

Forrester Consulting

Cost And Benefits Of Individual And Family Health Insurance Plans

November, 2008

A commissioned study conducted by Forrester Consulting on behalf of eHealthInsurance

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Introduction And Background

- Forrester Consulting conducted a commissioned study on behalf of eHealthInsurance 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 eHealthInsurance purchasers and products.
- The first Cost and Benefits of Individual And Family Health Insurance Plans report was issued in 2001 by eHealthInsurance, one of the few organizations with national source data that reflects consumer buying patterns and purchase prices.
- This 2008 Cost and Benefits report has been enhanced since its release in 2007. In addition to the data points provided in previous reports, this expanded version includes trend data across multiple years, details on HSA-eligible plans, and additional data on plan benefits.
- Founded in 1997, eHealthInsurance, a wholly-owned subsidiary of eHealth, Inc., is an online source of health insurance for individuals, families, and small businesses that offers thousands of health plans underwritten by more than 180 of the nation's leading health insurance companies. It is licensed to sell health insurance in all 50 states and the District of Columbia. Both eHealthInsurance and eHealth are registered trademarks of eHealthInsurance Services, Inc.

Methodology Summary

- The 2007 plan data referred to in this report is derived from more than 227,000 individual and family (IFP) major medical policies purchased through eHealthInsurance that were active in August 2007.
- The 2006 plan data referred to in this report is derived from more than 167,000 individual and family major medical policies purchased through eHealthInsurance that were active in August 2006.
- The 2005 plan data referred to in this report is derived from more than 119,000 individual and family major medical policies purchased through eHealthInsurance that were active in August 2005.
- This report analyzes monthly premiums paid for individual and family major medical health insurance policies in 2005, 2006, and 2007, and the benefits associated with those plans.
- The data contained in this report represents consumers who shop for and purchase health insurance through eHealthinsurance.
- For details of the methodology of this report, please see slides 28 and 29.

Report Highlights

- In 2007, the average monthly premium for individual policies was \$158, for family policies \$366.
- In 2007, the average deductible for individual policies was \$1,972, for family policies \$2,610.
- For the majority of family policies, annual premiums were between \$3,400 and \$4,650.
- Monthly premiums for half of all individual policy holders were less than \$130, for more than half of all family policy holders less than \$300.
- Among major medical plans sold to individuals, overall, women paid a higher average monthly premium than men (\$171 versus \$145) as well as across most age groups.
- Average monthly premiums for individual plans across the United States ranged from \$83 in North Dakota to \$388 in New York, a monthly disparity of \$305, or \$3,660 per year.
- Fifty-three percent of major medical plans sold to individuals had a deductible of less than \$2,000, 71% of family plans a deductible of less than \$3,000.
- Of individual plans, 12.1%, and of family plans, 17.6% were compatible with health savings accounts (HSAs).

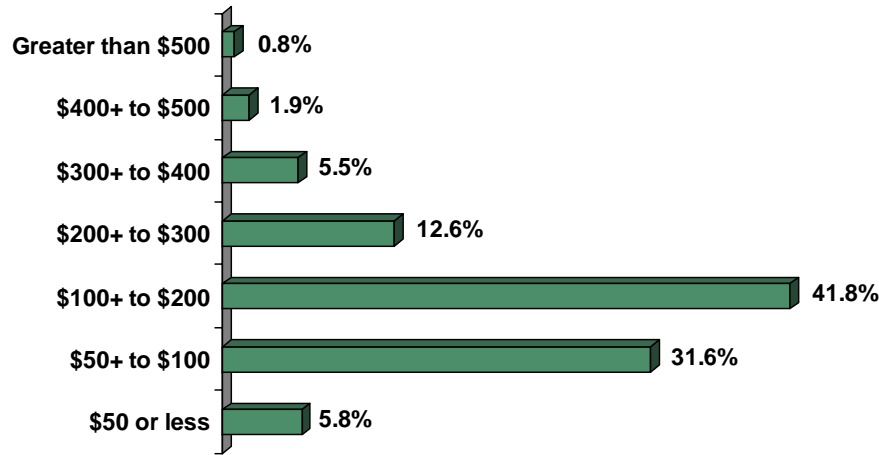
Major Medical Plan Premiums And Deductibles

Profile Of eHealthInsurance Policy Holders: 2005 To 2007

	August 2005	August 2006	August 2007
% Male	56.5%	54.9%	53.7%
Average age	36 years old	36 years old	36 years old
% Single	57.6%	58.8%	60.8%
Average monthly premium for individual plans	\$144	\$148	\$158
Median monthly premium for individual plans	\$119	\$122	\$129
Average deductible for individual plans	\$1,721	\$1,864	\$1,972
Average monthly premium for family plans	\$324	\$344	\$366
Median monthly premium for family plans	\$280	\$295	\$315
Average deductible for family plans	\$2,294	\$2,486	\$2,610
% HSA-eligible (individual and family)	7.3%	11.7%	13.6%
Average monthly premium for individual HSA-eligible plans	\$122	\$124	\$133
Average monthly premium for family HSA-eligible plans	\$270	\$286	\$302

