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Pennie Board of Directors Meeting

December 2025

Agenda

- **Preliminary Matters**
- **Executive Director's Report**
  - Federal Updates
  - Open Enrollment Report
- **Health Equity Accreditation Regulation**

Preliminary Matters

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

Federal Updates

Key Updates

Since we last met in October, the federal budget passed without an extension of the enhanced premium tax credits.

As part of the passage, the Senate committed to taking a vote on the tax credits in December.

Two healthcare votes were taken yesterday in the Senate. One was on the Republican-led health care proposal (S. 3386) which failed 51-48, and the second was a Democrat-led three-year extension proposal (S. 3385) which failed 51-48.

The House does not have any healthcare votes scheduled, but there are discharge petitions being circulated by both Democrats and moderate Republicans.

Key Updates

GAO recently released a report about vulnerabilities in the federal marketplace. Only the federal marketplace processes were evaluated. No state-based marketplaces were reviewed. Because of the continued federal conversation around marketplace enrollments, the chart below provides information regarding Pennie's processes and those of the Federal Marketplace at the time of the report's evaluation. Pennie has many safeguards in place to prevent improper enrollments. Our understanding is that the Federal Marketplace has since addressed some of the vulnerabilities in the report as well.

Vulnerabilities	Federal Marketplace (according to GAO Report at time of assessment)	Pennie (Currently)
Duplicate Coverage Prevented	No	Yes
Consistent Identity Proofing	No	Yes
Consumer Awareness of Broker Changes	-	Yes
Consistent Multi Factor Authentication	No	Yes
All DMIs Active	No	Yes
Web-brokers	Yes	No

Open Enrollment Report

2026 Open Enrollment

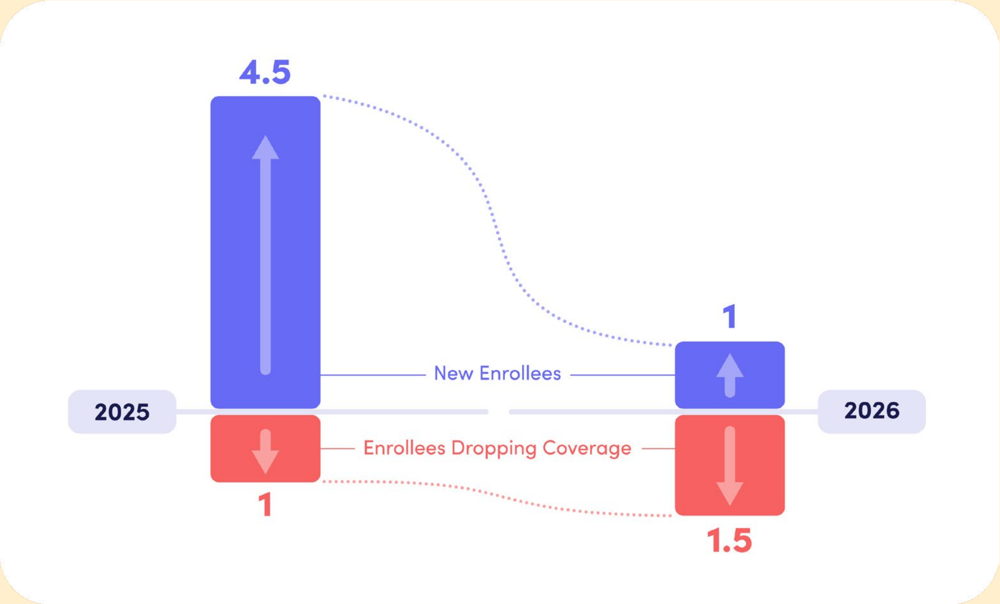
The enrollment trends we have seen this first month have differed significantly from last year's open enrollment period.

New Enrollment

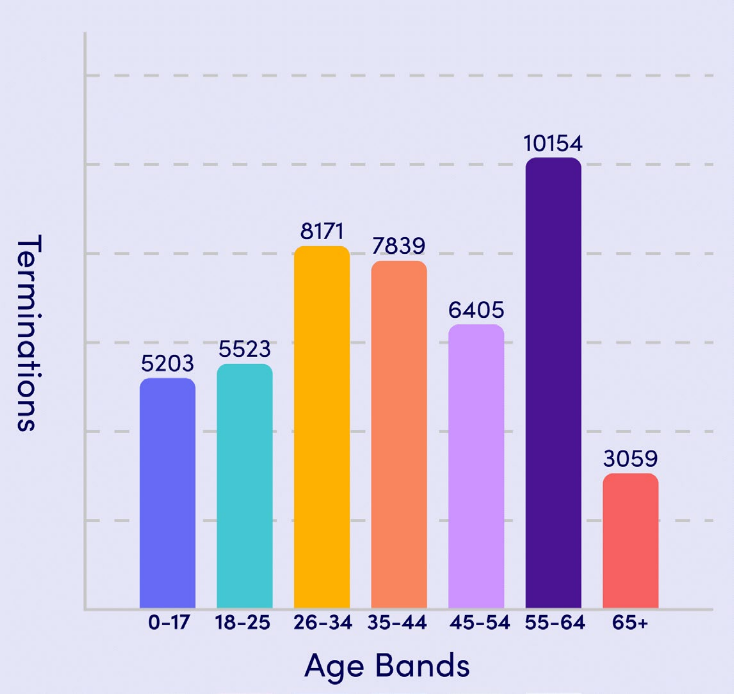
- New enrollment has been active and steady, but pacing roughly **16% lower** than OE25.

