

pennie[®]





Pennie Board of Directors Meeting

August 2025

Agenda

- **Preliminary Matters**
- **Executive Director's Report**
 - Federal Updates
 - Organizational Updates
- **Open Enrollment Readiness & Contingency Planning**
- **Project Updates**
 - Featured Plan Display
 - Labor & Industry Quarterly Wage Data



Preliminary Matters

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



Federal Updates: H.R. 1 & Final Marketplace Integrity Rule

Introduction and Impacts

- Since the Board last convened, two major federal actions have been taken:
 - CMS issued the 2025 Marketplace Integrity and Affordability Final Rule on June 20, 2025;
 - The Big Beautiful Bill Act (H.R. 1), P.L. 119-21, was signed into law on July 4, 2025.
- Both actions are expected to drastically **increase costs** and impose significant **enrollment barriers**.
- Pennie estimates that these changes could result in coverage losses anywhere between **195,000 – 245,000** over the course of the next few years.
 - This includes the **150,000 anticipated loss** due to expiration of the enhanced tax credits – the single most impactful change to enrollment.
- Pennie remains committed to informing consumers of these changes and implementing the changes in the least burdensome way for the consumer.

Enhanced Premium Tax Credits

- Enhanced premium tax credits have not yet been extended.
 - Pennie **enrollment has increased by 50%** with these additional savings.
 - **Three quarters of current enrollees** have only experienced coverage with lower EPTC costs.
 - Pennie **enrollees will pay 82% more for their coverage**. Some will see even larger impacts with double or even quadruple their current costs.
 - **Up to 150,000 enrollees expected to drop** (30% of current enrollment)
- **Imperative that extension occurs by September 30 – last chance to ensure continuity of affordable coverage** before Open Enrollment and auto renewals.
 - Any later, irreversible coverage disruption will occur.
- **Policymaker information: pennie.com/affordability**
- **Consumer-facing information: pennie.com/costs**

Significant Federal Changes Impacting Pennie *Non-Citizen Eligibility*

H.R. 1 and the final rule make significant changes regarding the eligibility of non-citizens to enroll in coverage with financial assistance or to qualify for coverage altogether.

Estimated Impact: 20,000-30,000 individuals currently eligible for APTC will no longer be eligible, and will likely drop coverage due to the high cost of full price coverage. Nearly all of the coverage impact is from the lawful presence eligibility changes (first bullet below).

- **Removes APTC-eligibility for lawfully present immigrants (changes long-standing policy)** – Effective Jan. 1, 2027, H.R. 1 removes eligibility for APTC for many lawfully present individuals.
- **Eliminates APTC for “five-year bar” population (changes long-standing policy)** – Effective Jan. 1, 2026, H.R. 1 removes APTC for lawfully present immigrants with income under 100% FPL who are ineligible for Medicaid due to having their immigration status for fewer than five years.
- **Deferred Action for Childhood Arrivals (DACA) (changes recent policy)** - Effective Aug. 25, 2025, the final rule changes the definition of lawfully present to once again exclude DACA recipients from coverage.

Significant Federal Changes Impacting Pennie *Enrollment Periods*

H.R. 1 and the final rule make changes to the annual Open Enrollment Period (OEP) and Special Enrollment Periods (SEP), although the finalized changes are less disruptive than those proposed.

Estimated Impact: Fewer new enrollees expected due to a shorter Open Enrollment period and restrictions on Special Enrollment Periods, lowering enrollment numbers overall.

- **Open Enrollment Period (OEP) (changes long-standing policy)** - Starting OEP 2027, the final rule limits OEP to nine (9) weeks (Pennie's is currently 11). OEP cannot begin later than November 1 and cannot end later than December 31. Coverage must be effective January 1.
 - Targeted for February Board meeting: decision on new Open Enrollment dates for OEP 2027+.
- **Low-income Special Enrollment Period (SEP) (changes recent policy)** - The final rule removes the SEP that allows households with income at or below 150% FPL to enroll in coverage. After 2026, H.R. 1 allows this SEP, but removes APTC eligibility for income-based SEPs, effectively ending the SEP.

Significant Federal Changes Impacting Pennie *Income Verification*

The final rule makes several immediate changes to the income verification process that will lead to more applicants needing to verify their income, while making the tax penalty for too much APTC much greater.

Estimated Impact: Enrollment loss expected due to additional administrative barriers for verification and higher financial penalties due to income changes.

