

May 2024

Pennsylvania Health Insurance Marketplace Affordability Fact Sheet

This fact sheet is intended to highlight the innovative strategies Pennsylvania uses to improve affordability of insurance coverage on their state insurance marketplace, called "Pennie". This is one of a five-state series, presented by Community Catalyst, to share information with policymakers about innovations states can use to make health insurance on the individual market more affordable and accessible for low- and moderate-income individuals. Pennsylvania is still working to define low- and moderate-income as their policies aim to address affordability across several income groups. This brief focuses on solutions in the individual market.

Pennsylvania's Insurance

Environment

Pennsylvania market characteristics:

- Population size: 13 million (2022)
- 435,000 covered (2024)
- 5.3% uninsured (2022)
- \$73,170 median income (2022)
- Medicaid-Marketplace account-transfer model
- Divided government

Pennsylvania's state-based marketplace (SBM), Pennie, debuted in Fall 2020.

Enrollment [grew 56%](#) after the shift from the Federally Facilitated Marketplace.¹ Pennie is moving towards a simplified shopping model, which would reduce the number of plans offered, but has not standardized plan benefits.

Pennie uses an account-transfer model where the Marketplace sends applicant information to the Medicaid agency to complete enrollment, as opposed to a fully-integrated model used in some states where SBMs fully complete the enrollment process.² For more information on the interaction between Medicaid and Pennie, as well as other state political and insurance context, see **Appendix A**.

Policies driving coverage affordability and accessibility

¹ Pennsylvania Pressroom. "Pennsylvania's Insurance Marketplace, Pennie, Sets New Health Coverage Enrollment Record, Helping Nearly 435,000 Pennsylvanians Secure Health Insurance In 2024". Jan 29, 2024. <https://www.media.pa.gov/pages/insurance-details.aspx?newsid=532>

² Centers for Medicare and Medicaid Services (CMS). "State-based Marketplace Medicaid Unwinding Report." Apr 30 2024. <https://data.medicaid.gov/dataset/5670e72c-e44e-4282-ab67-4ebebaba3cbd>

Pennsylvania has implemented, and is considering, several policies targeting premium affordability, including reinsurance, state subsidy wraps, and premium alignment protocols. The state has also implemented accessibility policies, including an easy enrollment program and broker recruitment efforts.

Strengthening premium affordability

Reinsurance

Pennsylvania's [reinsurance program](#) took effect in 2021 and [has federal approval through 2025](#).^{3,4} The program is funded via a federal pass-through from a 1332 Waiver.^{5,6} One of the [explicit](#) objectives of the program is to [reduce premiums](#) for individuals ineligible for premium tax credits (PTC), or the unsubsidized population.^{7,8} This includes high-income⁹ households and anyone who purchases coverage outside the Marketplace. Reinsurance can, however, [increase the cost](#) of coverage for some households that receive PTC and are enrolled in the lowest cost plan¹⁰ ([88%](#) of Pennie enrollees in 2023).¹¹ Thus, the state's planned subsidy wrap aims to improve affordability for those around and below 200% FPL. For more information on reinsurance policy considerations and impacts, see

Appendix B.

³ Health Affairs. "[Georgia's Reinsurance Waiver Associated With Decreased Premium Affordability And Enrollment](#)". 43 (3): 2024.

⁴ CMS. "Pennsylvania: State Innovation Waiver under section 1332 of the PPACA". Jul 24, 2020. <https://www.cms.gov/cciiio/programs-and-initiatives/state-innovation-waivers/downloads/1332-pa-fact-sheet.pdf>

⁵ CMS. Montz, Ellen. Ellen Montz to Jessica Altman. Washington, DC. Sep 7, 2021. <https://www.cms.gov/cciiio/programs-and-initiatives/state-innovation-waivers/downloads/1332-pa-arp-2021.pdf>.

⁶ Pennie received \$92 million in federal pass-through funding in 2021, \$124 million in 2022, and \$115 million in 2023, used to fund reinsurance.

