Pennie Board of Directors Meeting

August 2026

Agenda

- Preliminary Matters
- Executive Director’s Report
    - Broader Environment Updates
    - Enrollment & Terminations Data Review
- Program Updates and Changes
    - Long-Term Anti-Fraud Efforts
    - Income Verification
- 2027 Budget Proposal
- Open Enrollment Readiness
- 2026 Project Updates

Preliminary Matters

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

Executive Director's Report

Broader Environment Updates

Numerous lawsuits are active regarding CMS regulations impacting 2026 and 2027 plan years.

Recent rulings have overturned various regulations, and Pennie has made updates to ensure compliance with the current regulatory framework.

- Pennie moved Open Enrollment dates back to November 1 – January 15.
- Other overturned policies regarding income and tax reconciliation verifications have been updated to reflect the changes.

Pennie will continue to monitor lawsuit activity for impacts on program policies. Changes will be made as quickly as needed, recognizing some changes are not possible to make during Open Enrollment and would need to wait until next year, depending on the given change.

2026 Enrollment & Terminations Data Review

496,661
Pennie Peak Total Enrollment
End of OE 25

486,577
Total Enrollment
End of OE 26

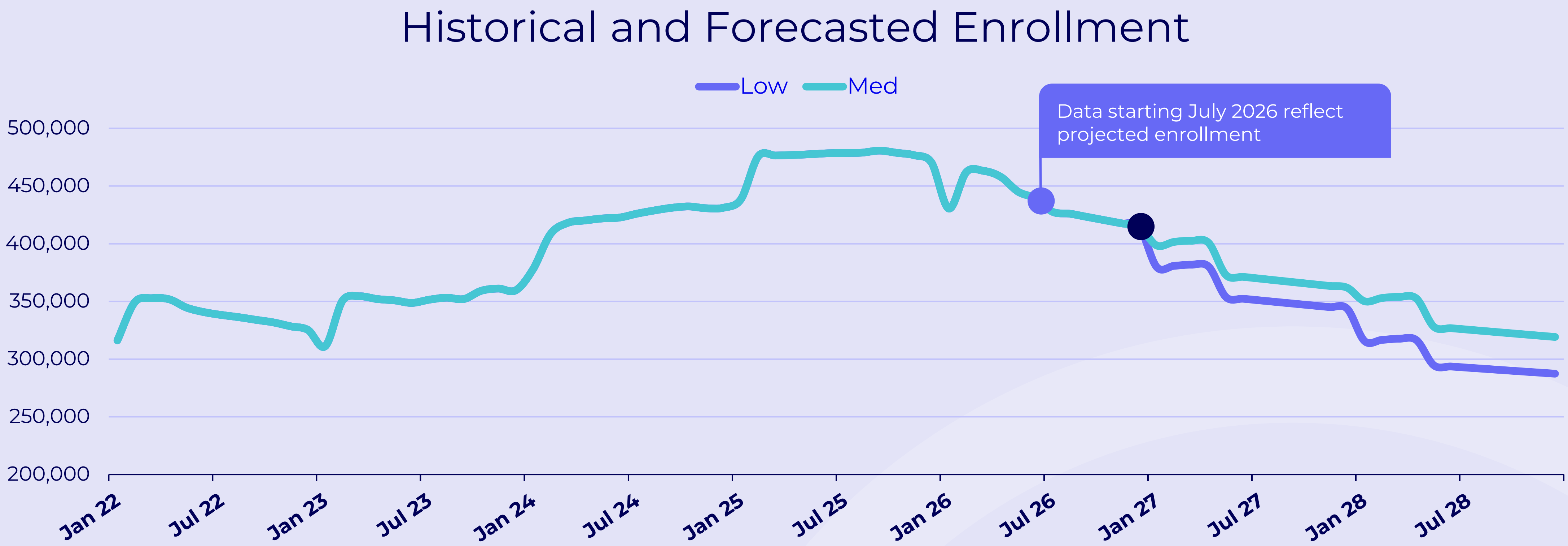
421,765
Total Enrollment
as of 8/5/26

Down **15%**
from 2025 peak

Total disenrollments as of 8/5: 193,101
who had coverage through Pennie in 2025 and no longer do

More data at pennie.com/affordability (updated every 10th of the month)

Historical and Projected Enrollment



* Enrollment shown reflects only those plans that have already started and have been effectuated – narrower than the usual reported counts for enrollment.

Program Updates & Changes

Program Changes

Pennie has been evaluating approaches to key program areas, including long-term anti-fraud efforts and income verification.

1. **Long-Term Anti-Fraud Efforts**
   - Identification of new enrollments related to the recent provider-claims fraud scheme is slowing.
   - As this issue shows signs of abating, Pennie has developed an approach to fraud monitoring moving forward that is grounded in lessons learned from this year.

2. **Income Verification**
   - New federal law removes limitations on APTC “pay back” caps for people who do not accurately predict future income, leading us to evaluate the thresholds at which we require documents.
   - The incorporation of state wage data and long-term budget outlook led us to evaluate our continued use of Equifax to verify income.

Long-Term Anti-Fraud Efforts

Long-Term Anti-Fraud Efforts

There are two main ways to benefit from the marketplace program through fraud.

1) Brokers receiving commissions for improper enrollments.

2) Bad actors working with providers to enroll individuals improperly and then submit large, fraudulent bills.

Pennie has continuously strengthened its position against both forms of fraud, including:

- Instituting a new broker agreement with clearer and direct consequences for improper enrollments
- Stronger coordination with PID on broker referrals and license removals, including dedicated resources
- Adding verification for Special Enrollment Periods to prevent misuse
- Active monitoring of data anomalies and consumer complaints

Some national reports include claims of income issues – i.e., people saying their income is higher or lower than it is.