- **Additional Income Verification (changes longstanding and recent policy)** – Starting August 25, consumers must submit additional income documentation if their projected income is above 100% FPL but trusted data sources indicate income is less than 100% FPL, or if there is no tax data to verify income.
- **Shortened Lookback for Failure to Reconcile (FTR) (changes recent policy)** - Starting for 2026 coverage (inc. auto renewals), marketplaces must deny APTC eligibility if a tax filer received APTC the prior year and failed to file and reconcile that APTC. Current policy looks at FTR for past 2 years.
- **Full APTC Payback with Income Changes (changes long-standing policy)** – Currently, an income-based cap limits how much APTC individuals repay if they receive more APTC than they should because their income ended higher than projected. For tax year 2026, H.R. 1 eliminates the cap so individuals will repay all excess APTC at tax time (first repayments in early 2027).

Significant Federal Changes Impacting Pennie *Enrollment Hierarchies*

- Effective for Plan Year 2026, the final rule ends the practice of on cross-walking bronze enrollees eligible for cost-sharing reductions (CSR) into a silver plan for the federally-facilitated marketplace (FFM).
- State-based marketplaces can request approval from CMS to continue this practice (or create another alternative process).
- As part of 2024 Plan Certification, the Board unanimously approved Pennie's proposal to automatically renew CSR-eligible bronze enrollees into the equivalent silver plan with a \$0 net premium increase. Pennie has conducted this crosswalk the previous two (2) Open Enrollment Periods.
- Pennie plans to seek approval from CMS to continue this practice that allows customers to access additional benefits without changing their plan or net premium.

Significant Federal Changes Impacting Pennie *Pre-enrollment Verification*

One of the most significant changes to marketplace policy is the **new requirement for pre-enrollment verification**.

Starting for the 2028 coverage year, Marketplaces must verify eligibility for new and existing individuals before coverage with APTC can be provided.

The two key changes in this provision are:

1. Requiring individuals to pay full price for coverage until their eligibility is verified
2. Requiring annual action to affirm application information.

Pennie estimates this provision alone will **decrease enrollment by 10% in 2028** from a combined impact of lower new enrollments and lower retention.

Significant Federal Changes Impacting Pennie

Pre-enrollment Verification, Continued

1. Full price coverage until eligibility verified

Current policy since 2014: Individuals can apply and enroll in coverage with APTC generally effective the next month. If application information requires additional verification, individuals have 90 days to provide documentation. They can have coverage with APTC during this time. If they do not verify their information, coverage or APTC is ended prospectively.

- Approx. 96.8% of households verify; action to remove coverage or financial help only occurs 3.2% of the time.

New policy beginning Jan. 1, 2028: Marketplaces must verify an applicant's eligibility for coverage, as well as their eligibility for APTC, before they can enroll in coverage with financial assistance.

- Applicants could see delays in coverage or need to pay full price until verifications are complete, which could impose large cost barriers or gaps in care for people awaiting official documentation to verify their information (for example, a social security card for a newborn or pay stub for a new job).
- Once eligibility is verified, there appears to be an ability to apply APTC to prior coverage months that were paid at full price; further CMS guidance may be provided.

Estimated Impact: Fewer new enrollments due to initial cost barriers, additional steps, and coverage delays.

Significant Federal Changes Impacting Pennie

Pre-enrollment Verification, Continued

2. Annual action required by enrollees to remain covered

Current policy since 2014: Marketplaces can automatically renew individuals, after checking certain eligibility information like income and for other coverage. Existing enrollees that are satisfied with their coverage and do not have household changes can remain enrolled in the following year without acting.

- Only 27% of 2024 enrollees who were still enrolled at the end of OE25 took action to continue that coverage. The rest (73%) were passively renewed.
- However, 49% of 2024 enrollees logged in to their Pennie account during OE25, even if they did not make any changes. This indicates more enrollee engagement than the passive renewal number alone.

New policy beginning August 1, 2027: Marketplaces must receive affirmation annually from individuals for them to remain covered with APTC.

- Marketplaces must offer a pre-enrollment process starting August 1 (2027 and after), under which an applicant can provide or affirm information to verify eligibility for the subsequent plan year.
- Applicants who do not provide or actively confirm their information will not be eligible in the new coverage year. Those who complete the verification process could be automatically renewed for the following year.
- Statutory language is unclear in various areas and Pennie anticipates additional CMS rulemaking or guidance.

Estimated Impact: Lower retention rates due to multiple new steps during Open Enrollment.

Significant Federal Changes Impacting Pennie

Plan Benefit Changes

Finalized, as proposed, are several changes impacting plan benefits and customer cost-sharing requirements, effective for **Plan Year 2026**. These changes are not implemented by Pennie as they are general plan standards but are included for awareness.

Estimated Impact: Pennie enrollees will see increased premiums and out-of-pocket costs for health care services.

