

**pennie**<sup>®</sup>

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



# Pennie Board of Directors Meeting

March 2025

# Agenda

- **Preliminary Matters**
- **Open Enrollment Deep Dive**
- **2024 Year In Review**
- **2025 Focus Areas & Contingency Planning**
- **2026 and Beyond: Introducing Strategic Topics**



## Preliminary Matters

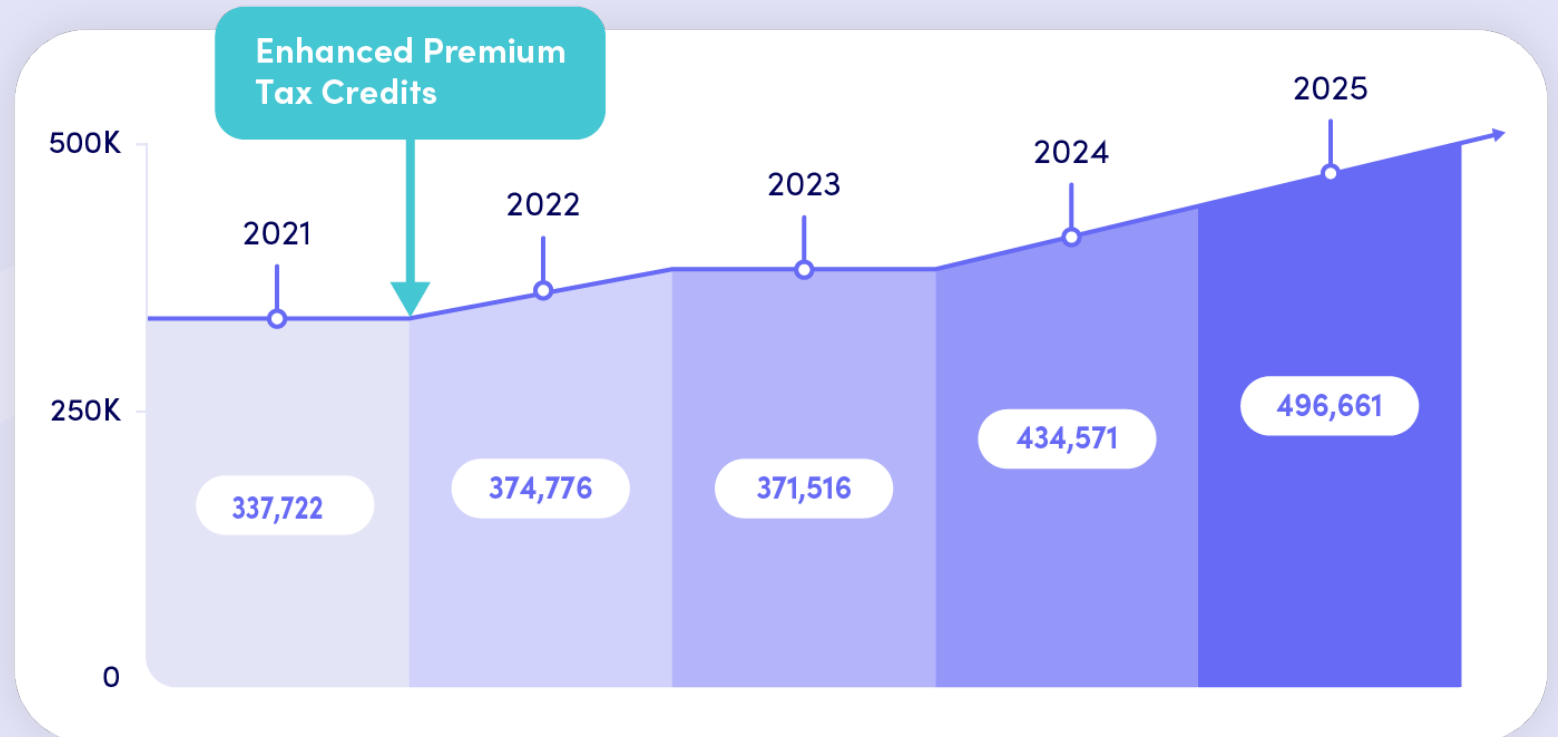
- **Call to Order**
- **Roll Call**
- **Approval of Previous Meeting's Minutes**
- **Opportunity for Public Comment**



# Open Enrollment Deep Dive

# Open Enrollment Key Takeaways

- Enrollment increased by over 14% from the previous year.
- 47% more enrollments since enhanced premium tax credits went live in 2021.
- This open enrollment period again saw the highest number of new enrollees which was coupled with a smooth auto-renewal process.
- Slightly higher net enrollment in marketing and outreach focus areas, with markedly lower net enrollment in highly disrupted markets with the greatest cost increases.



# OE Overview

## **New Enrollees: Efforts to reach uninsured were successful in focus areas.**

- Expanded successful tactics from OE2024 to broader southeast PA counties and Allegheny County, plus increased outreach events by assisters.
- Growth in targeted areas outpaced overall increases by roughly one percentage point.

## **Retaining Enrollees: Smooth auto renewal process; Efforts to educate on cost increases and other market changes met with mixed success.**

