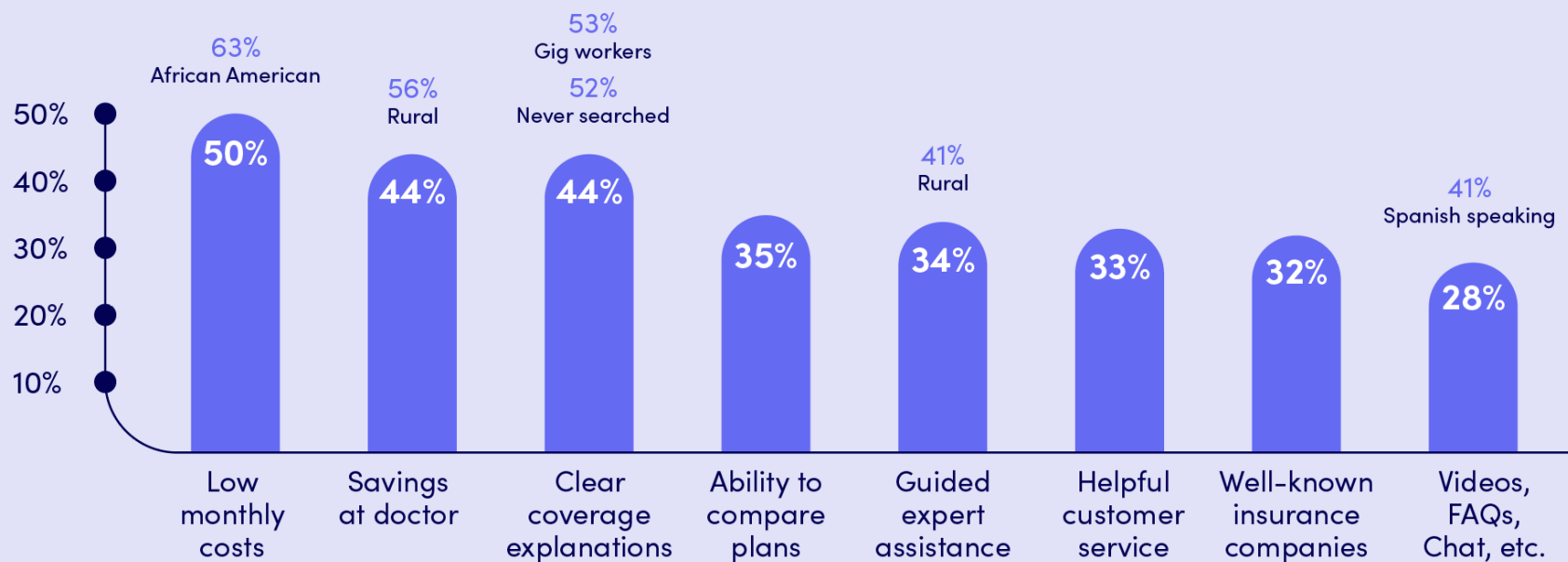
Market Research Findings

Health Coverage Awareness

80% of respondents are concerned about medical debt or financial crisis resulting from illness or injury; but only 50% have had coverage before.

Key Attributes for Health Coverage:

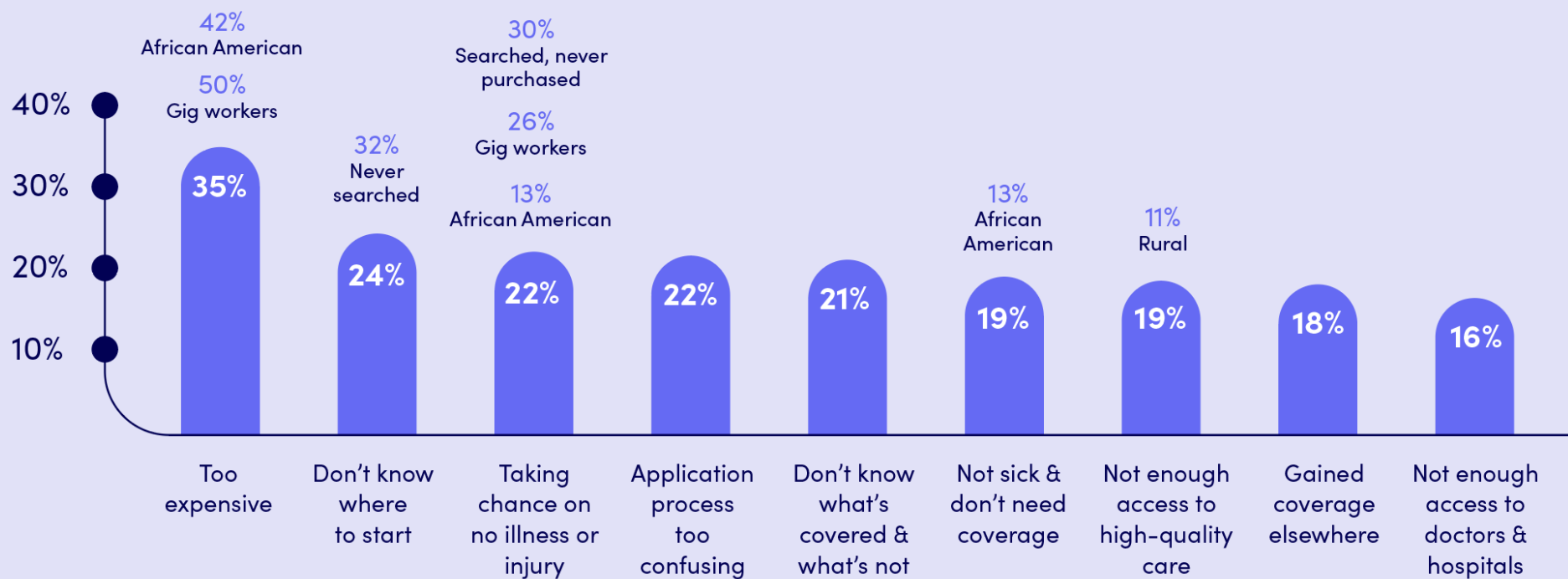
Savings and clear explanations are the top key attributes, with a clear gap between any others. Videos, FAQs, and online chats were ranked as the top key attributes when seeking health coverage for Spanish-speaking respondents.



Market Research Findings

Reasons for Being Uninsured

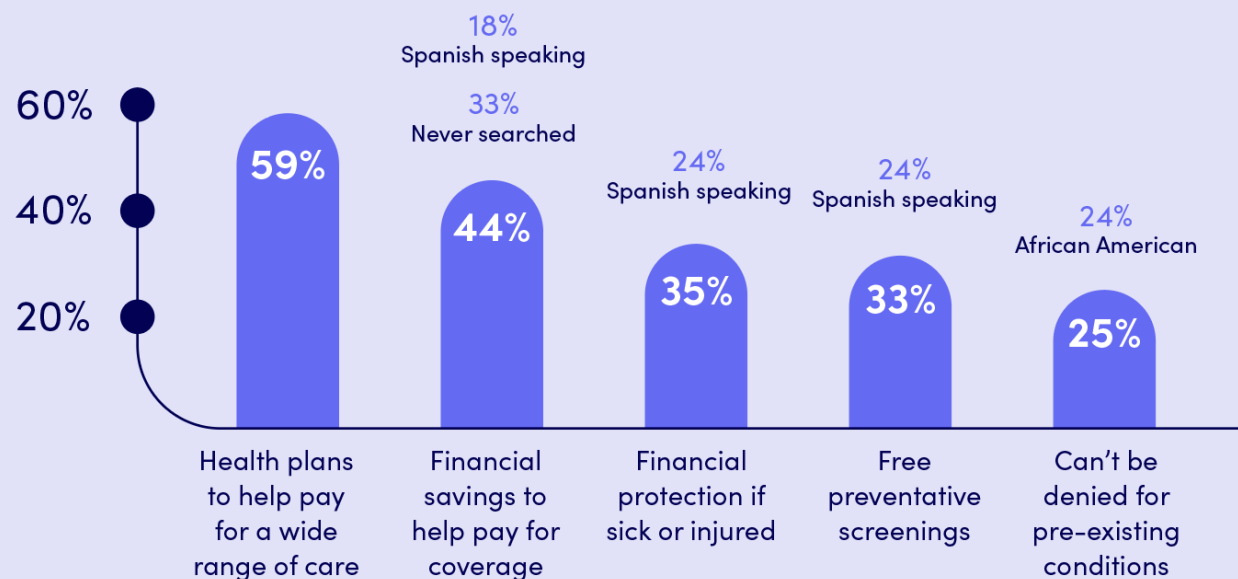
Beyond cost, many of the top reasons for being uninsured has to do with confusion about how to get and use health coverage as well as the value of enrolling in a health plan.



