

pennie[®]





Pennie Board of Directors Meeting

October 2025

Agenda

- **Preliminary Matters**
- **Executive Director's Report**
 - Federal Updates
- **Open Enrollment Readiness & Contingency Planning**
- **Call Center Proposal**
- **CY2026 Budget Proposal**



Preliminary Matters

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

2026 Meeting Dates

- **Thursday, February 19th**
10:00 AM to 3:00 PM
In-Person @ Pennie Office, Strawberry Square
- **Thursday, May 14th**
1:00 PM to 4:00 PM
Teams Meeting
- **Thursday, August 6th**
1:00 PM to 4:00 PM
Teams Meeting
- **Thursday, October 8th**
10:00 AM to 3:00 PM
In-Person @ Pennie Office, Strawberry Square



Federal Updates

Key Updates

- Since we last met in August, the September 30th deadline for the federal budget passed and no budget was approved. Therefore, the federal government is currently in a budget shutdown.
- The shutdown does not impact current Pennie operations or the payment of advanced premium tax credits to enrollees; however, we do not have certainty on the future of the enhanced premium tax credits, despite open enrollment being less than two weeks away.
- Pennie has been in contact with the Pennsylvania delegation sharing updated information on cost impacts for 2026 with the enhanced tax credits expiring and the 2026 insurance rate increases going into effect.
- Other late changes, including from litigation stays and CMS guidance on catastrophic plans, have also resulted in program updates.



Open Enrollment Readiness



Autorenewal Outcomes and Cost Impacts

Autorenewal successfully renewed 99.66% of current enrollees

Topline Results

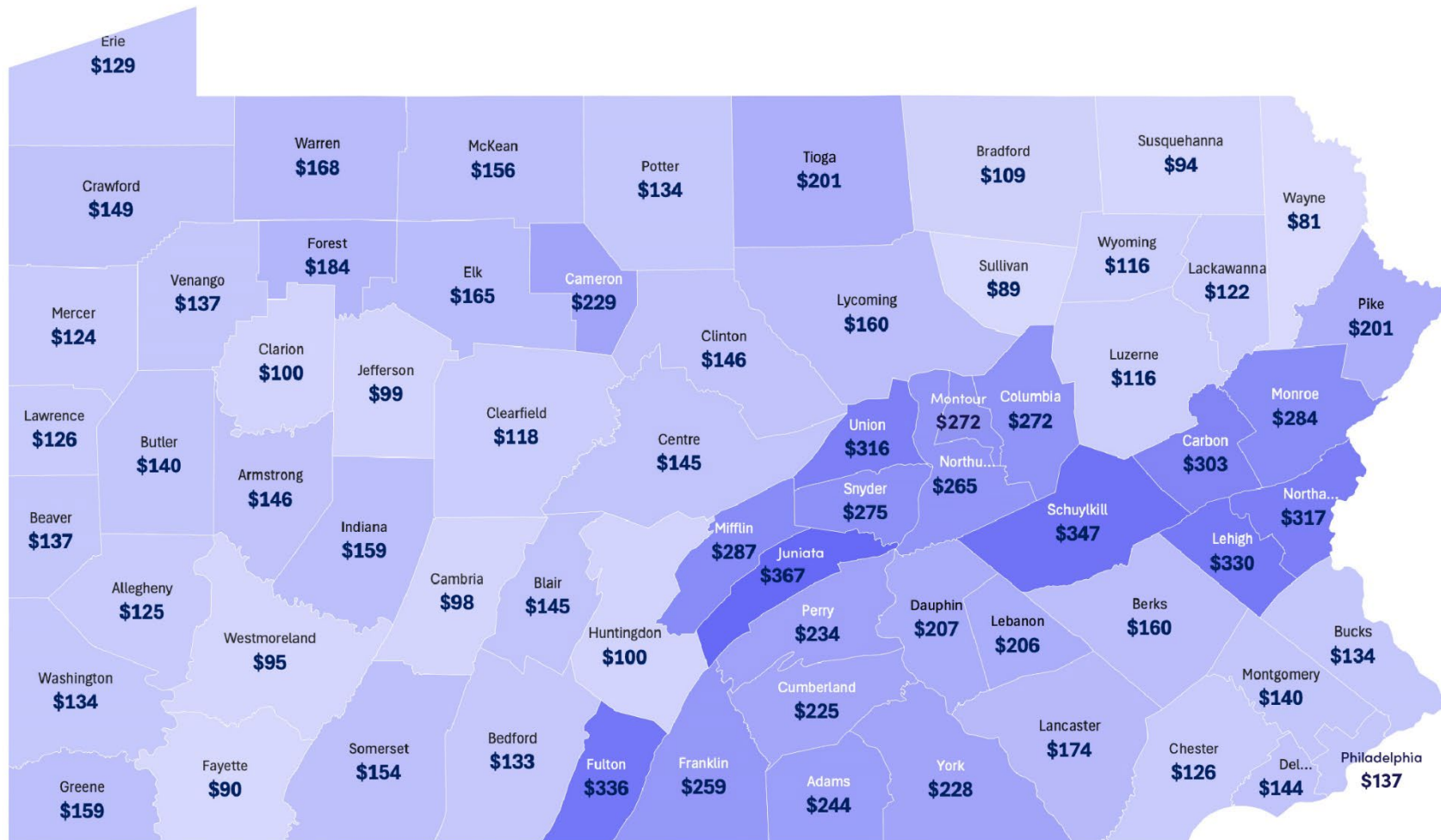
- **99.66%** renewed into 2026 coverage – **481,420 individuals, reflecting 13% more enrollees** than the beginning of OE2025.

