



Pennie Board of Directors Program Updates

June 26, 2026

Agenda

- **Preliminary Matters**
- **Program Updates**



Preliminary Matters

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



Program Updates: Anti-Fraud Efforts

Background

Pennie is currently impacted by a fraud scheme that, in volume, outpaces any cases seen prior. Pennie has taken a comprehensive approach to address existing fraudulent enrollments and prevent the issue from continuing.

Efforts to stop the current fraud scheme are focused on making it harder for improper enrollments to start and to cut off the financial motive:

- 1. Identify:** Pennie is proactively identifying suspicious policies based on a set of criteria.
- 2. Remove:** Pennie is working with insurers to rescind fraudulent policies to remove the financial incentive for fraud.
- 3. Prevent:** Pennie is taking steps to prevent fraudulent enrollments from starting.

Broader Anti-Fraud Context

Pennie has removed every policy identified and found to have evidence of fraud. This process is co-dependent on insurers and must follow strict federal rules.

Fraud remains a relatively small portion of enrollments. As of today, there are 1,250 known policies that will be rescinded for fraud. This pales in comparison to the 430,000 Pennsylvanians with valid coverage through Pennie and the 176,000 who have dropped Pennie coverage since 2025 due to cost increases resulting from federal in action to extend affordability policies.

Finally, notwithstanding the current issue, Pennie's overall program integrity and fraud prevention approach is one of the strongest in the country when compared to other states and the federal marketplace.



Recent Steps Taken

Pennie is going beyond steps that have been successful in closing the door on this issue in other states.

- Enhanced verification of qualifying life events to prevent improper enrollment through a Special Enrollment Period. As of May 15, all qualifying life events are verified by the system or consumer-provided documentation.
- Significantly expanded efforts by Pennie to find and root out policies with suspicious data patterns.
- New expedited rescission process introduced and continuously improved since mid-May.

Measuring Success

The goal is to have this issue abated by early August, as measured by:

- 1) Insurers no longer submitting rescission requests fitting the fact pattern of this scheme, including no longer seeing significant out of state SUD claims.
- 2) Pennie no longer finding applications with suspicious data patterns.
- 3) Special Enrollment Period enrollments are verified with no evidence of systematic document issues.

Overall Status

As of June 26th, Pennie has made significant progress towards removing fraudulent policies from three weeks ago. Our goal stated on June 5th was to rescind as many policies as possible by early August. We have nearly tripled the number of policies approved for rescission over the last three weeks, which will result in ~1,250 total rescissions this year in effect by early August.

Meanwhile, we continue to proactively identify data patterns that indicate fraud, and found another pattern that indicates high likelihood of fraud. We believe we have identified all the current core data elements to indicate this fraud scheme and are actively monitoring policies for those indicators for referral to insurers for rescission.

Meanwhile, SEP enrollment has remained much lower since adding documentation requirements, indicating success in preventing many improper enrollments.





