



Pennie Board of Directors Program Updates

June 5, 2026

Agenda

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



Preliminary Matters

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



Program Update: 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.

All marketplaces, including Pennie, receive rescission requests on an ongoing basis. Historically, these have been for individual cases or, at most, tens of enrollments (<0.013% of enrollment). The current fraud scheme has resulted in the rescission of 100s of policies, with more being processed (<0.103% of enrollment).

Efforts to stop the current fraud scheme are:

- 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.
- 3. Prevent:** Pennie is taking steps to prevent fraudulent enrollments.



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 in 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.

The next slides outline a baseline for these metrics to show changes over time.

As of June 5th, we have not cleared any of these success metrics, but we believe the tools are in place to make significant progress by early August.



Anti-Fraud Metrics Baseline

Insurer and Pennie Initiated Rescissions

Metric 1 – Rescission Submissions Drop Off

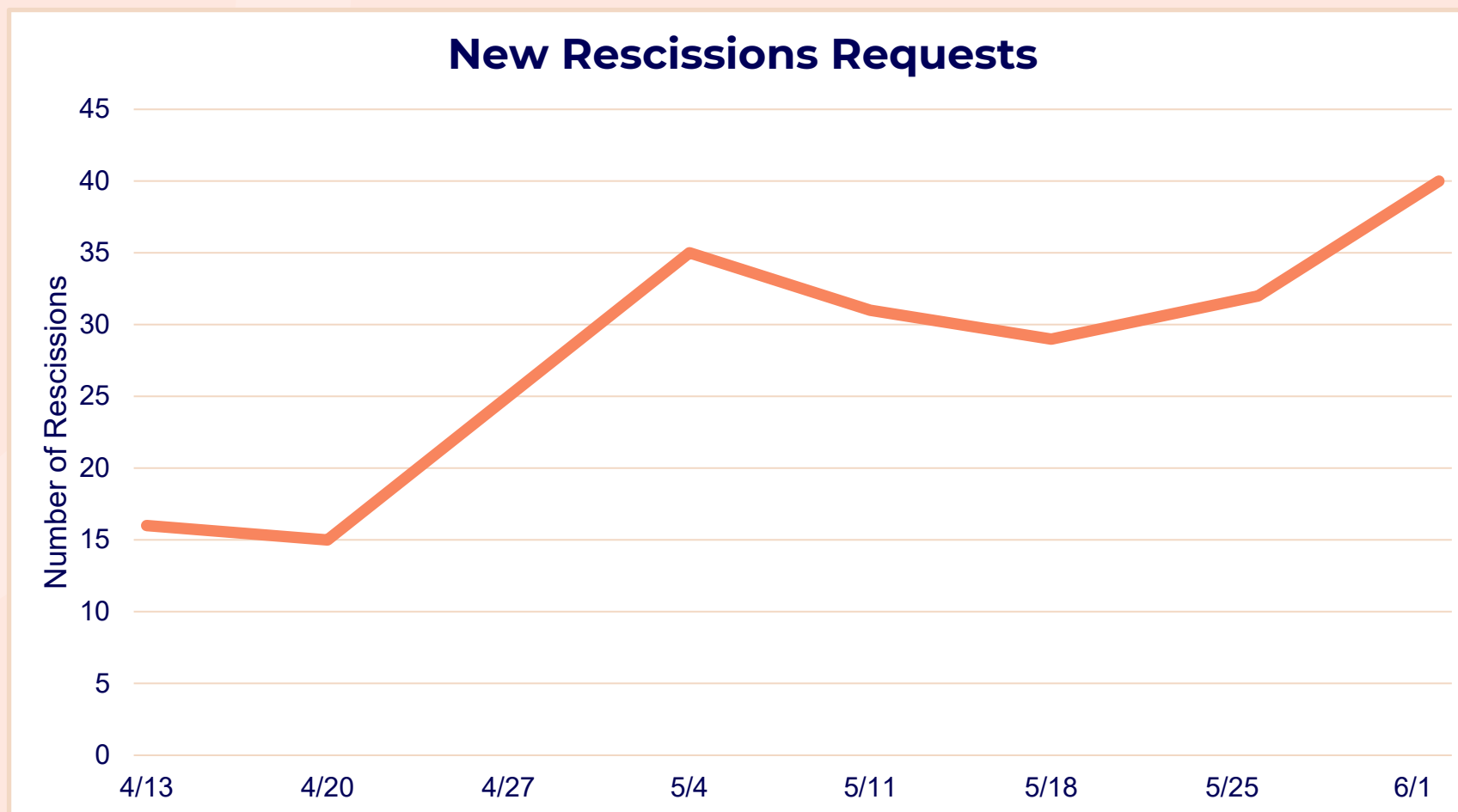
Goal: Drop off in rescissions submitted by insurers that fit the pattern of the current fraud scheme, with the removal of policies approved for rescission by mid-June by August 1.