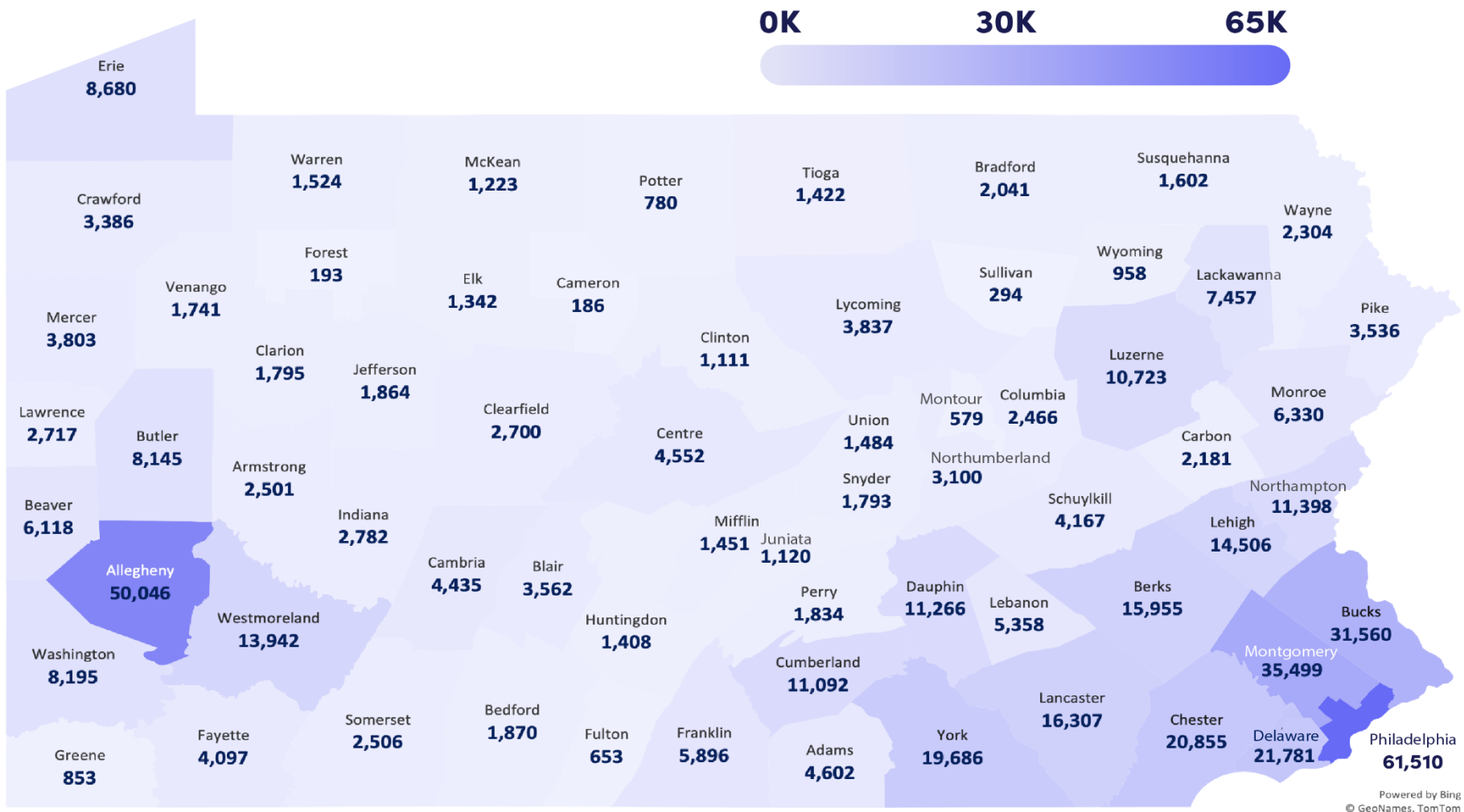
- Successfully auto-renewed 97.5% of current enrollees (similar to last year).
  - Retained 57% of those who were not auto renewed (up from 21% last year).
- 95% of enrolled households at the end of 2024 are still enrolled for 2025 (up from 91% last year).
- Highly impacted groups (failure to reconcile, large net premium increases): ~60% made updates, 20% disenrolled, and 20% did not act (at risk for non-pay termination).
- Conducted multi-faceted outreach to enrollees in rating area 2 and 5 that had reduced financial help due to drop in benchmark premiums, but still saw lower retention rates and lower growth.

## Enrollment Metrics as of 01/15/2025

Plan Year 2025		End of OE 2025	Compare to End of OE 2024	Percent Change from 24-25
Enrollment	<b>Total Enrollment</b>	<b>496,661</b>	434,571	14%
	Auto Renewals	320,479	267,517	20%
	Active Renewals	85,710	77,309	11%
	New Enrollment	90,472	89,745	1%
	Dental Enrollment	117,020	101,947	15%
Medicaid Account Transfers	Inbound	71,763	106,124	-48%
	Outbound	56,596	64,737	-14%



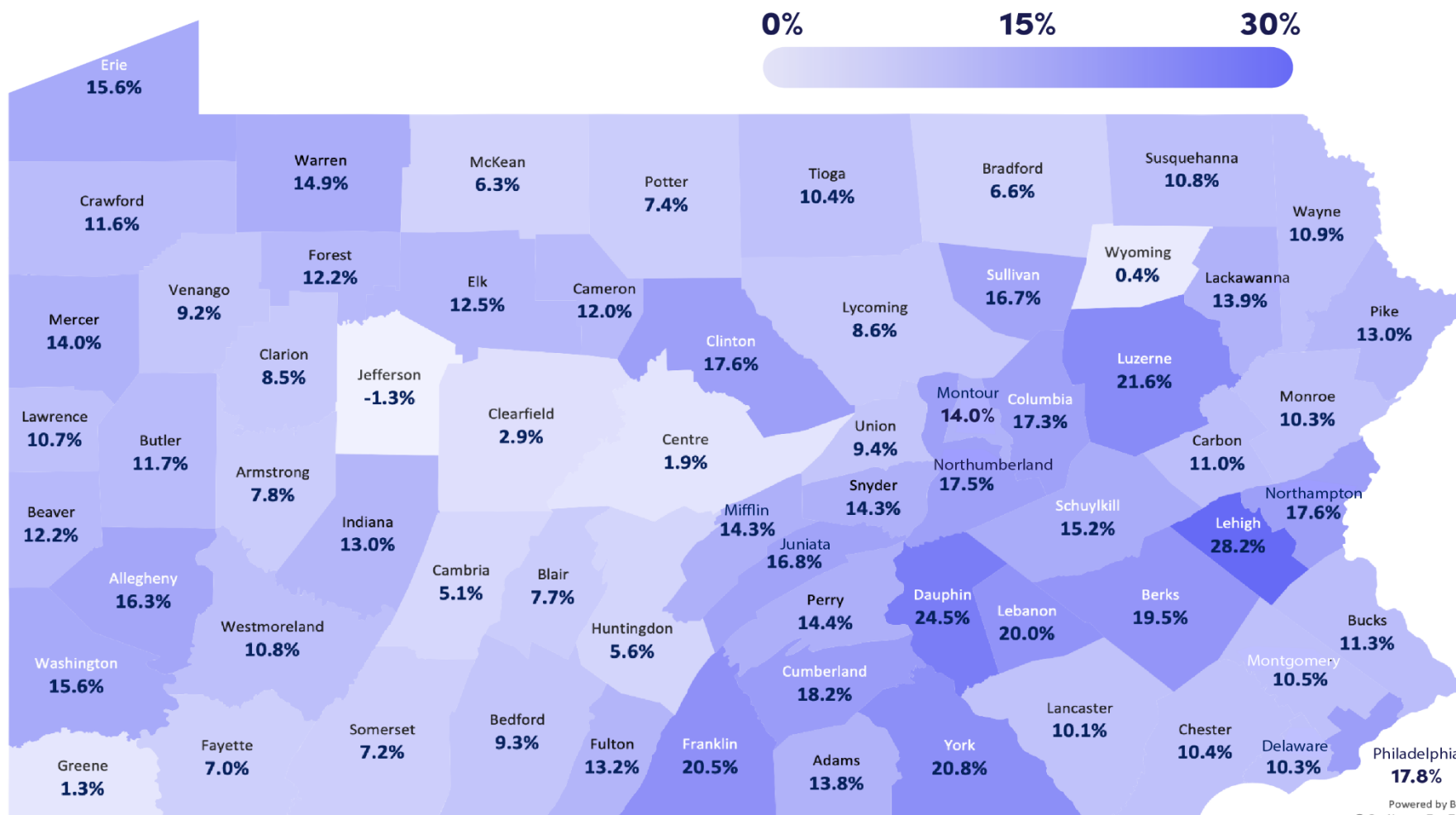
# Enrollment By County



Powered by Bing  
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# Percent Change in Enrollments by County