- **Premium Adjustment Percentage** - Methodology was updated, increasing the maximum annual out of pocket limit on cost sharing for 2026 to \$10,600 for self-only coverage and \$21,200 for family coverage, a 15% increase from plan year 2025. The new methodology increases the percent that enrollees contribute to the premium, increasing net premiums as well.
- **Actuarial Value (AV)** - Widens the allowed ranges for actuarial value, reducing meaningful differences between plan levels and choices and allowing plans with higher out-of-pocket costs.
- **Past Due Premiums** – Effective Aug. 25, 2025, insurers can attribute premiums owed for prior coverage months before effectuating new coverage.

Implementation Timelines – Select Provisions

Provision and Effective Date	Permanent?	Source
Effective Immediately in 2025		
Removes eligibility for Deferred Action for Childhood Arrivals (DACA)	Yes	Final Rule
New Income Verification For Incomes Less Than 100% FPL	Sunsets 12/31/26*	Final Rule
New Income Verification When Tax Data is Unavailable	Sunsets 12/31/26*	Final Rule
Removal of Low-income SEP (Below 150% FPL)	Sunsets 12/31/26*	Final Rule
2026 Coverage Year		
Shortened 1-year Failure to File Taxes and Reconcile APTC	Yes	Both
Disallowing premium tax credit for certain SEPs (i.e., income-based)	Yes	H.R.1
Removes eligibility for “5 year bar” lawfully present immigrants <100% FPL	Yes	H.R.1
Eliminating limits on recapture of premium tax credits	Yes	H.R.1
2027 Coverage Year		
Removes APTC eligibility for lawfully present immigrants	Yes	H.R. 1
Shortened Open Enrollment Period (OEP)	Yes	Final Rule
2028 Coverage Year		
Pre-enrollment verification - new and existing enrollees	Yes	H.R. 1

*Could be made permanent in future rulemaking



Marketplace Integrity & Affordability Final Rule Litigation

- On July 17, California and 20 states, plus Governor Shapiro in his official capacity as Governor of Pennsylvania, filed a lawsuit against the U.S. Department of Health and Human Services challenging the legality of certain provisions of CMS' Final Rule.
- In conjunction with the lawsuit that was filed, the states also filed a preliminary injunction that seeks an order from the judge to prevent certain portions of DHHS' Final Rule from going into effect. The preliminary hearing was August 13th.
- The injunction is seeking to prevent DHHS from effectuating the following provisions of the Final Rule:
 - ✓ Income verification for low-income applicants
 - ✓ Shortening of Failure to Reconcile window
 - ✓ Premium adjustment percentage methodology
 - ✓ \$5 minimum premium for autorenewals (not applicable to SBMs)
 - ✓ 75% Verification for Triggering-Event SEPs (not applicable to SBMs)
 - ✓ Allowing insurers to require payment for past-due premiums
 - ✓ Expanding actuarial value ranges
 - ✓ Prohibition of "sex-trait modification procedures" as essential health benefits

Pennie's Approach & Next Steps

Pennie will implement new policies as required, taking an approach that includes **significant consumer communication and reducing consumer burden where possible**.

- Implement new policies effective 2025 on August 25th (60-day effective date):
 - Ending low-income SEP, adding income verifications, ending DACA eligibility
- Await final resolution of litigation and hold any action on policies by injunction
- Finalize implementation decisions – Open Enrollment dates decision in February 2026 Board meeting
- Implement changes with lowest consumer burden possible, incorporating any future CMS rulemaking on these areas, including:
 - Using automated document review for rapid review of income documentation, given increased income data matching issue cases
 - Developing streamlined processes for pre-enrollment verification, using automated document review and “one click” approaches to minimize process steps
- Provide comprehensive consumer, assister, and stakeholder communication on changes



Organizational Updates

Organizational Updates

- **New assister network update**
- **Three-year uninsured growth plan**



Assister Network Update

New Assister Network Update

- Health Market Connect (HMC) contract began as scheduled on 6/1/25.
- HMC building cross-network communication channel to give all Pennie-certified Assisters a place for updates, best practices, and collaborative troubleshooting.
- Regional Organizations for new “hub and spoke” model nearly finalized, focusing on organizations with existing regional connections and the capacity to build out more of the networks.
 - Combination of existing high-performing assisters and new partners with footholds in previously unreached areas.
- New assister network OE strategy to be developed by mid-September that will outline cross-state strategies for outreach.
- Assister training starting this month and ongoing through 10/31 for OE readiness.
- Project is on track.