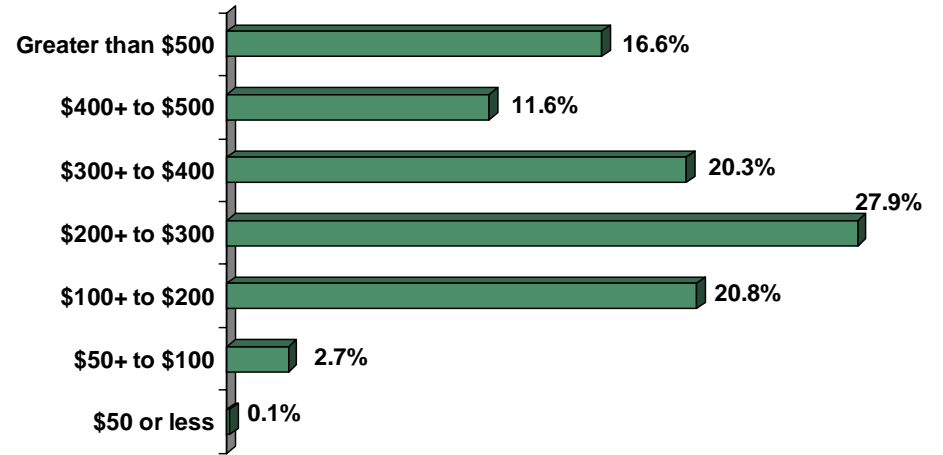
Monthly Premiums For Major Medical Plans: 2007

Individual



Average premium* \$158/month
Median premium** \$129/month

Family



Average premium* \$366/month
Median premium** \$315/month

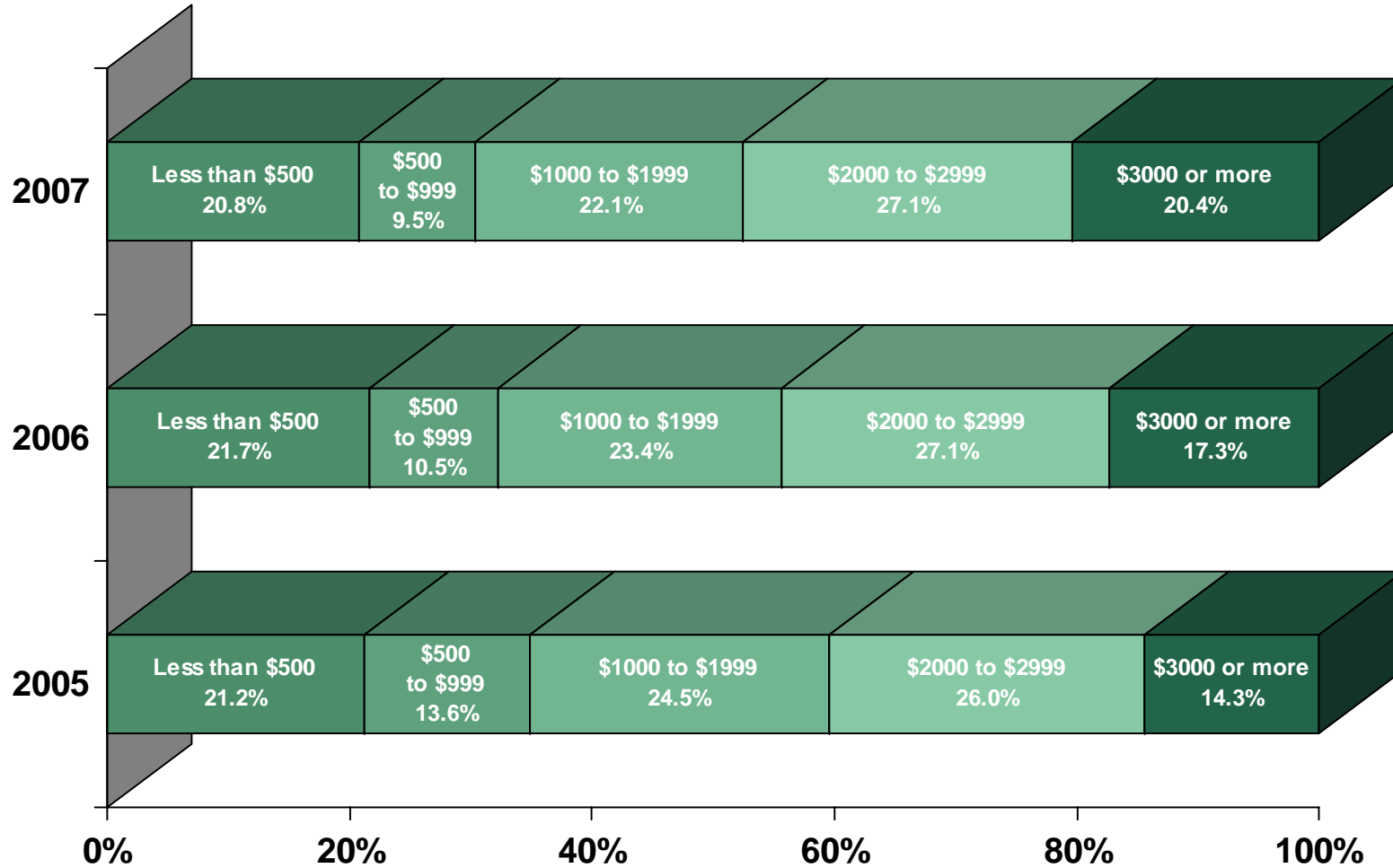


Half of all individual policy holders paid less than \$130 per month.
 More than half of all family policy holders paid less than \$300 per month.

