



Pennie Board of Directors Meeting

February 2026

Agenda

- **Preliminary Matters**
- **Executive Director's Report**
- **Part I: Looking Back**
 - **Open Enrollment**
 - **2025 Year in Review**
- **Part II: Looking Forward**
 - **2026 Initiatives**
 - **Proposed Rule**
 - **Additional Funding Request**



Preliminary Matters

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

Board Changes

Welcome New Pennie Board Members:

- **PA State Representative, Dr. Arvind Venkat**, replacing Dr. Tracey Conti.
Rep. Arvind Venkat, an emergency physician, was elected to serve his first term in the state House of Representatives in November 2022. He serves as State Representative for the 30th Legislative District, which includes part of Hampton Township, and all of McCandless, Franklin Park, Ohio Township, Emsworth, Ben Avon, Ben Avon Heights, and Kilbuck. A key focus area for Rep. Venkat is accessible and affordable healthcare.
- **Ellen Galardy, Highmark**, replacing Alexis Miller.
Ellen is a senior vice president, Federal Business segment president with Highmark Inc. She joined Highmark in 2010 in the Finance organization where she held leadership roles on projects including the affiliation with WPAHS and the creation of AHN, the merger with NEPA Blue Cross, and health plan financial operations. In 2016, Ms. Galardy joined the Federal Markets team to lead the development and execution of Senior Markets strategy. Since then, Ellen has held progressively higher leadership positions across both Senior and Individual (ACA) markets.



Executive Director's Report

Key Updates

- **Enhanced premium tax credits expired.** A bipartisan bill extending the enhanced premium tax credits for three years passed the House in January. The Senate did not take up the bill. There is currently no path for extending enhanced premium tax credits.
- **High public engagement on costs.** Pennsylvanians appear highly engaged in the topic of health coverage affordability and the cost increases through the marketplace.
- **Impact analysis of cost increases ongoing.** Open enrollment shows indicators of trends but additional time is needed before full impact is known.
- **Federal proposed rule issued.** CMS released the 2027 Notice of Benefit and Payment Parameters with several policies impacting marketplace operations.



Strategic Planning Session

Part 1: Looking Back

2025 Year in Review and Open Enrollment



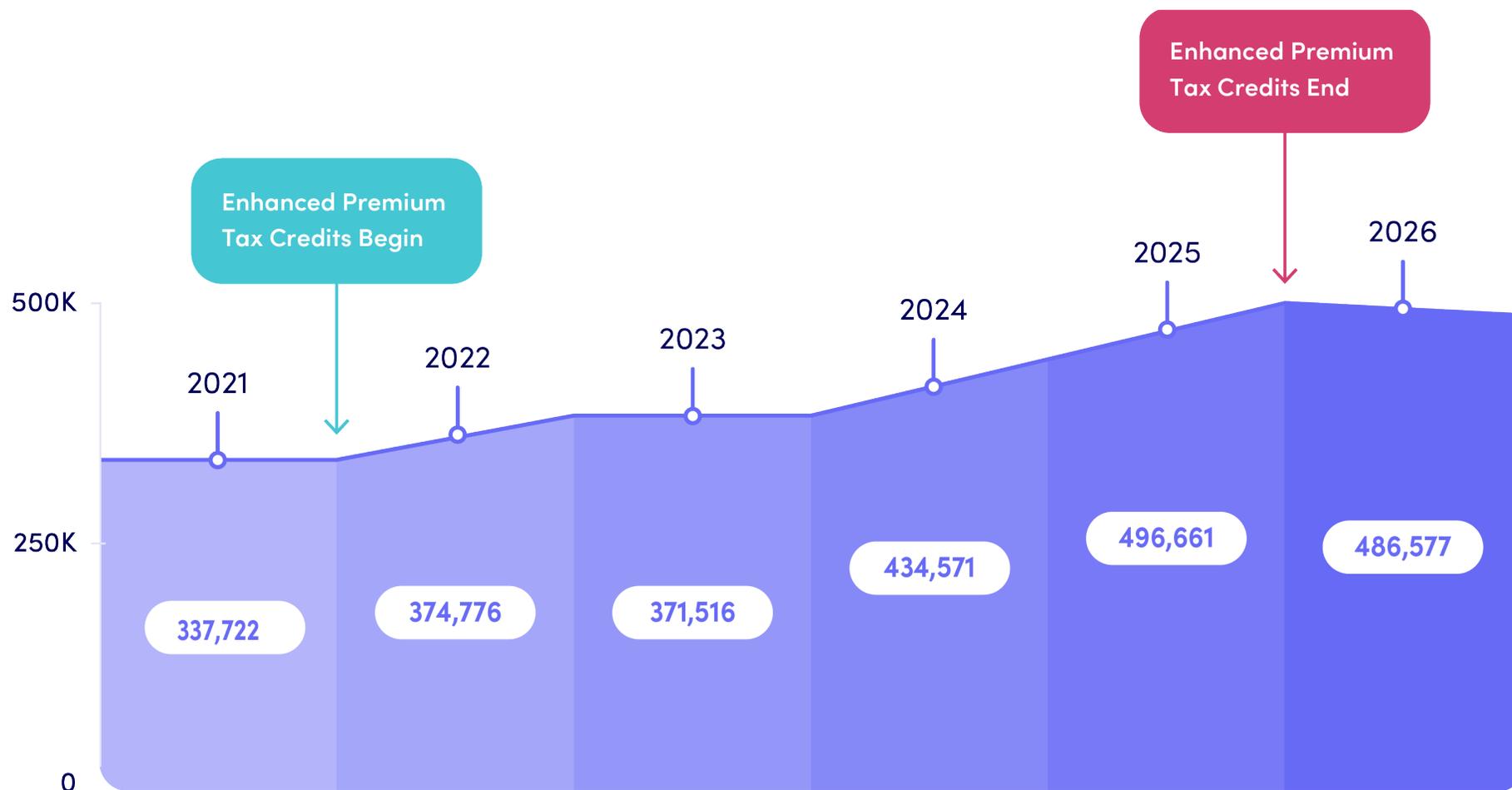
Open Enrollment Deep Dive

Open Enrollment Outcomes

- **Total enrollment lost pace with prior years.** 2026 enrollment went from being 11% higher at the start of Open Enrollment to being 2% lower by the end, when compared to 2025.
- **Continued demand seen for high quality coverage.** Roughly 79,500 Pennsylvanians enrolled in coverage through Pennie for the first time, but it was clear that costs remained a barrier with new enrollment being 12% lower than last year.
- **Significant loss of coverage.** Nearly 18% of enrollees dropped coverage altogether. Terminations were highest among older and rural Pennsylvanians, and those with incomes just above Medicaid or above the new income cliff.
 - As of 2/19, the number of disenrollments is now over 102,000.
- **Shift to lower levels of coverage.** Around 33,000 more Pennsylvanians enrolled in bronze plans this year compared to last year – a 30% increase. These plans have lower monthly premiums but often have thousands of dollars more in out-of-pocket costs when medical care is needed.

OE Year	Start of OE	End of OE	New Enrollees
2026	472,852	486,577	79,492
2025	425,444	496,661	90,472
Change	+11%	-2%	-12%