Status: Insurers continue to regularly submit rescission requests and indicate many more remain under review. We expect the number of requests to increase before it decreases due to Pennie pushing for rescission requests to be submitted by mid-June.

Data: Approximately total 550 enrollments are under review across 5 insurers; under review does not necessarily mean fraudulent. One insurer is reviewing 4,500 and believes approx. 2,500 are likely fraudulent.

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.



Metric 1 – Rescission Submissions Drop Off

About a third of the policies approved for rescission remain in the federally-mandated 30-day consumer notice period and most will be completely rescinded over the next month.

2026 Insurer Rescission Requests Reviewed	Approved	Approved In Process	Approved Within 30-Day Notice	Rescission Complete	New Under Pennie Review
463	440	74	155	211	40
%	95%*	16%	35%	48%	

Pennie has referred 2,765 policies to insurers for review of enrollments that meet the fraud scheme fact pattern. Not all will result in rescissions.

Pennie-Referred Policies (5/13-6/4)	Confirmed Claims by Insurers	Under Review by Insurers	Confirmed and Proceeding to 30-Day Window	Rescission Complete
2,765	420	2,345	358	0

**Policies approved for rescission would remove 97% of the claims associated with the rescission requests overall.*

Metric 1 – Rescission Submissions Drop Off

Next Steps: Continue emphasis on insurer submission of rescission requests by June 12, in order to allow for federal 30-day notice period and to process the rescissions by August 1.

Risks and Dependencies: The rescission process is highly manual and requires significant effort on the part of insurers and Pennie.

- Roughly 1/3 of the Pennie team is focused on this as the top priority, and we have the technology vendor lined up to process high numbers of rescissions in late July to meet the August 1 goal.
- Insurer resources and impacted enrollments vary widely – some insurers may not be able to meet the mid-June deadline.

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 continues to find policies fitting the fraud scheme and is continuously refining our approach for what criteria are most indicative of the issue.

Data: Pennie has developed criteria for targeted reviews based on trends of fraudulent enrollments. This includes characteristics such as household size, enrollment decisions, and supporting documents provided.

Week Reviewed	% Referred for Rescission
May 8-May 15	15%
May 16-May 22	8.4%
May 23-May 29	11.7%

Trend analysis also identified an unusual spike in enrollments at the end of the month, so this time period will receive additional scrutiny.



Metric 2 – Pennie No Longer Identifying Suspicious Enrollments

Next Steps: For Pennie-initiated rescissions, insurers are encouraged to return policies that meet the claims criteria as quickly as possible - on or before June 12th.

Risks and Dependencies: Not all data indicators on their own confirm fraud, which requires a dual approach of identifying suspicious enrollments based on a set of criteria and referring those policies to insurers to complete the investigation. Tactics by bad actors could evolve.