Market Research Findings

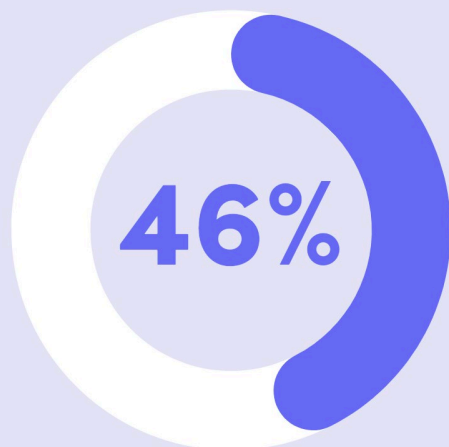
Pennie Awareness within the Uninsured

30% have heard of Pennie; of those aware, many correctly identified Pennie and the connection to health coverage, but familiarity drops off when asking about specific benefits.



Market Research Findings

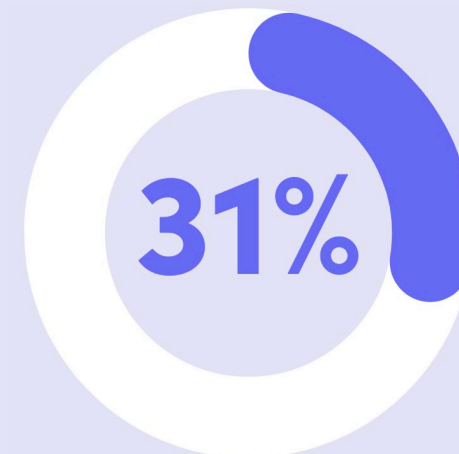
Motivating Factors to Enroll in Health Coverage



- **46% want more savings**
(Demo outlier: 61% for rural)

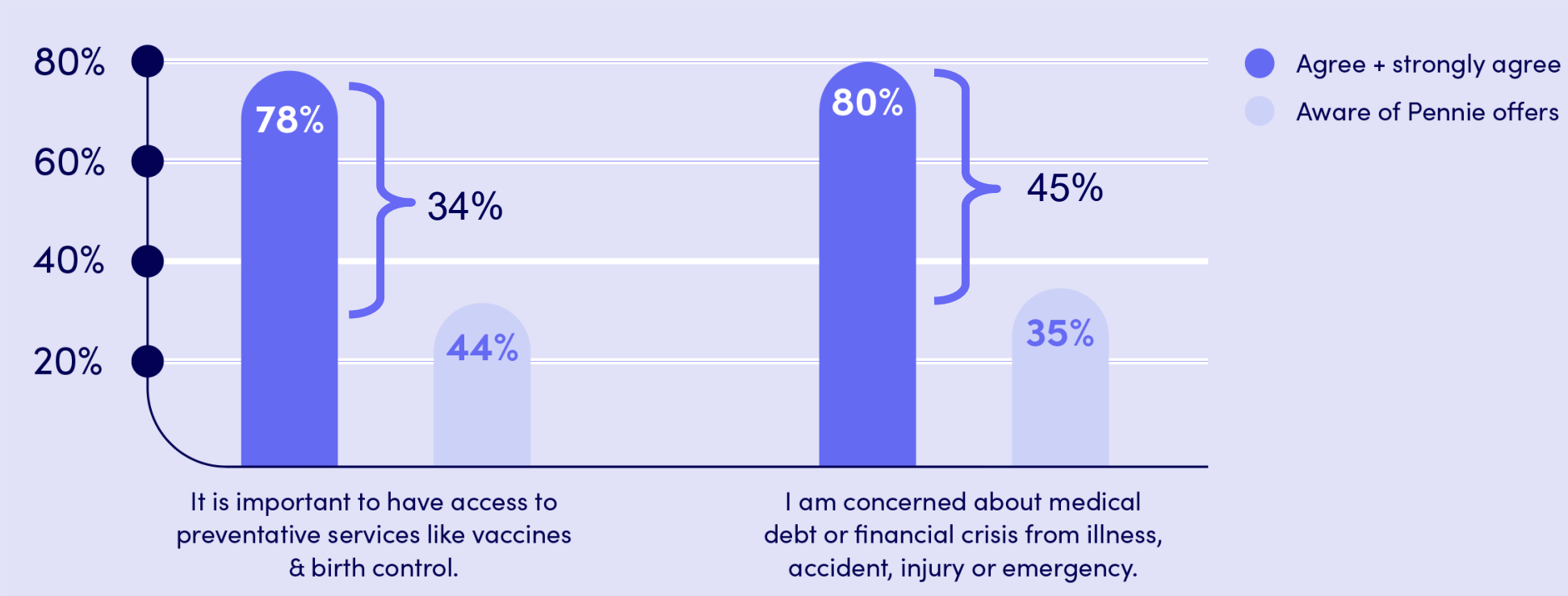


- **34% want more personal help**
(Demo outlier: 55% for African American)



- **31% want more info on what's covered**
(Demo outlier: 45% for African American)

Market Research Findings



This is Pennie's Opportunity. If Pennie can move this needle, we can close this gap and reach more of PA's uninsured.

Market Research Takeaways

Main Focus

- Make more Pennsylvanians aware that Pennie offers the services they overwhelmingly want.
 - Effort: multi-year, multi-pronged approach to close the gap

Secondary Focus

- Make more Pennsylvanians aware of the free, local help Pennie offers – especially with African Americans, Hispanic audiences
 - Efforts:
 - Recruit more assisters and brokers to ensure help is never too far from home.
 - Highlight this attribute all along the customer journey

Additional Market Research Completed

Digital Message Testing survey - *500 Uninsured*

- Cost is the most common obstacle to having coverage.
- Few are aware that Pennie offers services to assist with alleviating their worries, and the lack of familiarity undermines Pennie's credibility
- Most respondents obtain news from social media and online sources, while local hospitals, family and friends are universally trusted.