Powered by Bing  
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# Change in Net Premiums

Rating Area	Enrollees	2024 PMPM Net Premium	2025 PMPM Net Premium	Change in PMPM Net Premium	2024 Retained	OE Growth
1 Northwest	22,357	\$149	\$157	\$8	95%	13%
2 North Central	2,306	\$110	\$209	\$99	91%	4%
3 Northeast	43,802	\$243	\$214	-\$29	95%	17%
4 Southwest	99,391	\$174	\$183	\$9	95%	15%
5 Cambria Area	18,346	\$150	\$207	\$57	92%	7%
6 Central	45,492	\$176	\$185	\$9	96%	18%
7 Lancaster Area	56,548	\$216	\$212	-\$5	97%	19%
8 Southeast	171,193	\$182	\$195	\$14	96%	18%
9 South Central	37,226	\$150	\$131	-\$19	97%	19%



## Other Updates

- Increased Contact Center staffing, which helped handle the 32% increase in chats and improved the average speed to answer to be 6x faster than last year.
- Implemented Spanish summary of benefits and coverage.
- The Assister Network conducted a total of **488** education and enrollment events during OEP 25. **Two thirds** of these events were held in the top ten counties with the largest percentage growth in enrollment.
- Pennie Outreach team directly conducted nearly **150** hours of education reaching over **3,400** individuals.
- Transitioned to new provider directory technology to allow for future enhancements and to support a more informed consumer experience.



# 2024: Year In Review

## 2024: Year In Review

- Pursued goals of trusted source of coverage, simplified consumer experience, and accessibility.
- Wrapped up 18-month long process of unwinding to impactful results
- Made various consumer-oriented improvements



# 2024 Year In Review

## Successes and Updates on Key 2024 Initiatives

Strategic Goal	Initiatives	Status
<b>Establish Pennie as a trusted and objective source of clear information about coverage.</b>	<ul style="list-style-type: none"> <li>• Health literacy</li> <li>• Assister program</li> <li>• Broker recruitment and diversification</li> <li>• Plan quality and consumer choice</li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>Affordability program:</b> Gained authority under state law to implement a state affordability program; pending funding.</li> <li>➤ <b>Health Literacy.</b> Conducted three surveys to determine largest knowledge gaps and opportunities for education; developed plain language guidelines for consumer-facing content.</li> <li>➤ <b>Broker diversification:</b> Completed survey of broker and assister demographics; analysis at May Board meeting.</li> </ul>
<b>Promote simplicity and clarity into processes, reducing consumer burden throughout the coverage lifecycle.</b>	<ul style="list-style-type: none"> <li>• Plan quality and consumer choice</li> <li>• Rework consumer escalations and appeals</li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>Plan quality and consumer choice:</b> Finalized approach for featured plan display toggle – additional updates in following section.</li> <li>➤ <b>Consumer escalations and appeals:</b> Created new appeals education materials, updated invalid appeals process to reduce consumer burden for 30% of appeals; and addressed issues earlier leading to a 43% reduction in appeals since 2022.</li> </ul>
<b>Increase awareness and accessibility of Pennie at local and state levels across Pennsylvania.</b>	<ul style="list-style-type: none"> <li>• Affordability program</li> <li>• Broker recruitment and diversification</li> <li>• Assister program</li> <li>• Health equity accreditation</li> </ul>	<ul style="list-style-type: none"> <li>➤ <b>Assister program:</b> Issued request for proposal (RFP) and are on track to implement new “hub and spoke” assister model this summer.</li> <li>➤ <b>Health equity accreditation:</b> Continuing to review feedback and evaluate options for future discussion.</li> </ul>

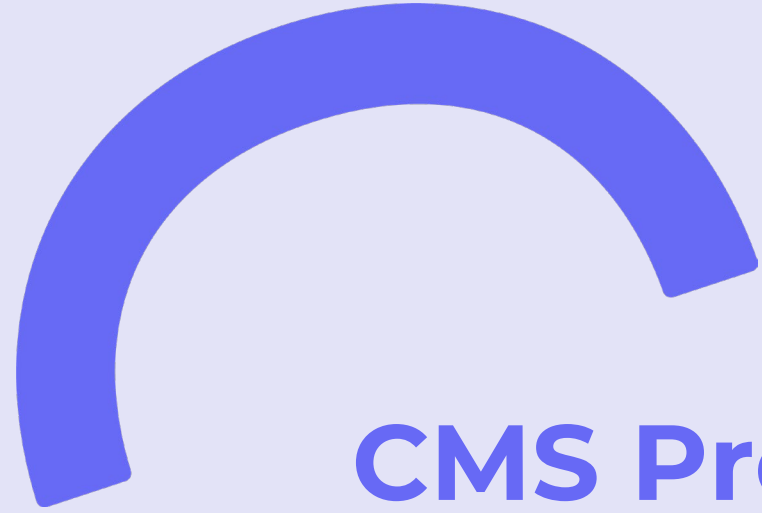
## 2024 Lookback – Unwinding Closeout

- ✓ Lessened the complexity of Unwinding to increase retention and improve consumer experience.
  - Around 80% of individuals losing MA/CHIP went through the automated eligibility process since Unwinding began, and those who did were 4 times more likely to enroll.
  - Most enrolled at the time of transfer or at the 60-day deadline to align effective dates; some enrollment continued throughout the 120-day SEP.
  - The policy for retroactive alignment of coverage dates was used by less than 1 in 5 enrollees, but for those, it was critical to ensure continuity of coverage and care.
  - Improved notices and other communications ensured alignment with DHS and underscored the continuum of coverage available to PA residents.
  - After losing MA/CHIP in PA during the Unwinding, more Pennie applicants completed the process to enroll in a QHP than the SBM average (22% enrolled versus 14% across all SBMs).
  
- ✓ Pennie enrollees coming through the Unwinding skewed younger and lower income.
  