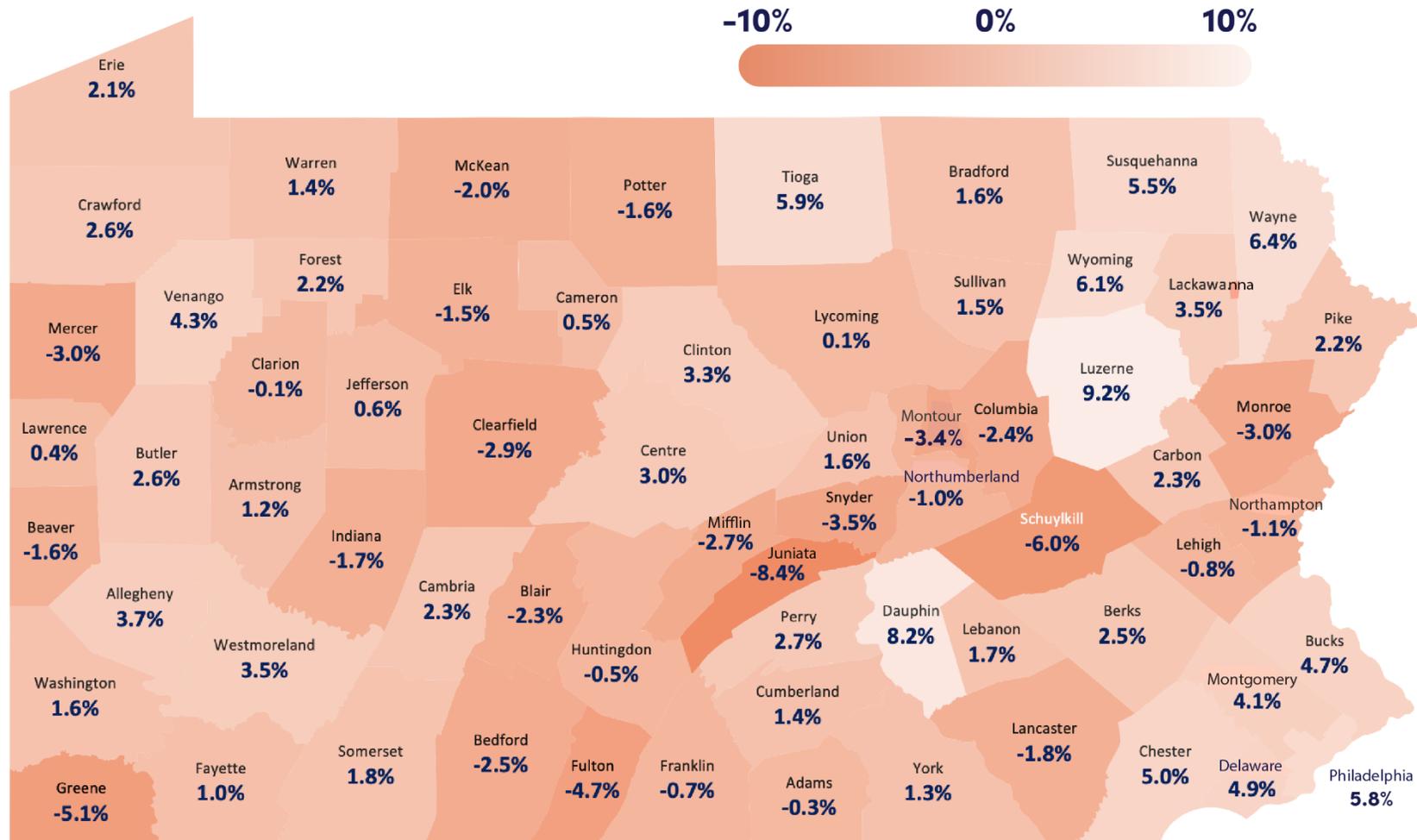
Open Enrollment Key Takeaways



Enrollment Metrics as of 02/01/2026

Plan Year 2026		End of OE 2026	Compare to End of OE 2025	Percent Change from 25-26
Enrollment	Total Enrollment	486,577	496,661	-2%
	Auto Renewals	276,063	320,479	-14%
	Active Renewals	140,022	85,710	63%
	New Enrollment	79,492	90,472	-12%
	Dental Enrollment	112,959	117,020	-3%
Medicaid Account Transfers	Inbound	65,470	71,763	-9%
	Outbound	55,631	56,596	-2%

Percent Change in Enrollments by County



Enrollment Growth by Region and Costs

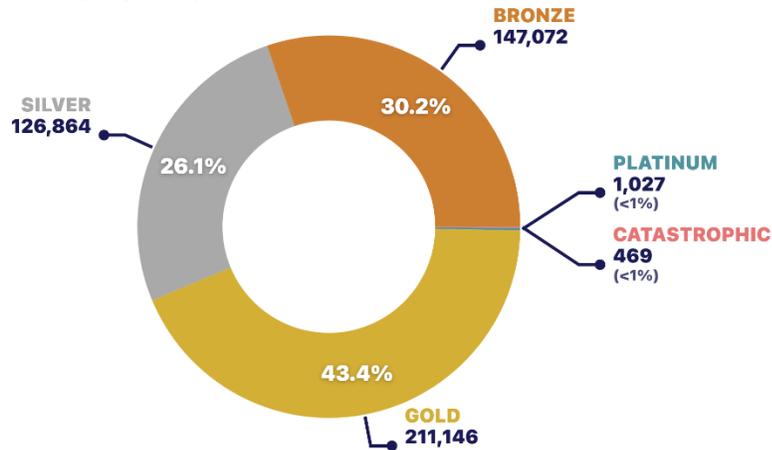
Rating Area	Enrollees	2025 PMPM Net Premium	2026 PMPM Net Premium	Change in PMPM Net Premium	OE Growth
1 Northwest	20,436	\$157	\$231	\$74	-6%
2 North Central	2,115	\$209	\$266	\$57	-8%
3 Northeast	41,719	\$214	\$263	\$49	1%
4 Southwest	92,217	\$183	255	\$72	-3%
5 Cambria Area	16,155	\$207	\$251	\$44	-10%
6 Central	43,627	\$185	\$279	\$94	-4%
7 Lancaster Area	54,139	\$212	\$270	\$58	-3%
8 Southeast	158,953	\$195	\$239	\$44	0%
9 South Central	36,988	\$131	\$200	\$69	2%



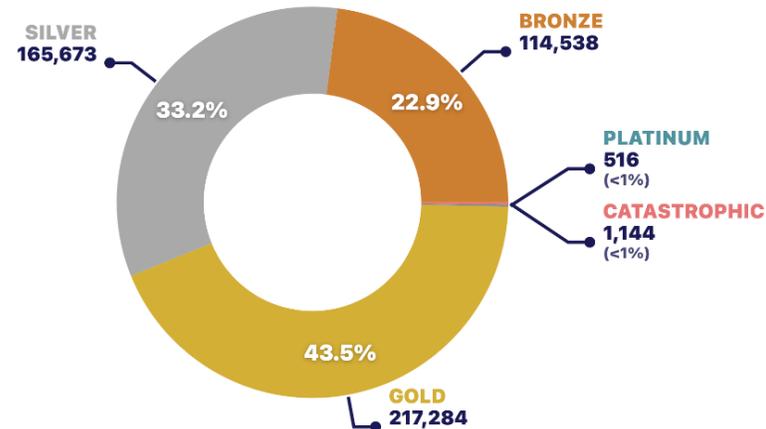
Plan Selection Trends

- **More enrollees selected bronze plans** than in past years, which now account for 30% of total enrollments compared 23% last year.
- The federal government expanded eligibility for catastrophic plans in September. Interested consumers could receive an exemption number from CMS and then use that number to view catastrophic plans on Pennie. **Enrollment in catastrophic decreased** from ~1,100 to ~470.

End of OE 2026



End of OE 2025



Call Center Operations

- **13% increase in call volume compared to OE2025.**
 - 9,000 calls on November 3, 2025 - the highest single day call volume ever in November
 - 18,250 calls on December 15, 2025 - the highest single day call volume since December 15, 2020
- **High call volumes led to issues** around speed to answer and abandonment rate in first half of OE (with speed to answer jumping from nine (9) seconds in OEP 2025 to nearly 24 minutes in OEP 2026 through December 15th)
- **Pennie pushed for higher staffing and dramatic improvements were seen post 12/15**
 - Pennie Callback and Resolution Effort (CARE) campaign called consumers who had abandoned their call while waiting in queue
 - Average speed to answer reduced to 10 seconds in January
 - 23,370 abandoned calls during OE, only 243 of those coming after 12/15

Open Enrollment Marketing Impacts

Counties targeted with Pennie marketing out-performed state average enrollment.

OEP and Counties/Areas of Focus	Statewide Average Growth	Targeted Area Growth (% increase YoY)												
OE24: Philadelphia & Delaware	+17%	23% Philadelphia 18% Delaware Surrounding counties avg: ~14%												
OE25: Philadelphia, Pittsburgh, Eastern PA	+14%	18% Philadelphia 16% Allegheny 28% Lehigh 21% Luzerne 19% Berks 17% Northampton												
OE26: Rural & Urban (Year 1 of 3-year Growth Plan)	-2%	<table border="0"> <tr> <td>Rural</td> <td>Urban</td> </tr> <tr> <td>9.2% Luzerne</td> <td>5.8% Philadelphia</td> </tr> <tr> <td>8.2% Dauphin</td> <td>3.7% Allegheny</td> </tr> <tr> <td>1.7% Lebanon</td> <td>-1.7% Lancaster</td> </tr> <tr> <td>1.2% York</td> <td></td> </tr> <tr> <td>-0.8% Lehigh</td> <td></td> </tr> </table>	Rural	Urban	9.2% Luzerne	5.8% Philadelphia	8.2% Dauphin	3.7% Allegheny	1.7% Lebanon	-1.7% Lancaster	1.2% York		-0.8% Lehigh	
Rural	Urban													
9.2% Luzerne	5.8% Philadelphia													
8.2% Dauphin	3.7% Allegheny													
1.7% Lebanon	-1.7% Lancaster													
1.2% York														
-0.8% Lehigh														

Open Enrollment Marketing (Continued)

- **Targeted investment produces measurable results:** In counties prioritized with focused paid media, at least **24% of all website sessions were directly driven by the campaign**, proving that concentrated outreach translates into consumer action.
- **Philadelphia demonstrates the impact of strategic focus:** With sustained and intensified media placement, **44% of all Pennie website traffic from Philadelphia originated from the campaign** - nearly double the statewide average.
- **Intentional prioritization drives behavior:** When additional resources were directed to key markets beginning January 15, website engagement in those areas increased, confirming that **where we invest effort, we can meaningfully influence enrollment activity.**

Overall Goals

Pennie met most Open Enrollment goals outlined in August 2025.