Digital Health Literacy Survey – *7500 Pennie Customers & 700 Submitted Apps*

- The vast majority say they understand health coverage and how to use it.
- Room for improvement for raising the comfort level with the Pennie application and shopping experience
- Pennie Customer Service and Certified experts continue to play a vital role in Pennie's enrollment infrastructure

In-Person Focus Group – *two groups of 10 Uninsured – Philadelphia*

- The more complicated the process, the less likely they would be to continue the process of enrolling
- More than half have heard of Pennie, but they were not confident they knew what Pennie was
- Comparing plans is not apples to apples, there needs to be a simple way to compare a few plans (3) that clearly shows the difference between the plans

Market Research Next Steps

November 2024 – January 2025

- A/B digital ad testing throughout Open Enrollment
- Build Customer Personas based on target audiences and key messaging

January – July 2025

- Build Customer Mapping
- Develop New Creative for targeted personas
- Test Creative with targeted personas

August – October 2025

- Prepare and launch new campaign for OEP26
- Further analyze results and modify strategically

August

Early-August

- End of Early Plan Preview for Insurers
- Blackout Period Begins for Assister Training

Mid-August

- Pennie Receives Approved Insurer 2025 Plan Data from PA Insurance Department (PID)
- 2025 Broker Training Available
- 2025 Assister Training Available

Late-August

- Load 2025 Plans Into Production for Insurer Review

September

Early-September

- Insurers Review Plans in Pennie Portal

Late-September

- Release 24.9 Production Deployment
- PID Finalizes 2025 Plans and Publishes Rates
- All 2025 Plans Certified

October

Early-October

- OEP Awareness Marketing Campaign
- Renewal Eligibility and Autorenewal Processing Begins

Mid-October

- OEP Email Campaign Begins
- Autorenewal Enrollments Sent to Insurers
- Stakeholder Materials Distributed

Late-October

- Broker/Assister Recertification Training Deadline
- Autorenewal and Eligibility Notices sent to Customers

November

Early-November

- Open Enrollment Begins
- 2025 Anonymous Shopping Available
- "Call to Action" Marketing Campaign Begins

December

Mid-December

- Plan Shopping Deadline for January 1 Coverage
- Catch-up Autorenewals Generated for New Customers

January

Mid-January

- Plan Shopping Deadline for February 1 Coverage
- Conclusion of OEP

Open Enrollment 2025 Readiness

Overall strategy will focus on promoting enrollment gains through retaining existing consumers and expanding to new uninsured Pennsylvanians, similar to OE 2024.

Retention Strategy

- Dedicated focus on high quality execution of autorenewal process
- Comprehensive outbound communication strategy to targeted groups of current customers before and during Open Enrollment
- Outbound communication avenues includes email, outbound calls, mailers, notice inserts, and texting.

Growth Strategy

- Communicating regionally specific “call to action” messages through digital advertising tactics.
- Targeting the media buy plan with advertising tactics around the Philadelphia region.
- Earned media strategy focusing on media outlets in the Philadelphia/Pittsburgh regions.
- Expansion of the broker recruitment and diversification effort enhanced by new data & business opportunities.

Two new implementations will have additional focus for this Open Enrollment:

- Failure to Reconcile (FTR)
- Deferred Action for Childhood Arrivals (DACA) eligibility change

Autorenewal Key Outcomes

Autorenewal successfully renewed 97.5% of current enrollees

Topline Results

- 97.5% renewed into 2025 coverage – 426,107 individuals, reflecting 19% more enrollees than the beginning of OE2024
- About 1,060 individuals cross-walked from bronze to silver (~2x last year's numbers)

Areas to Monitor & Focus of Personalized Outreach

- Due to second lowest cost silver plan changes, nearly 42K enrollees using APTCs will see average net premium increases of more than \$100 a month.
 - Largest impact in Rating Area #2 (Potter, Cameron and Elk) - 169% net premium increase affecting around 2K enrollees
 - Large impact in Rating Area #5 (Jefferson, Clearfield, Cambria, Blaire, Huntington, Bedford, and Somerset) - 60% average net premium increase affecting around 17K enrollees
- 21,500 individuals – 5.6% - need to take action to regain APTC
- 4,244 households impacted by Failure to Reconcile for 2025 coverage – need to update taxes to regain APTC
- 12,654 individuals are not auto-renewed at all and will need to act to regain coverage

External Affairs Strategy

Applying lessons learned, survey results, and best practices to inform an integrated campaign that includes paid, earned, and owned media tactics as well as a targeted ground game that supports Pennie's overall OEP goals of **Growing the Marketplace** and **Retaining Existing Customers**.

- EA will use both broad messaging for the general population, and more targeted messaging for the disproportionately uninsured.
- Supplement paid media with coordinated ground game predominately in Eastern PA to align with current resources.

Disproportionately Uninsured

- **Who:** Young Adults (19-34), African Americans, Hispanic/Latino
- **Where:** Eastern PA, Pittsburgh, and other pockets
- **Why:** Most likely not to have coverage through employer
- **How:** Not a one-size-fits-all approach – each require its own unique style and accessibility of communication, motivating language and selling points, media and trusted voices, and an understanding and acknowledgement of cultural or historical biases.



Paid Advertising

Tactics chosen based on historically strongest media (clicks, impressions, conversions, and customer satisfaction surveys).

Traditional

- TV, Radio, Billboard, Print, and Transit

Digital

- Social, Paid Search, Content marketing, Social Influencers, Streaming TV & Audio

Lifestyle

- Steelers/Eagles Radio, Philadelphia Thanksgiving Parade, Farm Show, Laundromats & Salons/Barbershops

OEP Messages

- *You're Worth Protecting*
- A/B message testing based on data:
 - Lowest costs
 - High-Quality health coverage
 - Free professional support
 - Help available in-person and in preferred languages
 - Protection from low-quality plans and scams
 - Pennie is a trusted source/official marketplace



**You're Worth
Protecting.**



La Inscripción Abierta está aquí.

Obtén los costos más bajos en cobertura de salud de calidad en pennie.com.

Inscríbete antes del 15 de diciembre.

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Pagado con dólares de los contribuyentes de Pennsylvania.

Your One-Way Ticket to Better Health Coverage!

Find peace of mind with Pennie! PA's official health insurance marketplace.

Destination pennie.com
Start Your Journey Now!



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200" Wide

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Paid for with Pennsylvania taxpayer dollars.

You're Worth Protecting.

Enroll in Health Coverage Today!

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You're Worth Protecting.

Enroll in Health Coverage Today!

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Paid for with Pennsylvania taxpayer dollars.

Grassroots Ground Game

- Current resources, staff and Assister Network, are predominately in Eastern PA
- Focus on ensuring key OEP messages are consistently incorporated into Outreach efforts
- Increased focus on providing opportunities to align Assister activities with OEP Strategy (ex: subway takeovers, tabling at Pennie sponsored events).
- Based on lessons learned, the Assister Network is leaning into static pop-ups and promoting walk-in locations. This paired with targeted events, and Pennie Outreach's efforts will help create a robust strategy.

Assister Network

The Assister Network continues to plan enrollment and education events with additional engagements being scheduled daily. They also support Pennie Outreach as we navigate a high-volume of external requests.

Highlights include:

- Will be present for each day of PA Farm Show.
- Two Philadelphia subway station takeover events, at 15th Street Station, tied to December and January OEP deadlines.
- Weekend long enrollment events at Supermarkets across Philadelphia.
- Static sites that will be open consistently throughout OEP:
 - Pennie Pop-up Chinatown Office (Chinese population)
 - The Mazzoni Center (LGBTQ+ population)
 - Hamilton Health Center
 - Laundromats in Philadelphia & Pittsburgh

Pennie Outreach

The internal Pennie outreach team continues to build partnerships with local community organizations, coordinate with the assister network, and strengthen broker resources.

Key Pennie outreach team activities include:

- In October alone, scheduled for more than 58 hours of education / events reaching a minimum of 4,600 individuals (continuing to expand).
- Provide OEP 25 updates for a wide-range of stakeholders including: community organizations, state agency partners, hospital, free clinic, and rural health staff.
- Grow and maintain our network of state agency partners.
- Tied to recent data findings, continue to pilot Health Insurance Literacy workshops.
- Engage Pennie stakeholders throughout OEP through use of the CRM.
- Continue to advance Broker Recruitment & Diversification efforts including presenting at pre-OEP kickoff events.