- ✓ Incorporated the successful system changes and communications from Unwinding to the steady state operations of churn between MA/CHIP and Pennie
  - Averaging 3,400 monthly post-Unwinding enrollees using Loss of MA SEP



## 2024 Lookback - Consumer Improvements

- ✓ Received over 800,000 calls in 2024, with improved speed to answer and average talk time.
- ✓ Improved scope and details of broker and assister training to improve information consistency across consumer-support channels.
- ✓ Continued to communicate with customers through their preferred contact method, with a 60% increase in the number of chats
- ✓ Improved Escalations and Appeals processes to handle more issues through escalations and lessen the need for an appeal
  - Reduced appeal requests by 43% since 2022 (530 to 300 per year) by addressing issues closer to the frontline – saving consumers significant time and burden to get issues resolved
  - Implemented Invalid appeals process that redirected invalid appeals to correct resources right away, instead of at the end of an appeals process that would not be able to resolve the issue
    - ✓ 30% of appeal requests invalidated and sent to proper location for resolution
    - ✓ Created new consumer-friendly appeals resources:



# CMS Proposed Rule



## Proposed Program Integrity Rule

The proposed rule outlines several provisions with the purported goal to address waste, fraud, and abuse centered around enrollments considered to be improper, and asserts that current eligibility and enrollment rules have led to adverse selection. The proposed rule directly mentions that several policies would decrease enrollment and thus reduce federal costs.

### **Proposed Marketplace Changes**

#### **Enrollment**

- Limit the Open Enrollment Period (OEP) to November 1 through December 15 for all Exchanges, including state-based marketplaces (Pennie's OEP is Nov. 1 through Jan. 15)
- Require a \$5 premium for enrollees who are auto-renewed and eligible for a zero-dollar premium; require active application update to restore zero-dollar premium
- Remove the option to auto-renew enrollees from Bronze to Silver plans
- Eliminate low-income Special Enrollment Period (SEP) for incomes at or below 150% federal poverty level (FPL)

#### **Limiting eligibility**

- Require action on failure to reconcile (FTR) after one year of not reconciling APTC (versus current two years)
- Allow insurers to require payment of past due premiums for prior coverage, before effectuating new coverage
- Remove additional flexibilities insurers have for premium percentage thresholds (revises a recently finalized rule that allowed for both fixed-dollar and gross premium percentage-based thresholds)

## Proposed Changes Continued

### **Verifications**

- Eliminate automatic 60-day extension to verify income discrepancies
- Eliminate the option to accept self-attestation of consumer income when no data is available from the Internal Revenue Service (IRS)
- Require additional verification of household income for those who report income between 100%-400% FPL when IRS data indicates income is below 100%
- Require state-based marketplaces to conduct pre-enrollment verification for 75% of SEPs

### **Plan Management**

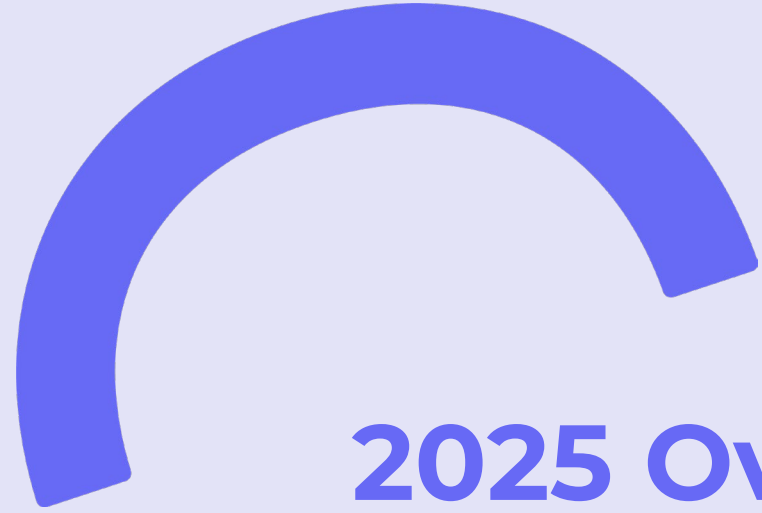
- Change methodology for premium adjustment and cost-sharing thresholds
- Reduce the de minimis threshold for actuarial value

### **Broker**

- Establish a "preponderance of evidence" standard for federal exchange action on broker terminations

### **Eligibility**

- Rescind QHP eligibility for Deferred Action for Childhood Arrivals (DACA) recipients



# 2025 Overview



# 2025 Overview

- Continuing thread on core strategic principles following vision: **To be the most trusted source of health coverage, the unparalleled model of intuitive consumer experience, and the keystone of health and financial security for Pennsylvanians.**
- **Strategic initiatives continued from 2024 include:** complete state subsidy system readiness, implement additional/alternative income verification database (decision on final approach in May meeting), comply with voter registration rules, and implement featured plan display.
- **Enhanced premium tax credit extension** will loom large with contingency planning for this OE and beyond.



## 2025 Strategic Goals

- 1. Establish Pennie as a trusted and objective source of clear information about coverage.**
- 2. Promote simplicity and clarity into processes to improve accessibility.**
- 3. Increase awareness of Pennie at local and state levels across Pennsylvania.**
- 4. Educate on the importance of affordability of coverage through Pennie.**

# Goal 1: Trusted and Objective Source

## Outcomes:

1. Mitigate disruption as fully as possible for consumers experiencing program changes.
2. Improve the quality of the program, striving toward complete accuracy and consistency with all processes and work product.

Strategic Initiatives	Measures of Success
<p><b>Planning for the outcome of the enhanced premium tax credits</b></p>	<p>Develop contingency plan. If EPTCs not extended: Disenrollment survey results, number and type of exchange communications, number of enhancements to user experience to navigate impact of change.</p>
<p><b>More accurately handle consumer escalations and appeals</b></p>	<p>Decreased number of preventable hearings, greater accuracy of information provided to consumer, increased number of first-time resolution of cases.</p>

Other operational initiatives: standardize internal procedures to increase external consistency, and enhancing quality resources (for example, website FAQs) with refreshed and clear information.



## Goal 2: Simple and Clear Processes

### Outcomes:

1. Measurably reduce consumer burden with processes (measured in time or steps) while maintaining procedural integrity.
2. Improve understandability of the Pennie program.

Strategic Initiatives	Measures of Success
<b>Implement labor &amp; industry income verification process</b>	Reduced number of consumers who have to verify income data. Cost efficiencies of verification.
<b>Deploy featured plan display</b>	Proposed metrics to be shared with Board.

Other operational initiatives: automation of document reviews, update most frequently used Pennie materials with plain language, and map and improve one end-to-end consumer process.