Topic	Measure	OE 2024	OE 2025	Target OE 2026	Actual OE 2026
High Autorenewal Success	% eligible households initially autorenewed	98%	97.5%	> 97%	96%
High Rate of Active Shoppers	#: Active / [Active + Auto]	22%	21%	> 30%	33%
High Levels of Enrollment for Autorenewal Fallout	% retained who were not autorenewed	21%	57%	> 25%	26.9%
Low Impact of Premium Increase on Enrollment	% with high premium who disenrolled (\$100+ more and 2x+ cost)	18%	20%	< 30%	17%
High Effectuation Rates	% households with an effectuated health policy as of end OE	93.9%	93.2%	> 85%	94.7%
High Logins	% households enrolled at the end of OE who logged into their application during OE		49%	>60%	61.8%

Terminations

Dropped coverage was the key difference during this Open Enrollment. 85,000 enrollees disenrolled throughout open enrollment – on average, nearly 1,000 Pennsylvanians dropped Pennie coverage each day.

Total Terminations by Income: Through 2/1/2026

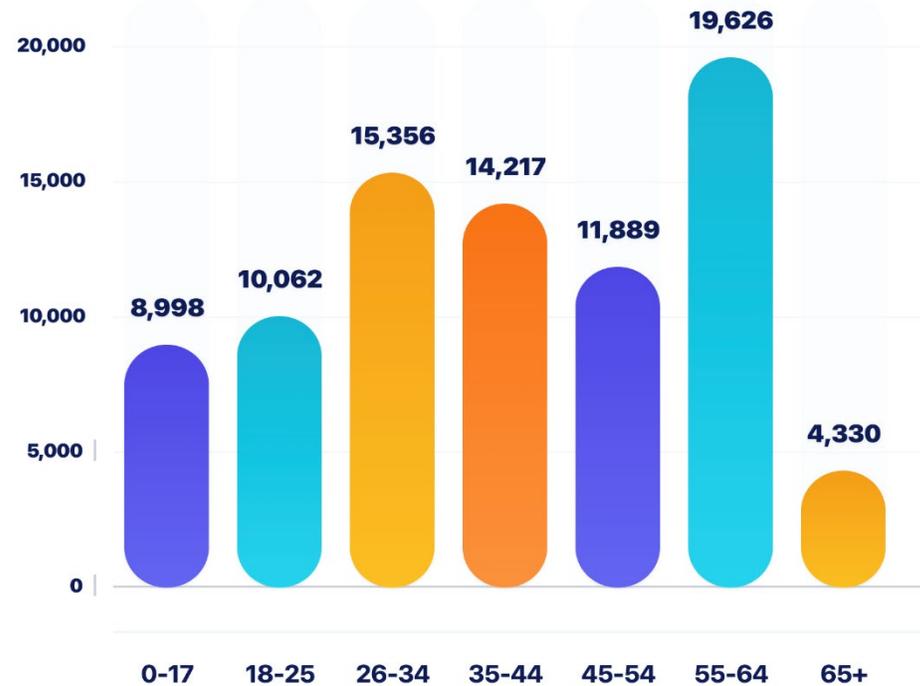
Income Bands



Terminations

Total Terminations by Age: Through 2/1/2026

Terminations



Age Bands

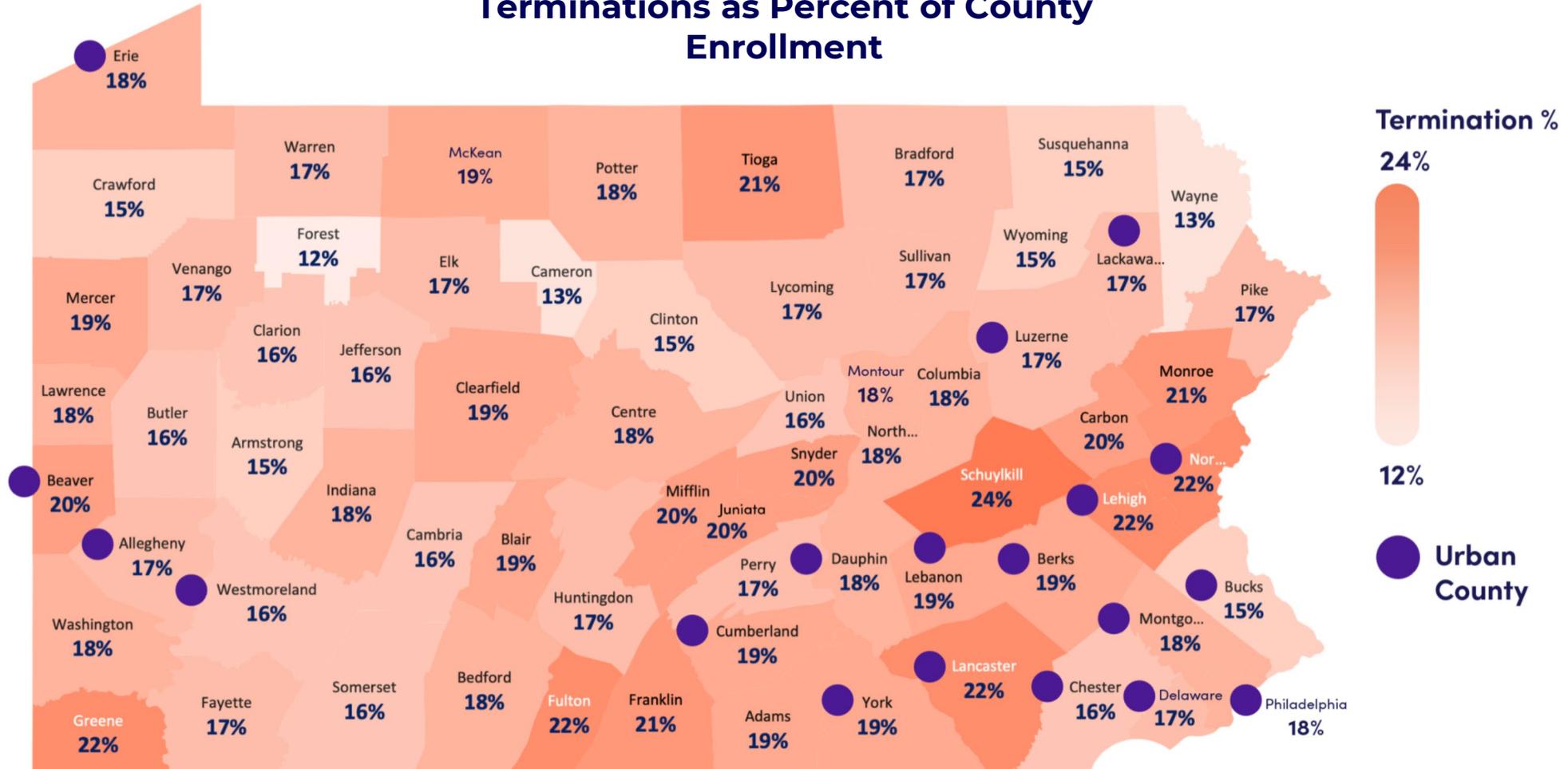
*Enrollees either did not apply for premium tax credits, or have lost premium tax credits for administrative reasons and need to update their applications.



Terminations by Region

15 of the top 20 counties with highest percentages of terminations are rural.

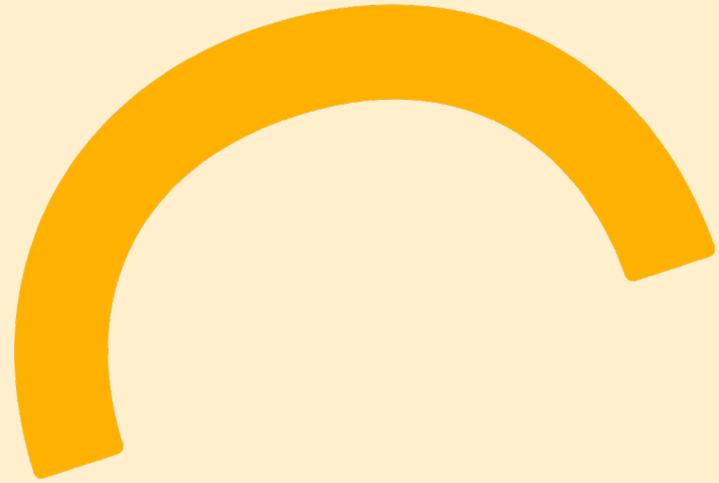
Terminations as Percent of County Enrollment



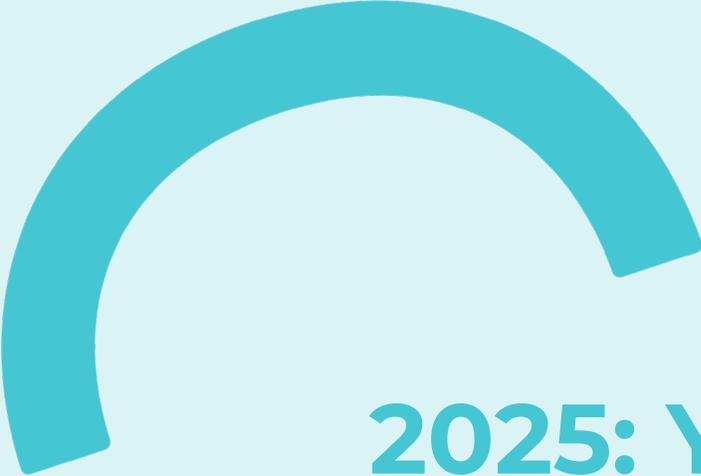
Summary and Future Considerations

Monitoring Continued Losses and Impacts

- Consumer surveys indicated that many enrolling new were coming from other coverage, and that most who were **disenrolling did not have other coverage** lined up.
- Between disenrollments and shifts to bronze, **more Pennsylvanians are uninsured or underinsured.**
- The **disenrollments are continuing** – 17,000 more in the first 19 days of February. This will likely continue, with a large wave in April coinciding with the end of the 90-day grace period.
- The Commonwealth Fund estimates enrollment losses due to enhanced premium tax credits alone will result in **\$715M lower Pennsylvania GDP, around 5,100 in job loss, and \$49M less in state/local tax revenues.**
- Future federal policies – removal of APTC eligibility for lawfully present immigrants and new administrative burdens – will continue to impose **more cost and process barriers** to enrolling in and maintaining coverage.