1) Making an incorrect prediction on future income is not fraud. Research shows that households at lower incomes are much more likely to have unpredictable and volatile incomes.
2) This is not a key concern for Pennie. Pennsylvania has expanded Medicaid, removing the main driver in non-expansion states for some individuals predicting a higher income that would qualify them for affordable coverage. On the other side, the ACA has built-in mechanisms for people who estimate their income to be lower than it actually is with repayment of excess APTC at tax time.

Long-Term Anti-Fraud Efforts

Pennie has provided updates on a recent provider-claims driven fraud scheme in three Special Session Board meetings since the May meeting. Those meetings have detailed Pennie's anti-fraud strategy to identify, remove, and prevent fraudulent policies.

Moving forward, Pennie plans to maintain a continuously active posture against potential fraud, with additional resources, plans, and tools to identify suspicious patterns early on and develop evolving approaches to deterring fraud schemes on an ongoing basis.

The goals to identify, remove and prevent will remain the same, but with additional resources to improve the effectiveness:

- **Adding a dedicated fraud specialist** position to monitor progress on the strategy and coordinate expert resources across the team as needed
- Supplementing in-depth application reviews by **leveraging background databases (CLEAR)** to confirm application information or highlight discrepancies to support rescission
- Strengthening verifications by **establishing an automated residency verification** (pending Board approval)

Long-Term Anti-Fraud Efforts

Residency Verification

One of the challenges with the recent fraud scheme was the misuse of the attestation of residency.

Currently, applicants attest that they reside, or intend to reside, in Pennsylvania for the coverage year. Under federal regulations, Pennie is required to accept attestation, unless a database to verify residency is approved by CMS.

Residency is straightforward for most applicants but can be complicated for people who have newly moved to PA, or who split time between states for valid reasons (including students or those who live in one of two states depending on the season).

Pennie has evaluated the use of PennDOT as a trusted data source to verify consumers' residential addresses when applications are submitted.

How Residency Verification Would Work

Pennie's application would require a consumer to enter their residential address exactly as it appears on their PA driver's license or state ID. Pennie would verify the address against PennDOT data in real time when the application is submitted, much like other verifications including citizenship and income. If the residential address does not match PennDOT's records or the consumer does not have a driver's license or state ID, then the applicant would need to provide documents proving residency.

Long-Term Anti-Fraud Efforts

Residency Verification

Benefits: An automated residency verification is anticipated to verify nearly all applicants, given the high percentage of PA residents with PennDOT identification. If someone does not pass PennDOT verification, it does not mean the application is fraudulent. However, it allows Pennie to narrow down the applications that have the highest likelihood of fraud to most effectively use our limited fraud evaluation resources.

Drawbacks: For the anticipated small number of applicants who are not automatically verified as PA residents, it would require the extra step to provide documentation that is not required currently.

Considerations: When pre-enrollment verification takes effect August 1, 2027, this approach would require anyone who does not have their residency verified by PennDOT to submit documentation as proof of residency *before* they could enroll with premium tax credits, preventing improper enrollments from starting.

Overall, this process would enhance Pennie's program integrity, make our anti-fraud efforts more effective, and be critical to *preventing* improper enrollments once the pre-enrollment verification rules are enacted. Most consumers would not even know this verification is occurring due to the automated check with PennDOT. Pennie would be the first marketplace in the nation to use a trusted data source to verify residency, as opposed to accepting attestations.

The estimated cost is expected to be around $150,000.00.

Long-Term Anti-Fraud Efforts

Residency Verification

If approved by the Board, Pennie will then seek approval from CMS and, upon CMS approval, work with PennDOT to build the data check into the Pennie application. The targeted implementation is around June 2027, depending on CMS approval and more detailed implementation schedules.

Motion:
To seek approval from CMS to use PennDOT as a trusted data source to verify the Pennsylvania residency of Pennie applicants.

Motion:
To allocate $150,000 to implement a PennDOT data check within Pennie's application if CMS approves Pennie to use PennDOT data as a trusted data source.