⁷ JAMA Health Forum. "Analysis of Publicly Funded Reinsurance—Government Spending and Insurer Risk Exposure." Aug 13, 2021. <https://jamanetwork.com/journals/jama-health-forum/fullarticle/2783129>

⁸ Health Services Research. "Effects of state reinsurance programs on health insurance exchange premiums and insurer participation". Jul 24, 2023. <https://onlinelibrary.wiley.com/doi/10.1111/1475-6773.14205>

⁹ High income is defined here as enrollees for whom the full price of the benchmark plan is considered affordable as a percentage of their income. If the current federal premium subsidy enhancements aren't extended past 2025, this would include everyone with a household income above 400% FPL.

¹⁰ Health Affairs. 43 (3): 2024.

¹¹ CMS. "Effectuated Enrollment: Early 2023 Snapshot and Full Year 2022 Average". Mar 15, 2023. <https://www.cms.gov/files/document/early-2023-and-full-year-2022-effectuated-enrollment-report.pdf>

State Subsidy Wrap

Governor Shapiro's [proposed 2024-25 budget](#) includes a \$50 million investment for an "additional subsidy wrap" to address affordability for the population "on the cusp of being able to afford health insurance".¹² The state's investment will go towards the reinsurance program, freeing up other funds to develop a subsidy to improve affordability for low- and middle-income Pennie enrollees.¹³ They intend to divert a portion of the current user fee that funds reinsurance to the state subsidy program instead, but reinsurance itself would remain fully funded.

Premium Alignment

To mitigate federal defunding of the cost-sharing reductions (CSR) in 2017, insurers began to shift the CSR cost to plan premiums. This adjustment appears as a CSR defunding load applied to silver plan premiums and better aligns their premiums with the plan value. Pennsylvania [regulation](#)¹⁴ requires a CSR defunding load of 1.22 to 1.26, higher than the federal load of 1.2, used in all but two other states.¹⁵ As a result of premium alignment, gold plans can have lower premiums than silver plans depending on the plan's cost sharing structure. Advocates view this as a potential benefit to consumers, as it can increase the silver benchmark plan and [resulting PTC](#).¹⁶ See **Appendix C** for an example demonstrating how premium alignment policies can reduce the premium cost of gold plans below that of silver plans, making those plans with low out-of-pocket costs more attractive to consumers. This policy was intended to improve affordability for the population above 200% FPL including those above 250% FPL who lost CSR, and those 200% - 250% FPL whose silver plans have a low AV.

¹² Commonwealth of Pennsylvania, Office of the Governor. "Governor Josh Shapiro Executive Budget 2024-2025". Feb 6, 2024.

<https://www.budget.pa.gov/Publications%20and%20Reports/CommonwealthBudget/Documents/2024-25%20Budget%20Documents/2024-25%20Budget%20in%20Brief%20v.1%20wCovers.pdf>

¹³ Pennie. "Pennie Board of Directors Strategic Planning Session". Feb 22, 2024.

<https://agency.pennie.com/wp-content/uploads/2024/03/20240222-Strategic-Planning-BOD-Finalized-Deck.pdf>. As of May 2024, the state is still actively designing this policy, including the populations impacted and which subsidies best meet the program objectives. The state is targeting the 2025 plan year for implementation.

¹⁴ Pennsylvania Insurance Department. "2024 ACA-Compliant Health Insurance Rate Filing Guidance". Mar 21, 2023.

https://www.insurance.pa.gov/Companies/ProductAndRateRequire/Documents/2024_QHP_Guidance/2024%20ACA%20Rate%20Filing%20Guidance.Final.03.21.23.pdf

¹⁵ [Texas requires a CSR defunding load of 1.35](#) and [New Mexico uses 1.44](#).