*An average is the sum of all the data in the distribution divided by the sample size.

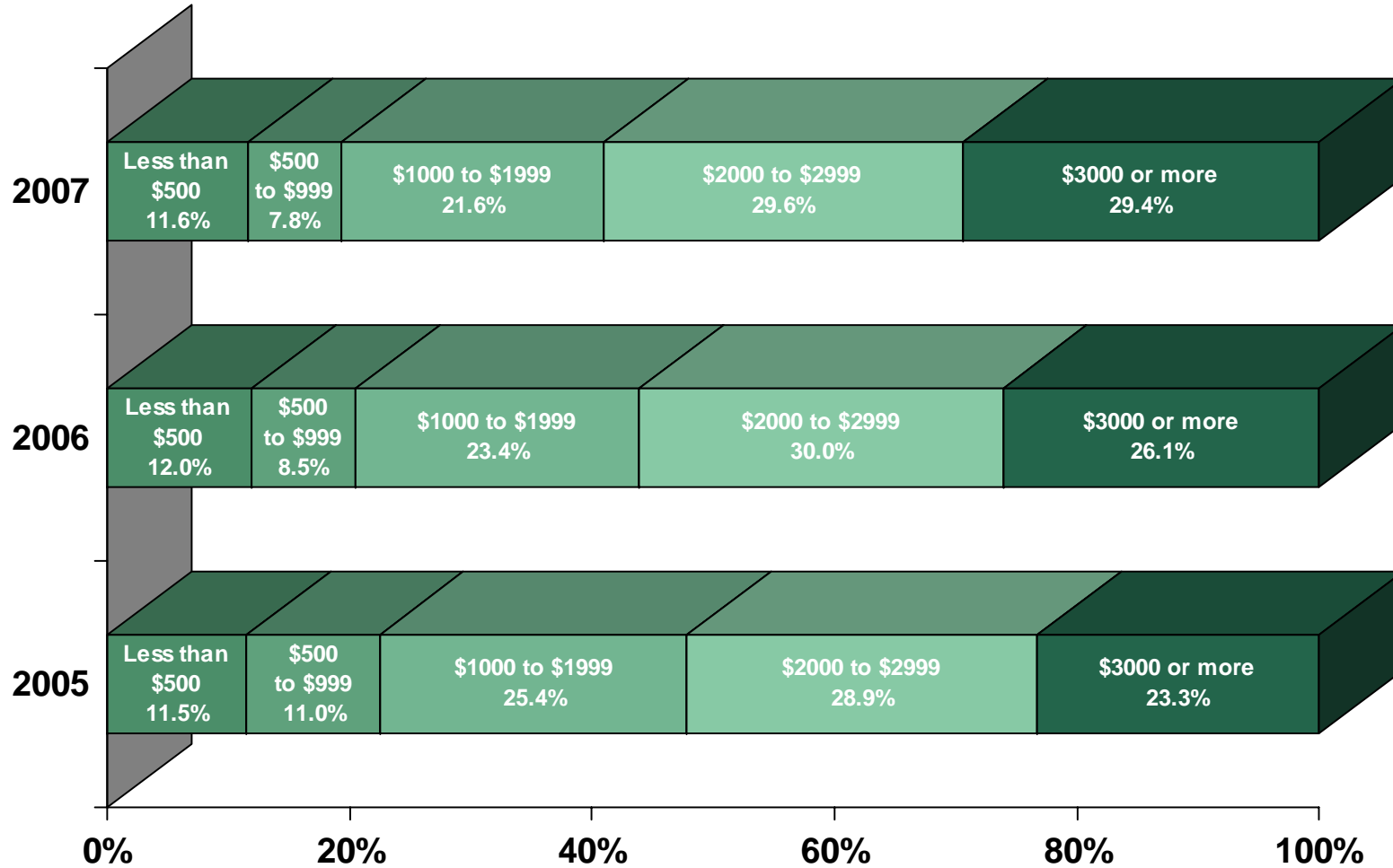
**The median is the middle value in a set of numbers arranged in increasing order. If there is an even number of values, the median is the average of the middle two values.

Individual Plan Deductible Levels: 2005 To 2007



! Slightly more than half of individual plan holders sampled for 2007 (52.4%) had a deductible of less than \$2,000.

Family Plan Deductible Levels: 2005 To 2007



More than half of family policy holders sampled for 2007 (59%) had a deductible of \$2,000 or more.