Calendar Year 2025

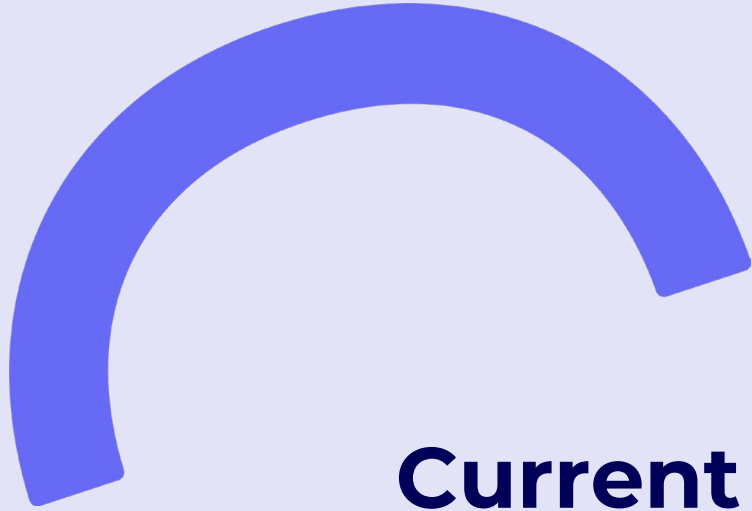
Proposed Budget

Budget Summary

- During Pennie's initial 4 years of operation, a fiscally responsible approach ensured viability of a new program being faced with significant uncertainties related to COVID impacts and related federal policies.
- Ultimately, many of these major program changes contributed to a strong financial position with unique one-time circumstances that created a carryover balance.
- Pennie's future financial position is highly dependent on the federal extension of the enhanced premium tax credits (PTC). If those continue after 2025, Pennie could leverage the program experience from the first 4 years to drive high-value consumer and program improvements.
- In the meantime, Pennie proposes for 2025 to strategically allocate existing funds by establishing reserves to protect against future uncertainties, expand Pennie team resources, and continue work on new initiatives, while we await the outcome of the enhanced PTC.

Historical Financial Overview

- Pennie has reached a point of stability with program operations and has gained experience with how external factors can significantly influence user fee revenue and reinsurance costs.
- Over the initial years, unique circumstances shaped projected and actual budgets:
 - 2021: Little historical basis for predicting enrollee retention after transition from healthcare.gov; significant and unanticipated federal program change mid-year with enhanced premium tax credits driving higher enrollment and user fees.
 - 2022: More stable, but with uncertainty regarding financial future until first extension of enhanced PTC occurred in August 2022.
 - 2023: Unprecedented Medicaid unwinding with no historical basis for enrollment projections; significantly lower reinsurance payment than expected.
- These unique occurrences also mean that the various factors contributing to the carryover balance will likely not repeat and such growth will not continue moving forward. In contrast, Pennie is at risk of volatility in the opposite direction if enhanced premium tax credits are not continued.



Current Budget Status for CY2024

Current CY2024 Budget Status

- In CY2024, enrollment has remained flat. Typically, enrollment decreases during the SEP months, but enrollment has plateaued since OE, with churn out from disenrollments and terminations, and churn in from SEPs mainly for individuals no longer Medicaid-eligible.
- The total enrollment (and related user fees) from the unprecedented unwinding period was difficult to predict; the results have been steady enrollment over the past year and a half, with around 90,000 Pennsylvanians shifting from Medicaid coverage to private health coverage through Pennie since April 2023.
- Meanwhile, the reinsurance payment made in 2024 for the 2023 coverage year was about \$15 million lower than expected. Adjustments have been made to the 2025 coverage year reinsurance program to increase the total targeted cost (\$50M) with more generous parameters in an effort to ensure the reinsurance program realizes its full benefit.
- If projections are accurate, and with an operational reserve fund, Pennie would have around \$32M to strategically invest back into our program to advance our core mission.

CY2024 Financial Overview

Estimated CY24 Overview					
Beginning Balance (CY24 Net Position)					\$73,036,190
Proposed Operational Reserve					\$75,000,000
Revenue	Budgeted Amount	Jan – Sep Actuals	Oct – Dec Estimated	Total	
User Fee Revenue	85,900,000	\$72,192,920	\$24,274,938	\$96,467,858	
Federal Reimbursement	18,600,000	\$9,763,868	\$9,062,066	\$18,825,934	
Treasury Interest	2,000,000	\$3,849,675	\$1,283,225	\$5,132,900	
Total Income	106,500,000	\$85,806,463	\$34,620,229	\$120,426,692	
Expenses					
Personnel	\$8,005,000	\$4,822,836	\$2,094,315	\$6,917,151	
Operating					
External Affairs	\$12,452,371	\$6,683,822	\$5,644,807	\$12,328,629	
IT/Contact Center	\$36,827,629	\$23,458,484	\$12,678,232	\$36,136,716	
General Ops	\$1,611,000	\$858,357	\$500,642	\$1,358,999	
Total Operational Expenses	\$58,896,000	\$35,823,499	\$20,917,996	\$56,741,495	
Reinsurance Program	\$44,400,000	\$29,391,917	\$0	\$29,391,917	
Total Expenses	\$103,296,000	\$65,215,416	\$20,917,996	\$86,133,412	
Estimated Net Position					\$32,329,471



Proposed 2025 Budget

Updates

- **Budget Projections**
- **Operating Reserves**
- **Operating Costs**
- **Program Investments**