BREAK



2025: Year In Review



2025 Key Takeaways

- Much of this year was spent engaging in **conversations at all levels on the need for extension of the enhanced premium tax credits and developing contingency plans** for various outcomes.
- We continued our **focus on improving the consumer experience and reducing administrative burdens**, by reworking the consumer escalations and appeals process, introducing additional data sources to check income, and simplifying the plan shopping process.
- Finally, we **continued to improve awareness and education** of our program through robust marketing and communications campaigns.

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 need to make health coverage through Pennie more affordable.

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.

First Initiative: Planning for the outcome of the enhanced premium tax credits

- Multiple phases of contingency planning for wide range of EPTC expiration or extension scenarios.
- Pennie sent the earliest communications to prepare consumers for potential costs increases for 2026.
- Key Outcome: Pennie enrollees received over **25 direct communications** related to the EPTCs expiring. Feedback throughout OE and in surveys demonstrated high consumer awareness of expiring federal EPTCs.

Second Initiative: Improve quality and accuracy of consumer escalations and appeals

- Continued overhaul of the appeals process, with a dedicated focus on providing improving accuracy.
- Key Outcomes: At highest point in prior years, escalations could take months to resolve. Now the average resolution timeframe is down from weeks to just **7 days**, even with a **42% increase** in the number of escalations from 2024 to 2025. First-time resolution of escalations is up, which resulted in a **59% decrease** in hearings held year over year.

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.

Operational Initiatives - Enhancing program integrity

- Brokers are an essential consumer support for Pennie enrollees - **54% of enrollments have a designated broker**. As an indirect representative of Pennie, broker credibility reflects on Pennie's trustworthiness.
- Pennie has matured its ability to act quickly **to hold brokers accountable for inappropriate actions** through developing a coordinated oversight approach in partnership with PID and strengthening the broker agreement to ensure assistance for our program is reliable, trustworthy, and dependable.
- Key Outcome: Since May, Pennie has **referred dozens of broker cases** for investigation to PID. Some of these cases resulted in closure due to lack of evidence, issuance of warning letters, or suspension of the broker's license.

Goal 2: Simple and Clear Processes

Outcomes:

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

First Initiative: Implement quarterly wage data for income verification

- Pennie automatically verifies income to reduce the need for consumers to provide income documents. Pennie began data verification with the PA Department of Labor and Industry using quarterly wage data in September.
- Key Outcome: **43%** of income data matching issues generated during autorenewals were verified and resolved by quarterly wage data.

Second Initiative: Deploy simplified plan view

- To address concerns of plan choice overload, Pennie implemented a simplified plan view with an initial display of fewer plans with the consumer-option to view all plans.
- Key Outcome: **98%** of active shoppers enrolled in a plan displayed through the simplified plan view, indicating consumers found the plan they are looking for. More in-depth analysis is planned for the coming months.

Operational Initiatives:

- We launched a new FAQ page at pennie.com, simplified navigation on pennie.com, added more ways to get the application page, and reviewed all consumer-facing materials for plain language and below 7th grade reading level.



Goal 3: Increase Awareness

Outcome:

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

First Initiative: Continue with ongoing awareness campaign

- In summer of 2025, Pennie launched a value-based ad titled “Worth It,” which featured warm family and friend moments that were worth staying healthy for.
- For Open Enrollment, this was paired with a “Checkbox” spot with a spokesperson outlining key next steps for both the uninsured and Pennie enrollees.
- “Worth It” was seen slightly more, and outperformed “Checkbox” in completion rate (81% to 61%)

Advertising Metric	OE25	OE26
Digital Ads Seen	38.9M	65.7M
Clicks on Links	336K	360K
Ad Number of Views/Listens & Completion Rate	22M & 83%	23.6M & 75%

Goal 3: Increase Awareness (cont.)

Outcome:

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

Second Initiative: Increase presence and assistance in underserved communities

- Onboarded Pennie’s new assister contractor, HMC, and established regional organizations.
- Reach was expanded under new “hub and spoke” assister model, with a short implementation timeframe that presented challenges but ultimately increased Pennie presence.

Key Outcomes	OE25	OE26
<i>Regional Organizations</i>		
Outreach & Enrollment Events	488	749
Counties Reached	13	51
<i>Internal Pennie Outreach (Team of 3)</i>		
Outreach & Enrollment Events	58	64
Individuals Reached	~3500 individuals reached, 1/5 of events had statewide audience	~3200 Individuals reached, 1/5 of events had statewide audience

Goal 4: Affordability Education

Outcomes:

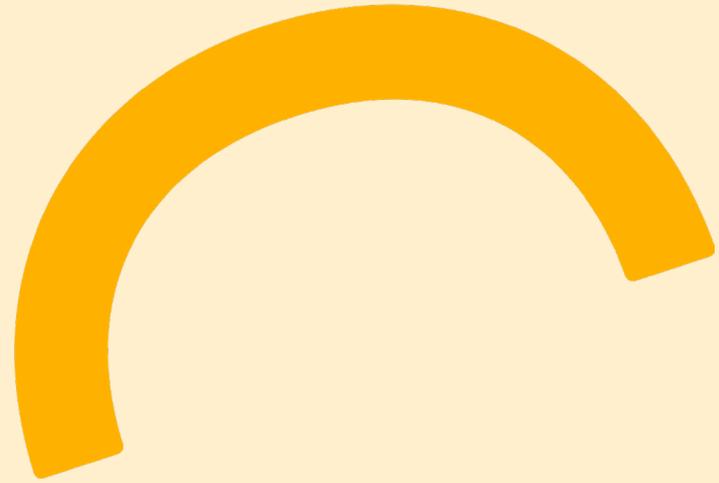
1. Educate on the need to preserve existing federal financial assistance for consumers.
2. Educate on the need to implement new state financial assistance for consumers.

First Initiative: Educate on the importance of extension of the enhanced premium tax credits

- Launched consumer-facing EPTC education page with over **60,000 visits**, including a form for consumer stories that yielded **over 300 consumer testimonials** regarding affordability challenges in 2026.
- Transparently published data on pennie.com/affordability with impacts of EPTC expiration for policymaker and stakeholder audiences. The page saw **17,460 visits** and was referenced regularly by stakeholders and media.
- Pennie facilitated stakeholder briefings with **70+** different Pennsylvania organizations and sent Congressional letters.
- Over **65** media interviews and over **220** mentions in state and national publications focusing on Pennie affordability. This non-paid media coverage yielded a marketing value of \$14 million through national and PA coverage (\$8M in PA alone).

Second Initiative: Educate on the importance and impact of a state health insurance affordability program

- Functionality for state subsidy was completed and is ready to go live. Pennie updated modeling after OE26 (later slide).



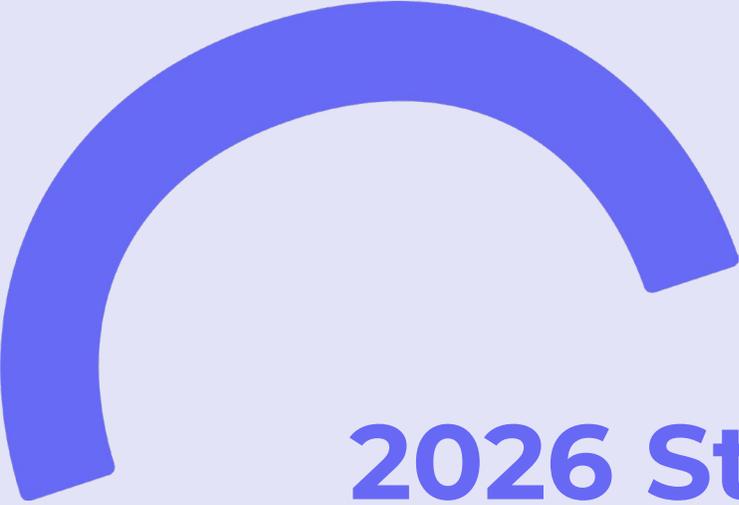
LUNCH



Strategic Planning Session

Part 2: Looking Forward

Strategic Initiatives for 2026 and Beyond



2026 Strategic Initiatives

2026 Strategic Initiatives

Pennie plans to focus 2026 on implementation of major multi-year initiatives and the required federal changes.

Throughout our daily work, we will continue to use the strategic goals to guide ongoing improvements to the consumer experience and more fully integrating Pennie across the Commonwealth.