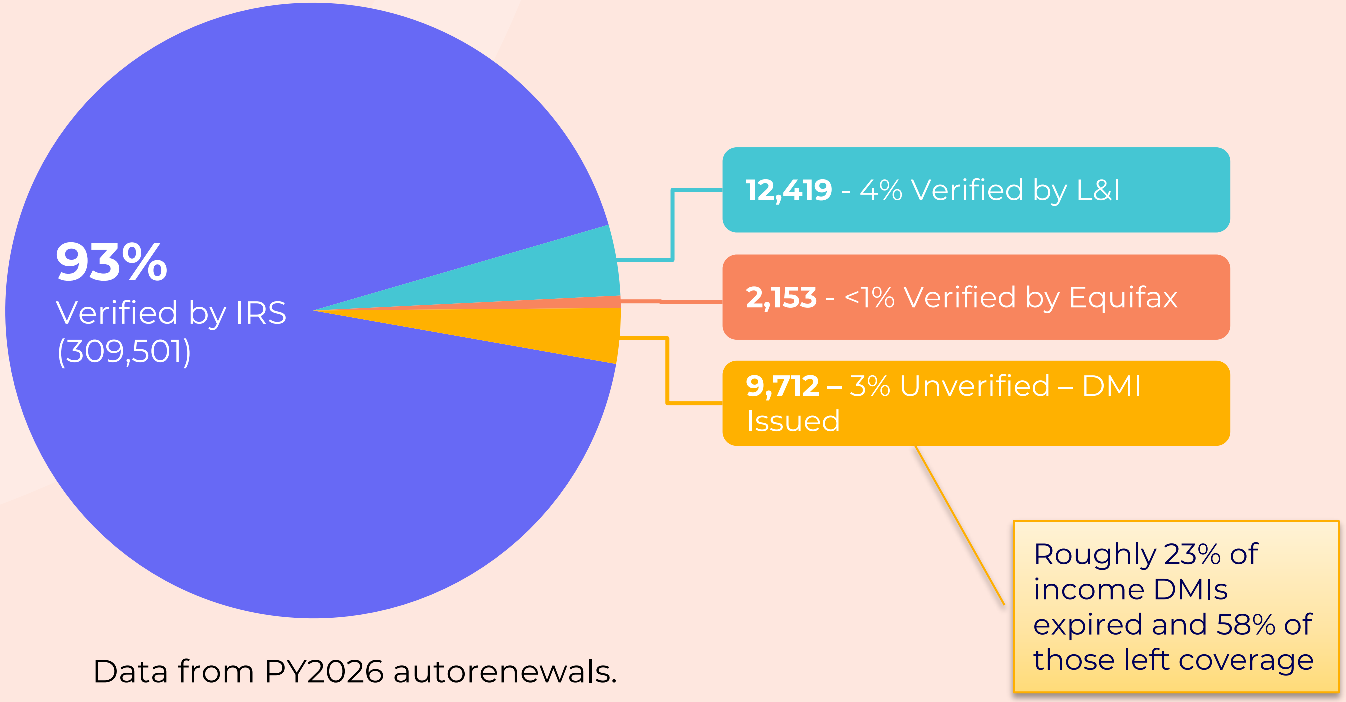
Income Verification

Income Verification Background

When consumer applications are submitted, the attested income is reviewed against information from trusted data sources to determine if the income reported by data sources is within a reasonable threshold of variance from what the consumer attested.

Pennie currently uses three trusted data sources to confirm income and can change our income verification thresholds, which are a key factor in determining how many households receive income data matching inconsistencies (DMIs).

Household Income Verification by Source



Data from PY2026 autorenewals.

Most attested incomes for Pennie consumers are verified by the IRS.

Equifax currently accounts for less than 1% of income verifications.

Changes to income verification thresholds apply across all trusted data sources, including Labor & Industry Quarterly Wage Data and Equifax.

The tighter the income verification thresholds, the more DMIs are created, but the less likely consumers are to have to reconcile excess APTC when filing their taxes.

Income Thresholds

Background and Federal Changes

- Pennie must request income documentation when trusted data sources – such as IRS and PA's state Quarterly Wage Data – do not verify income.
- Income is not verified by matching what the consumer provided on the application to the exact dollar of the trusted data source, but instead it is considered verified when the incomes are within a reasonable range.
- Currently, Pennie requests documentation when trusted data sources indicate income is either **40% higher or $20,000 greater than what has been attested**, whichever threshold is *lower*.
- Through tax year 2025, repayment limits were in place. Households who received more in APTC during the year than what the IRS determined was allowed based on final income paid back some, but not all, of the difference.
- For the 2026 tax year and after, H.R.1 removed the limits and **now all excess APTC received must be paid back in full**, regardless of income level. This impacts all incomes 100-399% FPL to varying extents, and impacts people who received APTC but ended up above 400% FPL the most.

Pennie authority to set range: 45 CFR § 155.320(c)(3)(vi)

Income Thresholds

Impact of Federal Tax Repayment Changes

- Prior to OE22, the FFM used an income threshold of **25% or $6,000**, whichever was *greater,* and then expanded those thresholds to **50% or $12,000**. Most state-based marketplaces adopted the FFM thresholds.
- Pennie has always sought a middle ground that balances consumer protection from tax liability with not creating undue administrative burden for documentation requirements.
- With removal of the tax repayment caps and the reimposition of the 400% FPL subsidy cliff, Pennie needs to reconsider whether the current thresholds still strike that balance.
- Pennie believes that updating the thresholds to **30%, or $10,000, whichever is lower** will continue to achieve this balance.

2025 Repayment Caps		
Federal Poverty Level	Single Filers	Joint Filers
Under 200%	$375	$750
200-300%	$975	$1,950
300-400%	$1,625	$3,250
400%+*	No Limit	No Limit
No Repayment Caps starting in Tax Year 2026		

Impact of Federal Tax Repayment Changes

Comparing Current Thresholds with Proposed Thresholds

150% FPL,
Dauphin County

1-person HH (age 38)

Attested income = $23,475

*Actual income = $32,630

+Proposed actual income =$30,283

Current Repayment = $1,272

Proposed Repayment = $924

Repayment Difference = -$348

Married Couple (ages 38,39)

Attested income = $31,725

Actual Income = $44,097

Proposed actual income = $40,925

Current Repayment = $1,716

Proposed Repayment = $1,248

Repayment Difference = -$468

250% FPL,
Delaware County

1-person HH (age 45)

Attested income = $39,125

Actual income = $54,383.75

Proposed actual income = $49,124

Current Repayment = $2,112

Proposed Repayment = $1,596

Repayment Difference = -$516

Married Couple (ages 51,54)

Attested income = $52,875

Actual income = $72,874

Proposed actual income = $62,874

Current Repayment = $2,796

Proposed Repayment = $1,752

Repayment Difference = -$1,044

330% FPL,
Greene County

1-person HH: (age 51)

Attested income = $51,645

Actual income = $71,644

Proposed actual income = $61,644

Current Repayment = $3,468

Proposed Repayment = $996

Repayment Difference = -$2,472

4-person HH (ages 41, 40, 10, 5)

Attested income = $106,095

Actual income = $126,094

Proposed actual income = $116,094

Current Repayment = $1,992

Proposed Repayment = $912

Repayment Difference = -$1,080

330% FPL,
Greene County

Married HH (ages 63,64)

Attested income = $69,795

Actual income = $89,794

Proposed actual income = $79,794

Current Repayment = $20,544

Proposed Repayment = $996

Repayment Difference = -$19,548

*Actual income reflects the maximum income difference based on the current thresholds (40% or $20,000).
+Proposed actual income reflects the maximum income difference based on the proposed thresholds (30% or $10,000).