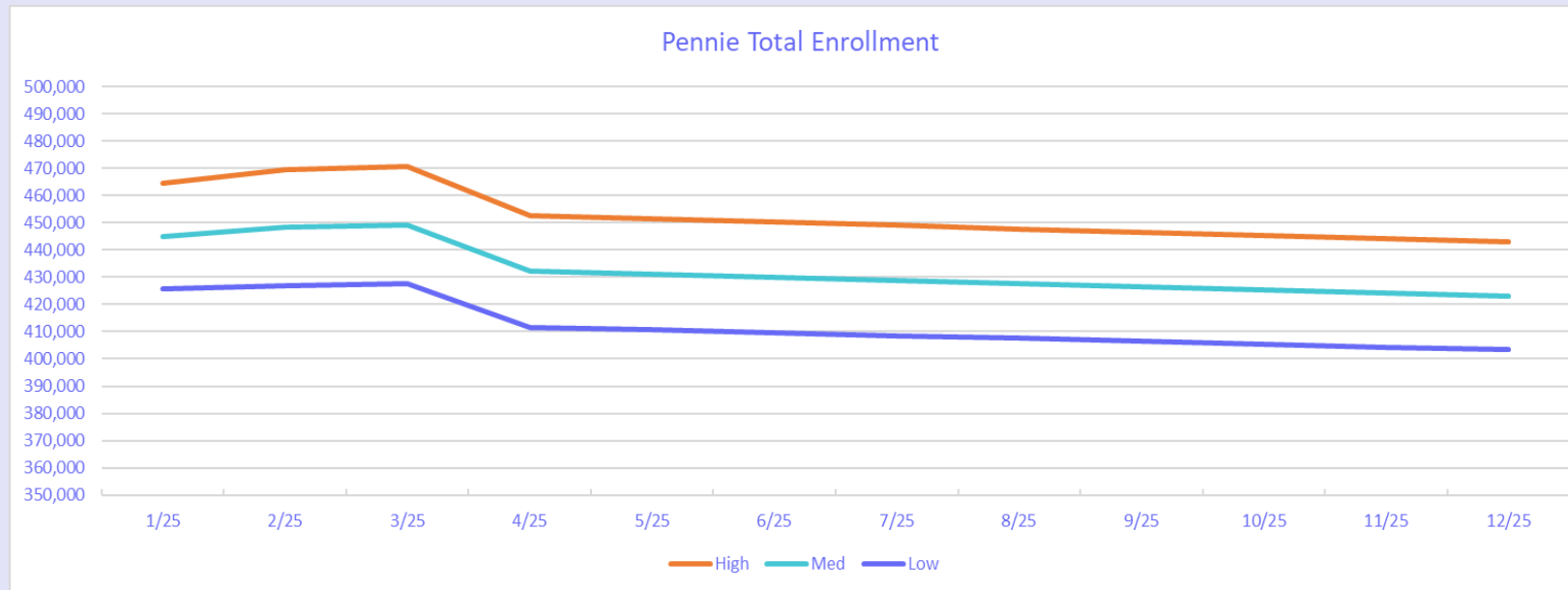
CY 2025 Proposed Budget Summary

- Pennie projects continued, but slower, enrollment growth for plan year 2025.
 - Enrollments associated with the unwinding population contributed to record enrollment at the end of OE2024. Our assumption is that there will continue to be an influx from individuals who missed their unwinding SEP window.
 - However, we expect less growth and more attrition than the past year because the volume of Medicaid account transfers is lower and will not offset general attrition as much.
 - Marketing and outreach efforts will continue to increase awareness and reach the uninsured.
- The extension of the enhanced APTC will hopefully occur by August 2025, providing Pennie with clarity on the financial position for 2026.
- With that uncertainty in mind, Pennie is proposing changes for the 2025 budget that:
 1. Protect against future uncertainties by establishing contingency reserves using best practices.
 2. Grow the Pennie team to meet increased operational needs associated with higher enrollments.
 3. Pursue new initiatives in 2025 and plan for broader program investments post-2025 pending the outcome of the enhanced premium tax credit extension.

Enrollment and Revenue Projections Scenarios

Pennie projects enrollment and associated revenues based on a moderate increase scenario of 5%, assuming continued enrollment increases associated with transitions from Medicaid due to the unwinding and ongoing churn moving forward. Prior to last year, the average annual increase was 1% comparing the last days of each Open Enrollment; for OE24, the increase was 17%.

Low Increase Scenario (0% increase each year)		Moderate Increase Scenario (5% increase each year)		High Increase Scenario (10% increase each year)	
CY 25 Avg. Monthly Enrollment	412,335	CY 25 Avg. Monthly Enrollment	432,595	CY 25 Avg. Monthly Enrollment	452,854
CY 25 Projected Revenue	\$97.7M	CY 25 Projected Revenue	\$102.2M	CY 25 Projected Revenue	\$107.3M



1. Proposed Operational Reserve

- To ensure continued stability, Pennie proposes to establish a set of dedicated reserves for each of our major program areas, to protect against unexpected volatility in enrollment or utilization.
- The three major program areas are: 1) Program Operations; 2) Reinsurance; and 3) State Affordability Program
- For each of these areas, annual costs fluctuate based on enrollment (operations, reinsurance, and state subsidy) and utilization (reinsurance), which can be unpredictable and greatly influenced by broader economic and federal policy factors.
- These external dependencies leave Pennie vulnerable to budget shortfalls based on dynamics outside of our direct control.

1. Proposed Operational Reserve Cont.

- Based on funding available to Pennie and in alignment with general recommended standards of setting aside 50% of the annual budget, we are recommending the creation of an operational reserve of \$75M starting in CY2025 as follows:
 - **Operating costs: \$30 million**
 - Potential scenario: A significant drop in enrollment, for example if enhanced APTCs are not extended, which would result in approximately 30% lower revenue and require immediate budget recalibration.
 - **Reinsurance: \$25 million**
 - Potential scenario: Volatility from enrollment, utilization, and federal formulas, in addition to more generous reinsurance parameters, create risk of potential swings in the opposite direction from what we have seen to this point resulting in much higher costs than budgeted.
 - **State affordability program: \$20 million**
 - Potential scenario: Higher than projected enrollment and utilization of the subsidy in response to the state affordability program resulting in higher state costs. For example, the modeling assumes some portion of eligible consumers forgoing some of the premium subsidy. However, if there was 100% utilization at the \$40M level modeled, the cost of the program could be closer to \$60M.

2. Growing Operating Costs and Team

- With a 30% increase in enrollment, operating costs and staff needed to support a well-functioning program has increased.
- Proposing a \$12 million increase in general operating costs.
- The key increases in operating costs are attributable to:
 - Contractual cost increases
 - Outreach and awareness
 - Personnel
 - New initiatives

2. CY2025 Proposed Operational Budget

	CY24 Approved Budget Amounts	CY25 Proposed Budget Amounts	Variance
Total Budget	\$58,896,000	\$71,081,000	\$12,185,000
Personnel	\$8,005,000	\$9,500,000	\$1,495,000
Operations	\$50,891,000	\$61,581,000	\$10,690,000

This results in a CY25 budget increase of \$12,185,000 from CY24

Of the requested amount, \$19,927,292 would come from federal matching funding.

2. CY2025 Personnel

CY2024 Approved Amount: \$8,005,000

CY2025 Proposed Amount: \$9,500,000

Difference : Increase of \$1,495,000

Federal Share \$2,241,671

Pennie Share \$7,258,329

Proposed Budget Increase Due To:

This budget increase includes an increase to the complement is required to meet increased workload associated with higher enrollment, and increased ability to build out new initiatives that benefit the program and sustaining daily operations.

This budget increase includes yearly reoccurring increases due to rising benefit/salary costs for our full-time staff.

2. CY2025 Operations

CY2024 Approved Amount: \$50,891,000

CY2025 Proposed Amount: \$61,581,000

Difference : Increase of \$10,690,000

Federal Share \$17,685,621

Pennie Share \$43,895,379

Proposed Budget Increase Due To:

Technology:

- Technology contract standard expected increases: \$1,728,371
- Technology to support new enhancements of \$3,675,000 (*see next section for breakout*)

Outreach and Awareness

- Overall increase to general outreach and marketing efforts of \$1,569,629
- As a lesson learned from the Unwinding, more consistent awareness-building efforts outside of Open Enrollment are valuable, especially with ongoing volume of normal Medicaid account transfers throughout the year
- Consumer research underscores general low awareness of Pennie around 30% among the uninsured
- Includes a set aside for potential state affordability marketing and awareness efforts: \$1,500,000 (*only to be used if state affordability program is funded*)

Other Operating

- General operating for rent and new modeling analysis contract: \$264,000
- Other increases: \$1,953,000 (*to be discussed in executive session*)



3. New 2025 Initiatives

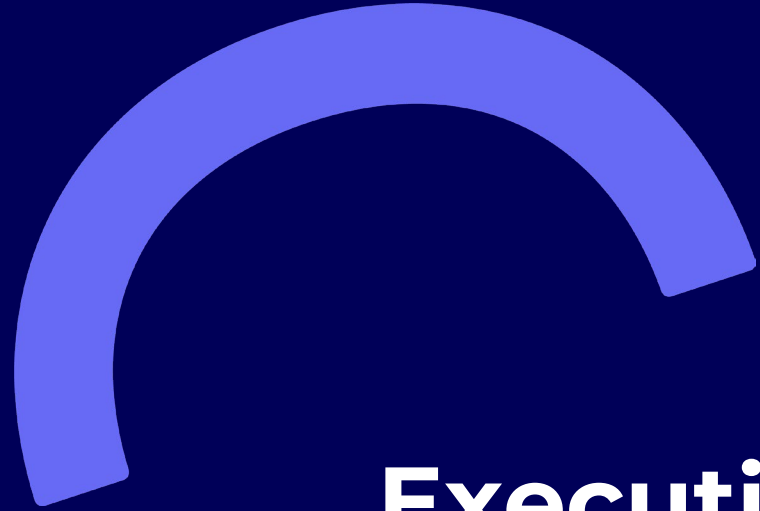
- In planning for 2025, Pennie has several projects planned with specific budget costs:
 - Prepare for state subsidy implementation in anticipation of potential funding
 - Implement consumer-focused program enhancements through reducing barriers in selecting plans and verifying income
- These projects could be completed within 2025 and do not obligate long-term funding, in the event that enhanced premium tax credits are not extended.
- Planning would also occur in 2025 to evaluate larger-scale consumer-focused program improvements that could be implemented when the longer-term budget picture is more certain.