Key Initiatives for 2026:

1. Building towards in-house contact center
2. Implementing federal changes
3. Focusing on affordability

Pennie's Strategic Plan

1. Establish Pennie as a trusted and objective source of clear information about coverage.

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.

Initiatives:

- In-house contact center

2. Promote simplicity and clarity into processes to improve accessibility.

Outcomes:

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

Initiative:

- Implement federal changes across system, operations, and communications

Pennie's Strategic Goals

3. Increase awareness of Pennie at local and state levels across Pennsylvania.

Outcome:

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

Initiatives:

- Continued implementation of the three-year uninsured plan
- Strengthening the assister network

4. Educate on the need to make health coverage through Pennie more affordable.

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.

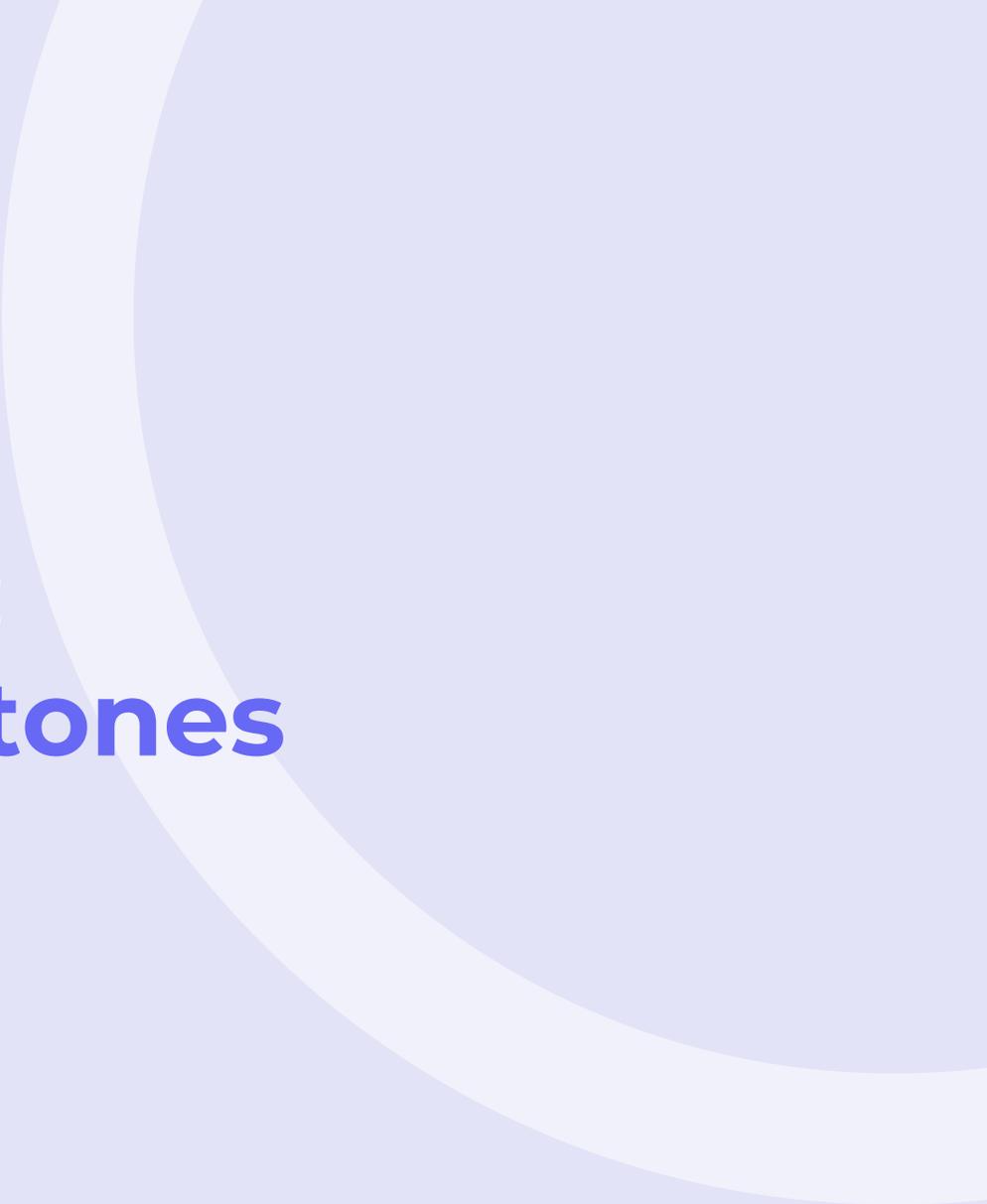
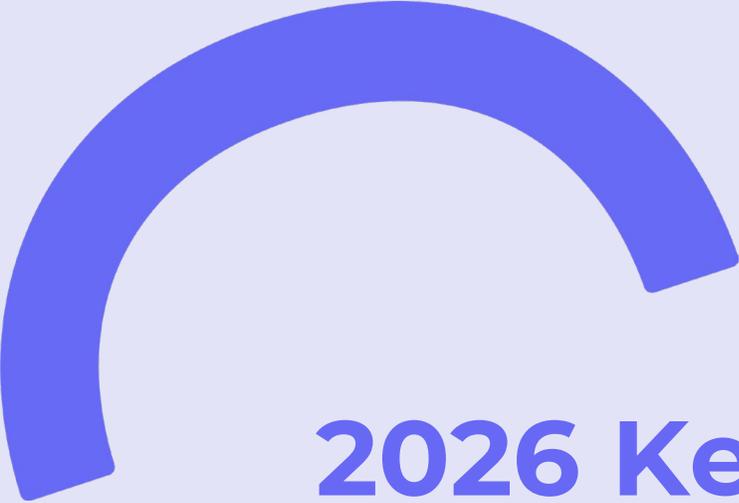
Initiatives:

- Ongoing education on impact of EPTC expiration and any future policies that may impact affordability
- Pursuing affordability options

2026 Measures of Success

	Key Initiatives	2026 Measures of Success
Trusted and Objective Source of Coverage	In-house contact center implementation	Complete design and readiness milestones – finalizing the operating model, staffing plan, technology integrations, training and quality frameworks, governance, and transition plan.
Simplicity and Clarity in Process	Preparing system for federal changes	Establish new Open Enrollment Period dates starting in 2026 for plan year 2027
		Implement new non-citizen eligibility requirements for financial assistance Design the pre-enrollment verification process that minimizes consumer disruption (“effort neutral” design).
Increase Awareness of Pennie	Continued implementation of the three-year uninsured plan	Conduct consumer research and analyze the results of phase 1 of the uninsured plan. Look for an increase in Pennie awareness and higher enrollments in targeted regions. Evaluate expansion to more high-focused zip codes and consumer personas.
	Strengthening the assister network	Equip assisters with more support, training, and resources, growing Pennie's network of community partners Refine outreach & engagement strategies to leverage Regional Organization & Pennie collaboration and resources.
Educate on Affordability	Highlighting the need for greater health insurance affordability	Engage with PA lawmakers and stakeholders to discuss affordability challenges, impacts of the expired enhanced premium tax credits, and benefits of the state health insurance affordability program.





2026 Key Initiative: Updates and Milestones

Call Center Project Summary

During the October 2025 meeting, Board approval was provided to begin the process of internalizing contact center services and transitioning away from the vendor effective January 1, 2028.

This approach creates long term strategic value by providing full governance and control over service and delivery, better insight into training and performance, clearer alignment with Pennie's mission and goals and greater flexibility to scale staffing and manage costs effectively.

Pennie has developed our projects plans and has begun work according to our implementation roadmap.

In-House Contact Center Implementation Roadmap

2026 | Strategy & Foundation

- Define contact center mission and success measures, establish governance model and cross-functional workgroups
- Select core technology stack: telephony, customer relationship management, knowledge management and learning management systems (KMS/LMS), quality control and assurance
- Engage implementation consulting partner
- Design leadership, quality, and training roles

2027 | Workforce Build & Readiness

- Finalize standard operating procedures, training modules, and operating documentation and deploy into KMS/LMS solution
- Hire and onboard supervisors and frontline staff
- Conduct end-to-end training and soft launch operations

2028 | Launch & Stabilization

- Full operational launch and transition to steady-state operations
- Stabilization period with formal performance assessment
- Preparation for OE 2029

Milestone Execution: 2026

2026

Q1

Strategy & Governance

Solidify contact center mission, establish workgroups and governance structure.
Define and approve success measures.

Q2

Technology Decisions

Evaluate and select contact center technology stack.
Hire and onboard two (2) IT resources.

Q3

Implementation Setup

Onboard implementation consulting partner.
Stand up core technology stack.
Develop and finalize job descriptions for **non-frontline staff**.

Q4

Quality & Training Capability

Post, hire, and onboard quality and training staff.

Milestone Execution: 2027

2027

Q1

Operational Readiness

Finalize SOPs, call flows, workflows, and training modules.
Upload documentation into KMS / LMS.

Q2

Supervisory Staffing

Post, hire, and onboard contact center supervisors.

Q3

Frontline Workforce

Post, hire, and onboard Customer Service Representatives.

