



eHealth Customer Survey: Making Obamacare Work

February 2014

Executive Summary

New consumer research and application submissions data from eHealth, Inc., along with preliminary government plan selection statistics from the fourth quarter of 2013, suggest that licensed “web-broker entities” – such as eHealthInsurance.com – could aid government health insurance exchange enrollment efforts and produce immediate and long-term benefits for the uninsured, for the health insurance industry, and for the overall success of the Affordable Care Act (ACA).

In July of 2013, the U.S. Department of Health and Human Services (HHS) signed agreements with private sector marketplaces like eHealthInsurance.com to broaden the government’s ability to assist and enroll subsidy-eligible people in health insurance.

While the technology integration that would allow eHealth and other marketplaces to enroll those eligible for subsidies is not yet finalized, fourth quarter plan selection numbers from HHS and submitted applications data from eHealth indicate that non-government marketplaces like eHealthInsurance.com could provide valuable enrollment channels.

Preliminary Fourth Quarter Plan Selection and Submitted Applications Numbers

Preliminary HHS plan selection data released on January 13, 2014 showed that 2.15 million people had selected a marketplace health plan on a government exchange in the fourth quarter of 2013. Of those 2.15 million, 21 percent (approximately 451,000) selected a plan without using premium tax credits (subsidies). ([Source](#))

eHealth’s data from the fourth quarter of 2013 shows that consumers visiting the company’s private online health insurance exchange – eHealthInsurance.com – submitted approximately 169,800 applications for unsubsidized individual and family health insurance plans.

These early results indicate that eHealth’s submitted applications (169,800) and HHS unsubsidized plan selections (451,000) contributed over 620,800 unsubsidized applications, with eHealth providing 27 percent of the unsubsidized applicants.

Preliminary Applicant Demographics

In its January 13 press release, HHS reported that 24 percent of people selecting marketplace plans on government exchanges were between the ages of 18 and 34, and that 30 percent of all applicants were under the age of 35. ([Source](#))

The HHS press release and report do not delineate the ages of individuals who applied for health insurance without subsidies, or financial assistance, but 42 percent of health insurance applications submitted through eHealthInsurance.com in the fourth quarter of 2013 were for people ages 0 to 34; and 40 percent of submitted applications were for adults ages 18 to 34.

Plan Selection Figures for October 1 – December 31, 2013

| All Government Exchanges | eHealthInsurance.com |
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| Plan Selections Reported by HHS (Source) <ul style="list-style-type: none"> • 2.15 million • Subsidized: 1.69 million • Unsubsidized: 451,000 | Submitted Applications <ul style="list-style-type: none"> - 169,800 - Subsidized: 0 - Unsubsidized: 169,800 |
| Demographics of Selectors (with and without subsidies) <ul style="list-style-type: none"> ○ Age 35 and up: 70% ○ Age 34 and under: 30% ○ Age 18 to 34: 24% | Demographics of Applicants (without subsidies) <ul style="list-style-type: none"> ○ Age 35 and up: 58% ○ Age 34 and under: 42% ○ Age 18 to 34: 40% |

Sentiment among People Paying Full-Price (No Subsidies) for Their Health Insurance

eHealth conducted an email survey of 1,084 eHealthInsurance customers in August 2013, and then surveyed the same customers again in mid-November 2013; 285 responded to the second survey.

In August, before the government exchanges opened for business, and again in mid-November after technical problems with government exchanges had surfaced, eHealth asked consumers where they would prefer to shop for health insurance. The survey revealed that the troubled rollout of government exchanges had little impact on where people preferred to shop.

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| August: If given a choice, where would you prefer to shop for health insurance? <ul style="list-style-type: none"> • A local agent or broker (13%) • An Internet site like Amazon.com or eHealth.com (67%) • A government marketplace or exchange (12%) • An insurer’s website (9%) | November: If given a choice, where would you prefer to shop for health insurance? <ul style="list-style-type: none"> • A local agent or broker (7%) • An Internet site like Amazon.com or eHealth.com (70%) • A government marketplace or exchange (16%) • An insurer’s website (7%) |
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On the troubled rollout of government exchanges:

- **In the November survey:** When asked if their feelings about the Affordable Care Act changed as a result of the problems faced by government exchanges in the first month-and-a-half of open enrollment, the majority (67%) said that the troubled rollout had not changed how they feel about the law.
- **In the November survey:** Among those who indicated that they supported the Affordable Care Act, only 16% said that the challenges faced by Healthcare.gov and state exchanges had changed their feelings about the law. By comparison, only 36% of those who indicated that they were not supportive of the law said that the challenges faced by government exchanges had changed their feelings.
- **In the November survey:** About two-thirds (63%) did not know they could apply for a plan that met the standards of the Affordable Care Act without using a government exchange.
- **In the November survey:** About eight-in-ten (81%) said that the problems with the rollout of government exchanges did not change their willingness, or lack thereof, to apply for a subsidy.