¹⁶ Health Affairs Forefront. "How Silver Loading Impacts Insurance Markets Depends On State And Insurer Decisions". June 27, 2019. <https://www.healthaffairs.org/content/forefront/silver-loading-impacts-insurance-markets-depends-state-and-insurer-decisions>

Reducing barriers to enrollment

Path to Pennie (easy enrollment)

Pennsylvania began offering its "[Path to Pennie](#)" easy enrollment program in early 2022.¹⁷ Residents submit data through a tax form that can be used to determine whether household members are eligible for Medicaid/CHIP or Marketplace subsidies, after which Pennie reaches out to let the tax filer know their options for coverage and enrollment process.

The Office of the General Counsel prioritized a non-legislative pathway to implement Path to Pennie and the Secretary of the Treasury had adequate authority to approve the tax form. This aided in a faster implementation but resulted in no formal guidance or imperative for tax preparers to include the new form in their software, which limited uptake. State advocates identified opportunities for building on this policy, such as analyzing Department of Labor claims to identify those who became unemployed and may be eligible for Marketplace coverage.¹⁸

Funding	<ul style="list-style-type: none">• State-only funding for implementation. Access to federal APTC and CSR funds remains unchanged.
Policy Levers	<ul style="list-style-type: none">• Uninsured residents can attach Form REV-1882¹⁹ (as opposed to a check-box on state tax forms, used in other states) to their Pennsylvania state tax return, authorizing the state to share their tax return information with Pennie.• For those who are eligible to enroll in a Marketplace plan, a 60-day special enrollment period is offered so that they can get coverage right away.
Impacts	<ul style="list-style-type: none">• According to a Pennie spokesperson, about 900 people used Path to Pennie in 2023, across Medicaid and Qualified Health Plans.• Preliminary evidence suggests easy enrollment programs are cost-effective policies.²⁰

¹⁷ <https://pennie.com/learn/pathtopennie/>

¹⁸ Advocates also noted a proposal in development to pull information from the newly funded medical debt reduction program as those seeking free or charity care may also be uninsured. See: <https://www.governor.pa.gov/newsroom/governor-shapiros-2024-25-budget-address-as-prepared/>

¹⁹ <https://www.revenue.pa.gov/FormsandPublications/FormsforIndividuals/PIT/Documents/rev-1882.pdf>

²⁰ Urban Institute. "Expanding Health Coverage through Marketplace Facilitated Enrollment Programs". Jan 2024. <https://www.urban.org/sites/default/files/2024->

Broker Assistance

In 2023, Pennie began its Broker Recruitment and Diversification [pilot](#).²¹ It actively recruited insurance brokers for the first time, “to increase enrollment assistance for underrepresented communities” including increasing the number and diversity (i.e., race, language, marginalized population) of Pennie-certified agents. This was piloted in the Philadelphia region, resulting in a 30% increase in certified brokers in the targeted zip codes and 433 consumers enrolled. Approximately 35% of Pennie enrollees use one of the 4,000 brokers and 0.4% use one of the 300 assisters’ services. In 2024, Pennie is working to expand broker recruitment efforts outside of the original pilot region of Philadelphia and to collect demographics to measure improvement against goals. For more insights into the potential for broker programs to impact health equity, see **Appendix D**.

Recommendations and lessons learned

Pennsylvania is addressing affordability and access by decreasing costs to consumers and investing in diverse sales channels. The major policies working in tandem to decrease costs are reinsurance, premium alignment, and the upcoming state subsidy wrap. By implementing all three policies, the state aims to improve affordability for both subsidized and unsubsidized enrollees.

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The economic argument transcends and often unites.

The backdrop of Pennsylvania’s affordability policies is a health equity approach that emphasizes overall affordability rather than targeting specific populations. They measure progress achieving health equity by tracking how many low-

income individuals enroll due to a policy change.

With a divided government and highly polarized politics, state advocates report success emphasizing evidence for affordability and class issues, since economic constraints affect people across the partisan divide. They report that “the economic argument transcends and often unites.”

01/Expanding%20Health%20Coverage%20through%20Marketplace%20Facilitated%20Enrollment%20Programs.pdf.