3. Proposed Special Projects

A new budget item request for CY25 are the special projects outlined below. These are one-time, non-reoccurring implementation expenses with some ongoing maintenance costs in future years.

Program Area	Description	Estimated Cost
State Subsidy Marketing and Outreach	Contingent on 2026 plan year state affordability program funding.	\$1,500,000
State Subsidy Technology Build	Completion of the state subsidy technical implementation.	\$675,000
Featured Plan Display Technology Build	Implementation of the featured plan display toggle functionality.	\$500,000
Additional Income Verification Technology Build	Using state data source (Labor & Industry) to automatically verify income to improve consumer process and income integrity (<i>as an alternative or in addition to Equifax – recommendation coming in 2025</i>)	\$1,000,000
Compliance Technology Build	Technical work associated with emerging compliance need (<i>more detailed discussion in executive session</i>).	\$1,500,000
Total Estimated Cost		\$5,175,000

***These are preliminary estimated costs.** Effort will be made to ensure vendor efficiency in implementation with possibly reduced costs.



Executive Session

CY2025 Estimated Financial Overview

- Using the moderate enrollment scenario, the projected user fee revenue is a little over \$100M.
- The total operational expenses line is ~\$15M higher than CY24.
- This assumes the proposal to establish a \$75M operational fund is adopted.

Pennie Profit and Loss StatementCY25	
Estimated Available Balance (not including the proposed operational reserve)	\$32,329,470
Estimated Income	
User Fee Revenue	\$102,200,000
Federal Reimbursements	\$18,000,000
Treasury Interest	\$5,000,000
Total Income	\$125,200,000
Expenses	
Personnel	\$9,500,000
Operating	\$61,581,000
Total Operational Expenses	\$71,081,000
Estimated Transfer to Reinsurance (July 2025)	\$44,400,000
Total Expenses	\$115,481,000
2024 Operating Net (Total income – Total expenses)	\$9,719,000
Total Net Position (Estimated Available Balance + Operating net)	\$42,048,470

CY2025 Reinsurance Program Budget

The CY2025 reinsurance budget is consistent with CY2024. Note that the targeted reinsurance plan year 2025 reinsurance program is targeting a larger \$50M to be paid in CY2026 (parameters set this year, seen on future budget slide).

	CY24 Budget	CY24 Actual	CY25 Proposed
Administrative Costs	\$400,000	\$400,000	\$400,000
Reinsurance Program Obligation	\$44,000,000	\$28,991,917	\$44,000,000
Total	\$44,400,000	\$29,391,917	\$44,400,000
Total increase from CY24 actuals to proposed CY25:		\$15,008,083	

Long Term Outlook and Recommendations

- The Pennie financial outlook is currently strong and will be stronger with the establishment of reserved operational contingency, plus investments in the program and operations.
- The key budgetary threat is the extension of the enhanced APTCs that currently expire at the end of 2025.
 - Without federal Congressional action, enrollment and therefore revenue could drop by an estimated 30% starting in January 2026.
 - Under this scenario, the savings and operational carryover would quickly be depleted without significantly lower operational costs. Reinsurance costs could increase. The operational reserves would buy time needed to reduce costs and meet reinsurance obligations.

Future Program Investments

- After funding has been set aside to ensure fiscally responsible contingency planning and operations are increased to match program needs, Pennie proposes spending at least \$8 million a year on new initiatives and innovations to improve the consumer experience, including but not limited to:
 - Suite of consumer tools on pennie.com to support decision making related to eligibility and coverage options (for example, calculators for employer coverage affordability and tools for mixed eligibility families).
 - Improvements to handoffs between Medicaid and Pennie
 - Customer service enhancements that promote higher quality resolution

Future Financial Forecast

Estimated Receipts and Expenses	*These estimates are based on the enhanced federal APTC continuing and the State Subsidy					
Budget Year	2024 (Estimated)	2025	2026	2027	2028	2029
Beginning Net Position	\$73,036,190	\$32,329,470	\$42,048,470	\$40,046,350	\$36,731,968	\$28,068,755
Proposed Contingency	\$75,000,000				\$4,000,000	
Available Balance	(1,963,810)	\$32,329,470	\$42,048,470	\$40,046,350	\$32,731,968	\$28,068,755
Receipts						
User Fee Revenue	\$96,467,858	\$102,200,000	\$103,222,000	\$104,254,220	\$105,296,762	\$105,296,762
Federal Funding	\$18,825,934	\$18,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000
Treasury Interest	\$5,132,900	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000
State Subsidy Funds	\$0	\$50,000,000	\$50,000,000	\$50,000,000	\$50,000,000	\$50,000,000
Total Receipts	\$120,426,692	\$175,200,000	\$173,222,000	\$174,254,220	\$175,296,762	\$175,296,762
Expenses						
General Operating	\$56,741,495	\$65,906,000	\$67,224,120	\$68,568,602	\$69,939,974	\$71,338,774
Reserve for new Initiatives	\$0	\$5,175,000	\$8,000,000	\$8,000,000	\$8,000,000	\$8,000,000
Reinsurance Program	\$29,391,917	\$44,400,000	\$50,000,000	\$51,000,000	\$52,020,000	\$53,060,400
State Subsidy Program	\$0	\$50,000,000	\$50,000,000	\$50,000,000	\$50,000,000	\$50,000,000
Total Expenses	\$86,133,412	\$165,481,000	\$175,224,120	\$177,568,602	\$179,959,974	\$182,399,174
Ending Net Position	\$32,329,470	\$42,048,470	\$40,046,350	\$36,731,968	\$28,068,755	\$20,966,344
Operating Balance (Revenue – Expenses)	\$34,293,280	\$9,719,000	(\$2,002,120)	(\$3,314,382)	(\$4,663,212)	(\$7,102,412)

Financial Outlook – No Enhanced APTC

If the enhanced APTCs are not extended by the end of 2025, Pennie anticipates a potential loss of 30% of enrollees, and therefore revenue, if not more.

Estimated Receipts and Expenses						
Budget Year	2024 (Estimated)	2025	2026	2027	2028	2029
Beginning Net Position	\$73,036,190	\$32,329,470	\$42,048,470	\$14,760,850	\$0	\$0
Proposed Contingency	\$75,000,000					
Available Balance	(1,963,810)	\$32,329,470	\$42,048,470	\$14,760,850	\$0	\$0
Receipts						
User Fee Revenue	\$96,467,858	\$102,200,000	\$71,540,000	\$72,255,400	\$72,977,954	\$72,977,954
Federal Funding	\$18,825,934	\$18,000,000	\$15,000,000	\$15,000,000	\$15,000,000	\$15,000,000
Treasury Interest	\$5,132,900	\$5,000,000	\$3,500,000	\$2,500,000	\$2,500,000	\$2,500,000
State Subsidy Funds	\$0	\$50,000,000	\$50,000,000	\$50,000,000	\$50,000,000	\$50,000,000
Transfer from Contingency Fund				\$15,157,922	\$31,589,702	\$28,252,376
Total Receipts	\$120,426,692	\$175,200,000	\$140,040,000	\$154,913,322	\$172,067,656	\$168,730,330
Expenses						
General Operating	\$56,741,495	\$71,081,000*	\$67,627,620	\$68,674,172	\$70,047,656	\$71,448,609
Reinsurance Program	\$29,391,917	\$44,400,000	\$50,000,000	\$51,000,000	\$52,020,000	\$53,060,400
State Subsidy Program	\$0	\$50,000,000	\$50,000,000	\$50,000,000	\$50,000,000	\$50,000,000
Total Expenses	\$86,133,412	\$165,481,000	\$167,327,620	\$169,674,172	\$172,067,656	\$174,509,009
Ending Net Position	\$32,329,470	\$42,048,470	\$14,760,850	\$0	\$0	\$(5,778,679)
*Notes: Includes \$5,175,000 in one-time special initiatives, contingency funding is fully depleted in 2028.						