Attitudes towards costs and subsidies:

- **In the August & November survey:** Roughly two-thirds (60% and 68% respectively) of consumers said that the first thing they look for in a health insurance plan is a low monthly payment.
- **In the August survey:** In August, consumers were asked, “How big would your subsidy need to be in order for you to apply for it?” At the time, less than a third (30%) said they would only apply for a subsidy if it could save them \$50 or more per month. The majority (70%) were willing to put their personal information into a government exchange in order to receive a subsidy of less than \$50.
- **In the November survey:** In November, eHealth asked consumers the same question about their willingness to apply for a subsidy, and by that time nearly half (45%) said they would not apply for a subsidy unless they could save \$50 or more per month.
- **In the November survey:** Less than a third (30%) felt their personal information was safest on a government exchange. Most (70%) said that they believed their personal data would be safer on an ecommerce site run by a private company.

The survey suggests two things. First, the challenges faced by Healthcare.gov and state exchanges did not hold great sway over the individual preferences people have about how they wish to sign up for health insurance. Those who prefer to use government exchanges generally continued to hold that preference, and the same is true for those who preferred alternate enrollment paths. Second, concerns over data security and a decreased willingness to apply for subsidies through government exchanges (unless they reached a specific threshold) may discourage many consumers from applying for health coverage at all, unless they can apply for health insurance and subsidies from sources other than a government marketplace.

Survey Results

Did consumers know that they could apply for a health insurance plan that met the standards of the Affordable Care Act in some place other than a government exchange? (e.g. eHealthInsurance.com)

I don't have to use a government exchange to enroll in an "Obamacare" health plan?

- 37% - True
- 63% - False

Did the poorly executed roll-out of the Healthcare.gov web site, and subsequent plan cancellations change how consumers felt?

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| <p>Did you change your mind about whether or not you wanted to keep your existing plan?</p> <ul style="list-style-type: none"> • 28% - Yes • 72% - No | <p>Did you change your mind about where you would prefer to shop for health insurance?</p> <ul style="list-style-type: none"> • 26% - Yes • 74% - No | <p>Did your opinion of the Affordable Care Act change?</p> <ul style="list-style-type: none"> • 33% - Yes • 67% - No |
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Where do consumers feel most confident enrolling in a health plan, and what do they believe their options are? Most consumers said they thought their personal data would be more secure on a private exchange like eHealthInsurance.com, but only about a third knew that using a private exchange would even be an option.

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| <p>Where would your private data be more secure?</p> <ul style="list-style-type: none"> • 30% - on a government exchange • 70% - on a private exchange like eHealthInsurance.com | <p>Where can you enroll in a health plan that meets Affordable Care Act standards?</p> <ul style="list-style-type: none"> • 63% - I have to enroll in a plan that meets the Affordable Care Act standards at a government exchange • 37% - I can enroll in a plan that meets the Affordable Care Act standards at eHealthInsurance.com |
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What do consumers value most in a health insurance plan? While much was made of "thin provider networks" in the news, consumers were far more concerned about the affordability of insurance, both before and during open enrollment. When asked to name the most important element of a health insurance plan, the majority of consumers said a low monthly premium was the most important thing they looked for.

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| <p>When Asked in August</p> <p>What is most important thing you look for in a health insurance plan?</p> <ol style="list-style-type: none"> 1. 60% - Low monthly payment 2. 30% - Low deductible 3. 9% - Access to my doctor | <p>When Asked in November</p> <p>What is most important thing you look for in a health insurance plan?</p> <ol style="list-style-type: none"> 1. 68% - Low monthly payment 2. 25% - Low deductible 3. 7% - Access to my doctor |
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How do consumers feel about applying for a subsidy through an exchange, and has that changed over time? When asked, “How big would your subsidy need to be in order for you to apply for it?” less than a third (30%) were willing to apply for a subsidy worth less than \$50 a month. By November, that number had increased to nearly half (45%).

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| <p>In August: How big would your subsidy need to be in order for you to apply for it?</p> <ul style="list-style-type: none"> • Any amount – 30% • \$10 per month - 7% • \$20 per month - 10% • \$30 per month - 14% • \$40 per month - 9% • \$50 or more per month - 30% | <p>In November: How big would your subsidy need to be in order for you to apply for it?,</p> <ul style="list-style-type: none"> • 21% - Any amount • 1% - \$10 per month • 10% - \$20 per month • 13% - \$30 per month • 9% - \$40 per month • 45% - \$50 or more per month |
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In August, eHealth asked how many customers knew that the IRS could ask them to pay back some portion of their subsidies. Nearly two-thirds of consumers said that it might change their decision to apply for a subsidy if the IRS could require repayment of overpaid subsidies.