Cost Impacts

- With the final rates and auto renewal process underway, the **actual impact of enhanced premium tax credits expiring is worse than projected.**
- Prior estimate was 82% average increase. **Actual impact is 102% average increase – reflecting a doubling of premiums across all current enrollees.**
- The following slides show the monthly dollar increases and percent increases by county.

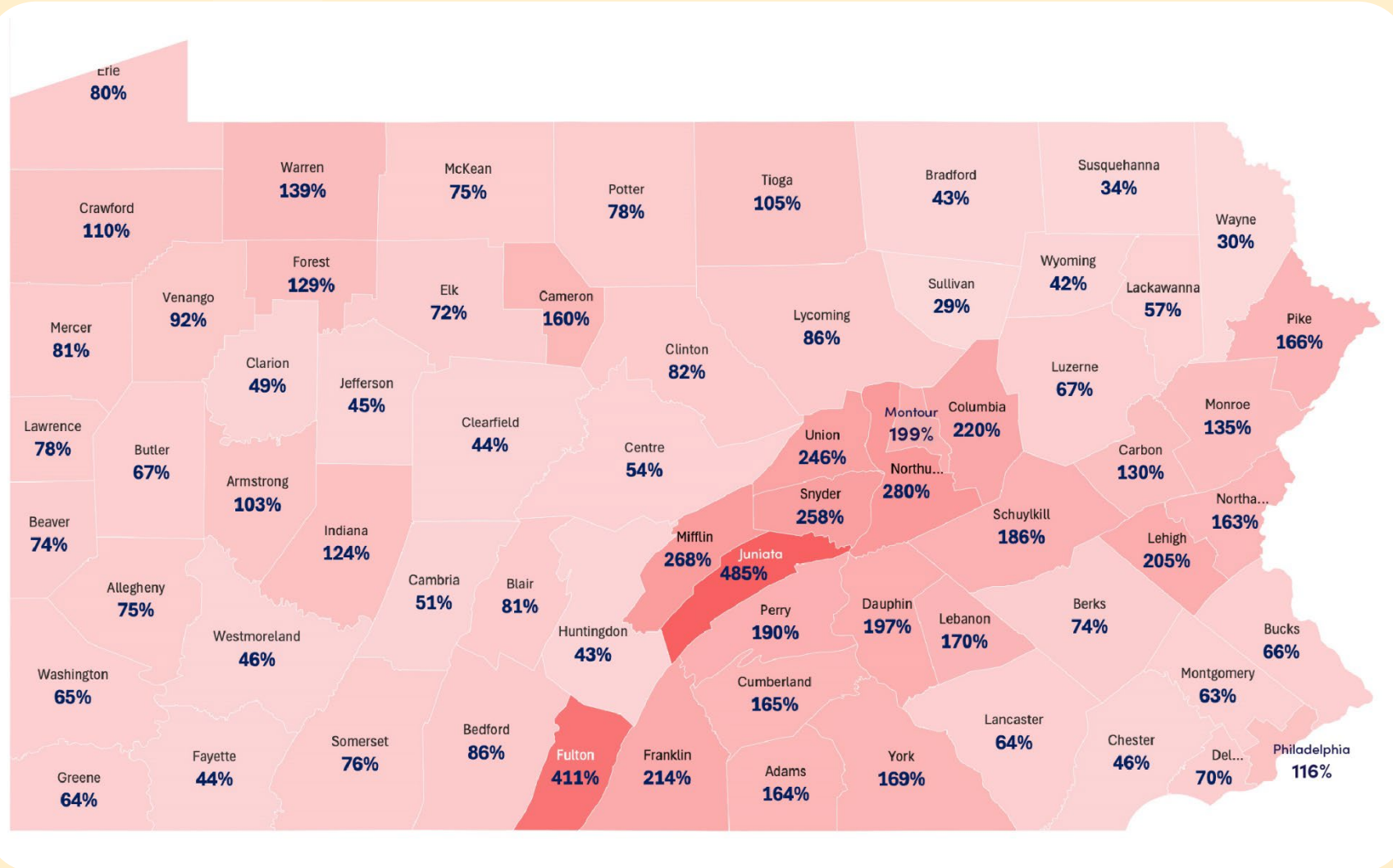
2026 Net Premium Increases by County

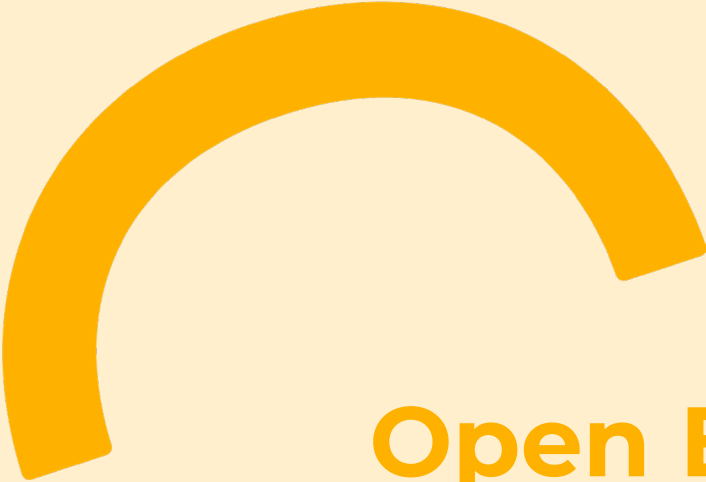
Average Net Premium Change, per Member per Month, in Dollars



2026 Net Premium Increases by County

Average Net Premium Change, as Percent





Open Enrollment Contingency Planning



Considerations for Tax Credits Extension

Significant uncertainty continues around the extension of the enhanced premium tax credits (EPTC). As we continue to wait and see if the enhanced premium tax credits will be extended before year's end, the following steps would be needed with any federal change:

- Re-run autorenewals, removing anyone who already took an action and enrolled in a 2026 plan with EPTCs
- Communicate to those who took an action (either changed plans or disenrolled)
- Extend open enrollment or create a special enrollment period for people to enroll using the newly available enhanced tax credits
- Send out special communications to enrollees and stakeholders informing them of the available financial assistance and next steps

Considerations for Tax Credits Extension

Previous Update (August):

Presented contingency plans for potential EPTC extensions in **September or October**, before Open Enrollment.

Pennie continues monitoring **Scenarios 1 and 2**:

- **Scenario 1:** Extension before the final renewal run was completed (no longer possible)
- **Scenario 2:** Extension after initial (and second) test run was completed but before the final renewal run has been completed (still possible)

Today's Discussion Focus:

Two additional potential scenarios:

Scenario 3: EPTC extensions finalized *after Open Enrollment starts but before January 1, 2026*.

Scenario 4: EPTC extensions finalized *after January 1, 2026*, once consumer coverage begins.

Tax Credits Extension – after OE, prior to Jan 1

Scenario 3: EPTC extensions finalized *after Open Enrollment starts but before January 1, 2026.*