Individual Plan Premiums By Age: 2007

Age of primary policy holder	Avg. monthly premium	Avg. deductible	% of individual policies sampled	% of uninsured population*	% of US population*
Less than 18	\$92	\$1,683	6.6%	11.0%	24.8%
18-24	\$107	\$1,932	20.1%	28.1%	9.5%
25-34	\$128	\$1,829	33.9%	25.7%	13.4%
35-44	\$173	\$1,955	17.4%	18.3%	14.1%
45-54	\$227	\$2,262	12.8%	14.0%	25.8%
55-64	\$301	\$2,420	9.1%		
Overall	\$158	\$1,972	100%	97.1%	87.6%



Additional findings from the analysis of eHealthInsurance data and external sources include:

- 65% of the nation's uninsured were younger than 35.*
- 52% of eHealthInsurance policy holders were younger than age 35 and this segment paid an average monthly premium of \$117.
- The average age of an individual policy holder was 34.

*Source: US Census Bureau "Income, Poverty and Health Insurance Coverage in the United States: 2007," released in August 2008. This report reflects 2007 year data, the most recent available from the US Census outlining the demographics of the uninsured.

Individual Plan Deductibles By Age: 2005 To 2007

Age of primary policy holder	Avg. deductible 2005	Avg. deductible 2006	Avg. deductible 2007
Less than 18	\$1,473	\$1,584	\$1,683
18-24	\$1,664	\$1,801	\$1,932
25-34	\$1,607	\$1,738	\$1,829
35-44	\$1,729	\$1,848	\$1,955
45-54	\$1,947	\$2,145	\$2,262
55-64	\$2,074	\$2,280	\$2,420
Overall	\$1,721	\$1,864	\$1,972



The average overall increase in individual plan deductibles from August 2006 to August 2007 was 5.8%.

Individuals between 25 and 34 years of age had the lowest deductibles among adults.

Individual Plan Premiums By Gender And Age: 2007

Women	Less than 18	18-24	25-34	35-44	45-54	55-64	Overall
Avg. monthly premium	\$92	\$115	\$142	\$186	\$235	\$301	\$171
% of individual policies sampled	6.5%	20.7%	31.7%	16.0%	13.4%	11.6%	100%

Men	Less than 18	18-24	25-34	35-44	45-54	55-64	Overall
Avg. monthly premium	\$93	\$98	\$117	\$162	\$219	\$301	\$145
% of individual policies sampled	6.7%	19.5%	36.0%	18.7%	12.3%	6.6%	100%

Difference (Female-male)							
	-\$1	\$17	\$25	\$24	\$16	\$0	\$26



Fifty-one percent of individual insurance plans sampled were purchased by men.

For individual plans, women paid more on average across almost every age group.

Family Plan Premiums By Age: 2007

Age of primary policy holder	Avg. monthly premium	Avg. deductible	Avg. number of members on policy	Avg. cost per member	% of individual policies sampled
Less than 18	\$169	\$2,366	2.21	\$76	2.0%
18-24	\$219	\$2,154	2.23	\$98	3.4%
25-34	\$305	\$2,224	2.87	\$106	25.1%
35-44	\$367	\$2,599	3.37	\$109	35.8%
45-54	\$412	\$2,899	3.12	\$132	23.7%
55-64	\$494	\$3,127	2.38	\$207	9.8%
Overall	\$366	\$2,610	3.02	\$121	100%



The majority of family policies sold through eHealthInsurance had annual premiums of between \$3,400 and \$4,650.

- Across age groups, the average monthly premium and deductible for family plans rose from 2006 to 2007. For active policies as of August 2006, the overall average premium was \$344 and average deductible \$2,486. For active policies as of August 2007, the average premium was \$366 and average deductible \$2,610.
- The average age of the primary policy holder with a family plan was 41.

Family Plan Deductibles By Age: 2005 To 2007

Age of primary policy holder	Avg. deductible 2005	Avg. deductible 2006	Avg. deductible 2007
Less than 18	\$1,989	\$2,098	\$2,366
18-24	\$2,064	\$2,054	\$2,154
25-34	\$2,011	\$2,141	\$2,224
35-44	\$2,267	\$2,470	\$2,599
45-54	\$2,501	\$2,742	\$2,899
55-64	\$2,684	\$2,973	\$3,127
Overall	\$2,294	\$2,486	\$2,610



The average overall increase in family plan deductibles from 2006 to 2007 was 5%.

The average deductible for family plans increased with the age of the primary policy holder.

Family Plan Premiums And Deductibles By Number Of Members On Plan: 2007

Members on policy	Avg. monthly premium	Median monthly premium	Avg. cost per member	Avg. deductible	Median deductible	% of family policies sampled
2	\$314	\$265	\$157	\$2,454	\$2,000	43.9%
3	\$367	\$316	\$122	\$2,549	\$2,000	23.9%
4	\$425	\$370	\$106	\$2,809	\$2,500	21.5%
5	\$461	\$401	\$92	\$2,935	\$2,500	8.0%
6+	\$464	\$405	\$77	\$3,117	\$2,500	2.7%
Overall	\$366	\$315	\$121	\$2,610	\$2,500	100%