Three-Year Uninsured Growth Plan

Three-Year Uninsured Growth Plan

Key Context:

- Pennie's uninsured research shows **awareness and cost remain the biggest barriers**, especially for rural and lower-income communities.
- Only **30% of the uninsured** know about Pennie; many have low health literacy and deep skepticism about the complexity and value of coverage.
- Over **600,000 uninsured** Pennsylvanians with **1 in 3** living in Philadelphia area, Allegheny, Lancaster, Lebanon, Dauphin, York, Luzerne, and Lehigh counties.

Three-Year Uninsured Growth Plan

Five customer personas define our core audience segments:

- Young Invincibles
- Early Retirees
- Family Planners
- Rural Care Seekers
- Financially Vulnerable

Subgroup: Self-Employed/Gig Workers

Three-Year Uninsured Growth Plan

Persona	Primary Barrier	Best Messaging Focus	Region
Young Invincibles	Don't see need for coverage	<i>Accidents happen. Coverage protects your health and wallet – and it's cheaper than you think</i>	Urban/Suburban
Early Retiree	Ineligible for Medicare	<i>Bridge the gap to Medicare with quality coverage – often with savings built in</i>	Suburban/Rural
Family Planner	Cost concerns for full-family coverage	<i>Affordable coverage for your whole family – including pediatric and prenatal care</i>	Suburban/Rural
Rural Care Seeker	Limited access to care or awareness of coverage options	<i>Plans through Pennie help you stay covered – even if your doctor is miles away</i>	Rural
Financially Vulnerable	Irregular income; unsure if they qualify for help	<i>Even with unpredictable income, you may qualify for an affordable health plan</i>	Urban/Suburban

Three-Year Uninsured Growth Plan

Targeted Key Personas for Year One:

1) Young Invincibles

- Make up 30% of PA's uninsured but only ~21% of the population
- Highly digital, but skeptical – prefer low jargon, mobile-first tools
- Motivated by avoiding financial risk (ER bills, injury)

2) Financially Vulnerable Individuals

- ~55% of uninsured fall between 138-400% FPL
- Low-income, often unaware of financial savings
- Less than 1 in 3 understand Pennie's tax credits
- Only 35% knew Pennie plans protect against medical debt

Sub-Group: Self-Employed / Gig Workers

- 6% of uninsured survey respondents & 12% of focus group respondents identified as such
- 3 times more likely to enroll in Marketplace coverage
- Unaware they qualify for financial savings
- No access to employer coverage
- Predominately fall under Young Invincibles (53% report gig work as primary income source) and Financially Vulnerable Individuals (between 80-90% of self-employed marketplace enrollees fall between 138-400% FPL)

Three-Year Uninsured Growth Plan

Urban Target Areas

County	# of Uninsured	Target ZIPs
Philadelphia	~111,000	19149, 19120, 19111, 19124
Allegheny	~40,000	15210, 15221, 15235, 15132
Lancaster	~48,000	17602, 17603, 17522, 17543

Rural Target Areas

County	# of Uninsured	Target ZIPs
Lebanon	~13,000	17042, 17046
Dauphin, York	Combined ~35,000	17109, 17403, 17331, 17401, 17111
Luzerne, Lehigh	Combined ~38,000	18102, 18201 18702, 18052

These regions combined make up 1/3 of PA's uninsured.

Three-Year Uninsured Growth Plan

Tactics

- Broad traditional ads
- Targeted digital ads
- Low-cost direct outreach (emails, texts)
- Trusted local assisters & partners

Measurements

- New enrollments by ZIP
- Clicks and visits
- Outreach attendance & events
- Awareness baselines

Goal

- Build a tested outreach blueprint and scale what moves the needle.

Three-Year Uninsured Growth Plan

Year 1: Lay the Foundation (FY 2025–2026)

- ❑ Launch urban and rural pilots using ZIP codes with the highest uninsured counts based on PA-specific SHADAC Data.
- ❑ Strengthen assister network and community partnerships in priority regions.
- ❑ Test messages, messengers, and channels; track ROI by persona and region.