What We Need to Do

- Update the 2026 subsidy (APTC) rules for renewals and new users.
- Test the process to ensure accuracy for updated applications and updated renewal eligibility, enrollment, and notices.
- Review test results and provide approval.
- Run eligibility again and update enrollments.
- Send updated notices and 834 files.

What to Tell Consumers

- Update the renewal notice to explain why their subsidies changed.
- Use announcements feature in their accounts to keep them informed.

Key Considerations to Evaluate

- Whether to hide the renewal section for a few days so consumers cannot make changes, or temporarily close the site with a message while system updates are made (safer option)
- How to coordinate the corresponding insurer activities related to billing and communication
- Whether to add a Special Enrollment Period (SEP) to allow people to pick a new plan with the updated subsidy.

Tax Credits Extension – after Jan 1

Scenario 4: EPTC extensions finalized *after January 1, 2026*, after consumer coverage has begun.

What We Need to Do

- Update the 2026 subsidy (APTC) rules for renewals and new users.
- Test the process to ensure accuracy for updated applications and updated renewal eligibility, enrollment, and notices.
- Review test results and provide approval.
- Rerun eligibility and update enrollments.
- Send new notices and 834 files.

What to Tell Consumers

- Update renewal notices to explain why their subsidies changed.
- Use announcements feature in their accounts to keep them informed and tell them when updates will be visible.

Key Considerations to Evaluate

- This is the **most complex scenario** since coverage would already be active.
- Whether to hide the renewal section for a few days so consumers cannot make changes or temporarily close the site with a message while system updates are made (safer option).
- How to coordinate the corresponding insurer activities related to billing and communication.
- Whether to add a Special Enrollment Period (SEP) to allow people to pick a new plan with the updated subsidy.
- Whether to utilize backdating (complex) or prospective (simpler) EPTCs, and whether to rebalance APTC.
- How to navigate the timing complexities surrounding 1095-A generation and OEP ending.