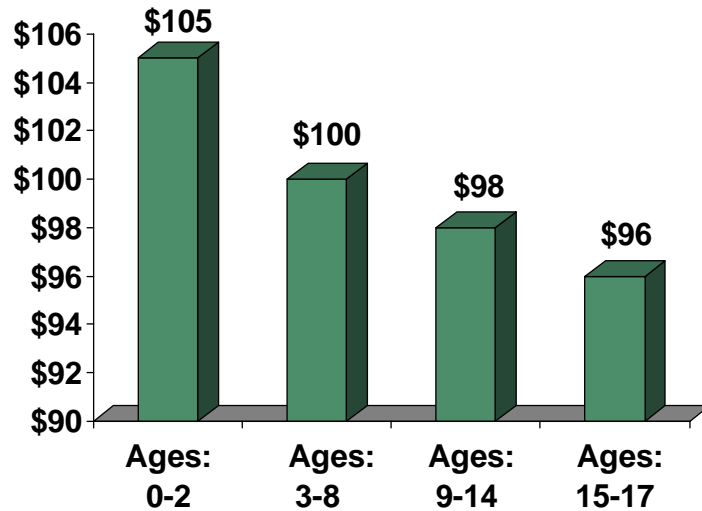
The average number of members per plan was consistent with previous years at 3.0.

The number of members per family plan as a percent of all family plans remained consistent with 2006, for example, 89% of families had four or fewer members in both 2006 and 2007.

Note: A family plan with two members could include a couple, a parent and child, or two children on their own plan.

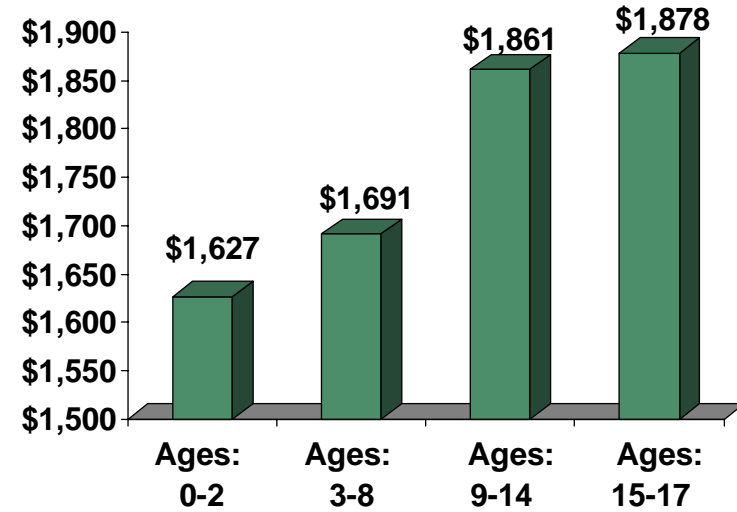
Average and median premiums and deductibles for children's health insurance: 2007

Average monthly premiums



Age Group	Median Premium
Ages: 0-2	\$94
Ages: 3-8	\$88
Ages: 9-14	\$83
Ages: 15-17	\$82

Average deductibles



Age Group	Median Deductible
Ages: 0-2	\$1,500
Ages: 3-8	\$1,500
Ages: 9-14	\$1,500
Ages: 15-17	\$1,500



83% of children's plans included all of the following preventive care coverage: well baby, OB/GYN, and periodic health exams.

Sixty percent of children's plans had monthly premiums of \$100 or less in 2007, compared with 70% in 2006.

Individual Plan Premiums By State: 2007

State	Average monthly premium	Average age	Percent uninsured*
AK	\$175	35	17.4%
AL	\$122	31	13.6%
AR	\$124	34	17.5%
AZ	\$132	33	19.6%
CA	\$151	34	18.5%
CO	\$141	34	16.8%
CT	\$161	35	9.4%
DC	\$155	33	10.6%
DE	\$151	33	11.7%
FL	\$163	34	29.7%
GA	\$170	33	17.6%
HI**	\$175	39	8.2%
IA	\$97	32	9.9%
ID	\$101	34	14.6%
IL	\$142	33	13.7%
IN	\$131	33	11.6%
KS	\$119	20	12.5%
KY	\$120	32	14.6%
LA	\$136	32	20.2%
MD	\$147	32	13.8%
MI	\$121	33	11.0%
MN	\$137	36	8.8%
MO	\$121	31	12.9%
MS	\$153	34	19.8%

State	Average monthly premium	Average age	Percent uninsured*
MT	\$137	33	16.4%
NC	\$142	31	17.2%
ND**	\$83	30	11.1%
NE	\$120	31	12.8%
NH	\$126	30	11.0%
NJ	\$288	39	15.6%
NM	\$145	40	22.7%
NV	\$172	34	18.4%
NY	\$388	46	13.6%
OH	\$128	33	10.9%
OK	\$131	33	18.4%
OR	\$147	33	17.3%
PA	\$167	32	9.8%
SC	\$150	34	16.2%
SD**	\$151	33	11.0%
TN	\$150	32	14.0%
TX	\$153	33	24.8%
UT	\$131	31	15.1%
VA	\$158	33	14.1%
WA	\$168	36	11.6%
WI	\$127	35	8.5%
WY**	\$130	33	14.1%
US	\$158	34	15.6%



Note: The percent uninsured reflects the percentage of the state population that was uninsured and is an average of data from 2006 and 2007, which is how the US Census Bureau reports the data.