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| <p>True or False: The IRS can ask you to pay back some portion of your subsidy if you get a bigger subsidy than you should have?</p> <ul style="list-style-type: none"> - 28% - True - 72% - False/ I don't know | <p>If the IRS could ask you to pay back some portion of your health insurance subsidy, would that change your decision to apply for a subsidy?</p> <ul style="list-style-type: none"> - 64% - Yes - 36% - No |
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Would you prefer to keep your existing plan or enroll in a new plan? The number of people who wished to switch from their old plan to a new plan more than tripled between August and November, increasing from 10 percent to 38 percent. Similarly, the number of people wishing to keep their existing plan more than doubled between August and November, growing from 27 percent to 62 percent. What these numbers suggest is that the impact of the ACA was not uniform for people surveyed who buy their own health insurance. Responses and reactions vary between positive and negative among those most directly impacted by the law.

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| <p>When asked in August:</p> <ul style="list-style-type: none"> - 27% said they'd prefer to keep their existing plan - 73% said they'd like to switch to a new plan (10%) or at least check out new plans before making a decision (63%). | <p>When asked in November:</p> <ul style="list-style-type: none"> - 62% said they'd prefer to keep their existing plan - 38% said they'd prefer to enroll in a new plan |
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Background

Two primary goals of the Affordable Care Act are to insure more Americans and lower their health care costs. These two goals are interconnected because lowering costs requires achieving high enrollment numbers, particularly of younger, healthier people, among other things.

In July of 2013, HHS signed agreements with a number of “web-broker entities” that would allow these entities to enroll people in health insurance plans that could be purchased using a government subsidy if these people qualified for one. These web-broker entities operate web sites that exist in the private sector and have experience enrolling individuals in health insurance like exchanges were designed to do.

The agreements with HHS relate to the 36 states where the Centers for Medicaid and Medicare Services (CMS) is currently operating an exchange, which is Healthcare.gov. In the remaining 17 states, CMS does not run the exchange, and web-broker entities are required to enter into agreements and integrate with each individual state.

Many states that built their own exchanges could benefit greatly from web-broker entity partnerships. In the first half of the open enrollment period, data released by HHS suggests several state exchanges struggled to enroll a high percentage of younger Americans.

For example, roughly 157,000 residents of New York selected a plan on the state's health insurance exchange through late December, but only 27% of those individuals are in the 18-to-34 demographic. Likewise, California had the largest total of plan selections, with almost 499,000 residents picking a plan on the state's exchange, but only 25% of those enrollees belong to 18-to-34 age group.

About eHealth, Inc.

eHealth, Inc., (NASDAQ: EHTH) operates eHealthInsurance.com, the nation’s first and largest private health insurance exchange for individuals, families and small businesses. Since 1997, eHealth has enrolled nearly four million Americans in a health insurance plan and was responsible for the first-ever Internet sale of a health insurance plan in 2001.

Today, eHealthInsurance.com is licensed to sell health insurance in all 50 states and the District of Columbia, with over 10,000 health insurance products available for sale in its marketplace, including over 2,300 individual and family health insurance plans ([Source](#)) that meet the coverage standards of the Affordable Care Act but are not available for purchase with a government subsidy.

Forward-Looking Statements

This press release contains forward-looking statements, including statements regarding web broker entities such as eHealth aiding government exchanges in enrollment efforts; exchanges benefitting from partnerships with web broker entities; and the timing and duration of the open enrollment period. These forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those indicated in such forward-looking statements, including, but not limited to, eHealth's ability to maintain its relationships with

insurance carriers; insurance carriers gaining approval to market health plans and providing eHealth permission to display them on eHealth's website; eHealth's ability to obtain health plan information and incorporate it into its web platform; potential changes to the Affordable Care Act and related government programs and processes; eHealth's ability to enter into relationships with government exchanges and government exchange willingness to do so; the Federal government's willingness and capability to resolve issues with eHealth's integration with healthcare.gov; eHealth's ability to successfully integrate with healthcare.gov and other government exchanges; actual demand for subsidy-eligible, qualified health plans; actual demand for health insurance plans by the younger population; political opposition to the implementation and funding of the Affordable Care Act; eHealth's ability to timely meet the applicable requirements and potential changes in laws, regulations and regulatory guidance. Other risks and uncertainties that can affect actual results are included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in eHealth's Annual Report on Form 10-K for the year ended December 31, 2012 and most recent Quarterly Report on Form 10-Q, which are on file with the SEC and are available on the investor relations page of eHealth's website at <http://www.ehealthinsurance.com> and on the Securities and Exchange Commission's website at www.sec.gov. All information provided in this press release is as of the date of this press release, and we undertake no duty to update this information unless required by law. In addition, any discussion of aspects of the Affordable Care Act and related regulations are merely summaries, are not complete and are qualified by reference to the Affordable Care Act.