## Goal 3: Increase Awareness

### Outcome:

1. Improve awareness of the Pennie organization and our program.

Initiatives	Measures of Success
<b>Continue with ongoing awareness campaign using diverse and tested tactics targeting identified consumer personas</b>	Survey results gauging awareness levels of Pennie program by uninsured and general PA population
<b>Increase presence and assistance in underserved communities</b>	Under new assister approach: number of events, number of partners, level of engagement with partners, 100% of consumers within reasonable distance of an assister for OE26

## Goal 4: Affordability Education

### Outcomes:

1. Educate on the need to preserve existing federal financial assistance for consumers.
2. Educate on the need to implement new state financial assistance for consumers.

Initiatives	Measures of Success
<b>Educate on the importance and impact of extension of the enhanced premium tax credits through various channels.</b>	Engagement with most directly impacted stakeholders, proactive outreach to lawmakers, extension of the EPTCs past 2025.
<b>Educate on the importance and impact of a state health insurance affordability program.</b>	Engagement with most directly impacted stakeholders, proactive outreach to lawmakers, funding of a state health insurance assistance subsidy.

# 2025 Overview

## 2025 Strategic Initiatives

- **State Affordability Program** – Core system requirements have been developed with insurer testing this spring to ensure systems readiness for when funding becomes available.
- **Featured Plan Display** – Pennie continues to work to finalize systems requirements and post-implementation metrics to track efficacy around ease of shopping experience for customers, with focus group feedback upcoming. On track for implementation for PY2026 Open Enrollment.
- **Labor and Industry Quarterly Wage Data** – Pennie and the Dept. of L&I have finalized systems requirements to implement this change ahead of OE2026. Since July 2024, lower than expected costs for Equifax verification but switching to the L&I data for income could yield \$1 million over the first five years of implementing this change. Board decision in May meeting regarding continuation of Equifax.

# 2025 – EPTC Contingency Planning

- **Significant uncertainty remains regarding the extension of the enhanced premium tax credits.**
- **With uncertainty regarding the extension:**
  - Prepare for potential system changes and testing
  - Consumer messaging and communication
  - Budget implications long-term

# Significant Limits on Future Strategies given Unknowns

## System Impacts

Disabling the enhanced premium tax credits (EPTC) calculations should require minimal systems effort. The main change will involve halting the calculation of available credits.

- ✓ The primary challenge will be in testing the change. Pennie will need to conduct extensive regression testing across multiple scenarios to ensure that the EPTC calculations are no longer being applied
- ✓ Testing will focus primarily on verifying the accuracy of APTC calculations without EPTC considerations. This will involve reviewing all household compositions and income percentages.
- ✓ If a decision regarding the renewal of the EPTC is not received from the federal government by early August, Pennie's plan will be to disable EPTC for the 2026 auto-renewal cycle.
- ✓ Pennie will need to further evaluate the any impacts on the State Affordability Program, once we know the final structure of changes to the EPTC, including if EPTC is not extended.

# Contingency Planning for 2026 Open Enrollment

## Education of Expiring EPTC

- Should EPTC expire, Pennie proposes mailing enrollees during the summer with a postcard, followed by an enveloped letter.
- Direct mail accompanied with email and text messages and reinforced with website updates, stakeholder talking points, and FAQs.
- Messaging would be education and awareness building ahead of the auto-renewal notice.
- These efforts are intended to mitigate sticker shock by educating enrollees to the cause of the decrease in savings.
- With current uncertainty, we can bring a more specific proposal to the May Board of Directors Meeting.

# Contingency Planning for 2026 Open Enrollment

**A shift to focusing on the value of coverage (instead of cost) throughout the coming months will increase awareness of coverage benefits in advance of potential cost increases.**

## **Research Results:**

- Individuals value free preventative care (wellness checks, screenings, tests).
- Want to know their plan covers hospitalizations, prescription drugs, and they are protected from full cost of medical bills due to illness or injury.
- Under 35% are aware of guaranteed coverage and protections – opportunity for improvement.

## **Emphasize: Value and Quality**

- Reinforce coverage aspects, protections (pre-existing conditions, financial).
- Educate on differences between plans through Pennie vs. outside Pennie – guarantees of consumer protections and comprehensive coverage for informed decision-making.

## **Communication Plan**

- Throughout the year, routinely remind current enrollees what their plan covers.
- Broader channels for messaging: emails, mentions on social/pennie.com, mailers, and advertisements.



# Budget Planning for 2026 and Beyond Without EPTC

**Assuming a 30% reduction in enrollment (back to 2021 levels), the budget would need significant reductions within two years.**

## **Analysis of Ability to Adjust Costs**

- **Technology and Contact Center Contract – Less Flexible:** The tech platform and call center contract is the largest annual contract expense. The contract is in place through 2026, with 3 optional 1-year renewals that have costs established under the original bid. An in-house call center, if implemented, would have more expense flexibility in out-years.
- **Marketing – Most Flexible:** We spend approximately \$11 million annually on several different media buy campaigns initiated throughout the year. These could be reduced more quickly for savings.
- **Exchange Assister Contract – Somewhat Flexible:** There is a new contract in process, which starts in June 2025 and runs through December 2028 with two, 2-year optional renewals. This contract has flexibility to be reduced if needed based on budget availability.
- **Reinsurance – Somewhat Flexible but Delayed Impact:** The funding amount is determined by PID in August of each year and then paid out the following July. Current cost for 2025 is estimated to be \$44.4M and targeted \$50.4M in 2026. 2027 costs would be based on parameters set in the coming months.

**Information provided to start discussion with more detail in future meetings depending on EPTC outlook.**

## 2026 – Without EPTC, Example Budget

	2024	2025	2026	2027	2028
<b>Net Position Beginning</b>	<b>\$73,036,190</b>	<b>\$32,930,011</b>	<b>\$43,649,006</b>	<b>\$13,789,006</b>	<b>(\$16,983,863)</b>
Available Balance (Net position – Contingency)	(\$1,963,810)				
<b>Revenue</b>					
User Fee Revenue	\$96,297,858	\$102,200,000	\$71,540,000	\$72,682,125	\$73,408,946
Treasury Interest	\$5,143,146	\$5,000,000	\$2,500,000	\$2,500,000	\$2,500,000
Federal Funding	\$19,130,565	\$19,000,000	\$15,000,000	\$15,000,000	\$15,000,000
<b>Total Revenue</b>	<b>\$120,571,569</b>	<b>\$126,200,000</b>	<b>\$89,040,000</b>	<b>\$90,182,125</b>	<b>\$90,908,946</b>
<b>Expenses</b>					
General Operations	\$56,105,830	\$71,081,005	\$68,500,000	\$70,555,000	\$72,671,650
Transfer to Reinsurance	\$29,571,917	\$44,400,000	\$50,400,000	\$50,400,000	\$50,400,000
<b>Total Expenses</b>	<b>\$85,677,747</b>	<b>\$115,481,000</b>	<b>\$118,900,000</b>	<b>\$120,955,000</b>	<b>\$123,071,650</b>
<b>Operating Position</b> (Revenue – Expenses)	<b>\$34,893,821</b>	<b>\$10,719,000</b>	<b>(\$29,860,000)</b>	<b>(\$30,772,875)</b>	<b>(\$32,162,704)</b>
<b>Estimated Net Position*</b>	<b>\$32,930,011</b>	<b>\$43,649,006</b>	<b>\$13,789,006</b>	<b>(\$16,983,863)</b>	<b>(\$49,146,567)</b>

### Notes:

User fee revenue in 2026 assumes 30% reduction in enrollment. No rate change assumptions.