*Source: US Census Bureau "Current Population Survey," 2005 to 2008 Annual Social and Economic Supplements. This is the most recent data available from the US Census outlining the demographics of the uninsured.

**These states have a sample size of less than 100.

Individual Plan Premiums By State: 2006

State	Average monthly premium	Average age	Percent uninsured*
AK	\$170	35	16.5%
AL	\$125	32	15.2%
AR	\$123	36	18.9%
AZ	\$126	33	20.9%
CA	\$139	33	18.8%
CO	\$135	34	17.2%
CT	\$156	35	9.4%
DC	\$156	33	11.6%
DE	\$131	32	12.1%
FL	\$154	34	21.2%
GA	\$161	33	17.7%
IA	\$98	34	10.5%
ID	\$107	34	15.4%
IL	\$134	33	14.0%
IN	\$127	33	11.8%
KS	\$116	29	12.3%
KY	\$115	31	15.6%
LA	\$134	32	21.9%
MD	\$142	33	13.8%
MI	\$106	33	10.5%
MN	\$130	35	9.2%
MO	\$120	31	13.3%
MS	\$152	37	20.8%

State	Average monthly premium	Average age	Percent uninsured*
MT	\$132	31	17.1%
NC	\$142	31	17.9%
NE	\$120	31	12.3%
NH**	\$138	29	11.5%
NJ	\$277	37	15.5%
NM	\$145	39	22.9%
NV	\$168	34	19.6%
NY	\$338	44	14.0%
OH	\$124	33	10.1%
OK	\$125	34	18.9%
OR	\$144	33	17.9%
PA	\$148	31	10.0%
SC	\$148	35	15.9%
SD**	\$118	30	11.8%
TN	\$145	32	13.7%
TX	\$133	32	24.5%
UT	\$116	31	17.4%
VA	\$148	33	13.3%
WA	\$145	36	11.8%
WI	\$120	34	8.8%
WY**	\$125	31	14.6%
US	\$148	34	15.8%

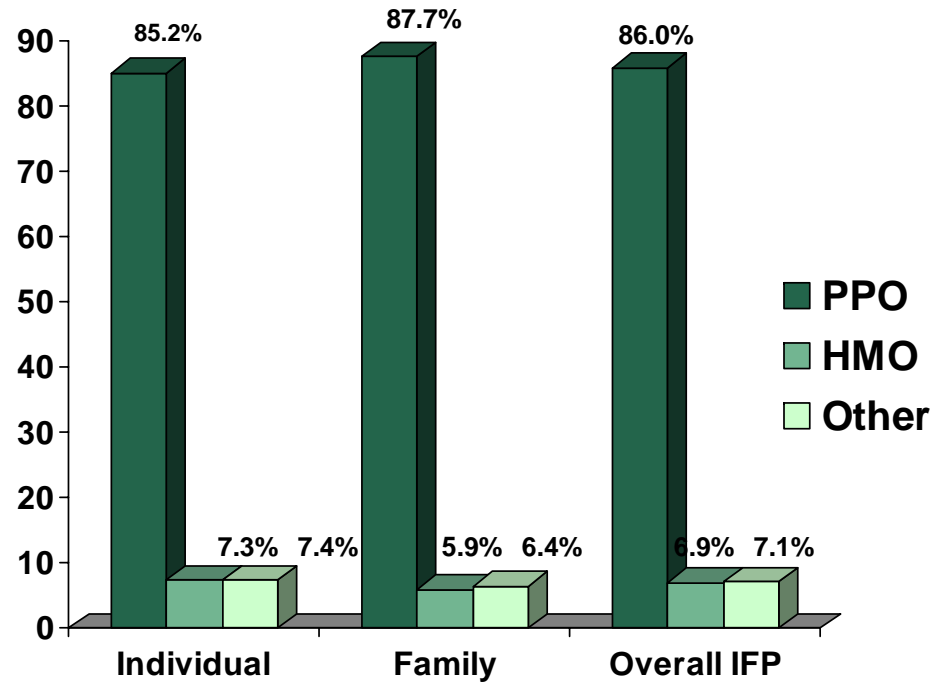


*Source: US Census Bureau "Current Population Survey," 2005 to 2007 Annual Social and Economic Supplements. This was the most recent data available from the US Census outlining the demographics of the uninsured.