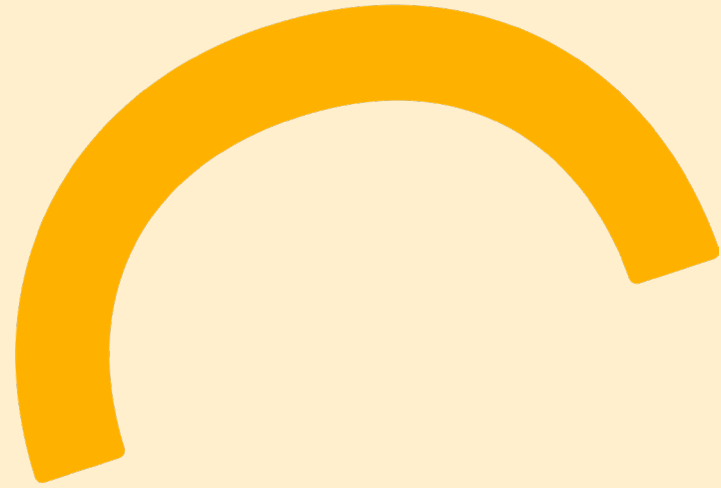
Year 2: Expand & Refine (FY 2026–2027)

- ❑ Scale what works; refine based on enrollments, persona engagement, and lessons learned.
- ❑ Expand to suburban audiences; adjust messaging for Family Planners and Early Retirees.
- ❑ Deepen trust networks adjacent to Year 1 hotspots.

Year 3: Institutionalize Strategy (FY 2027–2028)

- ❑ Embed proven ZIP-level and persona insights into daily operations.
- ❑ Shift spending to highest-ROI ZIPs; develop statewide playbook.
- ❑ Package findings and recommendations for sustained investment and adaptability.

Key Outcome: A flexible, community-driven outreach model rooted in real data to keep Pennie a trusted bridge to coverage for all Pennsylvanians.



Open Enrollment Readiness

Open Enrollment Readiness

Even with anticipated changes to the Pennie program, Pennie will strive to maintain some degree of normalcy for consumers, while re-acclimating them to actively review and verify their account information each OE.

- Our direct communications, paid & earned media will encourage enrollees to:
 - Update account and income
 - Shop and/or double check current plan

Key Milestones:

- Given no last-minute changes, Pennie will move forward with the following:
 - **Mid-Aug. – Mid. Sept.** - Initial autorenewal test run is conducted
 - **Late Sept. – Late Oct.** – Final autorenewal run is conducted
 - **Late Oct.** – First notices released
 - **Nov. 1** – Open enrollment starts
 - **Dec. 15** – Shopping deadline for 1/1/26 coverage
 - **Jan. 15, 2026** – Shopping deadline for 2/1/26 coverage

**It is important to note that this will be the last OE to run until Jan. 15. Starting next year, OE will always need to end no later than Dec. 31.*

Open Enrollment Readiness

Open Enrollment Focus Areas

- Pennie will move forward with prioritized areas of focus for OE2026:
 - Retention
 - Mitigating Federal Uncertainty
 - Growth
 - Communications

#1. Retention

- In an effort to retain consumers this OE, Pennie will work to ensure a smooth autorenewal process and to emphasize the value of staying covered. Featured plan display and Labor & Industry data as a secondary income data source will also be available to consumers.
- The outcomes of this objective are highly dependent on the extension of the enhanced premium tax credits, which we will aim to address through intensive consumer communication.

Open Enrollment Readiness

#2. Mitigating Federal Uncertainty

- In an effort to mitigate the impacts of federal uncertainty for consumers this OE, Pennie has been engaging in robust contingency planning and will prioritize deploying all system changes in the least burdensome way for enrollees.
- Pennie will keep consumers informed early and often and attempt to foster a habit among consumers where they come in to review and update their application each year. Pennie will also increase the use of automated document review this OE to lessen administrative burden or process times.
- A more thorough explanation of OE system preparations and contingencies are included in the next section.
- We would expect each of these measures to result in a more proactive and informed consumer base and higher rates of consumer logins and active shopping.

Open Enrollment Readiness

#3. Growth

- In an effort to grow our enrollees this year, we will be deploying the three-year uninsured growth strategy previously discussed. Pennie will target specific areas in urban and rural communities to drive enrollment.
- The counties targeted for this year are Philadelphia, Allegheny, Lancaster, Lebanon, Dauphin, York, Luzerne, and Lehigh.
- In these areas, Pennie will place paid media advertisements strategically, along with hyperlocal digital ads. Assisters will be directed to build outreach partnerships in these areas, and Pennie will plan to schedule earned media opportunities in these regions.
- We would expect these measures to result in new enrollments for these counties.

Open Enrollment Readiness

#4. Communications

- Underlying the areas of retention, mitigating federal uncertainty, and growth, Pennie will increase consumer communications across all audiences. This will focus on enrollee education and retention, while having paid and earned media supporting growth initiatives.
- **For the uninsured:** assuming the enhanced tax credits expire, our paid, earned, and customer communication strategy will be focused on the *value of coverage* (less on cost).
- **For current enrollees:** Pennie will double normal OE communications to focus on federal impacts and prompting enrollee action. Efforts will include mailers and postcards leading up to OE explaining the cost increases enrollees could expect and the need to update information and compare plan options.
- We would expect each of these measures to result in a higher rates of engagement from current enrollees and new enrollments in targeted uninsured regions.