Enrollment Period Contingencies

Changes made after certain dates will not allow for updates within typical Open Enrollment timelines, impacting the ability of current enrollees to stay covered and of those who dropped to re-enroll.

The following one-time proposals for OE2026 would provide consumers with additional time to shop for coverage given the loss of benefits and confusion.

Proactive OEP Extension through Jan. 31st

- **OE Extension Option:** Given significant coverage changes and disruption, proactively extend OEP through January 31 with coverage effective February 1.

Ensures Pennie customers have adequate time to understand the premium changes coming to the plan they have been renewed into and are able to shop for a different plan if their current plan is now unaffordable.

Provides time to process expected high levels of consumer escalations and much higher need for consumer support across the call center, brokers, assisters, and insurers.

Delayed Open Enrollment

Delay the Start of Open Enrollment

With ongoing Congressional discussions but no end date in sight, the likelihood is increasing that a Congressional decision may come through before 11/1 but without enough time to update the system. This is especially true with any finalized policy that is not a straight extension of the current EPTC levels.

- If Congress acts after 10/24 (less than 7 days to OE), Pennie would not have time to update the online system and renewals (which would be nearly complete).
- Without system changes, individuals on 11/1 would see sticker shock of premiums without EPTC in both the system and the enrollee renewal notices. This risks irreversible and unnecessary enrollment loss.
- With system changes, Pennie would vacate the non-EPTC renewals and update the system eligibility to reflect a new federal policy.
- The cleanest way to implement the changes would be to delay the start of Open Enrollment, potentially to Monday, November 10.

If no Congressional decision is made by 10/31, Pennie would open on 11/1, as planned, without enhanced premium tax credits.

Open Enrollment Contingencies

Alternatives/Additions to Proactive Open Enrollment Extension

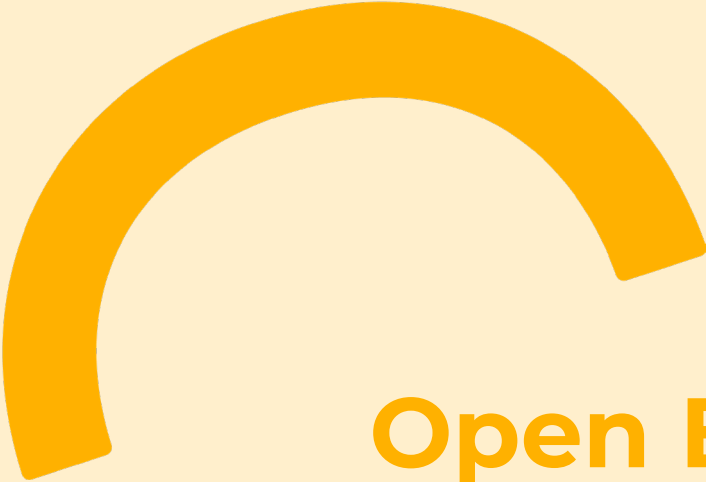
- **High Volume SEP:** Allow Pennie to extend the 12/15 deadline for Jan 1 coverage, if consistently high volumes seen throughout November and early December. For example, we could add a week (until 12/22) to sign up for coverage effective 1/1. Would still want to drive to 12/15 deadline and potentially announce an extension late on 12/15 or early on 12/16. Currently certain criteria* determine whether we extend based on call volumes and wait times. This proposal would replace that with a more flexible, subjective option for Pennie to extend if consumer volumes are high.
- **High Premium SEP:** Provide this SEP to current Pennie enrollees who call Pennie indicating their premium is too high (50%+ premium increase) by Feb. 28, 2026 and allow them to change plans. This provides extra time for those most impacted by the most significant premium increases.
- **Late EPTC SEP:** If EPTCs are extended after Nov. 1st, create 60-day SEP after the end of OEP, or 60 days after the date that eligibility is updated for all enrollees. For example, if EPTCs are extended 12/31, Pennie would need weeks to update eligibility for enrollees, and once that updated eligibility is sent out, the 60-day SEP would begin. This allows individuals who dropped coverage to come back in and re-enroll, with time for Pennie to send various communications, and also allows individuals who bought “down” to a lower level to re-evaluate their options with the EPTCs back in place.

Current criteria: Pennie call volumes are 2x greater than the previous 5-business day average. Pennie call center wait times are 2x greater than the previous 5-business day average. Call center wait times average more than 15 minutes on a deadline day. If triggered, current policy extends deadline by 7 days.



Discussion

- 1. Proactively Extending Open Enrollment to January 31st**
- 2. Delay Start of Open Enrollment if Federal Decision after October 24th**
- 3. Other Options**
 - Extending 12/15 deadline based on volume
 - High Premium SEP
 - Late EPTC SEP



Open Enrollment Communications & Advertising



Open Enrollment Communications and Advertising

Key Messages for Enrollees – Open Enrollment Must-Dos

- Update account and income
- Shop 2026 plan options
- Stay covered

Open Enrollment Paid Advertising Campaigns

- Two spots:
 - "Is Worth It" - keeps the "You're Worth Protecting" campaign going by calling out self-employment, family time, and healthcare access is "worth it"
 - Factual, deadline driven ad speaking to both enrollees and uninsured.