**These states had a sample size of less than 100.

Major Medical Plan Benefits

Type Of Product: 2007

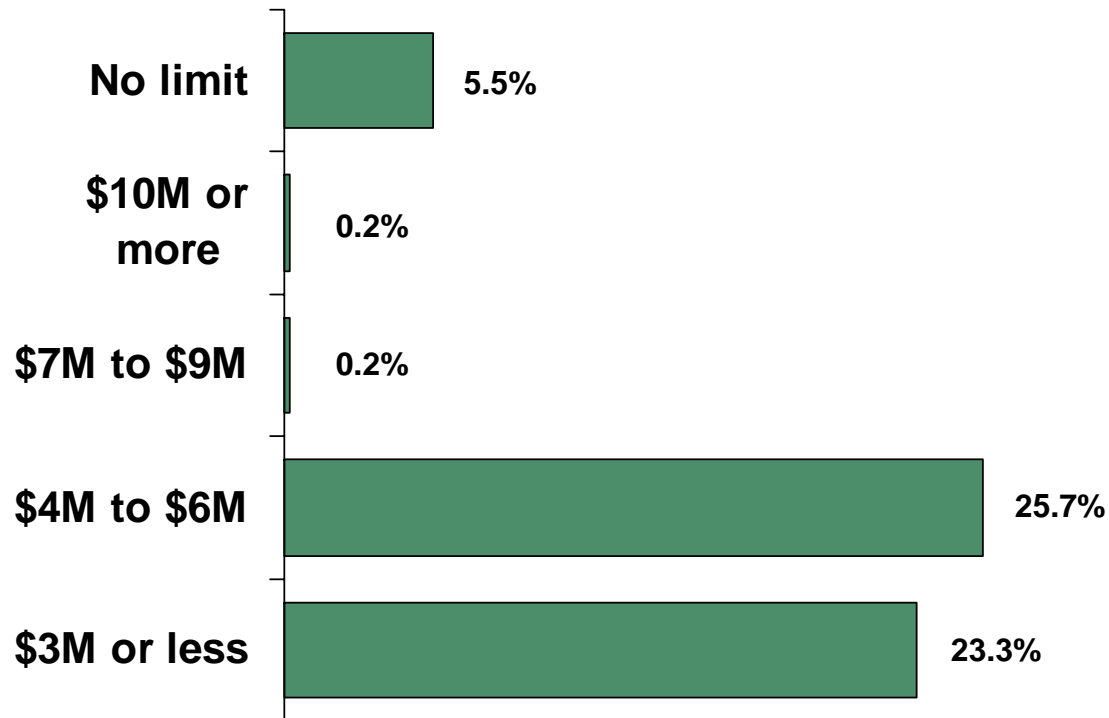


PPO: A type of managed care health insurance plan that allows members to visit whatever in-network physician or healthcare provider they wish without first obtaining a referral from a primary care physician. Services will typically be covered at a higher benefit level when rendered by a network provider.

HMO: A health insurance plan or organization that provides a wide range of comprehensive healthcare services through a network of doctors, hospitals, labs, etc. that agree to provide services to HMO members at a pre-negotiated rate.

Other: Plans such as an EPO (Exclusive Provider Organization) or Indemnity plan POS (Point of Service).

Dollar Limit For The Lifetime Of Individual And Family Plans: 2007



The average plan lifetime limit was \$3.9 million. This average applies only to policies with specified limits.

The median plan lifetime limit was \$2 million. The median is based on policies sampled that have specific dollar limits and no dollar limits.

Note: Lifetime limit data represents per-member data and differs slightly between in-network and out-of-network.

Specific Plan Benefits And Preventive Care Benefits: 2005 To 2007

Plan benefit	Individual plans 2005	Individual plans 2006	Individual plans 2007	Family plans 2005	Family plans 2006	Family plans 2007	Overall IFP plans 2005	Overall IFP plans 2006	Overall IFP plans 2007
Lab x-ray coverage	99.7%	99.9%	99.9%	99.6%	99.7%	99.8%	99.7%	99.8%	99.8%
Emergency room coverage	99.4%	99.8%	99.6%	98.9%	99.7%	99.4%	99.2%	99.8%	99.5%
Prescription coverage	82.8%	85.9%	87.0%	81.3%	82.5%	82.7%	82.4%	85.0%	85.7%
Chiropractic coverage	62.1%	77.3%	71.5%	56.0%	73.9%	67.0%	60.3%	76.4%	70.2%
Maternity coverage	31.9%	28.4%	24.8%	27.4%	26.6%	22.8%	30.6%	27.9%	24.2%

Preventive care	Individual plans 2005	Individual plans 2006	Individual plans 2007	Family plans 2005	Family plans 2006	Family plans 2007	Overall IFP plans 2005	Overall IFP plans 2006	Overall IFP plans 2007
OB/GYN coverage	93.3%	92.8%	95.2%	94.4%	94.8%	96.0%	93.6%	93.3%	95.4%
Periodic exam coverage	83.5%	86.3%	85.7%	86.1%	85.6%	84.7%	84.3%	86.1%	85.4%
Well baby coverage	75.6%	82.7%	80.2%	68.4%	78.7%	73.0%	73.5%	81.6%	78.0%



Almost 100% of individual and family plan policy holders had lab x-ray (99.8%) and emergency room coverage (99.5%) in 2007.

A vast majority of IFP policy holders had prescription (85.7%) and chiropractic coverage (70.2%) in 2007.

Roughly one-quarter (24.2%) of all IFP policy holders had maternity coverage in 2007.

Preventive care benefits like OB/GYN, periodic exams, and well baby coverage also had high subscription levels in 2007.

HSA-Eligible Plans

Premiums And Deductibles For Individual And Family HSA-Eligible Plans: 2007

	Individual		Family		
	Avg. monthly premium	Avg. deductible	Avg. monthly premium	Avg. deductible	Average members per plan
HSA-eligible	\$133	\$3,248	\$302	\$5,086	3.2
Non-HSA	\$161	\$1,796	\$380	\$2,078	3.0
Overall	\$158	\$1,972	\$366	\$2,610	3.0



Fourteen percent of individual and family plans sampled (12% of individual plans and 18% of family plans) were HSA-eligible.