Q4

Operational Readiness

Conduct comprehensive Customer Service Representative training.
Execute soft launch of contact center operations.

Milestone Execution: 2028

2028

Q1

Full Operational Launch

Full launch of contact center.

Transition to complete day-to-day operational ownership.

Q2

Stabilization & Performance Review

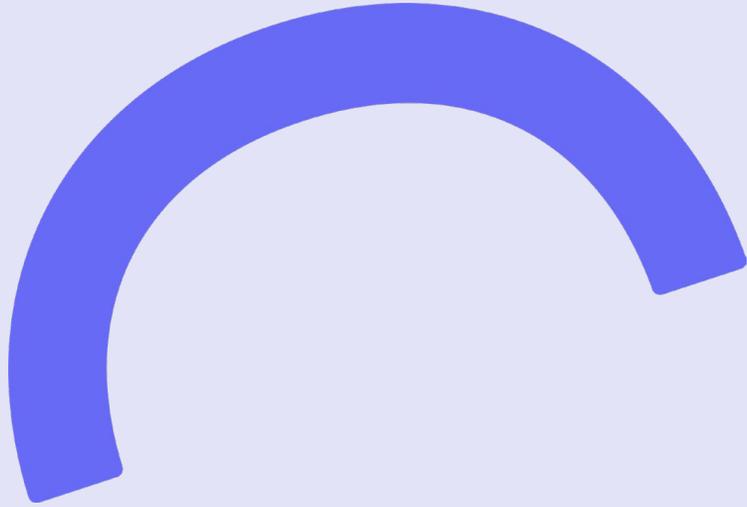
Stabilization period.

Evaluate performance against success measures at three (3) and six (6) months.

Q3

Open Enrollment Preparedness

Hire, onboard and train additional Customer Service Representatives to support Open Enrollment Volumes.



Preparing for Federal Changes

Federal Changes

1 - Open Enrollment Dates (Fall 2026 for 2027 Coverage)

2 - Federal Eligibility Changes

- a. Lawful Immigrant APTC Ineligibility (Fall 2026 for 2027 Coverage)
- b. Pre-renewal Verification (Fall 2027 for 2028 Coverage)
- c. Pre-enrollment Verification (Starting Jan 2028)

1. New Open Enrollment Period Requirements

The *Marketplace Integrity & Affordability Final Rule* makes the following changes to Open Enrollment Period (OEP) requirements, beginning with OEP 2027.

- OEP must begin no later than November 1st and end no later than December 31st
- OEP cannot exceed nine (9) weeks
- All coverage must begin Jan. 1st of the plan year

Open Enrollment Period Proposal

With these new requirements, Pennie proposes to modify the annual Open Enrollment Period to run from **October 15 – December 15:**

- **Maximizes the allowable OEP, while avoiding the major holiday season**, which is typically a time of significantly less customer activity and fewer customer support resources.
- Provides **buffer time at the end of OEP** for enrollees to receive insurance cards, and for Pennie to extend OEP, if necessary for volume or technical issues, while adhering to the new guidelines.
- The **Dec. 15 deadline is one of the most known** dates in the marketplace, for coverage starting Jan. 1.



Stakeholder Feedback Summary

- From Nov. 8 – Dec. 8, **Pennie sought stakeholder feedback** from its health and dental insurers, brokers, and assisters. Overall, 107 individuals/entities responded to the survey.
- Most commenters **indicated support for 10/15 to 12/15**. Considerations raised included operational constraints, competing resources with Medicare, and the rate filing process.
- Pennie also requested feedback on having a **“window shopping” period before 10/15, with mixed feedback**. The window would allow brokers, assisters, and consumers to view plan options even before they can enroll. Timing concerns were elevated with a window-shopping period.

Feedback Analysis

Feedback	Description	Analysis
Rate filing process timing	Concern that rate filing process wouldn't allow for earlier 10/15 start	Pennie coordinated timelines with PID – if deadlines are adhered to by insurers, PID, and Pennie, then the auto renewal process can be moved 2 weeks earlier
Medicare open enrollment overlap	Concern that consumer resources (i.e., brokers) would be constrained starting the same date as Medicare	Given 1/3 of enrollees are above 55, could be a helpful alignment of start dates for consumers. With finalization of dates in February, entities would have 6 months to adjust operational plans.
End later than 12/15	Suggestion to end on 12/31 instead, and start later on 11/1	12/15-12/31 conflicts with holidays. Consumers do not enroll during Christmas week, and critical consumer-facing, operational, and tech support is not reliably available during the holidays. Ending on 12/31 provides no buffer for high volume spillover from the deadline day.
Start on 11/1 instead	Suggestion to start on 11/1 instead to get more time in October for operations and less overlap with Medicare	With a 12/15 end-date, starting 11/1 loses 2 weeks of enrollment time resulting in less enrollment overall. Starting 10/15 spreads out consumer support. Usually, first two weeks are existing consumers.

Timelines Considerations

The following timeline was coordinated with PID to layer in critical renewal activities with rate filing timelines to ensure a seamless transition to the new OE dates.

Event	2025 Date	2026 Date
Provider Network Adequacy Submissions	May 15	May 1
Form, Rate, & Binder Filings Due	May 15	May 15
Deadline for Filings Updates	August 15	August 15
Plan Preview Starts	August 28	August 26*
Plan Preview Ends	September 26	September 16*
AutoRenewal (Test & Final Run)	Aug. 19 – Oct. 30	Early August – Oct. 9*
834s Sent	October 24	October 1 - 5*
Pennie Notices Sent	October 28	October 1 - 9*
Open Enrollment Starts	November 1	October 15

Note: Dates with asterisk are tentative.

Preparing Consumers for New Open Enrollment Dates

- Since Pennie started in 2021, the Open Enrollment dates have always been November 1 through January 15, with some occasional extensions for holidays and high volumes.
- A final and earlier deadline in December carries a **large risk that consumers will miss the deadline**, assuming they can enroll in early January like prior years.
 - New, younger, and healthier enrollees typically enrolling in the last days of Open Enrollment; negative risk pool impacts could occur if final deadline is missed.
- As with other major changes (Medicaid unwinding, enhanced premium tax credits), Pennie will leverage **best practices to communicate early and often** to customers to ensure widespread knowledge of the date changes.
- **Cross-stakeholder “all-hands-on-deck” efforts to increase consumer awareness** will be critical to ensuring Pennsylvanians do not miss the new “one and only” final December deadline.

Open Enrollment Period Dates Motion

Based on having the support from most stakeholders as well as timeline alignment with PID for making this change, Pennie recommends moving forward with the new proposed dates for Open Enrollment.

Due to concerns regarding operational timing, Pennie is not recommending a pre-10/15 window shopping option at this time but could revisit this question in a future year.

Motion: To change the dates of the Pennie Open Enrollment Period, beginning with the 2027 Open Enrollment Period, to start on October 15 and end on December 15.

2. Federal Eligibility Changes

- Since passage of H.R. 1, Pennie has been preparing to implement new federal requirements, which make it harder and more expensive to enroll in coverage, in a way that maximizes Pennie's ability to retain and add enrollees, while achieving compliance with the new law.
- Pennie has put together an organization-wide project team to address the following significant changes, in addition to the Open Enrollment changes:
 - **Pre-renewal verification:** newly requires enrollees to actively confirm eligibility to be renewed with premium tax credits for the next plan year – Effective Aug. 1, 2027, Impacts ~400,000+ existing enrollees each year
 - **Pre-enrollment verification:** Removes conditional eligibility to enroll in coverage with premium tax credits – Effective Jan. 1, 2028, Impacts new enrollees
 - **Lawful Immigrant Ineligibility:** Removal of APTC-eligibility for all non-citizens, except for lawful permanent residents (LPR), COFA migrants, and Cuban/Haitian entrants - Effective Jan. 1, 2027, Impacts an estimated 27,000 enrollees
 - **Alignment to Medicaid Changes:** System changes to align to Medicaid changes related to community engagement requirements.

Federal Changes Milestones & Effective Dates

Change & Effective Date	Milestones (Next Step in Blue)
<p>Annual Open Enrollment Period</p> <p>Proposed Oct. 15 – Dec. 15 OEP for coverage beginning 1/1/27</p>	<ul style="list-style-type: none"> ✓ Dec 2025 - Jan. 2026: Collect stakeholder feedback on proposed dates • February 2026 (Pending): Board approval of proposed OEP dates • Q2 2026: Outline detailed plan for updated renewal process and begin updating educational materials, website content, and internal documentation. • Q3 2026: Implement date changes in system and begin consumer education • Q4 2026: Full scale consumer communication about new deadlines
<p>Removal of tax credit eligibility for lawfully present non-citizens</p> <p>January 1, 2027</p>	<ul style="list-style-type: none"> • June 2026: System solution implemented prior to auto renewal cycle for current customers and new customers applying for coverage beginning 1/1/27. • Q3 2026: Update website consumer content and update stakeholders and assisters on change • Q4 2026: Communicate change to impacted enrollees (estimated impact ~27,000)
<p>Alignment with Medicaid changes regarding community engagement requirements</p> <p>January 1, 2027</p>	<ul style="list-style-type: none"> • Q2 2026: Identify any system changes needed by Pennie and work with DHS to ensure Pennie system changes are aligned to DHS system • Q3 2026: Update educational materials and website content, and communicate any Pennie changes to assisters/stakeholders • Q4 2026: Prior to open enrollment start, implement system change for 2027 Coverage

Preparing for Federal Changes

As with other types of insurance, enrollment rolls over from year to year. Pennie verifies key eligibility components automatically to ensure ongoing eligibility for auto-renewal. This changes starting next year.