Terminations

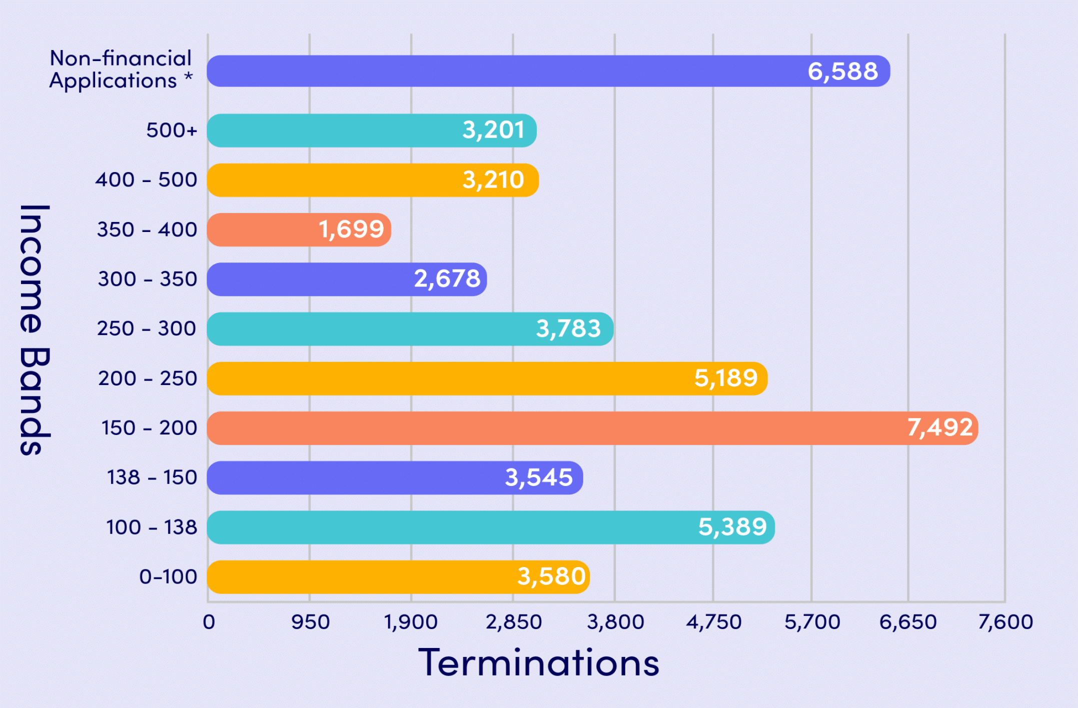
- For every **1 new enrollment, around 1.5 enrollees** have terminated coverage
- As of Dec. 11, **over 46,000 enrollees** have dropped 2026 coverage.
- Many of these individuals would potentially re-enroll if EPTCs are extended.



2026 Open Enrollment



- Individuals and households ages **55-64** are terminating coverage at the highest levels among all age groups.
- Younger, healthier individuals ages **26-34** are terminating coverage at the second highest levels among all age groups, which adversely impacts risk pools and drives premiums higher.



- The highest level of terminations by income have been seen in the **150% - 200%** FPL range, $23,475 to $31,300 for a single adult.

**Enrollees either did not apply for premium tax credits, or have lost premium tax credits for administrative reasons and need to update their applications.*

2026 Open Enrollment

- When looking at terminations by county, we are seeing the impacts especially on rural communities. As a reminder, Pennie has been sharing throughout the year that rural counties would be disproportionately impacted due to the age of their enrollees, and the unique challenges rural counties face with higher costs.