Targeted Outreach

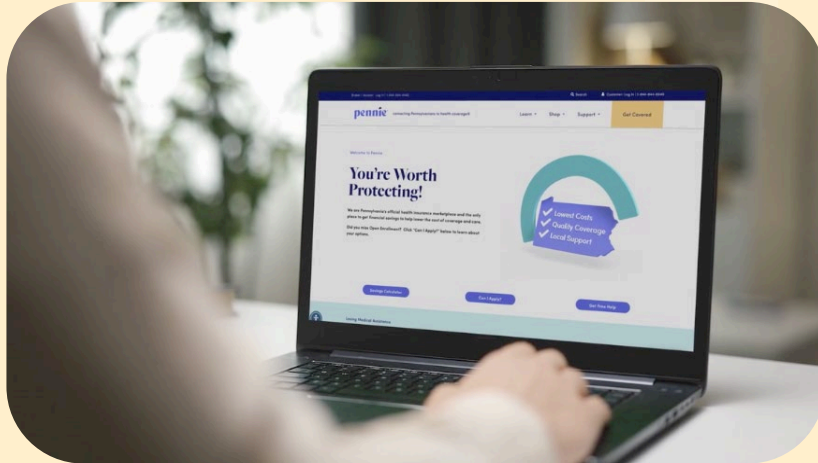
- Target counties for growth will include Philadelphia, Allegheny, Lancaster, Lebanon, Dauphin, York, Luzerne, and Lehigh

2026 Open Enrollment Must-Do List:

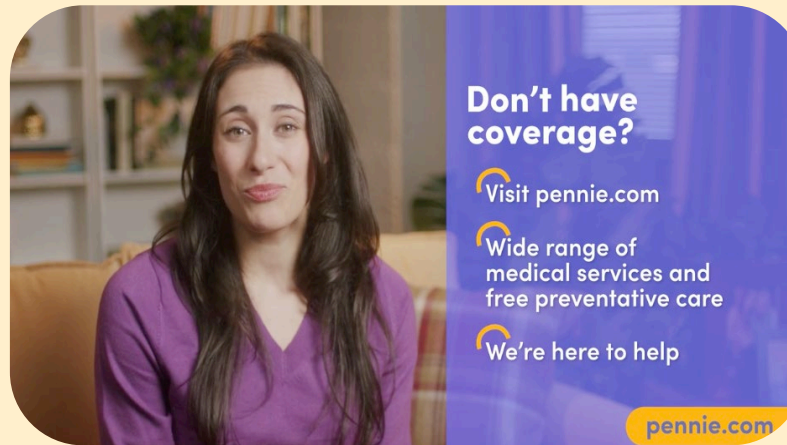
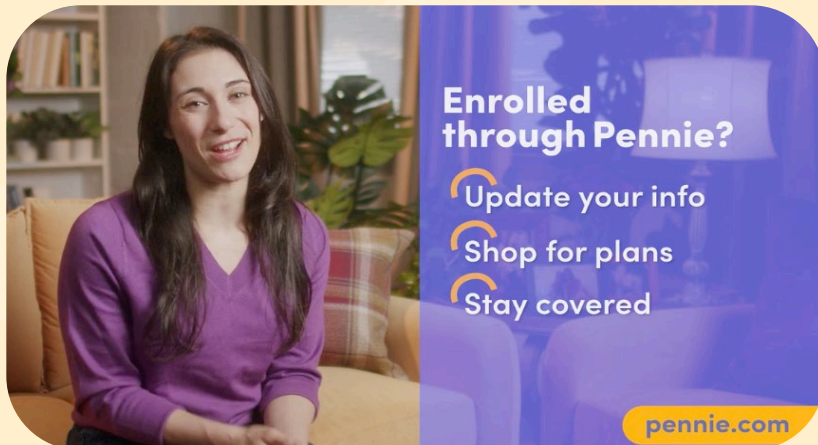
- 1 Update
- 2 Shop
- 3 Stay Covered