Income Thresholds

Analysis and Recommendation

- Lowering the income thresholds has the largest impact on tax repayment rates for pre-Medicare enrollees with household income over 300% FPL.
- Lowering the dollar threshold amount will have the greatest impact on reducing consumer tax liability, while lowering the percentage threshold too much will make it more difficult for lower income enrollees to maintain APTC due to additional steps to provide documentation.
- Customers with household income under 200% account for nearly half of Pennie's enrollment (48%), and they are more likely to have variable income that will make it harder for them to verify.
- Based on its analysis, Pennie believes that lowering the income thresholds to 30% or $10,000, whichever is lower, will protect enrollees from large tax repayments, while helping people at the lowest income levels maintain access to financial savings.
- However, the true impact on upfront consumer burden is unknowable at this point. Following Open Enrollment, Pennie will have a much better understanding of how these thresholds impact consumer ability to maintain APTC.

Motion: To change the default thresholds to 30% or $10,000 whichever is lower, and to delegate authority to Pennie to adjust the thresholds as needed based on consumer impacts and future federal changes provided that the thresholds remain between 25%-40% and $6,000-$20,000.

Income Data Verification

Background

Pennie verifies household income when an application is submitted and again annually at auto-renewals. When IRS data cannot confirm what a consumer attests, Pennie uses a secondary source. Last year, Pennie added PA Dept. of Labor & Industry Quarterly Wage Data (QWD) alongside the incumbent Equifax service.

More up-to-date data

QWD returns the prior four quarters of wage data. Equifax returns a single point-in-time figure based on the most recent income available.

Can be re-checked

QWD can be re-run for the same applicant month after month as new wage data posts. Equifax allows no monthly re-check.

Far more affordable

QWD costs a fixed $100 per month. Equifax is priced per response file and the rate rises up to 18.5% on September 30, 2026.

Equifax cost per response file: ~**$5.00** July 2024 → ~**$7.03** today → ~**$8.33** effective Sept. 30, 2026

Income Data Verification

Impacts: Verifications and Relative Cost

	L&I Quarterly Wage Data	Equifax
PY2026 auto-renewal verifications	12,419 households — 43.2% of income attestations not verified by IRS	2,153 households — 7.5% of income attestations not verified by IRS
Cost of that auto-renewal cycle	$100	$77,199 for the month of October (when auto-renewal run was completed)
Verifications since January 2025 (through April 2026)	Clears 20% to 35% of open income DMIs every month	Cleared 7,721 of 91,613 response files —8.4% verifications/response
Cost since January 2025 (through April 2026)	$100 per month fixed — about $1,600	$483,966
Average cost per verification	Less than $0.10	$62.68

Equifax added value in the amount of **2,153 households verified at auto-renewal that QWD did not reach,** but at a much higher relative cost than QWD.

Income Data Verification

Recommendation

Retain Equifax through the October 2026 auto-renewal production run, then discontinue the service.
The October pass verifies the largest possible number of consumers before sunset, and the projected cost fits within the $245,000 remaining budget.

Remaining Equifax Spend	Projected
3 monthly invoices (including July)	$99,000
October 2026 auto-renewal production run	$92,000
Projected total through sunset	$191,000
Budget remaining	$224,000
Projected remaining Equifax funds	**$33,000**

Why the October run

- Narrower income verification threshold will cause more income data matching issues at auto renewals this year, some of which could be prevented with Equifax data.
- Highest-yield month: last cycle Equifax uniquely verified 2,153 households.
- A final pass at auto-renewal protects APTC continuity and avoids an income-DMI spike during Open Enrollment.
- Sunsetting after October avoids the full-year effect of the Equifax cost increase.

Income Data Verification

Motion:
To authorize Pennie to discontinue use of the Equifax service by November 1, 2026.

2027 Budget Proposal

2026 Q2 Report

- Total revenue is outperforming projections through Q2, driven by higher-than-expected Treasury interest earnings and federal reimbursements.
- User fee revenue is lower than projected due to enrollment declines.
- We are under budget in personnel due to vacancies and delayed hiring, but we do not except this trend to continue as we are on track to fill multiple positions over the coming months.

Revenue						
Q2	**Budgeted**	**Actual**	**YTD Budgeted**	**YTD Actual**	**YTD $ Variance**	**YTD % Variance**
User Fees	$29,622,000	$28,654,732	$60,002,000	$59,813,060	-$188,940	<0%
Federal + Treasury Interest	$3,500,000	$4,139,079	$8,000,000	$9,180,144	$1,180,144	15%
Total	$33,122,000	$32,793,811	$68,002,000	$68,993,204	$991,204	1%

Expenses						
Q2	**Budgeted**	**Actual**	**YTD Budgeted**	**YTD Actual**	**YTD $ Variance**	**YTD % Variance**
Personnel	$2,781,000	$2,317,291	$5,148,000	$4,205,803	-$942,197	-18%
Operating	$11,216,286	$10,204,423	$21,489,389	$20,360,362	-$1,129,027	-5%
Total	$13,997,286	$12,521,714	$26,637,389	$24,566,165	-$2,071,224	-8%

Transition to State Fiscal Year (SFY) Budgeting

- We are transitioning from a dual Calendar Year and State Fiscal Year approach to a single State Fiscal Year model to align with Commonwealth systems, improve accuracy, and reduce administrative complexity.