Sixty-one percent of HSA-eligible plan members sampled were male.

Age Distribution Of HSA-Eligible Plans: 2007

Age of primary policy holder	% of overall HSA-eligible plans
Less than 18	0%
18-24	11.7%
25-34	28.1%
35-44	26.7%
45-54	21.4%
55-64	12.1%



The average age of primary policy holders with an HSA-eligible plan was 38.

For Information, Analysis, Or Commentary On This Report, Please Contact eHealthInsurance Media And Government Relations

Media Inquiries:

Brian Mast, Dir. of Public Relations

(415) 609-8494 cell

(650) 210-3149 direct

brian.mast@ehealth.com

Or

Sande Drew, Sr. Media Consultant

(916) 207-7674 cell

sande.drew@ehealth.com

Gov't/Policy-related Inquiries:

John Desser, VP Public Policy and Government Affairs

(202) 626-8573 direct

brian.mast@ehealth.com

www.ehealthinsurance.com

Methodology Supplement

Methodology supplement

- The 2007 plan data referred to in this report is derived from a sample that includes the following number of individual and family major medical policies purchased through eHealthInsurance that were active in August 2007:
 - Individual plans: more than 164,000.
 - Family plans: more than 63,000.
 - Children’s plans: more than 12,000 (the number of children’s plans surveyed is a subset of the number of individual plans surveyed).
 - Lifetime limit: in excess of 125,000 (plan data that did not indicate a lifetime limit was excluded from this sample).
- The 2006 plan data referred to in this report is derived from a sample that includes the following number of individual and family major medical policies purchased through eHealthInsurance that were active in August 2006:
 - Individual plans: more than 115,000.
 - Family plans: more than 40,000.
 - Children’s plans: more than 8,000 (the number of children’s plans surveyed is a subset of the number of individual plans surveyed).
- The 2005 plan data referred to in this report is derived from a sample that includes the following number of individual and family major medical policies purchased through eHealthInsurance that were active in August 2005:
 - Individual plans: more than 82,000.
 - Family plans: more than 35,000.
 - Children’s plans: more than 5,000 (the number of children’s plans surveyed is a subset of the number of individual plans surveyed).
- The premium data in this report is derived from information received from health insurance carriers relating to the actual premiums being paid by policy holders in the months of August 2005, August 2006 and August 2007. Actual premiums may differ from premiums quoted on the eHealthInsurance website because they represent the premium being paid after underwriting and for policies that were purchased prior to the date of analysis.
- The number of policies listed above does not represent all of the individual and family major medical policies purchased through eHealthInsurance that were active during the stated time period. For example, some policies for which eHealthInsurance did not have sufficient benefit or premium data were excluded from the survey. Plan data listed in this report might change based on additional data received from health insurance carriers at a date later than the active date of the data or later than the published date of this report.
- Maine, Massachusetts, and Vermont were excluded from this report because eHealthInsurance did not sell individual and family major medical plans in these states at the time the data for this report was collected. Rhode Island and West Virginia were excluded from the 2007 state data chart, and Hawaii, Rhode Island, and West Virginia from the 2006 state data chart, because the sample size was too small to extrapolate insights to the larger population.
- Deductibles, specific benefits, and related plan features were determined by reviewing the health insurance carrier’s brochure and related plan documents for each plan included in the survey.
- The data referred to in this report is an aggregation of data reported to eHealthInsurance by health insurance carriers with which eHealthInsurance has an agency relationship. Inaccurate data reported by these health insurance carriers might affect the accuracy of this report.

Methodology Supplement (Continued)

- **Definitions:**

- An “active” policy is a policy for which eHealthInsurance received a commission payment from the insurance carrier for the relevant month.
- An “individual plan” is an individual and family major medical policy that has one member.
- A “family plan” is an individual and family major medical policy that has two or more members.
- A “children's plan” is an individual and family major medical policy for which the primary policy holder is younger than 18.
- “Lab X-ray coverage” typically refers to any diagnostic lab test or diagnostic/therapeutic x-ray performed in support of basic health services.
- “Emergency room coverage” includes all services provided when a patient visits an emergency room for an emergency condition.
- “Prescription coverage” varies by carrier and plan type. Typically, prescription drugs are covered in one of two ways:
 - Insurance covers a percentage after the plan deductible is met.
 - Insurance covers the cost of the drug, but a copay is required with the prescription.
- “Chiropractic coverage” includes services provided by a licensed chiropractor. Definitions of certain terms might vary across insurance companies.
- “Maternity coverage” means the insurance covers part or all of the medical cost during a woman's pregnancy.
- “OB/GYN coverage” means the policy covers an outpatient visit to a physician's office for an obstetrics/gynecology exam such as a PAP or mammogram.
- “Periodic exam coverage” means the policy covers an outpatient visit to a physician's office for an annual physical.
- “Well baby coverage” means the policy covers regularly scheduled, preventive care services, including immunizations, provided to children up to an age specified by a health insurance company or mandated by a government agency.