Recommendations

1. Recommendation #1: Establish operational reserves that provide contingency funding for three key programs that are based on fluctuating and, at times, unpredictable enrollment and utilization factors: 6 month reserves for operating costs (\$30M), reinsurance (\$25M) and state subsidy (\$20M).
2. Recommendation #2: Approve proposed CY2025 budget with operational increases that will advance key consumer-facing and improvement initiatives.



Appendix: Unwinding Data Report

as of October 10, 2024

Unwinding Activity At A Glance

Applicants
467,567

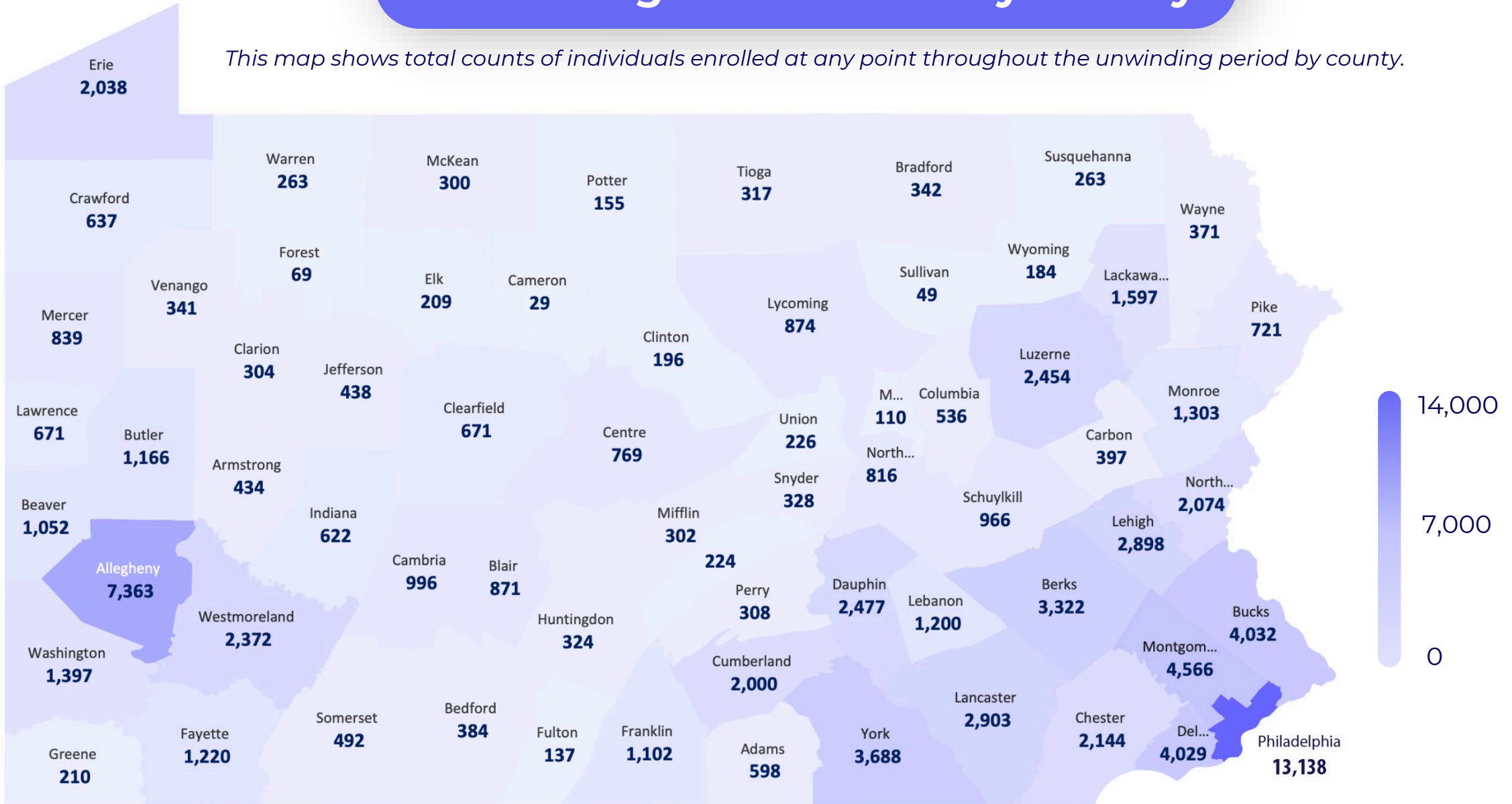
Any Enrollment
89,938

Current Enrollment
65,699

- Average of **838** Applicants per day
- Average of **161** Enrollees per day
(Capturing individuals enrolled at any point throughout unwinding period)
- Average of **118** Enrollees per day
(Capturing individuals currently enrolled as a result of unwinding)

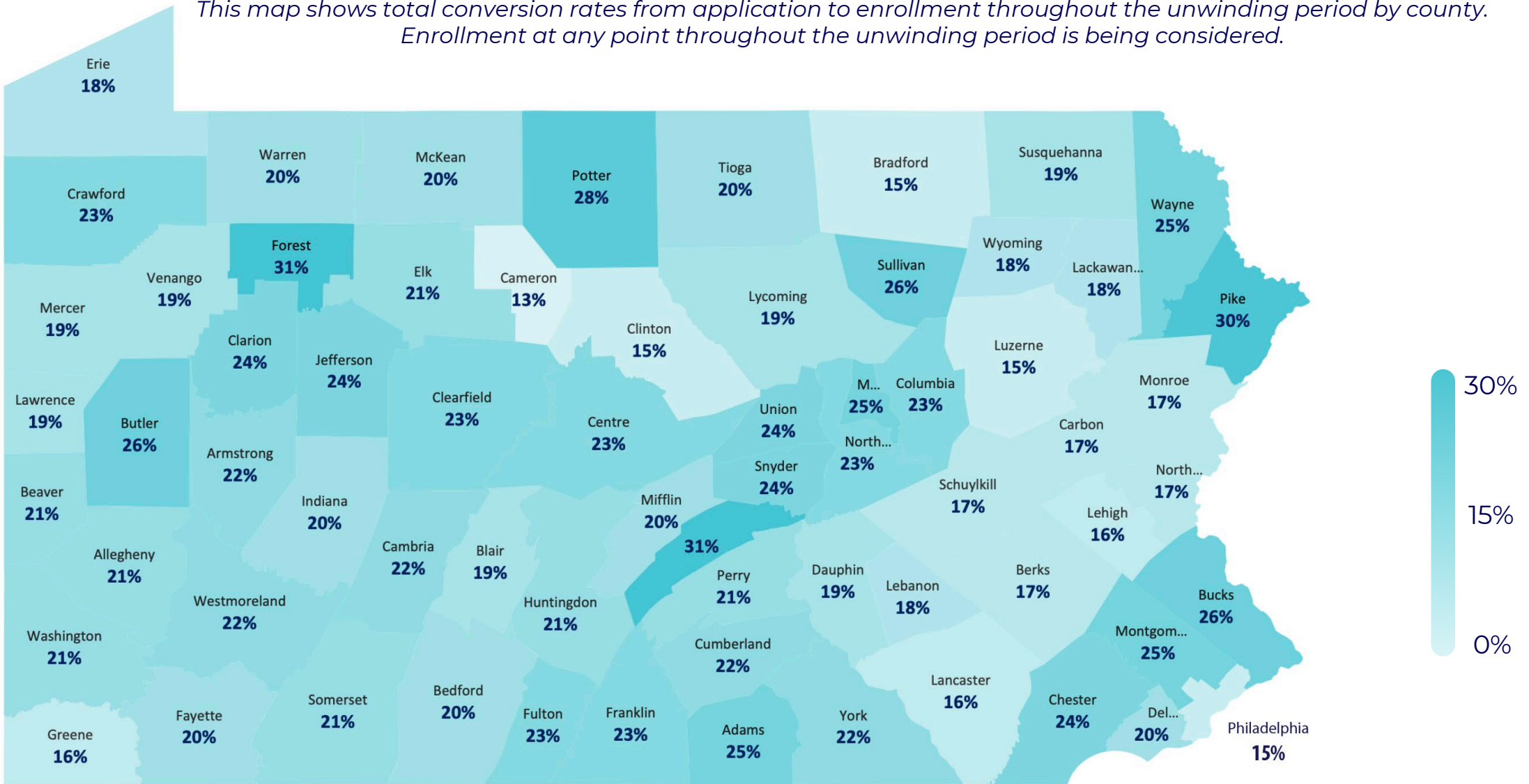
Unwinding Enrollments By County

This map shows total counts of individuals enrolled at any point throughout the unwinding period by county.



