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Please find enclosed the latest eHealth Cost & Benefits Report – a study conducted by Forrester Consulting and commissioned by eHealth, Inc. eHealth has been publishing studies like this since 2001. Our objective is to provide a nationwide perspective on cost and benefit trends in the individual health insurance market, based on an analysis of a large, geographically distributed sample of over 227,000 eHealthInsurance purchasers. On a larger scale, it is estimated that 18 million Americans are covered through individual plans.

You might be surprised by the low cost of individual health insurance as reported in our study compared to reports on the cost of employer-sponsored health insurance coverage.

There are several differences between the individual market and the employer-sponsored market that can impact the range of premiums and benefits that consumers experience. Some of those differences include:

- Guaranteed Issue: Employer-sponsored coverage is “guaranteed issue,” which means every employee who applies for health insurance through their employer is accepted. This can increase the overall cost of this type of health insurance. The individual market is not guaranteed issue – with the exception of a few states – and therefore you may see that reflected in the lower cost of premiums in many markets, because carriers can select the risk they insure.
- Tax Exemption: Health insurance premiums are not tax-deductible for individuals or families purchasing coverage on their own, but they are tax-deductible for companies that pay for health insurance coverage for employees. When an individual or family purchases health insurance, with after-tax dollars, we believe they may be more inspective about the type of coverage they purchase and how their health dollars are spent. Comparatively, employers, because they have tax exemptions and employee retention incentives, may provide their employees with richer benefits overall – even if employees don’t need or use all the benefits. This in turn drives higher premiums on the employer side, only a portion of which employees pay.
- Benefits: Individual market plans do include similar benefits to employer plans: hospitalization, emergency room coverage, lab x-ray, maternity care, OB/GYN coverage, physician visits, pharmaceutical coverage, and preventative care. The majority of plans surveyed include most of these benefits, but what is different is that the level of benefits is typically selected by the consumer and is based on their individual needs, not the needs of many.

With high unemployment and the nationwide economic crisis, Americans are now, more than ever, seeking affordable health insurance options. This is especially critical for those seeking alternatives to costly COBRA coverage.

I invite you to explore this study and its insights into how consumers find, compare and buy health insurance in the individual market.

Gary Lauer,
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eHealth, Inc.