²¹ Pennie. Feb 2024.

Appendices

The following appendices provide additional detail about the information presented in the fact sheet for those who would like more context. For more information on Pennie and related programs, policies, and legislation, see the following links:

1. [Pennie](https://agency.pennie.com/newsroom/) marketplace site: <https://agency.pennie.com/newsroom/>
 - Pennie's 2023 Year in Review [board meeting slide deck](https://agency.pennie.com/wp-content/uploads/2024/03/20240222-Strategic-Planning-BOD-Finalized-Deck.pdf) (<https://agency.pennie.com/wp-content/uploads/2024/03/20240222-Strategic-Planning-BOD-Finalized-Deck.pdf>)
 - Pennie [annual reports](https://agency.pennie.com/newsroom/) (<https://agency.pennie.com/newsroom/>)
2. [Pennsylvania Health Access Network \(PHAN\)](https://pahealthaccess.org/press-center/) (<https://pahealthaccess.org/press-center/>)
 - PHAN [reports and blogs](https://pahealthaccess.org/blog/) (<https://pahealthaccess.org/blog/>)
3. Pennsylvania Insurance Department [Transparency in Coverage Report](https://www.insurance.pa.gov/Coverage/Documents/ACA-Plan-Transparency-Reports/TransparencyCoverageReport-ACAHealthPlans2023.pdf) (<https://www.insurance.pa.gov/Coverage/Documents/ACA-Plan-Transparency-Reports/TransparencyCoverageReport-ACAHealthPlans2023.pdf>)
4. Standardized information and private blog posts across states
 - [ACA Signups](https://acasignups.net/search/node/washington) (<https://acasignups.net/search/node/washington>)
 - [Health Insurance Marketplaces by State](https://www.healthinsurance.org/states) (<https://www.healthinsurance.org/states>)
 - [XpostFactoid](https://xpostfactoid.blogspot.com/search?q=washington) (<https://xpostfactoid.blogspot.com/search?q=washington>)
 - [State Marketplace Network](https://statemarketplacenetwork.org/): Collective group of 21 SBMs from across the country supported by the National Academy for State Health Policy (<https://statemarketplacenetwork.org/>)

Appendix A: Pennsylvania Health Insurance Context

As of 2024, [fourteen insurers](#) offer plans through Pennie.²²

State advocates report that the decision to switch to an SBM was based on two considerations. The first was a desire [to keep user fees within the state](#), rather than

²² <https://www.healthinsurance.org/states/health-insurance-pennsylvania/>

putting dollars towards the Federally Facilitated Marketplace (FFM) model.²³ The second was the convenience of leveraging existing technological platforms to implement an SBM (i.e., it was not building the platform from scratch). The House Bill that opened a pathway to creating the SBM, Pennie, also [created the state's reinsurance policy](#).²⁴

Medicaid Integration

State advocates report that individuals up to 300% FPL often frequently switch or “churn” between Medicaid and Marketplace plans, yet the agencies remain siloed. In Pennsylvania, the Department of Human Services creates policies governing Medicaid, but generally remains “agnostic” to Pennie policies. Though the two entities were designed to work separately from one another, state advocates report this disconnect as a needed area of improvement due to the heavy churn among that income bracket.

Political Context & Public Opinion

Pennsylvania's affordability policies and marketplace evolution take place within the context of a [divided government](#).²⁵ The state has [several important upcoming 2024 elections](#), in which Pennsylvania residents will vote on US and State Senators and Representatives.²⁶ Because of the state's swinging politics, the outcome of these elections will be particularly pivotal for future legislation governing Pennie and the state's health insurance market at large.