Does not show drawdown of \$75 Million in reserves that would begin in 2027; carryover funds would address operating gap in 2026.

Without expense adjustments, Pennie would be at an operating loss within 3 years after depleting all other funds.

Does not include the state subsidy program due to funding uncertainty.

\*Does not include estimated liabilities.



# **2026 and After:** Discussion of Potential Strategic Initiatives

# Long-Term Strategic Planning

## Exploratory Ideas

- Even with the uncertainty surrounding the enhanced premium tax credits, Pennie strives to continue pursuing the vision.
- Several ideas are outlined here to explore and initiate preliminary discussions:
  - Interactive consumer tool
  - Contact center approach
  - Small business opportunities
- After preliminary discussion, these topics or others discussed will be brought in greater detail to Board meetings throughout this year, to develop the plan for the next several years.
- In the event that EPTCs are continued, and Pennie continues with a strong financial position, these initiatives would leverage investments from the carryover funds to advance the program through approaches that are innovative and tailored to PA.
- Each of these could be pursued in some manner regardless of the EPTC future but would look different based on budget availability.

# 2026 and Beyond: Potential Strategic Initiatives

## Trusted Source of Coverage – Interactive Consumer Tools

**Objective:** Create an interactive, consumer-facing tool on pennie.com to explain key program elements (APTC, Eligibility standards, Application process, and Health Plan Terminology) designed to empower and guide consumers.

**Strategic Alignment:** Complements our vision to be the trusted source of coverage information

### Potential Areas of Focus:

- Enhanced interactivity with dynamic Q&A and personalized answers
- Explaining coverage options (mixed eligibility with Medicaid or Medicare, employer affordability calculator)
- Income sliders and interactive household content
- Health plan literacy – reading plan benefits, interactive scenarios of what that coverage looks like
- Guided application walk-through
- Potential use of AI to tailor responses

### Next Steps:

- Gather feedback from stakeholders on areas of most consumer confusion
- Outline phases and what could be accomplished internally versus with a vendor
- Determine cost estimate for vendor work based on market research

# 2026 and Beyond: Potential Strategic Initiatives

## Consumer Experience - Contact Center Future Options

**Objective:** Analyze options for the Pennie contact center that provides the best possible service to Pennsylvanians.

**Strategic Alignment:** Complements our vision for unparalleled model of intuitive consumer experience

Since inception, the call center has taken **3.56 million calls** from Pennsylvanians and resolved **more than 5,000 escalations**.

Pennie's contract with GetInsured to administer our contact center runs through December 31, 2026, with the option to extend their services for 3 additional one-year terms that would run from January 1<sup>st</sup> through December 31<sup>st</sup> of each applicable renewal year, with the final renewal year ending on December 31, 2029.

With less than 2 years left on our base contract, we are weighing potential alternatives to determine which option is the best for the Commonwealth and for our customers. The three potential options are:

1. Continue with GetInsured for 1-3 years starting in 2027, by exercising option years.
2. Planning, building, and implementing an internal contact center that is staffed and operated by Pennie.
3. Putting out a new request for proposal to solicit and evaluate proposals to run Pennie's contact center.

**Next Steps:** Discussion today will be focused on high level pros and cons to gather preliminary Board thoughts before developing more details behind the options for future Board meetings.

# 2026 and Beyond: Potential Strategic Initiatives

## Consumer Experience – Contact Center

Pennie continues to strive for a great experience at every stage of the customer journey, with a focus on these key goals:

- **Intuitiveness** – Simplify complexities of ACA and strive for accessibility and understanding.
- **Quality & Accuracy** – Ensure Pennie provides correct, consistent, and complete information, every time.
- **Proactiveness** – Identify pain points and areas of confusion before they arise and address them.
- **Dynamic** – Maintain flexible posture to adapt to the needs of our customers and react to program changes.
- **Timeliness** – Ensure that Pennie resolves customer issues correctly and at the earliest point of contact.
- **Empathetic** – Understand unique needs of Pennsylvanians – our customer's success is our success.
- **Efficient** – Provide highest quality service to Pennsylvanians in the most efficient and cost-effective manner possible.

# 2026 and Beyond: Potential Strategic Initiatives

## Background – GetInsured Contract

Our contract with GetInsured for their Consumer Assistance Center (CAC) has provided services to handle inbound calls, chats, ticket resolution, and related services since Pennie's inception in 2021.

- Costs increase every year.
- For 2025, we pay \$18,378,942 inbound contact center services
- Costs would grow each year to \$21,640,997 for 2029, should we exercise all three option years.

In addition to these costs for inbound calls, chats, and ticketing, we pay up to an additional \$1,388,160 in 2025 for outbound dialing services through GetInsured.

- These services are contracted each year and could be discontinued if EPTCs are not extended.
- Without these services, we lose one method of communication with our customers – outbound call campaigns.



# 2026 and Beyond: Potential Strategic Initiatives

## Option 1 – GetInsured

The first option we will evaluate is to **exercise 1-3 option years** to retain the GetInsured contract past December 31, 2026, and possibly through December 31, 2029.

### Advantages:

- Continuity - No additional stand-up effort
- Staffing flexibility – National hiring, resources shared between other GetInsured contact center exchanges

### Disadvantages:

- Costs – Fixed costs which would be over \$20 million for each of the option years
- Less flexibility with implementation of new customer relationship management or technological improvements
- Limited control over quality, training, CSR knowledgebases and tools.
- Less dynamic and proactive than if Pennie were in direct control of strategic initiatives and identifying, developing, and implementing new policies and procedures.
- Outbound dialing services and campaigns would be an estimated \$1M additional per year.