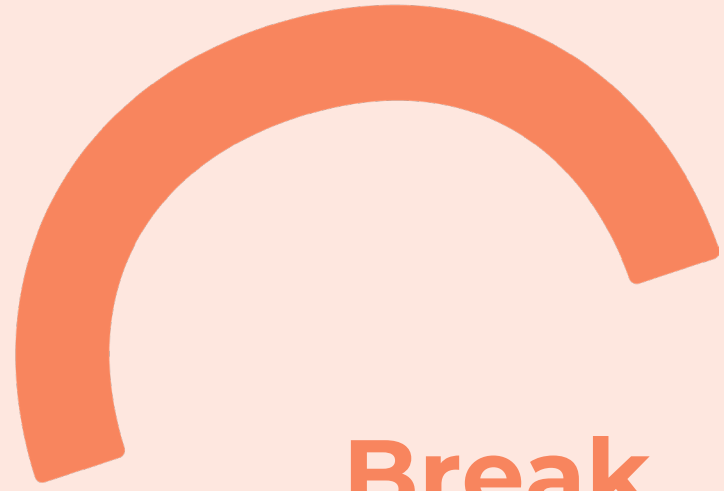
Open Enrollment Advertising

"Worth It" Commercial

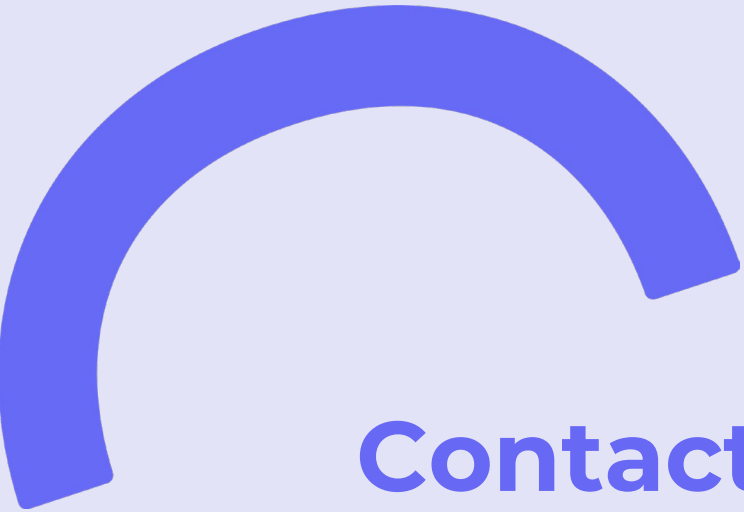


Enrollee & Uninsured Commercial





Break



Contact Center Proposal

Contact Center Evaluations

Pennie's contract with GetInsured, which includes the Tech Platform and Contact Center, runs through December 31, 2026. To reassess our approach to contact center operations, we evaluated three strategic pathways forward:

Option 1: Extend GetInsured's Contact Center Contract for 2027, 2028, and 2029

- Preserves operational continuity and avoids a complex transition, but comes with less flexibility and control over structure, long-term strategy, and cost.

Option 2: Build and Staff an In-House Contact Center

- Comes with maximum control, flexibility, and alignment with Pennie's mission. This would allow for direct oversight of training, quality, governance, and policy implementation and the ability to contain costs, should the need arise.
- Requires transition costs and a complex transition plan with a high level of complexity.

Option 3: Issue a Competitive Request for Proposal (RFP) for Contact Center Services

- Comes with the most uncertainty and relies on the bids of a narrow vendor market.
- Theoretically, could come with cost savings and improved quality.

Three Options

Option 1

Extend GetInsured's Contract

Negotiated costs are in the contract and are highest of the three options.

Low Risk, Low Effort - No implementation timeline, startup costs, etc.

Limited control, scalability, and cost control

Low strategic flexibility

Option 2

Pennie In-House CC

Lower cost; Pennie can increase or decrease costs to align with enrollment levels and strategic aims.

High Risk, High Effort, High Reward – 2-year implementation plan, startup costs

Highest level of quality, control, scalability, flexibility, and cost control

Highest strategic flexibility

Option 3

Request for Proposal

Potential for lower or higher costs, dependent on vendor proposals.

Medium Risk, High Effort – 2-year implementation plan, some startup costs

Potential for higher quality, control, scalability, flexibility, and cost control

Medium strategic flexibility (dependent on SLAs)

Three Options

Option 1

Extend GetInsured's Contract

Pros:

- Speed to answer & abandonment rates
- Continuity
- Easiest path forward

Cons:

- Less flexibility and control over structure, quality, training, performance management, long-term strategy, and cost.
- Rigid cost structure

Option 2

Pennie In-House CC

Pros:

- Command and control over mission alignment, hiring, training, quality, performance management, and long-term vision
- All employees are PA residents
- Better cost control and opportunity for future cost savings

Cons:

- Complex implementation and transition planning
- Upfront costs
- Attrition and hiring

Option 3

Request for Proposal

Pros:

- Potential for higher value, lower costs
- Can use lessons learned from past 5 years

Cons:

- Limited market Risk of strategic misalignment
- More robust SLAs could mean higher costs and limited flexibility

Comparative Analysis

Criteria	Option 1 GetInsured	Option 2 Pennie 2.0	Option 3 RFP
Cost	High	Medium-High	Medium-High
Cost Scalability	Low	High	Low - Medium
Transition Costs	No – deferred until end of existing contract	Yes – one-time transition costs	Yes – transition costs for this contract then potential for future costs
Quality & Control	Low	High	Low - Medium
Change Management & Risk	Low (short-term)	High (transition)	Medium - High (transition)
Flexibility	Limited	Maximum	Moderate
Mission Alignment	Low	High	Low - Medium