- This change will streamline budgeting, enhance compliance, and provide clearer, more consistent financial reporting.

- To support this shift, we are proposing a 6-month gap budget (1/1/27–6/30/27) to align with the next State Fiscal Year (7/1/27–6/30/28).

- The six-month gap continues current funding levels, including the increased budget already approved for one-time call center implementation costs.

6-Month GAP Budget

1/1/27 – 6/30/27

	Regular Operations	In House Call Center	Total Budget
Personnel	**$5,132,000**	**$1,095,000**	**$6,227,000**
Operations			
External Affairs	$3,958,000	$0.00	$3,958,000
IT/Ops	$18,237,000	$1,016,000	$19,253,000
General Operating	$751,800	$176,200	$928,000
Total Operations	**$22,946,800**	**$1,192,200**	**$24,139,000**
Total Budget	**$28,078,800**	**$2,287,200**	**$30,366,000**

Budget Highlights

Operational Efficiency & Marketplace Comparison

- Even with expected enrollment losses, our operating budget is stable because of our highly efficient operations and conservative cost growth approach.
- Compared with the federal marketplace and other state-based exchanges, Pennie consistently delivers high-quality customer service and operational performance at a significantly lower cost.
- Pennie's efficient operations have saved the state $130M in operations costs compared to what would have been paid towards federal operational costs for healthcare.gov.
- We do more for less through strong expense management, thoughtful operational planning, and continued commitment to improve customer experience without increasing costs.
- Pennie continues to manage its operating budget at a sustainable level.

Budget Highlights, Cont.

Key Budget Drivers

- We continue to adjust our operational budget to keep costs low. We have identified savings due to the discontinuation of the Equifax services after 2026 (which were replaced by a much lower cost, state-based solution), in addition, we identified additional reductions in general operations based on current year spending patterns.

- The are only a few cost increases in the budget, which include:

  - Call center implementation costs (previously approved by the board)
  - Residency verification Application Program Interface (API) buildout with PennDOT
  - The fraud specialist and CLEAR fraud detection software, fully funded through the PA Insurance Fraud Authority grant

- The call center implementation and ongoing operating costs continue to align with the figures previously provided to the Board. These costs are closely monitored to ensure that they stay within these limits.

- In addition to user fee revenue, we also anticipate receiving up to $25M in federal Medicaid funding in partnership with the Department of Human Services. Notice of approved awards will be issued in October.

State Fiscal Year Operational Budget

7/1/27 – 6/30/28

	Regular Operations	In House Call Center	Total Budget
Personnel	**$10,572,000**	**$16,227,000**	**$26,799,000**
Operations			
External Affairs	$17,036,000	$0.00	$17,036,000
IT/Ops	$26,334,000	$1,609,000	$27,943,000
General Operating	$1,832,000	$981,000	$2,813,000
Total Operations	**$55,774,000**	**$18,817,000**	**$74,591,000**

Reminder: Total budget is higher in FY28 because of the overlap of existing call center costs while the in-house call center ramps up, particularly in the last quarter of 2027.

Reinsurance Program Budget

Potential overruns for the reinsurance program are not included in the SFY27-28 budget request because we do not have sufficient information at this time.

Any additional needs will be addressed in a future Board meeting as details become clearer.

	GAP Budget 1/1/27 - 6/30/27	SFY 27-28	SFY 28-29
Reinsurance			
Reinsurance Program Contribution	$0	$50,000,000*	$60,000,000*
Reinsurance Operational Expenses	$0	$400,000	$400,000
Total	$0	$50,400,000	$60,400,000
*Amounts unchanged and determined previously, as reinsurance needs a contribution set far in advance to determine parameters. The Board approved an additional $10M in SFY28-29 only, for the 2027 coverage year reinsurance program.			

Estimated Expense and Revenue Projections

- Due to the uncertainty surrounding future enrollment and revenue, we are recommending that for planning purposes we assume a stable and consistent budget of $69M through SFY29-30, or until enrollment losses level out. This recommended spending level will be reevaluated and adjusted as enrollment and revenue trends evolve.
- Because of built-in year-over-year cost increases in certain contracts and personnel, maintaining a level budget will mean reducing costs elsewhere. The most flexible costs are marketing and the variable call center costs that will generally be lower with fewer total enrollees.
- User fees that are projected on the next slide are based on enrollment trends, federally required changes, and potential insurer rate increases. Model assumptions will be aligned with results as they materialize.

Estimated Expense and Revenue Projections, Cont.

	GAP Budget 1/1/27 - 6/30/27	SFY 27-28	SFY 28-29	SFY 29-30
Enrollment	371,400	328,000	288,000	278,000
Revenue				
User Fees	$57,997,538	$103,958,421	$94,000,000	$94,000,000
Other*	$13,000,000	$25,000,000	$24,000,000	$23,000,000
Total Revenue	**$70,997,538**	**$128,958,421**	**$118,000,000**	**$117,000,000**
Total Operational Expenses	**$30,366,000**	**$74,591,000**	**$69,000,000**	**$69,000,000**
Reinsurance				
Reinsurance & Operations Contributions	$0	$50,400,000	$60,400,000	$50,400,000
Total Agency Expenses	**$30,366,000**	**$124,991,000**	**$129,400,000**	**$119,400,000**
Total Operating Net*	***$40,631,538***	***$3,967,421***	***-$11,400,000****	***-$2,400,000****

Notes: *Includes Grant Funding and Treasury Interest.
**Net losses will be covered by reserve funds. Operating net is higher in gap year because no reinsurance payment is made within that six-month period.