- Of the top 20 counties with the highest percentage of terminations based on their enrollment, **14, or 70% are rural***:

County	Location Type	*Enrollees Start of OE 2026*	Term Through Week 6	Total Terminations (%)
Schuylkill	R	*3,995*	527	13%
Snyder	R	*1,766*	228	13%
Northampton	U	*10,774*	1314	12%
Franklin	R	*5,826*	710	12%
Lehigh	U	*14,777*	1789	12%
Tioga	R	*1,289*	155	12%
Lancaster	U	*15,113*	1816	12%
Monroe	R	*5,893*	697	12%
Carbon	R	*2,094*	241	12%
Greene	R	*739*	85	12%
Juniata	R	*1,101*	123	11%
Bradford	R	*1,916*	212	11%
Centre	R	*4,003*	436	11%
Clearfield	R	*2,253*	244	11%
Wyoming	R	*890*	95	11%
Mckean	R	*1,034*	110	11%
Adams	R	*4,606*	489	11%
Lebanon	U	*5,393*	572	11%
Lackawanna	U	*7,177*	755	11%
Berks	U	*15,503*	1620	10%

*Based on the definitions provided by the Center for Rural PA https://www.rural.pa.gov/data/rural-urban-definitions

Total Enrollment Impacts

- At the end of OE25, we had a **record high of 497,000 enrollees.**
- **Currently holding steady with fluctuations between 465,000-472,000** total enrollments.
- Anecdotal feedback is that many consumers are waiting to decide whether to drop, enroll, or change plans given the federal policy uncertainty, making it extremely difficult to determine where the enrollment number is headed.
- Given what we know about the terminations and new enrollees, **we estimate that <u>with</u> the enhanced tax credits we could have been around 510,00-520,000 enrollments by this point**, headed into one of the busiest enrollment days having already broken another enrollment record.
- However, without the enhanced premium tax credits, **we anticipate we will continue seeing large termination numbers,** especially as January bills come due and as deadlines prompt people who are currently waiting to make decisions.
- Significant consumer activity, especially at the call center, is resulting in strained resources.

Post OE Impacts

Pennie will be tracking effectuation rates and terminations post-Open Enrollment, with expectations of additional losses. In the past few years, end of OE numbers have not gone down much throughout the year.

The End-of-OE enrollment total is expected to go down quickly through May, in contrast to prior years, due to:

- **Lower effectuation**

Only 77% of Pennie enrollees have effectuated coverage as compared to 88% from this time last year. Pre-EPTC effectuation rates were typically in the low-mid 80s, versus the high 90s of the past few years. This is expected to result in an immediate reduction in the end-of-OE enrollment number.

- **Non-pay terminations**

Higher rates of non-pay termination expected through May as the APTC 90-day grace period expires after March 2026.

- **Fewer SEP opportunities**

Tighter regulations that removed the low-income special enrollment period will mean lower rates of new enrollment after OE.

Additional federal changes will further impact enrollment over the coming years, from reducing eligibility for APTC and a shorter Open Enrollment period for 2027 and a new pre-enrollment verification process for 2028.

2026 Open Enrollment Contingencies

- In the October board meeting, Pennie presented policy options, related to the timing of open enrollment, for the Board to consider given current uncertainty. We agreed to come back and discuss in this meeting.

- What was proposed:
  - **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.
  - **Pennie Recommendation:** Not recommended – other deadline extensions should provide the additional time needed with this year's significant cost changes.

  - **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.
  - **Pennie Recommendation:** Not recommended – Pennie suggests holding on any extension policies until a federal policy and timing is known.

Health Equity Accreditation Regulation

Refocusing Efforts

Background

- In August of 2022, Pennie brought a motion to the Board to create a regulation requiring insurers selling plans through Pennie to receive and maintain health equity accreditation.

- The Board voted in favor of the motion with the objective of ensuring access to coverage across various populations.

- In May of 2024, Pennie submitted a proposed health equity accreditation regulation to the Independent Regulatory Review Commission.

Changes since 2022

- Since 2022, many other activities have been undertaken to meet Pennie's objective of reducing inequities across the uninsured population, including:
  - Understanding the PA uninsured at a deeper level through data analysis, surveys, and focus groups.
  - Engaging with brokers to ensure alignment with PA population.
  - Improving understandability of program through a focus on plain language and health literacy.

- Pennie's outreach efforts have yielded positive outcomes.
  - Each of the disproportionately uninsured PA populations (rural, black, Hispanic, and young adult) have shown greater than average enrollment growth over the past 4 years.
  - Broker engagement has grown and generally reflects the populations served.

Refocusing Efforts

Next Steps

- Focus efforts on areas directly within Pennie's purview – outreach, education, analytics, and customer support – to continue improving our ability to reach the uninsured and improve access to enrolling in coverage.

  - Examples: new statewide assister contract, 3-year uninsured plan that combines both broad-based and tailored outreach messaging (i.e., to rural versus urban areas)

Pennie Recommendation

- Pennie recommends not moving forward with the health equity accreditation regulation.

- Instead continue to focus on areas in which Pennie:
  - Can take direct steps to reach and enroll the uninsured across many different populations
  - Can clearly measure outcomes tied to those steps
  - Can be flexible to adjust to new learnings and program changes

- Insurers could continue pursuit of efforts to ensure different needs across populations are met.

Executive Session

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