EPTC-Related Consumer Communications

- Pennie will communicate with consumers 38 times over 6 channels regarding OE changes (2x normal communications).
- By combining multiple touchpoints: letters, emails, texts, outbound calls, system notices, and reminders, Pennie is working to protect consumer trust, reduce confusion, and drive smart plan shopping during Open Enrollment.

Aug 2025

EMAIL:

Alerts consumers to expect mailed letter, directs them to consumer-facing EPTC page penne.com/costs.

LETTER:

Mailed to enrollees with details on how the EPTC expiration could affect their premiums for 2026 – sent different language to those above and below the EPTC cutoff income threshold.

Sept 2025

PRE-RENEWAL NOTICE:

System-generated, sent to all Pennie enrollees via secure inbox, outlines potential impacts.

EMAILS & TEXTS:

Reminders encouraging customers to read Pennie updates and act when Open Enrollment starts.

OUTBOUND DIALING CAMPAIGN:

Calls to subsets of customers most at risk of major cost increases.

Oct 2025

NOTICES:

Targeted mailings with personalized details on how the EPTC expiration could affect their coverage.

POSTCARD:

Reminder about Open Enrollment and need to update info and review plan options as costs change. Different version will be sent if EPTCs are extended to announce positive update.

Nov 2025

AUTORENEWAL NOTICES:

Inform enrollees about the cost of their auto-renewed plan for 2026 (late Oct – early Nov).

ELIGIBILITY DETERMINATION NOTICES:

Informs of 2026 eligibility status and EPTC amount. (late Oct – early Nov)

Communications Contingency Planning

EPTCs Expire

- Direct communications, digital & flexible paid media, and earned media will be focused on value.
- TV Commercials:
 - 1) "Is Worth It" - keeps the "You're Worth Protecting" campaign going by calling out self-employment, family time, and healthcare access is "worth it"
 - 2) Factual, deadline driven ad speaking to both enrollees and uninsured.
- Out of Home, Transit, and TV: Value-based messaging, trusted marketplace, deadlines.

EPTCs Extended

- Continue with "lowest costs on high quality coverage"
- Update digital & flexible ads to highlight cost-saving language.

Funding for OE Communications

In 2024, as part of the proposed budget for calendar year 2025, the Pennie Board approved a \$1.5M advertising byline earmarked for state subsidy-only awareness.

Since the state subsidy is not funded, we propose using these funds to increase advertising and other direct outreach given the significant federal changes for this OE that make enrollment growth and consumer communication more imperative.

Media Buy

- \$1.2M
- Expected to increase reach by 35-40%. Will increase frequency an ad is seen and expands the broader audience & allows for more specific audience targeting.

Printing & Mailing

- \$300K – up to 2 additional postcard communications in October and November (~\$.55/per household to send)

Motion: To repurpose the \$1.5M advertising byline earmarked for state subsidy advertising to Pennie's advertising and print/mailing budget for Open Enrollment 2026 marketing and communication efforts.

Open Enrollment Readiness - Metrics

Topic	Measure	OE 2024	OE 2025	Target OE 2026
High Autorenewal Success	% eligible households autorenewed	98%	97.5%	> 97%
High Rate of Active Shoppers	?: Active / [Active + Auto]	22%	21%	> 30%
High Levels of Maintaining Existing Customers	% enrolled customers at EOY with coverage for next year	91%	95%	> 70%
High Levels of Enrollment for Autorenewal Fallout	% retained who were not autorenewed	21%	57%	> 25%
Low Impact of Premium Increase on Enrollment	% with high premium who disenrolled (\$100+ more and 2x+ cost)	18%	20%	< 30%
High Effectuation Rates	% households with an effectuated health policy as of end OE	93.9%	93.2%	> 85%
High Logins	% households enrolled at the end of OE who logged into their application during OE		49%	>60%



Open Enrollment Contingency Planning



OE26 Contingency Plans

Pennie continually seeks to mitigate administrative burdens, lessen confusion, and overcommunicate changes.

Consumers:

- Updates to the plan flow change within the system to eliminate duplicate questions/steps.
- Use of a new trusted data source (L&I Wage Data) to verify consumer income.
- Focusing communications on consumers' need to review and verify their accounts each OEP.

Insurers:

- Option to remove APTC amount from renewal notices if notices are issued by November 1st.
- Option to take advantage of a 14-day safe harbor period, if insurer wishes to include the updated APTC amount within their notices.