Despite the influence of these politics on health care in the state, a 2023 [Pennsylvania Public Health Survey conducted by Muhlenberg College](#) reports that most (66%) of Pennsylvanians describe the general quality of health care in the state is either “excellent” or “good,” the highest since the COVID-19 pandemic in 2020.²⁷ The state's current health policy priorities revolve around insurance affordability and debt relief, increasing resources for home and community-based service providers for specific populations (i.e., those with intellectual disabilities and the aging population), and bolstering the state's health (and overall) workforce. Included in Governor Shapiro's 2024-2025 [proposed](#)

²³ Pennsylvania Office of Rural Health. “Pennsylvania Is a State-Based Exchange Using a Federal Platform for 2020”. <https://www.porh.psu.edu/pennsylvania-is-a-state-based-exchange-using-a-federal-platform-for-2020/>

²⁴ Ibid.

²⁵ Ballotpedia. “Party control of Pennsylvania state government”. May 13, 2024. https://ballotpedia.org/Party_control_of_Pennsylvania_state_government

²⁶ Ballotpedia. “Pennsylvania elections, 2024”. May 13, 2024. https://ballotpedia.org/Pennsylvania_elections,_2024

²⁷ Muhlenberg College. “Spring 2023 - Pennsylvania Public Health Survey”. <https://www.muhlenberg.edu/aboutus/polling/publichealthpolicysurveys/spring2023-pennsylvaniapublichealthsurvey/>

[budget](#) is \$4 million for medical debt relief for low-income families.²⁸ According to state advocates, this medical debt relief policy attempts to reach uninsured people at the point of service. These individuals and families would apply for hospital-based programs that provide free or charity-reduced care. The state is working on enabling this information to be passed over to Pennie for eligibility determinations.

Appendix B: Reinsurance Considerations

Reinsurance is promoted as a policy “that achieves the [maximum simulated risk protection](#) for insurers for a given level of public funding,”²⁹ but reinsurance is [not a one-size-fits-all](#) policy.³⁰ [A study simulating 12 state reinsurance programs](#) found that each state reinsurance program was associated with greater government spending, lower insurer liability, and greater insurer risk protection, as compared to the case of no reinsurance.³¹ However, programs varied significantly. Two states could have similar levels of government spending, yet one state yielded greater insurer risk protection. The study also found that reinsurance programs had no [effect on insurer participation](#).³² Therefore, when states implement these programs, they should consider strategies to encourage participation.

The impact of reinsurance on individuals eligible for the PTC subsidy depends on how much the reinsurance program reduces the cost of the benchmark plan in their geography (i.e., lowest cost silver plan) and thus impacts their PTC calculation. The minimum cost of coverage of the least expensive plans increases for subsidized enrollees with incomes between 250-400% FPL. Pennsylvania state advocates report that retaining a reinsurance policy is intentional, as the 2022 Inflation Reduction Act extended the enhanced PTC, and legislators want to improve affordability for individuals at the higher end of the low-income spectrum as well as those at the lower end.

²⁸ Governor Josh Shapiro. “Governor Shapiro Unveils 2024-25 Budget Proposal to Get Stuff Done, Create Opportunity, and Advance Real Freedom for All Pennsylvanians”. Feb 6, 2024.

²⁹ JAMA Health Forum. Aug 2021.

³⁰ Health Services Research. Jul 2023.

³¹ JAMA Health Forum. Aug 2021.

³² Health Services Research. July 2023.

Appendix C: Premium Alignment Example and Considerations

Consider an example of a 52-year-old in Philadelphia (zip code 19019) earning \$40,000 in 2024 (about 275% of FPL, so a relatively modest income but above the eligibility limit for CSR benefits). This person is eligible for an advanced premium tax credit (APTC) of \$391/month. After the APTC is applied:

- The lowest-cost **bronze** plans are in the range of **\$21 to \$51/month**
- The lowest-cost **silver** plans are in the range of **\$162 to \$190/month**
- The lowest-cost **gold** plans are in the range of **\$137 to \$157/month**

Because this individual isn't eligible for CSR, a gold plan is going to provide more robust benefits than a silver plan. And because of the pricing dynamics of the CSR defunding load, the gold plan will also be less expensive in terms of monthly premiums. This allows them to access better benefits for a lower premium.