Option 2 – Implementation Costs

2026 - \$1,700,000

- Consultants
 - Additional Pennie non-union staff
 - Rent
 - Would be added to CY2026 proposed budget
-

2027 - \$9,000,000

- Consultants
 - Additional Pennie non-union staff
 - Transition period (Q4 2027) with Pennie CSRs
 - Equipment
 - Software & systems integration
 - Rent
-

2028 – \$250,000

- Consultants and knowledge transfer

Key Risks & Mitigation

Implementation

- Exercise one option year (2027) with GetInsured to allow for more time to implement a phased rollout over two years to mitigate and remediate risks
- Hire consultants to further augment the impressive expertise we have here at Pennie
- Utilize lessons learned – internal, Commonwealth agencies, and other state-based exchanges (e.g., California and Idaho)

Contact Center Technology

- Utilize state procurements and support structure (e.g., Genesys)

Staffing & Hiring

- Pennie offers higher hourly pay and higher fringe rates than industry standard, attracting and retaining higher quality candidates

Compliance & SLAs

- Pennie will set our own key performance indicators and prioritize quality
- From a privacy and security standpoint, we can directly control and implement more rigorous processes than our current vendor

Contact Center Recommendation

Pennie's recommendation is **Option 2 – Build an Internal Contact Center.**

Option 2 gives Pennie:

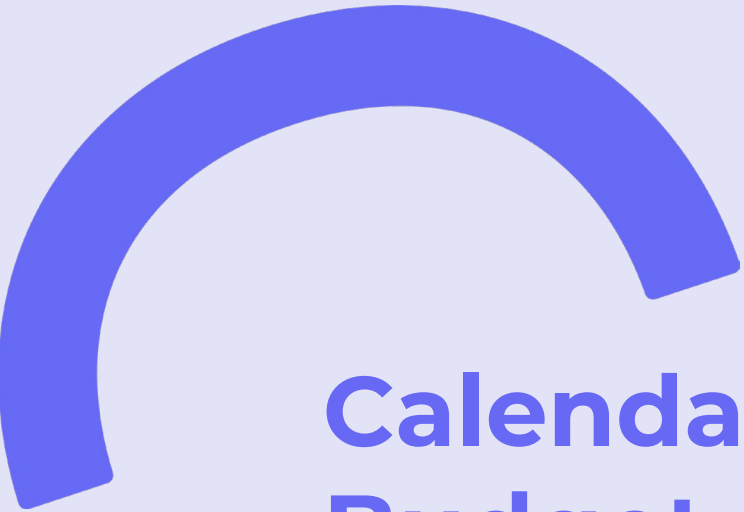
- Full control over service delivery and quality
- The best alignment with our mission and goals
- The flexibility to scale and maintain costs, should we see decreased enrollments
- Long-term strategic value

While Option 2 requires a significant investment in money and time, it allows us to best serve Pennsylvanians, both those currently enrolled through Pennie and the uninsured with a focus on:

- Earning consumers' trust as a source of objective and accurate information
- Simplifying the complexities of the health insurance landscape and instill confidence in consumers when making the crucial decision of selecting the best plan for their family
- Increasing awareness (and net promoter score) of Pennie across Pennsylvania
- Serving as the crucial role of educator to both our consumers and to key stakeholders

Contact Center Motion

Proposed Motion: To authorize Pennie to develop and implement its own call center as outlined in staff's presentation and recommendation to the Board.



Calendar Year 2026 Budget Proposal



CY2025 Financial Overview

Estimated CY25 Overview				
Revenue	Budgeted Amount	Jan – Sep Actuals	Oct – Dec Estimated	Total
User Fee Revenue	\$106,250,000	\$83,162,054	\$27,600,000	\$110,762,054
Other (Federal Funding & Interest)	\$23,000,000	\$15,191,092	\$9,150,006	\$24,341,098
Total Revenue	\$129,250,000	\$98,353,146	\$36,750,006	\$135,103,152
Expenses				
Personnel	\$9,500,000	\$4,782,267	\$3,191,713	\$7,973,980
Operating				
External Affairs	\$17,475,000	\$7,868,906	\$9,591,288	\$17,460,194
IT/Contact Center	\$42,231,000	\$21,800,065	\$19,831,833	\$41,631,898
General Ops	\$1,875,000	\$585,854	\$707,708	\$1,293,562
Total Operating	\$61,581,000	\$30,254,825	\$30,130,829	\$60,385,654
Total Operational Expenses	\$71,081,000	\$35,037,092	\$33,322,542	\$68,359,634
Reinsurance Program*	\$46,552,185	\$46,552,185	\$0	\$46,552,185
Total Expenses	\$117,633,185	\$81,589,277	\$33,322,542	\$114,911,819

*Note: The reinsurance program costs came in higher than originally anticipated. The original reinsurance approved budget amount was \$44,400,000, which the board authorized an additional amount of \$2,152,185 for the total reinsurance amount of \$46,552,185.