Anti-Fraud Metrics Baseline

Insurer and Pennie Initiated Rescissions

Metric 1 – Rescission Submissions Drop Off

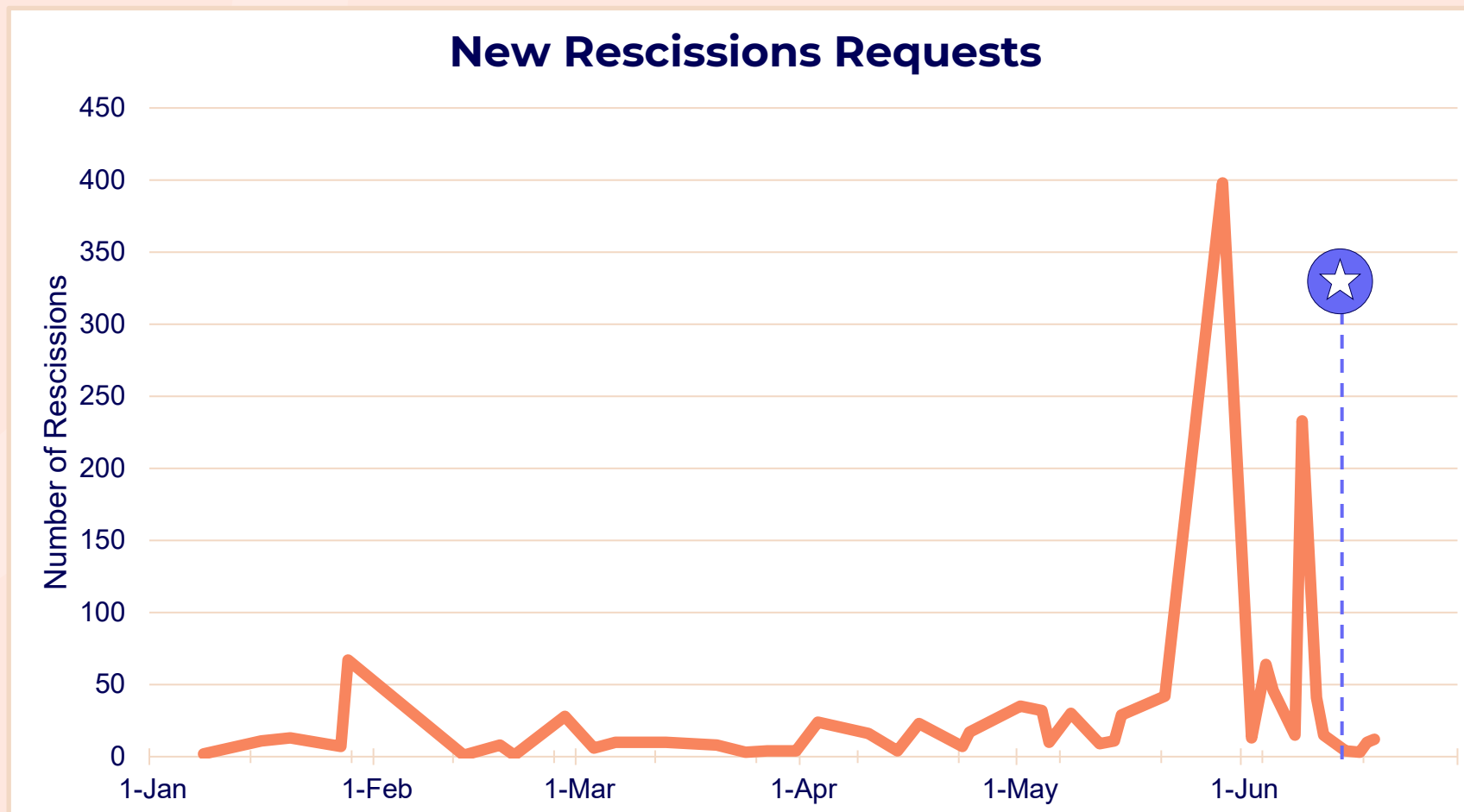
Goal: Drop off in rescissions submitted by insurers that fit the pattern of the current fraud scheme, with the removal of policies approved for rescission by mid-June by August 1.

Status: A large group of policies were approved for rescission in the last two weeks as part of the Pennie-driven push to remove fraudulent policies by early August. Most of the new volume is a result of Pennie-referred policies that had data confirmed by insurers. A wave of rescissions will be effectuated in early August after the federally-mandated 30-day consumer notice period. More policies were recently referred to insurers that could add hundreds to those totals for mid-August rescission.

Data: A total of 932 policies are on track to be rescinded on or around August 1st and in the 30-day notice period. This reflects a 6X increase compared to the June 5th update, due mostly to the new expedited rescission process based on Pennie-referred policies in addition to new insurer rescission submissions. The total number of rescinded policies has increased by 50% from the last update, and the total number of rescinded policies for the year is expected to reach 1,250 by early August.

Metric 1 – Rescission Submissions Drop Off

Submission of new rescission requests is a leading indicator that the issue may be abating. When this number is consistently low or zero, it will be a strong sign that the tide is turning. A wave of rescission requests was submitted in advance of the June 12th target date.