# 2026 and Beyond: Potential Strategic Initiatives

## Option 2 – In-House Contact Center

The second option would be to **develop and staff our own in-house contact center**. This option provides the most cost flexibility and quality control.

### Advantages:

- More control of our contact center costs, allowing us to adjust our staffing levels as necessary due to enrollment fluctuations and efficiencies gained.
- Potential cost savings (eliminates profit model).
- Built-in ability to perform both inbound and outbound contact services, as dictated by needs.
- Ownership of quality and training, allowing for more accuracy and improved consistency.
- Direct control of resource management and allocation allowing for more flexibility.
- Employs more Pennsylvanians and boosts Pennsylvania economy, while naturally growing awareness of Pennie.
- Control over our strategy endeavors, including ability to change or update key performance indicators when necessary.

### Disadvantages:

- Start-up costs and complexities for building the contact center, hiring, and skilling up personnel.
- Need to develop customer service representative onboarding, training, workforce & performance management, and quality assurance programs.
- Transition could occur during an Open Enrollment Period.

# 2026 and Beyond: Potential Strategic Initiatives

## Option 3 – Request for Proposal

The third option would be to issue a **Request for Proposal (RFP)** to provide an opportunity for any vendor to apply.

### **Advantages:**

- Potential cost savings due to competitive bidding.
- Multiple vendors could submit proposals with different solutions.
- Could define new SLAs for quality.

### **Disadvantages:**

- May not receive proposals that different from current vendor.
- The time investment required for the RFP process.
- The high need for technical assistance and support required for implementation, if a new vendor were selected.
- Uncertainty with quality, training, and accuracy.
- Transition could occur during an Open Enrollment Period.

# 2026 and Beyond: Potential Strategic Initiatives

## Keystone of Coverage: Focus on Small Businesses

**Objective:** Based on data, anecdotal feedback, and evolving policy levers, Pennie researched the status of the health insurance market for small businesses.

**Strategic Alignment:** Complements our vision for acting as a keystone for financial and health security.

We have conducted research into both the federal and Pennsylvania employer-sponsored insurance environments to gather more information about these populations and to better inform our strategic efforts going forward.

### Next Steps:

- Seek feedback from stakeholders, small business owners and employees on current coverage challenges or pain points
- Identify key gaps in education to improve educational materials
- Evaluate any policy levers to expand on, or gaps that need to be filled
- Develop proposed approaches for 2026 and after

# 2026 and Beyond: Potential Strategic Initiatives

## Key Trends from National Data

**Self-employed** workers are more likely to be uninsured than other adults.

- An estimated 17.9% of self-employed workers between the ages of 21 and 64 were uninsured in 2022.
- EPTC has been instrumental in ensuring this population and 25% of Pennie's enrollments are either self-employed or own small businesses.

Almost all employers who offer employer-sponsored insurance (ESI), also offer **family coverage**.

Roughly one-quarter of employers that offer ESI also offer coverage to **part-time employees**.

Roughly 4-7% of employers offer funds to one or more employee to purchase non-group coverage, including through Individual Coverage Health Reimbursement Arrangements (ICHRA).

- 88% of firms who offer ESI said they are not likely to offer ICHRAs in the next 2 years.

# 2026 and Beyond: Potential Strategic Initiatives

## Key Trends from National Data

The vast majority of employers are small employers with fewer than 50 employees.

- They employ about one-quarter of all workers.
- 72.7% of workers covered through ESI work for a company with at least 200 workers.

**64.7% of uninsured workers** indicated that they were **not offered health benefits** by their employer.

- Reasons employers do not offer ESI: consider themselves too small (28%), costs (27%), believe employees covered elsewhere (19%), most employees are PT or temporary (11%).

61% of workers at employers that offer ESI are enrolled in coverage.

63% of covered workers are in a **self-funded** health plan (79% of covered workers at companies with at least 200 workers).

- Level-funding plans are growing with 36% of covered workers in companies with 3-199 employees.

Only 24% of large firms offered **retiree** health benefits in 2024.

# 2026 and Beyond: Potential Strategic Initiatives

## Options for Employers and Self-Employed

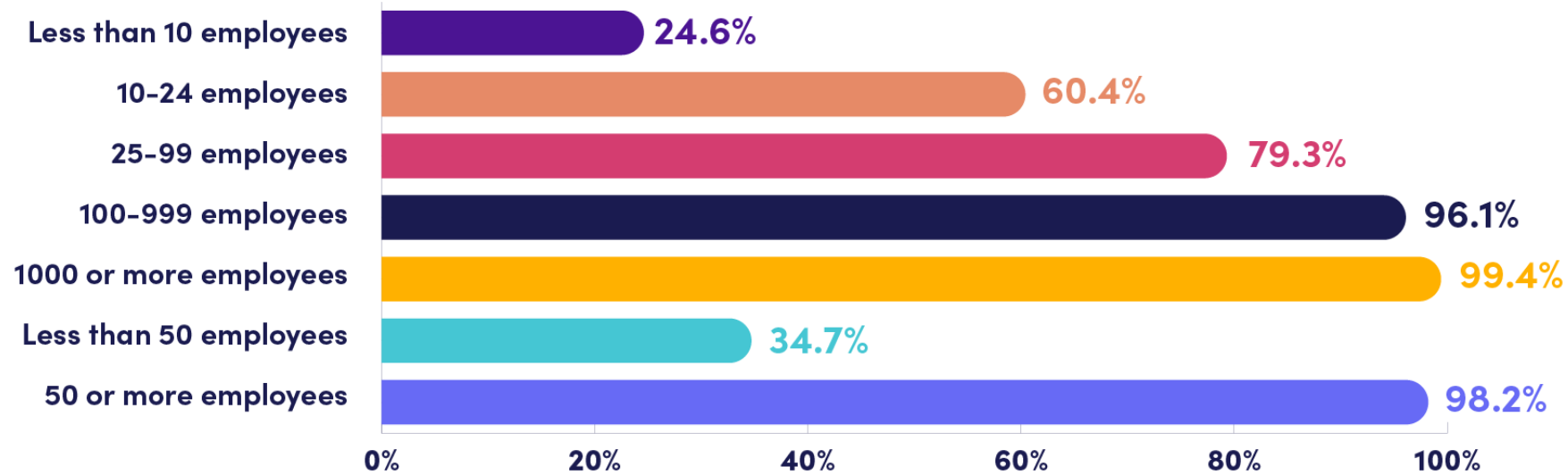
- ✓ Applicable large employers (ALEs) (50+ employees) must offer affordable coverage, either group health insurance or ICHRAs to at least 95% of its full-time employees and their dependents.
- ✓ Small employers (less than 50 employees) are not required to offer coverage to their employees, but can choose to offer small group coverage, QSEHRAs, or ICHRAs.
- ✓ Employees who are not offered affordable minimum essential coverage that meets the minimum value standard, can enroll in a Pennie plan with financial savings, if otherwise eligible.
  - Spouses and dependents who are offered traditional group plans whose family premium amounts are not affordable, can enroll in a Pennie plan with financial savings, if otherwise eligible.
- ✓ Self-employed individuals (and their spouses) are generally not eligible for QSEHRAs or ICHRAs and should go to Pennie to see if they qualify for financial savings.