In addition to these changes, Pennie also is ready to quickly pivot, should EPTCs be extended during the autorenewal cycle.

Autorenewals

Our pre-autorenewal processes began this month, utilizing rates without EPTC. There are two key processes: (1) an initial test run that takes roughly 19-20 business days and (2) a final renewal run that takes roughly 18-20 business days.

Each process includes four essential quality control checks where Pennie reviews and approves eligibility determinations, 834s, eligibility notices, and renewal notices.

The initial test run will be completed in mid-September, with the final renewal run set to occur from late September to late October.

We are planning for four potential scenarios where EPTCs are extended and will discuss the first two today.

- ◇ First Scenario – EPTC is extended in mid-to-late-September or early October, and the initial test run has been completed, but the final renewal run has not yet been completed.
- ◇ Second Scenario – EPTC is extended in late October, and both the initial test run and the final renewal run have been completed.

EPTCs Extended - Scenario 1

In this scenario, the final renewal run has not been completed so 834s and notices have not been sent.

Pennie would re-run a second test run to ensure the EPTC eligibility is correct:

- Update the APTC calculations to include EPTC – **less than 1 business day**
- Transfer plan rates that include EPTC from PID to GetInsured – **2-3 business day**
- Have insurers quickly review and re-certify the EPTC rates– **1-2 business days**
- Re-run the initial test run to ensure eligibility, notices, and 834s are correct and approved by Pennie – **8 business days**

Estimated timeline: **11-13 business days**

After completing the second test run, the final renewal run would commence and take 18-20 business days to complete.

The second test run would be completed in almost half the time of the initial test run but will ensure the same quality checks are in place.

Risk: Autorenewals might extend past 11/1/25, but this approach should increase retention.

EPTCs Extended - Scenario 2

In this scenario, the final renewal run is completed and 834s and notices have been sent.

Pennie would re-run a second test run to ensure the EPTC eligibility is correct:

- Update the APTC calculations to include EPTC – **less than 1 business day**
- Transfer plan rates that include EPTC from PID to GetInsured – **2-3 business day**
- Have insurers quickly review and re-certify the EPTC rates– **1-2 business days**
- Re-run the initial stage run to ensure eligibility, notices, and 834s are correct and approved by Pennie – **8 business days**



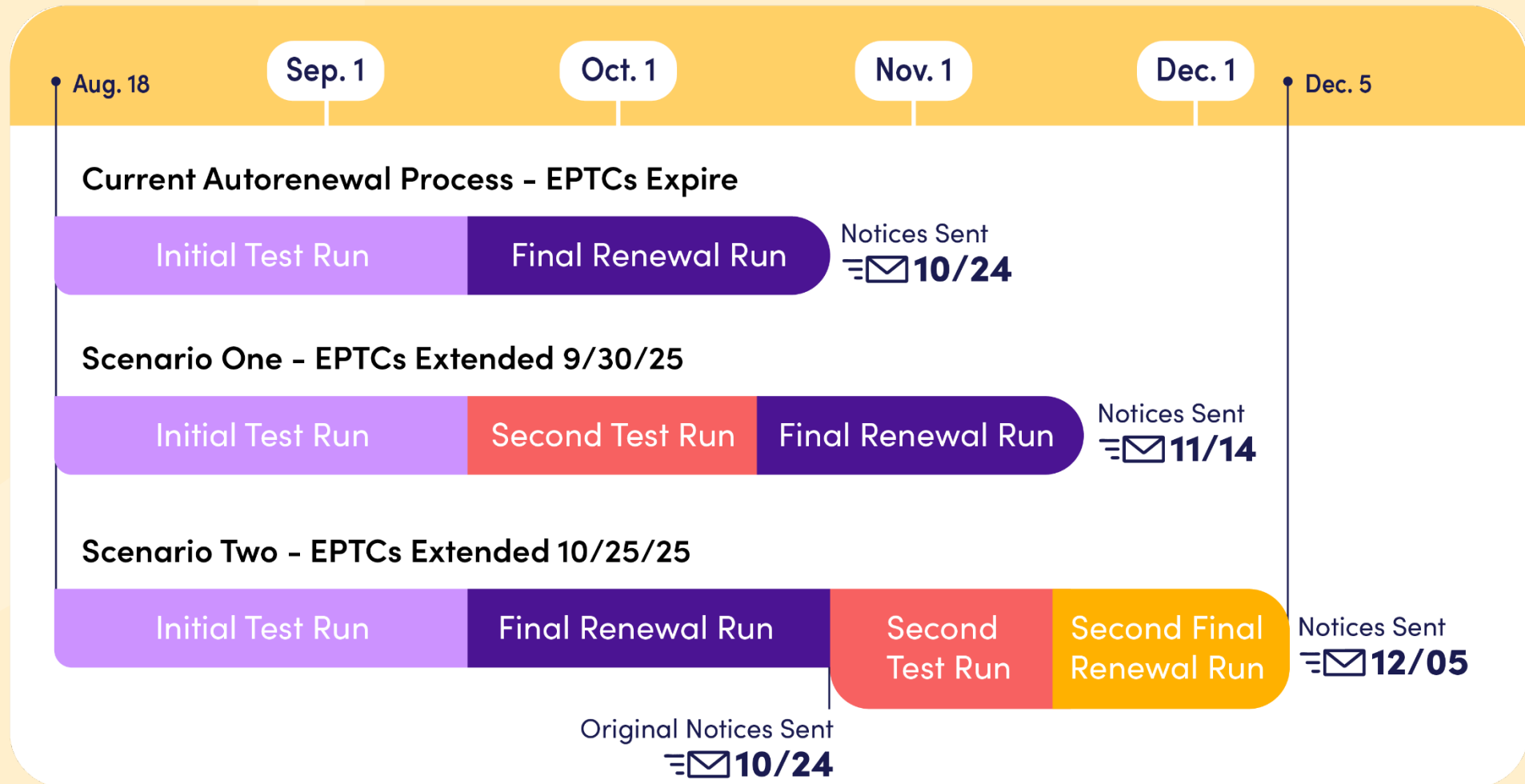
Estimated timeline: **11-13 business days**