Metric 1 – Rescission Submissions Drop Off

Most policies approved for rescission remain in the federally-mandated 30-day consumer notice period and will be fully rescinded by early August.

2026 Insurer Rescission Requests Reviewed	Approved	New Under Pennie Review	In Process	Within 30-Day Notice	Rescission Complete
1331	1250	12	69	932	318
%	93.91%	0.90%	5.18%	70.02%	23.89%

Pennie has referred 3,724 policies to insurers for review of enrollments that contain data indicators associated with the fraud scheme fact pattern. Not all will result in rescissions.

Pennie-Referred Policies (5/13-6/26)	Confirmed Claims by Insurers	Under Review by Insurers	Confirmed and Proceeding to 30-Day Window	Rescission Complete
3,724	810	2,914	748	40

Metric 1 – Rescission Submissions Drop Off

Next Steps: Insurers continue to report policies under review that may be submitted for rescission approval. The number of policies under review has decreased by approximately 1/3 since the last update on June 5th.

However, 5 insurers report <50 policies under review, 1 insurer reports ~285 under review, and 1 insurer reports around 1,770 under review. Insurers have also received referrals from Pennie in the last week, which could result in several hundred more rescissions in early August with timely insurer review.

Pennie seeks to be able to review and approve all rescission requests by July 10th, to rescind another wave by September 1.

Risks and Dependencies: Insurer rescissions are dependent on insurer resources, which vary widely. Most insurers have robust teams and tools to investigate suspected fraud, while a number of insurers have much more limited resources. Insurer resource limitations are a key dependency of removing these policies more quickly.

Metric 2 – Pennie No Longer Identifying Suspicious Enrollments

Goal: Pennie’s proactive review is no longer finding suspicious policies that fit a set of criteria indicating fraud.

Status: Pennie found additional data indicators that suggest fraudulent enrollments based on proactive and deep data analysis. This created a higher percent of those reviewed that were suspicious and required additional review when compared to last update. Not all referred will be ultimately considered fraudulent; confirmation with insurer data is required. The analysis of the policies fitting the criteria is complete, and we will continue to monitor for any additional issues.

Data: Of the targeted applications reviewed, the percent flagged for additional review has increased. This reflects that Pennie is successfully identifying the high-risk policies and the data indicators associated with those policies.

IMPORTANT NOTE: percents are of the TARGETED applications reviewed, not of all applications.

Week Reviewed	% Needing Additional Review
May 8-May 15	15%
May 16-May 22	8.4%
May 23-May 29	11.7%
May 30-June 5	6.5%
June 6-June 12	15.3%
June 13-June 19	27%
June 20-June 26	36%

Metric 2 – Pennie No Longer Identifying Suspicious Enrollments

Next Steps: Continue to monitor new applications and target reviews based on previous and new criteria.

Risks and Dependencies:

- In the short-term, Pennie continues to build its internal capacity and expertise in identifying fraud indicators, and increasingly fraud patterns, which will cause the percentage of applications identified as fraudulent to continue to rise.
- As Pennie puts additional safeguards in place to stop these patterns and prevent bad actors from continuing these practices, instances of fraud will decline significantly as the incentive to commit fraud collapses.