# 2026 and Beyond: Potential Strategic Initiatives

## Pennsylvania Employer Landscape

**Pennsylvania small businesses employ an estimated 2.5 million individuals, roughly half of the Commonwealth's private workforce.**

In 2023, an estimated 52.1% of employers offered health insurance in Pennsylvania (compare to 54% in U.S.).



Percentage of Employers that Offer Health Insurance by Firm Size (2023) in PA

Pennsylvania trends below the national average with employer offer rates.

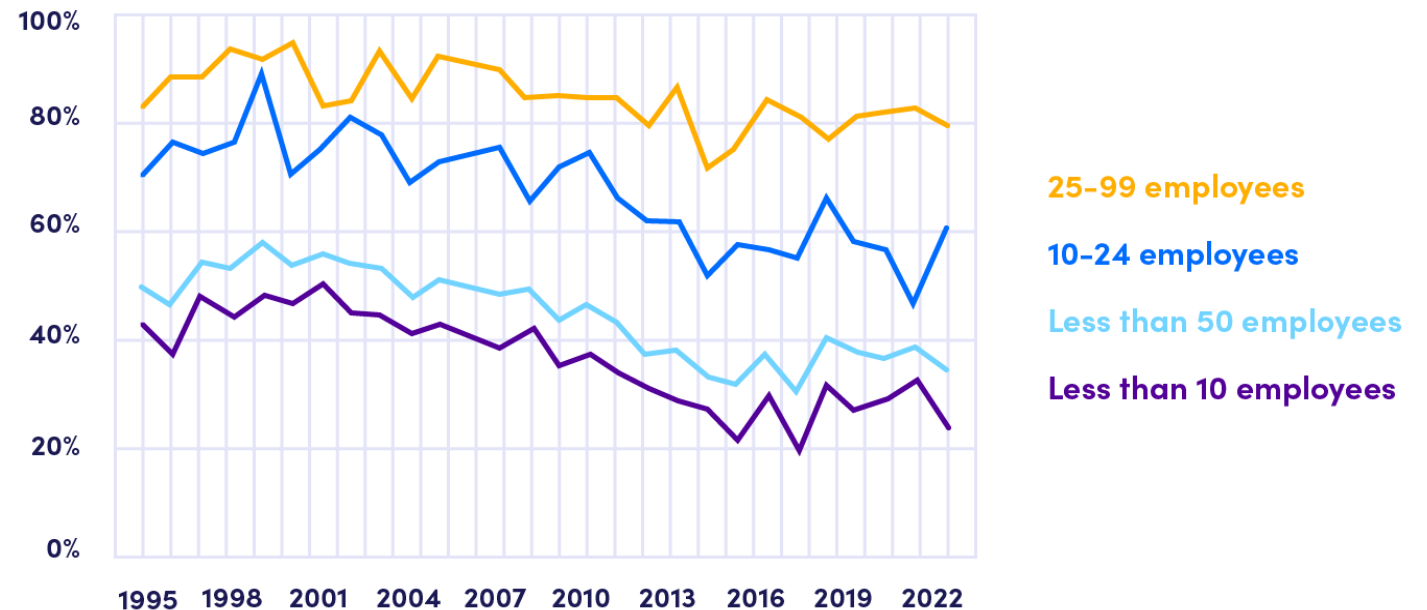
Most notably, only 34.7% of small employers offered ESI in Pennsylvania, compared to 51% nationally.



# 2026 and Beyond: Potential Strategic Initiatives

## Pennsylvania Small Businesses

Percentage of Pennsylvania Employers that Offer Health Insurance by Firm Size (1996 - 2023)



The number of small employers (less than 50 employees) who offer ESI has steadily **decreased** over the past few decades, dropping 15% from 1996 through 2023.

Employers with less than 10 employees declined by 18%.

Employers with 10-24 employees declined by 10%.

Additionally, the small group market in Pennsylvania continues to slowly decrease, with 4% fewer enrollees in mid-2024 than in mid-2020.

# 2026 and Beyond: Potential Strategic Initiatives

## Pennsylvania Employer Landscape

Employers who have been in business at least 5 years, are almost **6x more likely to offer** employer-sponsored insurance than employers who have been in business less than 5 years.

Employers in certain industries are less likely to offer employer-sponsored insurance, with 29.1% of employers in **agriculture, fish, forestry, and construction** and 50.7% of **retail** employers offering health insurance, compared to 84.7% of mining and manufacturing and 64.1% of professional service employers.

Only one-third of employers who had fewer than 50% full-time employees offered employer-sponsored insurance, compared to almost two-thirds of employers who had 75% or more full-time employees.

The more **low-wage employees** an employer has, also decreases the likelihood of employer-sponsored insurance being offered, with only 40% of employers whose workforce is made up of 50% or more low-wage employees offering coverage.

# 2026 and Beyond: Potential Strategic Initiatives

## Summarizing the Data

Where Pennie and partners can growth together:

- Self-employed
- Part-time employees (3 in 4 are not offered ESI)
- Small businesses and their employees (almost 2 out of 3 small employers do not offer ESI)
  - The smaller, the more likely Pennie is a valuable option
  - New small businesses
  - Certain industries (e.g., retail and agriculture)
  - Low wage industries
- Early retirees (3 in 4 are not offered retirement health benefits from their employer)
- Spouses and dependents whose ESI is not affordable for them (family glitch)

Pennie's current efforts:

- ✓ Materials and outreach efforts of varying levels to small businesses
- ✓ Implemented ICHRA and QSEHRA system functionality in fall 2024 (low take-up)



## 2026 and Beyond: Potential Strategic Initiatives

### ICHRAs & QSEHRAs

	ICHRA	QSEHRA
Employer Size	Any	Fewer than 50 FTEs
Eligible Employees' Health Insurance	Individual coverage	Minimum essential coverage
Max. Reimbursement	Determined by employer	\$6,350 (self-only) \$12,800 (family)
APTC?	Unaffordable and ICHRA is declined	Unaffordable, and reduced by QSEHRA amount
Pennie enrollments	637 offered 344 enrolled	303 offered 250 enrolled

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