Budget Recap and Motion

	GAP Budget 1/1/27 - 6/30/27	SFY 27-28
Operational Budget	$30,366,000	$74,591,000
Reinsurance Program	$0	$50,400,00
Total	**$30,366,000**	**$124,991,000**

Motion:

To approve both the 6-month budget from 1/1/27 to 6/30/27 and the state fiscal year 27-28 budget.

Open Enrollment Readiness

Autorenewal Planning

- On July 23, the Pennie Board of Directors voted to change the 2027 Open Enrollment dates to November 1 to January 15, due to regulations changed by court rulings. Pennie immediately communicated the policy change to insurers, assisters, and other stakeholders.

- For Plan Year 2027, autorenewals will look similar and have a similar timeline to previous years, with the annual redetermination and renewal verification process kicking off a few weeks prior to the start of Open Enrollment.

- One key difference, is that non-citizens applying for financial savings will have their lawful presence status verified against trusted data sources to comply with H.R. 1 requirements for APTC-eligibility.

- Pennie plans to exclude 2026 policies that have been approved for rescission from autorenewals. Pennie has requested that insurers provide all policies they want withheld from auto renewals to Pennie for rescission approval by Aug. 14.

OEP Marketing & Outreach

Enrollment Growth Strategy

Year 2: Cohesion

For 2027 coverage, Pennie is aligning paid/earned/owned media, consumer communications, outreach & education efforts, and the assister network around a shared priority population:

Pennsylvanians under 40 making under 400% FPL

This focus supports three core OEP needs:

- **Retention:** Existing customers must update their information, actively shop, and stay covered.
- **Growth:** Paid media, outreach, and assister efforts are being targeted toward priority counties and populations with a greater opportunity for enrollment.
- **Consumer Clarity:** Clearly defining actions needed to update information and ensuring consumers understand how federal changes are affecting their eligibility and their next steps.

OE27 will be a coordinated readiness effort across communications, media, outreach, and local enrollment support.

Consumer Communications & Media

Communication Plan

- **Direct customer communications:** emails, texts, notice inserts, monthly e-newsletters, outbound calling scripts, homepage banners reinforcing the enrollment dates and the need to update, shop, and stay covered.
- **Owned and earned media:** Website updates, social media countdowns, stakeholder toolkits, press events, and partner messaging to extend reach through trusted voices.
- **Paid Media:** OEP media buy running November 1 – January 15 is projected to deliver over 400M impressions, with heavier focus on awareness, rural communities, uninsured counties, and the Under 40 / 400% FPL audience.

Strengthening the Assister Network

The Pennie Assister Network is entering OEP27 with clearer goals, stronger planning, and more accountability than prior years.

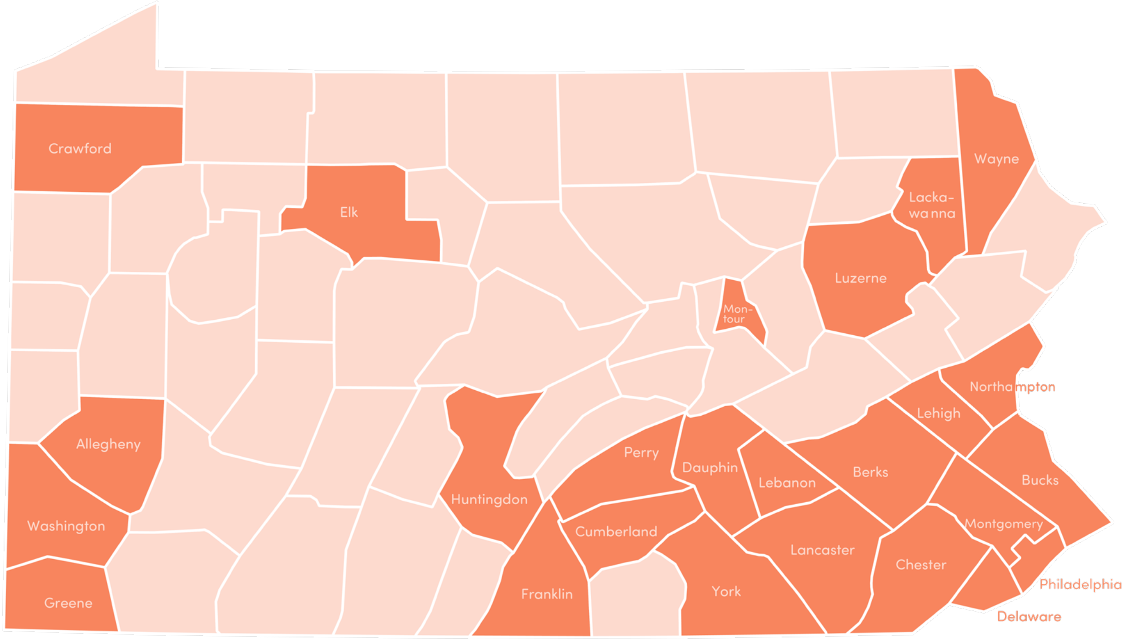
The OEP27 strategic plan creates a statewide framework for the network from August 1 – January 31, aligned with Pennie's broader OEP strategy.

- **Operational Improvements:** Dashboard tracking, improved event data, improved assister appointment setting tool, data dictionary, and new tracking for Under 40 / Under 400% FPL enrollments.
- **OEP27 Broad Goals:** Optimize events, increase digital/community presence, expand/activate organizational networks, continue to train assister network.

After experiencing challenges with onboarding, alignment, and management from OEP26, the network has moved to a more measurable, strategy-aligned outreach and enrollment support system.