Metric 3 – No Issues with SEP Enrollments and Documentation

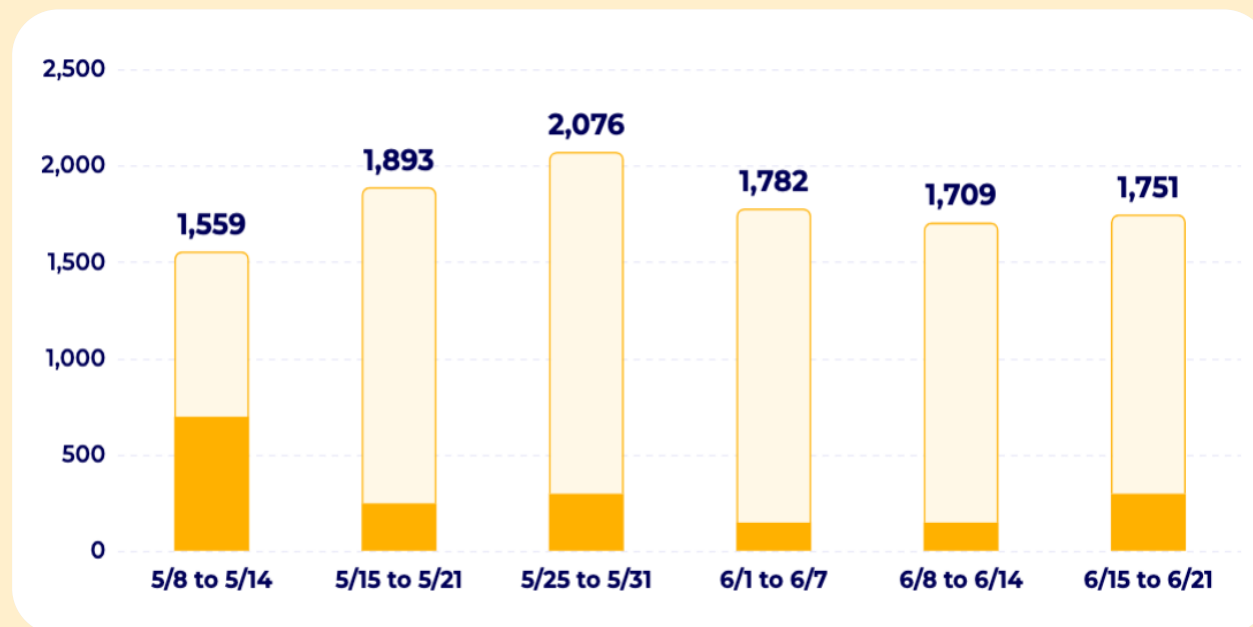
Goal: Pennie’s review of SEP use and documentation prevents enrollment for applications that do not submit valid evidence of a qualifying life event and denials decrease over time as fraudulent attempts go down.

Status: Denied SEP applications remains steady at around 33% since the last update. Overall SEP enrollment has dropped markedly in the 5 weeks since implementing the full-verification requirements.

Data: Pennie has denied approximately one-third of the newly gated SEPs; denial prevents an enrollment from starting.

Not all of the 1/3 are fraudulent attempts. It is a regular occurrence for legitimate applicants to provide insufficient documentation and to need to resubmit.

Household Applications for Gated SEPs



Weekly SEP Approved and Denied Enrollments

Total Enrollments and Percent of Applications Rejected by SEP

		Loss of Other Coverage	Adoption	Birth	American Indian/Alaskan Native	Incarcerated	Gain Court-Appointed Dependent	Total
Enrollments								
Before Gating	May 8 – May 14	693	2	12	0	3	1	711
	May 15 - May 21	241	0	0	0	1	1	243
After Gating	May 25 - May 31	295	0	3	0	0	0	298
	June 1 - June 7	148	0	0	0	0	0	148
	June 8 - June 14	149	0	1	0	0	0	150
	June 15- June 21	287	0	4	0	0	0	291
Applications								
	Rejected Since 5/15/26	34%	N/A	19%	44%	38%	33%	33%

Metric 3 – No Issues with SEP Enrollments and Documentation

Next Steps: Continuing to monitor and review applications.

Risks and Dependencies: Reviews will need to stay vigilant as bad actor tactics may evolve.



Additional Next Steps

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Several system enhancements are under discussion to support anti-fraud efforts.

- **July**
 - Customers who attest to American Indian/Alaska Native status on their application will have an AI/AN DMI issued, which will require the customer to provide documentation to prove their tribal membership
 - Automating birth SEP verification
- **September**
 - System enhancements to track policy terminations due to rescission
- **Future Enhancements**
 - Add Recission Indicator to 834 Files to improve insurer processing and communication
 - Add more system checks and limitations for certain application changes associated with fraudulent policies
 - More automated flags for attempts to re-enroll fraudulent policies
- **Open Enrollment Approach**
 - Pennie team continues to analyze approaches for Open Enrollment and auto renewals

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