Pre-Renewal Verification beginning August 1, 2027: Existing enrollees must affirm their information to keep APTC.

- Marketplace pre-enrollment process starting August 1 (2027 and after), when an applicant must provide or affirm information each year to verify eligibility for tax credits for the subsequent plan year.
- Without affirmation, individuals will not be eligible for tax credits in the new coverage year.
- With affirmation, individuals could be automatically renewed with tax credits.

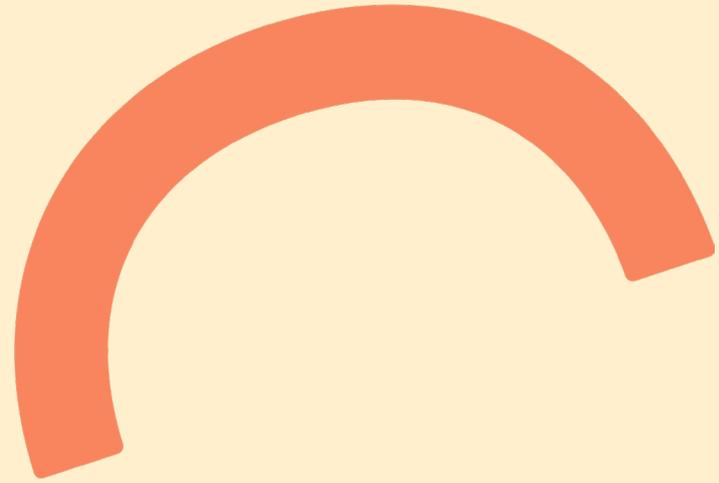
Pre-Enrollment Verification beginning OE2028: New enrollees must verify information before tax credits start, removing the current “conditional” eligibility where tax credits are provided during the verification window.

Pennie is focused on making these changes in a way that minimizes administrative burden, while making the new process as easy and navigable as possible.



Federal Changes Milestones and Effective Dates

Change & Effective Date	Milestones
<p>Pre-renewal verification of eligibility for premium tax credits for existing enrollees</p> <p>No later than August 1, 2027- affects 2028 OEP period</p>	<ul style="list-style-type: none">• Q1-Q2 2026: Develop preferred approach• Q2-Q3 2026: Finalize system solution• Q1 2027: Update educational materials and website content, and policy manual and procedural documents• Q2-Q3 2027: Implement system solution to provide customers with pre-enrollment verification process for coverage that begins 1/1/28• 8/1/2027: Launch of pre-renewal verification and consumer communication
<p>Pre-enrollment verification of eligibility for financial savings for new consumers</p> <p>January 1, 2028</p>	



BREAK



Affordability

Affordability

The expiration of the enhanced premium tax credits saw largest impacts among:

- **Lower-income, highly price sensitive individuals** disenrolling (35% of disenrollments 138-250% FPL)
- **Full pay individuals, mainly those above the income cliff** (400% FPL/\$63K for single household) either disenrolling or paying significantly higher premiums (full pay increased from 40K to 90K)

Two programs can help address these highly impacted populations

1. **State affordability program:** can help reduce cost barriers at lower-income levels
2. **Reinsurance program:** can help reduce costs increases for those paying full price

State Health Insurance Affordability Program

The 2025 PA Fiscal Code outlined the framework for a State Health Insurance Affordability Program that would reduce costs of health coverage for lower income households buying coverage through Pennie.

Those same income levels had the highest rates of disenrollments this year. The program is currently not funded.

The Health Insurance Affordability Program could allow tens of thousands of Pennsylvanians to gain coverage, reducing some of the downstream consequences of the growing uninsured rate on households, local economies, and the health care system.

Given the recent terminations, Pennie modeled the impact of the Health Insurance Affordability Program at the \$50M funding level discussed in prior years. At that level, the Program could:

- **Increase enrollment by 30,000 – 35,000 individuals** who dropped or didn't buy coverage due to costs
- **Reduce costs for 280,000-290,000 current and new enrollees**, helping individuals buy up to higher levels of coverage that save them thousands of dollars a year
- **Reduce the average premium** for these individuals by anywhere **between 9% – 12%**
- **Lower the morbidity rate by 1.5 - 2.5%**, leading to lower overall rate increases

Reinsurance Program Funding Update

Pennie contributes to the reinsurance program. Reinsurance helps reduce rates and is especially impactful for people paying full price. There 40,000 *more* Pennie enrollees paying full price this year, and those losing all tax credits were the most impacted by affordability challenges.

The PA Insurance Department is now working on the reinsurance parameters for plan year 2027. Given the federal policy and enrollment changes, Pennie contributing more to reinsurance could help stabilize 2027 rates and help lower costs for full-pay enrollees.

Pennie proposes paying up to \$60 million to reinsurance for the 2027 coverage year (paid out in July 2028).

Reinsurance Program Contributions Overview		
Year	Estimated Amount	Actual Amount Paid
2021	\$450,000	\$441,931
2022	\$20,300,000	\$17,599,202
2023	\$42,300,000	\$31,080,000
2024	\$44,400,000	\$29,571,917
2025 (for CY24)	\$44,400,000	\$46,552,185
Total Amount Contributed to Date: \$125,245,235		
2026 (for CY25)	\$50,400,000	To be paid July 2026
2027 (for CY26)	\$50,400,000	To be paid July 2027
2028 (for CY27)	Proposed \$60,000,000	To be paid July 2028

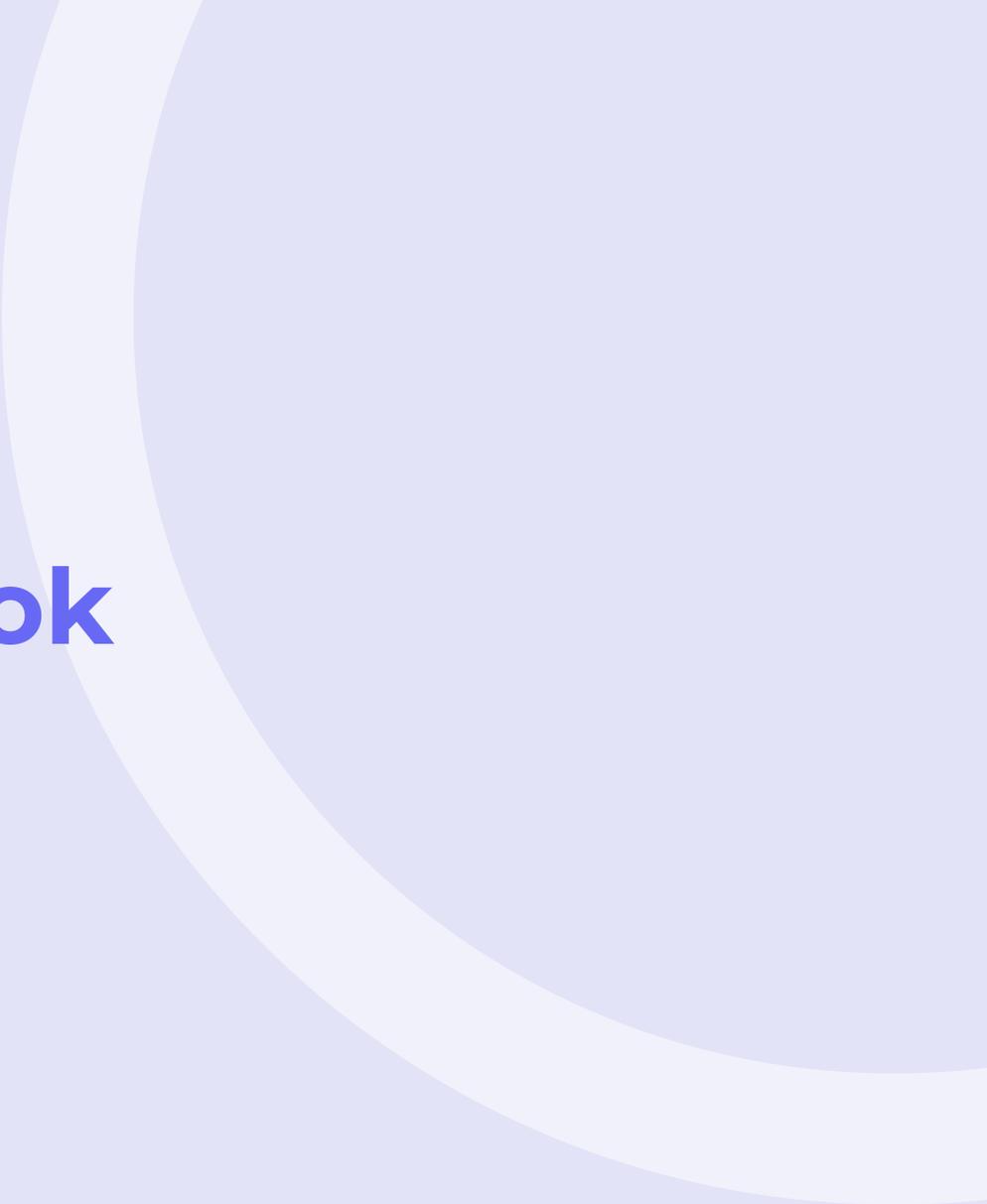
Reinsurance Timeline Refresher

There is a 2-plus year gap between when reinsurance contribution is estimated and when it is paid out by Pennie.