CY2026 Proposed Budget – Basic Operations

	CY25 Approved Budget Amounts	CY26 Proposed Budget Amounts	Variance
Personnel	\$9,500,000	\$9,935,000	\$435,000
Operations			
External Affairs	\$17,475,000	\$12,028,000	(\$5,447,000)
IT/Ops	\$42,231,000	\$39,920,000	(\$2,311,000)
Gen Ops	\$1,875,000	\$1,717,000	(\$158,000)
Total Operations	\$61,581,000	\$53,665,000	(\$7,916,000)
Total Operating Budget	\$71,081,000	\$63,600,000	(\$7,481,000)
Reinsurance	\$46,552,185	\$50,400,000	\$3,847,815
Total (does not include In-House Call Center)	\$117,633,185	\$114,000,000	(\$3,633,185)

CY2026 Proposed Budget – Basic Operations

Program Area Notes	
Personnel	No new positions (unless call center in house).
Operations	
External Affairs	Reduced of advertising to increase awareness among uninsured and reduced ad hoc printing/mailing to communicate changes in 2026.
IT/Ops	No paid system enhancements or improvement projects
General Operations	Reduced discretionary costs (travel, training, subscriptions, etc.)
Reinsurance	Increased cost of \$3.8M from the current year, reflecting parameters that were set in 2024 for the 2025 coverage year
Call Center In-House	Should the Board decide to move forward with this option, additional personnel and operating expenses of \$1.7M would be added to the budget.

CY2026 Proposed Budget – Basic Operations

In-House Call Center Option Budget Information	
Personnel	\$450,000
Operations	\$1,250,000
Total	\$1,700,000

Total Budget Including In-House Call Center Costs	
Total Operating Budget	\$63,600,000
Reinsurance Program	\$50,400,000
In-House Call Center	\$1,700,000
Total 2026 Budget	\$115,700,000

CY2026 Estimated Revenue and Operating Net Basic Operations

Revenue Sources:

User Fees	\$90,200,000
Other*	\$20,000,000
Total Estimated 2026 Revenue: \$110,200,000	
Notes: *Includes federal funding and treasury interest	

2026 Estimated Operating Net:

Total Revenue	\$110,200,000
Total Expenses*	\$115,700,000
Estimated Operating Net	(\$5,500,000) – Drawdown from reserves
Notes: *Includes in-house call center costs of \$1.7M	

CY2026 Proposed Budget – With Tax Credit Extension

	CY25 Approved Budget Amounts	CY26 Proposed Budget Amounts	Variance
Personnel	\$9,500,000	\$9,935,000	\$435,000
Operations			
External Affairs	\$17,475,000	\$17,205,000	(\$270,000)
IT/Ops	\$42,231,000	\$41,420,000	(\$811,000)
Gen Ops	\$1,875,000	\$2,271,000	\$396,000
Total Operations	\$61,581,000	\$60,896,000	(\$685,000)
Total Operating Budget	\$71,081,000	\$70,831,000	(\$250,000)
Reinsurance	\$46,552,185	\$50,400,000	\$3,847,815
Total (does not include In-House Call Center)	\$117,633,185	\$121,231,000	\$3,597,815

CY2026 Proposed Budget With Tax Credit Extension Cont.

Program Area Notes	
Personnel	No new positions (unless call center in house).
Operations	
External Affairs	Level funded with 2025 for Advertising and Creative Services
IT/Ops	Level funded with 2025 for Print/Mail
General Operations	Level funded with 2025 for Travel and Training
Reinsurance	Increased cost of \$3.8M from the current year, reflecting parameters that were set in 2024 for the 2025 coverage year
Call Center In-House	Should the board decide to move forward with this option, additional personnel and operating expenses of \$1.7M would be included in the budget.

CY2026 Proposed Budget – With Tax Credit Extension

In-House Call Center Option Budget Information	
Personnel	\$450,000
Operations	\$1,250,000
Total	\$1,700,000

Total Budget Including In-House Call Center Costs	
Total Operating Budget	\$70,831,000
Reinsurance Program	\$50,400,000
In-House Call Center	\$1,700,000
Total 2026 Budget	\$122,931,000

CY2026 Budget Motion

Proposed Motion: To approve the two proposed 2026 budgets that have been prepared for the expiration or extension of the enhanced premium tax credits expiring by 12/31 and to adopt the appropriate budget depending on what scenario materializes.

pennie®

ADDRESS

PO Box 11873
Harrisburg PA
17108-1873

PHONE

+1 844-844-8040

WEB

pennie.com