After completing the second test run, Pennie would need to re-run a second renewal run that would take an estimated 16-20 business days to complete, since only a couple days could be reduced from the renewal run timeline.

Risks: Clean-up effort; second autorenewal cycle extends well into Open Enrollment Period, and consumer confusion due to conflicting notices.

Timeline Comparison

2025



EPTCs Extended - Summary

With these contingency plans in place, Pennie is ready for either scenario should they arise ahead of Open Enrollment.

Pennie's commitment to quality and providing value, as well as our focus on retention means that ensuring accurate eligibility findings, 834s, and notices are more important than rushing to have all notices issued before November 1st.

In either scenario, we would issue notices to inform consumers that EPTCs were extended and alert them to the possibility that their renewals might be delayed.

Additionally, we would explore other communication methods, such as including account announcements to communicate any key changes.

Finally, there are other scenarios for which we are prepared: (1) an extension after OE has started but before January 1st and (2) an extension after January 1st. Both scenarios would be drastically more complicated, and we will provide more information about them during the October Board Meeting.



Project Updates

Featured Plan Display

Focus Group Results

In May 2025, Pennie held a focus group with uninsured Pennsylvanians and one-on-one interviews with Pennie enrollees and consumers with submitted applications (but never enrolled).

Goal: Make plan selection less overwhelming by highlighting a small set of recommended plans for consumers to compare

Key Consumer Insights:

- Overall awareness of Pennie is still limited
- Many agreed health insurance is necessary, but described it as confusing, costly, and overwhelming to shop for
- The proposed name *Plan Spotlight* was misunderstood as sponsored content or paid placement, raising trust concerns

Feedback on Plan Filter:

- Name & corresponding text must be a clear explanation of what it is
- Many missed that you could turn the filter off
- Any glossary, icons, or labels should be clearer/larger to reduce confusion.

Moving Forward:

- Changing name to Simplified Plan View
- Corresponding text is in plain language (5th grade reading level) and describes how to exit out of view to see all plans

Featured Plan Display

Pennie's NEW Featured Plan Display will be called "Simplified Plan View"

Completed:

- Consumer focus group feedback.
- Pennie system updated with new display.
- Pennie successfully completed system testing on the new display.
- Pennie successfully validated and loaded insurer test files into the system.

Next Steps:

- Final insurer files received
- Final load of insurer files
- Insurer Plan validation throughout Plan Preview (tentatively 8/28 - 9/26)
- Live to consumers starting November 1st
- Early 2026 - Gather feedback from consumers, assisters, and brokers.

Income Verification – Quarterly Wage Data

Labor & Industry Quarterly Wage Data

- Will serve as the secondary source of income verification during this Open Enrollment Period's auto-renewal cycle.
- Enrollees who cannot be verified by the IRS, will be checked against the L&I Quarterly Wage data, and then Equifax, if still not verified.
- Helps reduce administrative burdens from additional income verification requirements.
- Leads to more accurate verifications as consequences for consumers increase and IRS tax credit reconciliation limits end.
- Deployed in early July and in use for income verification during auto renewals

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