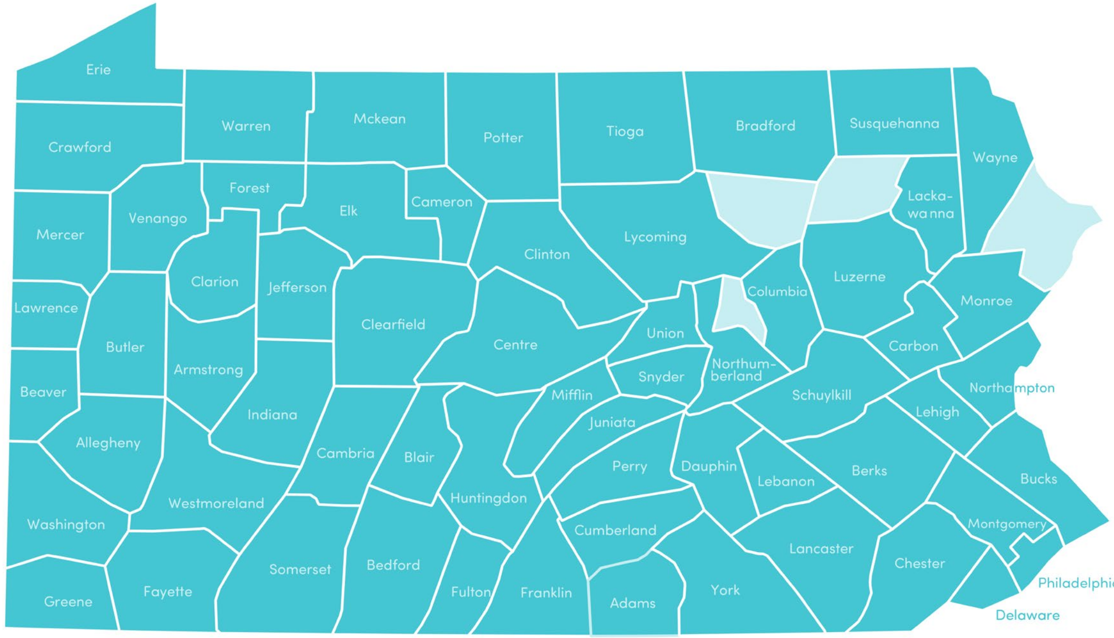
Pennie Assister Network Event Reach: OE25 vs. Current

Former Network



11/1/24 - 7/31/25:
25 counties reached with at least one event

Current Network



11/1/25 - 7/16/26:
63 counties reached with at least one event

2026 Project Updates

2026 Strategic Initiatives

Pennie has been focusing on two major strategic initiatives throughout 2026:

1. **Implementing federal operational and eligibility changes**

In support of Pennie strategic goal: Promote simplicity and clarity into processes to improve accessibility

   a. Lawfully present APTC eligibility changes
   b. Medicaid community engagement requirements
   c. Pre-renewal and pre-enrollment verification

2. Building towards in-house contact center

In support of Pennie strategic goal: Establish Pennie as a trusted and objective source of clear information about coverage

   a. Technology
   b. Workforce and training
   c. Implementation management

Federal Changes

Lawfully Present Eligibility Changes

- Starting Plan Year 2027, only non-citizens who are lawful permanent residents (LPR), Compact of Free Association (COFA) migrants, or Cuban-Haitian entrants will be eligible for advance premium tax credits (APTC) through the marketplace.
- This change means that approximately 27,000 current lawfully present enrollees will lose advance premium tax credits due to their lawfully present status no longer being APTC eligible under the H.R. 1 changes.
- Pennie will receive new codes from the Federal Data Services Hub (FDSH) to identify whether a customer meets the above eligibility criteria for APTC through Pennie (starting Jan. 1, 2027). Pennie will stop assessing non-citizens who do not meet the above criteria for Medicaid starting Oct. 1, 2026.
- A new data matching issue (DMI) will be created for instances when a customer attests to having a lawful present status that confers APTC-eligibility, but federal data indicates otherwise.
- Pennie will explain the loss of APTC to impacted consumers on their account dashboard and the eligibility notice.
- Pennie will send an ad hoc notice to current customers who are lawfully present but do not meet the new APTC-eligibility criteria, informing them of the change, the need to update their immigration status immediately, and their ability to stay enrolled in a QHP without financial help.

Federal Changes

Community Engagement Requirements

Starting Jan. 1, 2027, adults (ages 19-64) in the Medicaid expansion population newly applying or seeking to be renewed in Medicaid, must demonstrate that they meet new community engagement requirements (CER) or qualify for an exemption.

- CER requires adults who do not qualify for an exemption to complete 80 hours per month of work, education, or volunteering activities.
- These members will also need to be renewed every six (6) months, instead of once a year.

Impact of CER on Pennie customer experience:

- From Jan. 1, 2027, those who are determined to be eligible for Medicaid, but cannot enroll because they do not meet CER, will *not* be eligible for advance premium tax credits (APTC) through Pennie.
- Pennie will communicate these changes to consumers through the member dashboard, updates to the eligibility determination notice, and other consumer-facing resources.
- Pennie continues to work with DHS to add specific CER questions to its application to streamline the Medicaid assessment and verification process between the two agencies.

Federal Changes

Pre-Renewal and Pre-Enrollment Verification

By no later than August 1, 2027, new and existing enrollees will need to actively confirm all data is current and provide documents for any discrepancies ***before*** coverage with APTC can start, and ***before*** coverage can be automatically renewed with APTC each year.