Unwinding Enrollment Conversion Rates By County

This map shows total conversion rates from application to enrollment throughout the unwinding period by county. Enrollment at any point throughout the unwinding period is being considered.



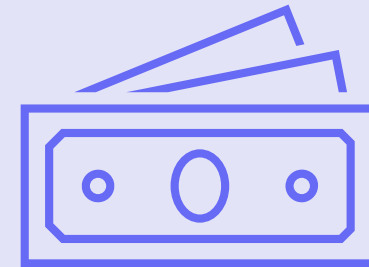
Unwinding Enrollment Avenues

This chart compares the efficacy of various enrollment avenues during the unwinding period. Enrollment at any point throughout the unwinding period is being considered.

Method	Applicants	Enrolled	Enrolled %
Total	467,567	89,938	19.2%
Account Transfer - Auto-Eligibility	345,829 (74%)	47,990	13.9%
Account Transfer - No Auto-Eligibility	76,679 (16%)	11,966	15.6%
Manual – New Application Submitted by Consumer	44,974 (10%)	29,977	66.7%

Financial Assistance Eligibility

Financial Assistance	Total Enrollees	Current Unwinding Enrollees
APTC	33%	18%
APTC_CSR	58%	80%
CSR	<1%	0%
QHP*	10%	3%
Total	439,285	65,699



Unwinding customers are more often eligible for Financial Assistance – especially cost sharing reductions – than the average Pennie customer.

*Not eligible for financial assistance

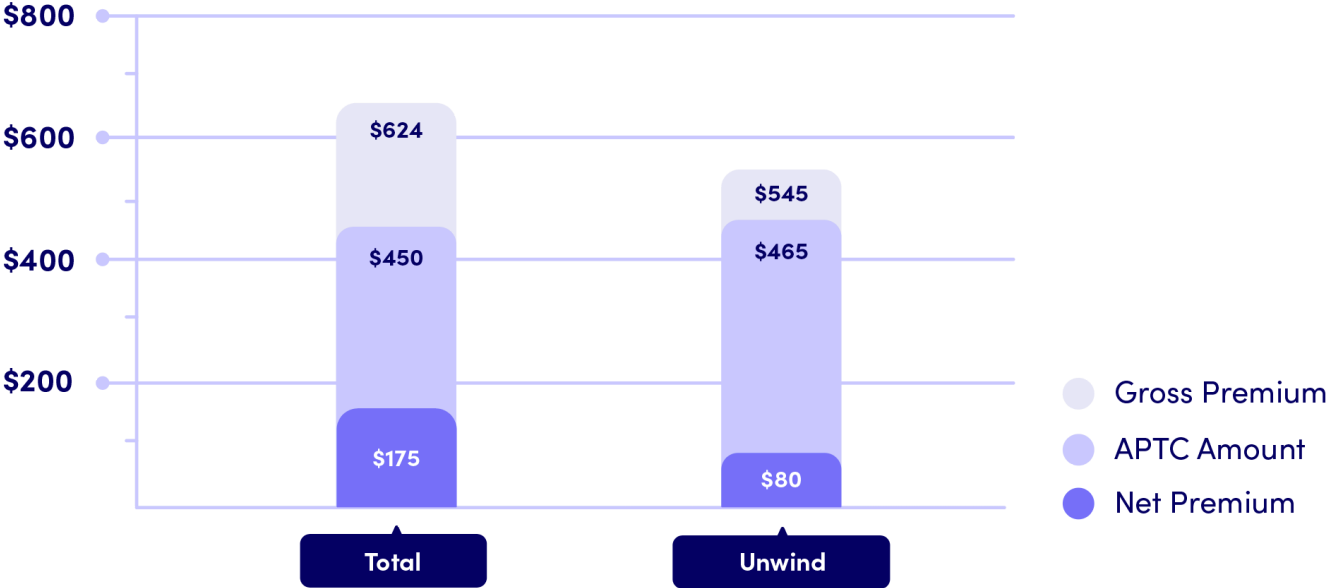
“Total” includes all enrollees with plan selections, even “Unwinding” customers.

“Unwinding” customers are those that have used the “Loss of Medical Assistance (MA)” special enrollment period (SEP) event. These could have come directly from an MA transfer or from a new application.

Percents might not sum to 100% due to rounding.

Premiums and Financial Assistance

Per Member Per Month (PMPM) APTC and Net Premium Metrics



Policy Net Premium	Total Enrollees	Current Unwinding Enrollees
Cost \$1 or less	16%	25%
Cost \$50 or less	36%	57%

Unwinding customers are more often paying less for coverage than the average Pennie customer.

This measure is for current enrollees.

“Total” includes all enrollees with plan selections, even “Unwinding” customers.

“Unwinding” customers are those that have used the “Loss of MA” SEP event. These could have come directly from an MA transfer or from a new application.

Plan Selections

Metal Level	Total	<u>Current</u> Unwinding Enrollees
Bronze	22%	18%
Silver	35%	41%
Gold	43%	40%
Catastrophic	<1%	<1%
Total	439,285	65,699



Unwinding customers tend to select Bronze/Gold Plans slightly less, and Silver plans more than the average Pennie customer.

This measure is for current enrollees.

“Total” includes all enrollees with plan selections, even “Unwinding” customers.

“Unwinding” customers are those that have used the “Loss of MA” SEP event. These could have come directly from an MA transfer or from a new application.

Percents might not sum to 100% due to rounding.

Gender Demographics

Gender	Total	<u>Ever Enrolled</u> Unwinding Enrollees
Male	46.0%	38.1%
Female	54.0%	61.9%
Total	439,285	89,938



Unwinding customers are more likely to be female than the average Pennie customer.

This measure is for current enrollees for total, but ever enrolled for unwinding.

“Total” includes all enrollees with plan selections, even “Unwinding” customers.

“Unwinding” customers are those that have used the “Loss of MA” SEP event. These could have come directly from an MA transfer or from a new application.

Ethnicity Demographics

Ethnicity	Total	<u>Ever Enrolled</u> Unwinding Enrollees
Hispanic/ Latino	4.7%	12.3%
Not Hispanic/ Latino	73%	81%
No Response	22%	7%
Total	439,285	89,938



Unwinding customers are more likely to be of Hispanic/Latino ethnicity than the average Pennie customer.

This measure is for current enrollees for total, but ever enrolled for unwinding.

“Total” includes all enrollees with plan selections, even “Unwinding” customers.

“Unwinding” customers are those that have used the “Loss of MA” SEP event. These could have come directly from an MA transfer or from a new application.

Percents might not sum to 100% due to rounding.

pennie[®]

ADDRESS

PO Box 11873
Harrisburg PA
17108-1873

PHONE

+1 844-844-8040

WEB

pennie.com