- Reinsurance contribution estimated: March before coverage year to inform rates (i.e., 3/2026)
- Reinsurance impact: coverage year (i.e., 2027)
- Pennie reinsurance payment: July following coverage year (i.e., 7/2028)

Reinsurance Motion

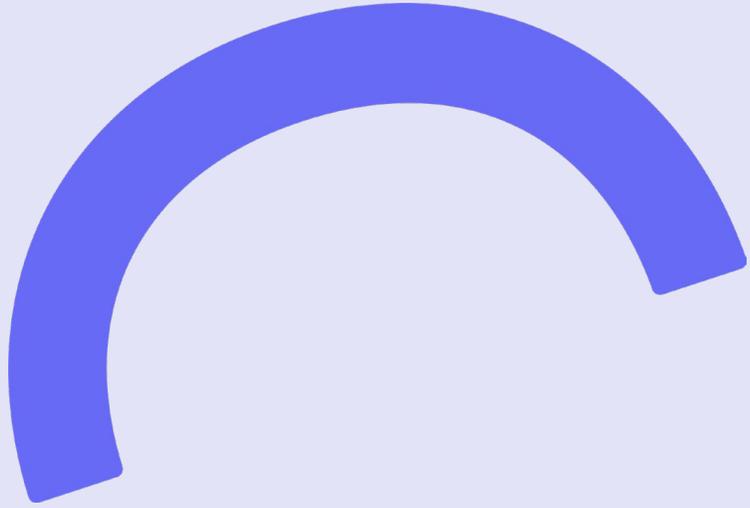
Motion: To authorize Pennie to commit up to \$60 million in contributions to the reinsurance program for the purposes of PID setting parameters for the 2027 coverage year.



Long-Term Outlook

Three Year Outlook

	EARLY-MID 2026	LATE 2026	EARLY-MID 2027	LATE 2027	EARLY 2028
Open Enrollment	Full analysis of EPTC enrollment impacts	New Open Enrollment dates		Adjusted open enrollment approach due to pre-enrollment verification	
Federal Changes	Develop pre-enrollment verification approach	New federal rule - lawful immigrant ineligibility	Build tech for pre-enrollment verification	Launch consumer-facing pre-enrollment verification	All known federal changes implemented
In-House Call Center	Build in-house call center foundation		In-house call center workforce build and readiness	In-house call center workforce build and readiness	In-house call center fully operational
Reaching the Uninsured		Implement year 2 of 3 year uninsured plan		Implement year 3 of 3-year uninsured plan	



CMS Proposed Rule

Significant Proposed Rule Provisions

- CMS issued the annual Notice of Payment and Benefit Parameters on February 9; comments due March 13.
- Proposed rule **requests comments on implementation of pre-renewal and pre-enrollment verification**, with indication of future rulemaking on this topic:
 - Pennie proposes to comment that in the absence of regulatory guidance within this NBPP, states are operating at a significant deficit. It is critical that a finalized CMS regulation come out by July to avoid further operational risk and negative impacts to consumers.
 - Pennie further recommends that future guidance provide for state flexibility to implement these provisions in ways that mitigate operational risk and prioritize limiting the additional burden placed on consumers.
- CMS proposes to begin the **State Exchange Improper Payment Measurement (SEIPM) audit** starting in Plan Year 2027.
 - Process is highly burdensome, and Pennie recommends opposing this redundant audit when the annual SMART audit is already required.
- **Re-proposes several policies from the Marketplace Integrity and Affordability (MIA) Final Rule** that were temporary for one year or are currently stayed in federal court. This includes burdensome income verification requirements as well as new failure to reconcile (FTR) standards.
 - Pennie proposes to point to prior comment letter raising concerns with these policies last year.

Other Proposed Rule Provisions for Comment

- The proposed rule would **codify a new definition for 'eligible non-citizens' to comply with H.R. 1**. This definition would limit APTC-eligibility to non-citizens who are lawful permanent residents, Cuban/Haitian entrants, or COFA migrants.
 - Pennie proposes to highlight the projected increase in the number of PA uninsured and the potential negative impacts on the risk pool. Further, our comment would highlight the operational lift required to comply with these new eligibility requirements.
- Proposed rule would **increase cost-sharing requirements for some catastrophic and bronze plans** in ways that exceed statutory limits.
 - Pennie recommends highlighting the ways in which this would make health coverage and care *less* affordable for consumers. In Pennie surveys, consumers regularly cite cost-sharing requirements as being one of the most significant barriers to enrolling and using coverage.
- CMS makes several claims within the proposed rule alleging significant enrollment fraud perpetrated by agents and brokers. However, CMS also **proposes to allow states to exclusively utilize enhanced direct enrollment (EDE)**, which would only make fraudulent activity harder to monitor.
 - Although this does not directly impact Pennie, we would propose pointing out that a decentralized model carries higher risk of fraud and encourage strong oversight mechanisms for the strength of the program overall.



CY2026 Additional Funding Request

Approved Budget Recap

Due to the uncertainty regarding the Enhanced Premium Tax Credits (EPTCs) getting extended, in October 2025, the Board of Director's approved two different budget versions:

- If the EPTC **were not extended** by 12/31/25, Board approved a “Basic Operations” budget of **\$115,700,000**.
- If the EPTCs **were extended** by 12/31/25, Board approved the “EPTCs Extended” budget of **\$122,931,000**.
- **Much of the difference was related to the marketing spend.**

As a result of the non-extension of the tax credits by December 31, 2025, the Basic Operations budget has been implemented.

In October, we had discussed revisiting funding needs in February 2026.

Context for the 2026 Budget Year

- Given our stable financial position coming into 2026, we can **consider additional funding to increase Pennie awareness** in hard-to-reach populations and increase future enrollments.
- **With APTC eligibility shrinking qualified Pennsylvanians, continued investment in marketing** will promote both broad awareness of Pennie for all Pennsylvanians who may become uninsured, and reach currently uninsured populations with specific messaging, advertising, and outreach.
- Open Enrollment deadlines are changing this year. Additional advertising can help **educate Pennsylvanians that there is only one and only deadline to enroll.**
- To achieve these goals, the 2026 media buy would be ever-present with various tactics throttling throughout the year with a gradual increase in activity as we approach Open Enrollment, when the bulk of the additional spending would be used.

Additional Funding Requested

Additional funding being requested: \$5,500,000 for External Affairs

Funds will be used for:

Updated Creative

- Informational Commercial: \$40,000
- Awareness/Branding Commercial: \$75,000
- Photo/Video Capture: \$20,000

Advertising Buy:

- Digital Media: \$2.4M (Zip Code-level targeting)
- Broadcast & Cable: \$1.4M
- Radio/Streaming Audio: \$500K
- Billboard/Transit: \$450K
- Social Influencers: \$280K
- Additional Tactics: \$335K

What we'll get:

- Taking media buy from ~3.4M to ~8.8M will yield 2.5 times more Impressions and a 150% increase for Views, Clicks, and Website traffic.

Benefit to Pennie:

Strategically Focused:

- Prioritizes high-value media markets and key uninsured populations
- Able to scale up quickly for potentially positive policy changes
- Fills in for some of OE26 media attention
- Allows us to amplify the changing OE dates further

Allow us to:

- Scale up our 3-year plan to reach the uninsured
- Fold in suburban focus, continue efforts in rural and urban targets
- Reach populations that are still eligible for APTC
- Raise awareness to general public who may need Pennie as economic safety net

CY2026 Estimated Revenue and Expenses Updated

Estimated Revenue			
	User Fees	\$119,539,000	
	Other	\$20,000,000	
	Total Revenue	\$139,539,000	
Expenses			
	Approved Budget Amount	Additional Funding Requested	New Proposed Budget
Personnel	\$10,385,000	\$0	\$10,385,000
Operations			
External Affairs	\$12,028,000	\$5,500,000	\$17,528,000
IT/Ops	\$40,920,000	\$0	\$40,920,000
Gen OPs	\$1,967,000	\$0	\$1,967,000
Total Operations	\$54,915,000	\$5,500,000	\$60,415,000
Total Operating Budget	\$65,300,000		\$70,800,000
Reinsurance	\$50,400,000		\$50,400,000
Total Agency Budget	\$115,700,000		\$121,200,000
Estimated Operating Net	\$23,829,000		\$18,339,000

Additional Funding Motion

Motion: To authorize additional funding in the amount of \$5,500,000 to increase 2026 funding for creative and advertisement services to reach out to uninsured populations in key markets.

pennie[®]

ADDRESS

PO Box 11873
Harrisburg PA
17108-1873

PHONE

+1 844-844-8040

WEB

pennie.com