The higher the premium loading factor, the more expensive silver plans will be, both relative to other plans and absolutely. A higher factor will generally incentivize people who are not eligible for PTC to pick a non-silver plan, or shop outside of the SBM, as these plans are comparatively less expensive. But higher silver-level prices result in a larger PTC for everyone eligible and can also result in [gold-level plans being priced lower than silver-level plans](#), as noted in the above example.³³

Evidence on the Impact of Premium Alignment

Lower premiums before subsidies can make the least expensive plans more expensive for subsidized individuals (because a lower premium garners a lower PTC), or vice versa, which can create perverse affordability outcomes for enrollees. State subsidies can lessen this impact for consumers. CSR defunding loads must be actuarially sound. But within that constraint, states have discretion in how the cost of providing CSR benefits are incorporated into premiums.³⁴ Preliminary, unpublished research suggests that mandating state specific premium relativities based on the ratio of realized actuarial

³³ Health Affairs Forefront. June 2019.

³⁴ Some insurers price CSR benefits at the actual cost of providing these benefits. Other insurers and states price at the relative actuarial value of these benefits which effectively increases silver plan prices and subsidy amounts.

values in Texas has led to higher enrollment, more zero premium plan availability, and lowered costs of the least expensive plans. However, this same research suggests that CSR-eligible enrollees with incomes between 100-200% FPL are less likely to choose high actuarial value Silver CSR plans. State funded subsidies may be used to increase the attractiveness of low deductible, high actuarial value Silver CSR plans by lowering premiums enrollees pay for these plans.

State advocates report that gold plans being priced lower than silver plans because of premium alignment is a positive result because it helps individuals purchase plans that have better protections against out-of-pocket costs. However, many individuals still purchase based exclusively on premium price, and, therefore, purchase bronze plans with the lowest premiums and then experience high out-of-pocket costs. Advocates report this is an area for improvement. Their current policy objectives include increasing enrollment in plans with additional financial assistance, and lower out of pocket medical costs for consumers. The former is especially important with recent Medicaid unwinding; where in Spring of 2024, only [one in ten people](#) have transitioned from Medicaid to Pennie.³⁵ Under Medicaid, many qualify for very low or free coverage, so a transition to Marketplace coverage must emphasize affordability in addition to enrollment, but premium existence and pricing is a [barrier to entry](#) for many consumers coming from Medicaid.³⁶

Appendix D: Broker Program Considerations

Both navigators and brokers can help individuals sign up for health insurance coverage through the marketplaces. Research suggests that navigators are particularly important for helping lower-income, younger, non-English speaking and Hispanic people enroll in coverage, however, federal funding for the navigator program has been inconsistent.³⁷ Research also shows that non-white groups are underrepresented in and underserved by the broker industry.³⁸

³⁵ Pennsylvania Department of Human Services. "Medicaid Continuous Coverage Unwinding Data". <https://www.dhs.pa.gov/PHE/Pages/Unwinding-Progress-Tracker.aspx>

³⁶ Health Affairs. "[Small Marketplace Premiums Pose Financial And Administrative Burdens: Evidence From Massachusetts, 2016–17](#)". 2024: 43 (1). <https://www.healthaffairs.org/doi/10.1377/hlthaff.2023.00649>

³⁷ American Journal of Health Economics. "Information Gaps and Health Insurance Enrollment". 2022: 8(4). <https://www.journals.uchicago.edu/doi/10.1086/721569>

³⁸ The Commonwealth Fund. "State Health Equity Initiatives Confront Decades of Racism in the Insurance Industry". Sep 18, 2023. <https://www.commonwealthfund.org/blog/2023/state-health-equity-initiatives-confront-decades-racism-insurance-industry>

In December 2021, Connecticut began a Broker Academy to provide training and a pathway into the broker industry to historically underrepresented professionals. Since then, other states have followed suit in working to close the diversity gap in both broker professionals and clients, including Pennsylvania through its Philadelphia broker recruitment pilot.