Pennie has led conversations across other state marketplaces to brainstorm and develop an approach that will:
- Allow for early and often communication to existing consumers regarding changes
- Provide as many chances as possible to confirm information before auto renewals

Our goal for PY2028 auto renewals is to maximize the number of new applicants and existing enrollees who are eligible for APTC and enrolled in a QHP with APTC for the 2028 Plan Year. On an ongoing basis with new applicants, we will emphasize clear next steps that need to be taken to maximize new enrollments.

Pennie continues to work with the technology vendor, who is working to implement this across ~10 states, to ensure that we have access to functionality early enough to meet our proactive communication goals. More detailed information will be provided during the October meeting.

Federal Changes Milestones & Effective Dates

Change & Effective Date	Milestones
Annual Open Enrollment Period Nov. 1, 2026 – Jan. 15, 2027	✓ **Dec 2025 - Jan. 2026**: Collect stakeholder feedback on proposed dates based on new federal regulations. ✓ **February 2026:** Board approves proposed OEP dates of Oct. 15 – Dec. 15, 2026, with coverage effective Jan. 1, 2027 for all enrollees ✓ **Q2 2026:** Pennie outlines detailed plan for updated renewal process and begins updating educational materials, website content, and internal documentation. ✓ **June 2026**: Federal district court vacates provision limiting OEP duration , reverting back to prior regulations requiring longer OEP dates ✓ **July 23, 2026**: BOD approves Pennie to utilize OEP dates of Nov. 1 – Jan. 15 for Plan Year 2027 to conform with court ruling
Removal of tax credit eligibility for lawfully present non-citizens January 1, 2027	✓ **June 2026**: System solution identified to ensure correct eligibility determination provided for non-citizens seeking subsidized Pennie coverage effective 1/1/27 and to provide the correct Medicaid assessment by 10/1/26 to align with each program's respective policy change effective date ❑ **Q3 2026 (26.9 release):** Implement system solution ahead of autorenewals ❑ **Q3 2026:** Update website consumer content and update stakeholders and assisters on change ❑ **Q4 2026**: Communicate change to impacted enrollees (estimated impact ~27,000)
Alignment with Medicaid changes regarding community engagement requirements January 1, 2027	✓ **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**: Finalize system changes necessary to implement new requirements ❑ **Q3 2026**: Update educational materials and website content, and communicate any Pennie changes to assisters/stakeholders ❑ **Jan. 2027**: Receive specific denial code from DHS to ensure those not meeting community engagement requirements do not receive APTC

Federal Changes Milestones and Effective Dates

Change & Effective date	Milestones
Pre-enrollment verification of eligibility for premium tax credits for current & existing enrollees seeking coverage with an effective date starting Jan. 1, 2028	✓ **Q2 – Q3 2026:** Finalize preferred approach ❑ **Q3-Q4 2026:** Finalize system solution ❑ **Q1 2027:** Update educational materials, website content, as well as stakeholder communications, and solidify internal operational procedures to implement the new pre-renewal and enrollment verification requirements. ❑ **Q2-Q3 2027:** Implement Pennie's solution to enable both current and new consumers to meet pre-renewal and enrollment verification requirements for coverage that begins 1/1/28. Roll out Pennie's consumer-facing communications. ❑ **8/1/2027**: H.R. 1 requires marketplaces to allow consumers to verify application information starting Aug. 1, 2027. ❑ **1/1/2028**: Starting with coverage effective Jan. 1, 2028, customers seeking coverage through the marketplace must verify all information *before* they can receive APTC.

Core Call Center Components - Technology

To launch our in-house call center, we need a telephone system and call center technology platform that connects to our existing eligibility and enrollment platform.

Call Center Technology Platform:

- Secured call center technology platform licenses, and onboarded new Pennie IT team member

- Working with technology platform vendor to build out a training environment, which includes:
  - Security components
  - Application Program Interface (API) to allow the exchange of data with the eligibility and enrollment platform
  - Reporting and dashboarding
  - Environment configurations
  - Completion of the full stack technology platform

Training environment will be linked to a test environment within the Pennie application.

Training environment will be used configure the call center technology platform effectively and to build the production environment in 2027.

Core Call Center Components – Workforce and Training

Outside of technology, the other key aspect is the hiring and training of call center representatives.

Workforce

- Comprehensive hiring plan developed for every posting from now through late 2027 to monitor progress and to inform corresponding activities such as computer equipment orders.

- Hiring of program team: program team to manage call center technology, workforce, and quality
    - 7 budgeted positions are scheduled to be filled in 2026. 2 have been filled, 2 have been posted, and the other 3 are in process. These positions are on schedule and within budget.

- Hiring of call center representatives:
    - Call Center Director – Fall 2026
    - Managers and Supervisors – mid 2027
    - Frontline CSRs – mid to late 2027

Quality and Training Efforts

- Consistent with our commitment to delivering high-quality service, the Operations and Human Resources teams are collaborating to ensure the development of a comprehensive, dynamic, and high-quality onboarding and training program.

Core Call Center Components – Implementation Management

Given the many moving pieces, Pennie has developed a comprehensive project management approach.

- **Comprehensive Project Plan:** A detailed project plan has been developed to ensure all work lanes stay on schedule for a soft launch in late 2027 with full call center ownership and operation on January 1, 2028.
- **Implementation Consultant:** Pennie selected a consulting vendor to provide expertise, guidance, and implementation support and is targeted to onboard the selected vendor in the early fall, as scheduled.
- **Operations Preparation for Consultant Arrival:** Internal Pennie teams continue to prepare for the consulting vendor's arrival by reviewing the proposed scope of work and ensuring the necessary documentation, resources and stakeholders are in place to enable a productive start from day one

In-House Call Center Milestones: 2026 Refresher

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.

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