Metric 3 – No Issues with SEP Enrollments and Documentation

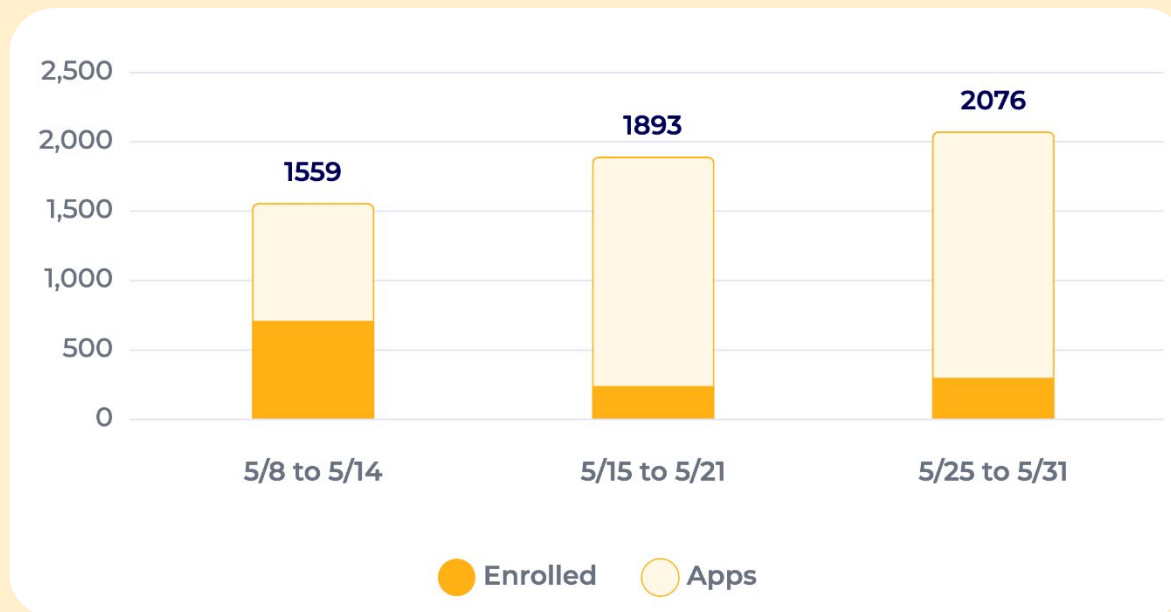
Goal: Pennie’s review of SEP use and documentation prevents enrollment for applications that do not submit valid evidence of a qualifying life event and denials decrease over time as fraudulent attempts go down.

Status: Pennie and the call center have implemented enhanced procedures for verifying SEP enrollments. Data indicates initial success since adding documentation requirements on May 15th to the remaining ungated SEPs in terms of preventing enrollment.

Data:

- Pennie has denied approximately one-third of the newly gated SEPs; denial prevents an enrollment from starting.
- While applications have increased, the number who have enrolled has dropped since we put in full SEP verification on May 15.

Household Applications for Gated SEPs



Weekly SEP Approved and Denied Enrollments

Pennie added documentation requirements with enhanced review protocols. For the newly gated SEPs, the approval rate was 65% in the first week and 68% in the second week.

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
Applications								
	Rejected Since 5/15/26	33%	N/A	23%	100%	40%	0%	33%

Metric 3 – No Issues with SEP Enrollments and Documentation

Next Steps: Continue enhanced SEP enrollment and documentation monitoring.

Risks and Dependencies: Tactics by bad actors in this area could change frequently, requiring ongoing refinement of enhanced protocols to review documentation and eligibility.

Pennie risks suppression of legitimate enrollments as well as preventing fraudulent enrollments, and it will be very difficult to determine why someone did not continue with the process to provide documents.



Immediate Next Steps

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1. Work with insurers to continue push to meet mid-June rescission approval deadline in order to remove bad policies by August 1.
 - Insurers submit outstanding rescission requests by June 12
 - Pennie approves June 15-16
 - 30 day federally-mandated consumer notification window through mid July
 - Pennie rescinds policies on rolling basis
 - Rescissions complete on or around August 1
2. Finalize approach to prevent rescinded policies from re-enrolling during Open Enrollment along with other system improvements to close gaps.

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