



Costs and Trends in the Short-Term Health Insurance Market, 2015

April 2016

INTRODUCTION

The popularity of short-term health insurance plans has increased significantly since the 2014 provisions of the Affordable Care Act came into effect.

Short-term plans offer a temporary alternative to major medical coverage. These products do not meet the coverage requirements of the Affordable Care Act and may leave enrollees open to federal tax penalties. Short-term plans typically do not provide coverage for preventive care or pre-existing medical conditions. Unlike major medical plans, it is possible to be declined for a short-term plan based on an applicant's personal medical history.

Despite these limitations, consumers unable to afford major medical coverage turned to short-term coverage in increasing numbers during the Affordable Care Act's last open enrollment period.

Information presented in this report is based solely on short-term health insurance plans selected by eHealth customers on eHealth's website during the 2015, 2014, and 2013 calendar years, and on a voluntary survey of consumers who purchased short-term coverage through eHealth. For more information, refer to the Methodology section at the end of this report.

Highlights of this report:

- **36% increase in short-term applications during Q4:** In the fourth quarter of 2015, the number of short-term health insurance applications received by eHealth increased 36% compared to the fourth quarter of 2014
- **146,000+ short-term application were submitted at eHealth in 2015:** Of these, approximately 13% were declined
- **5% increase in individual short-term premiums:** The average monthly premium for short-term plans increased 5% for individuals (from \$110 to \$116) and 8% for families (from \$262 to \$283) between 2014 and 2015
- **54% of short-term customers were under age 34:** Half (54%) of short-term applicants were between the ages of 18 and 34
- **51% bought short-term based on price:** Half of survey respondents said they bought short-term coverage because it cost less money
- **61% reviewed their eligibility for premium tax credits:** A majority of survey respondents said they had looked into whether they would qualify for government subsidies to purchase major medical coverage before choosing short-term coverage instead
- **20% of applicants report income above 400% of the federal poverty level:** One in five short-term applicants would not have qualified for Obamacare subsidies designed to make major medical coverage more affordable

SHORT-TERM HEALTH INSURANCE PLAN SELECTION DATA

In this section, we examine the popularity of short-term health insurance plans in 2015 and specifically in the key fourth quarter of 2015, which includes the bulk of the Affordable Care Act's annual open enrollment period for 2016 major medical plans. We also report average premiums and deductibles for short-term plans nationwide and on a state-by-state basis.

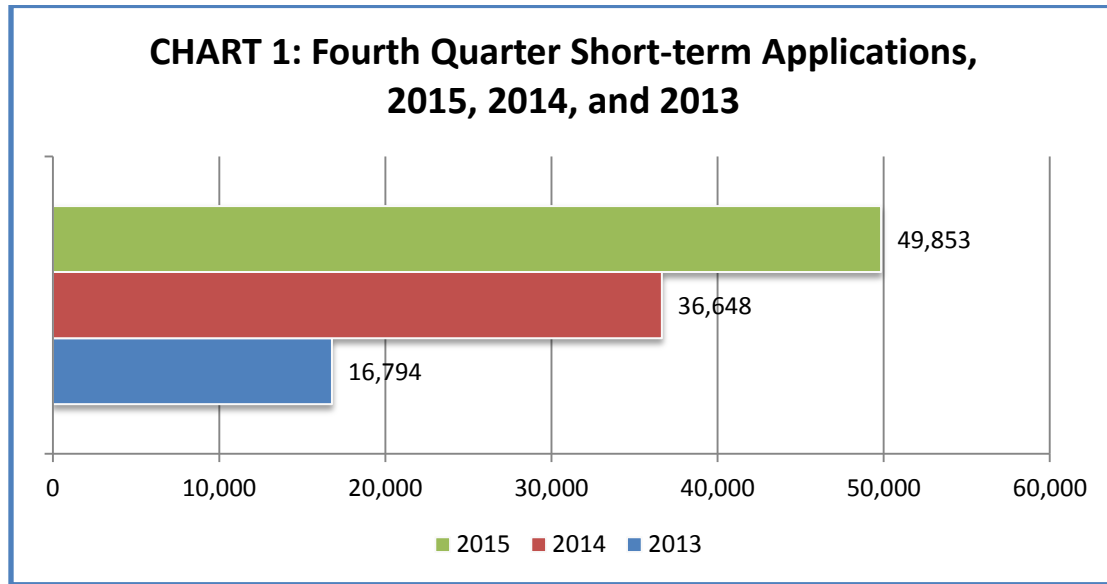


Chart 1 describes the total volume of individual and family short-term health insurance applications received by eHealth in the fourth quarter (October-December) of 2015, 2014, and 2013.

- The volume of short-term health insurance applications received by eHealth in the fourth quarter of 2015 was 197% greater than in 2013, and 36% greater than in the fourth quarter of 2014
- The fourth quarter of each year noted in Chart 1 overlapped in full or part with the Affordable Care Act's nationwide open enrollment period for major medical health insurance plans

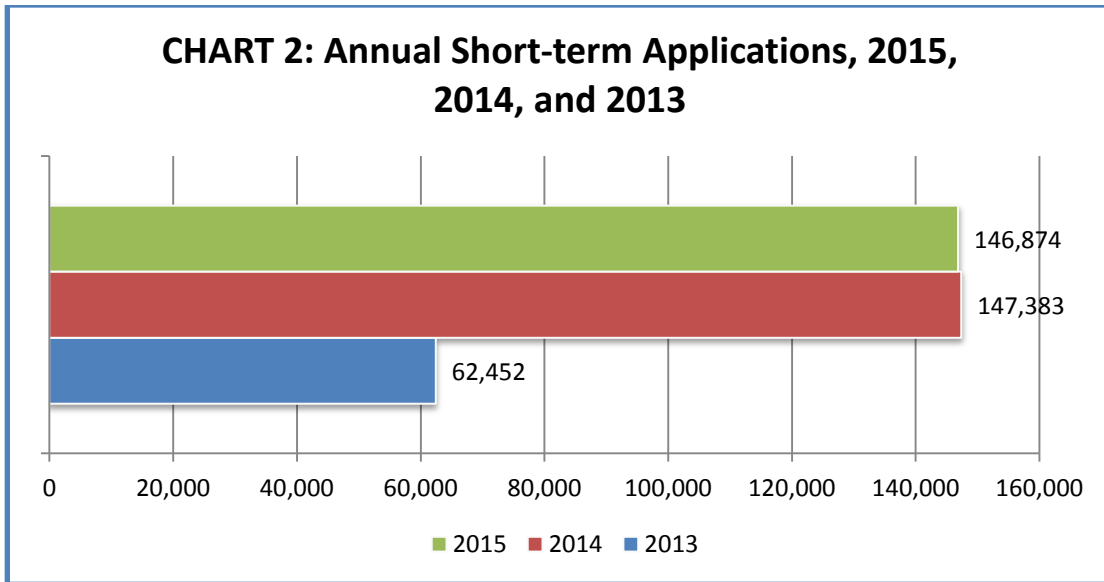


Chart 2 describes the total volume of individual and family short-term health insurance applications received by eHealth over the course of the 2015, 2014, and 2013 calendar years.

- The number of short-term plan applications received by eHealth in 2015 represents an increase of 135% compared to 2013
- Consumer interest in short-term health insurance plans in 2015 maintained the surprising increase eHealth previously reported for the 2013-2014 period
- In 2015, 13% of all short-term health insurance applications submitted by eHealth shoppers were declined

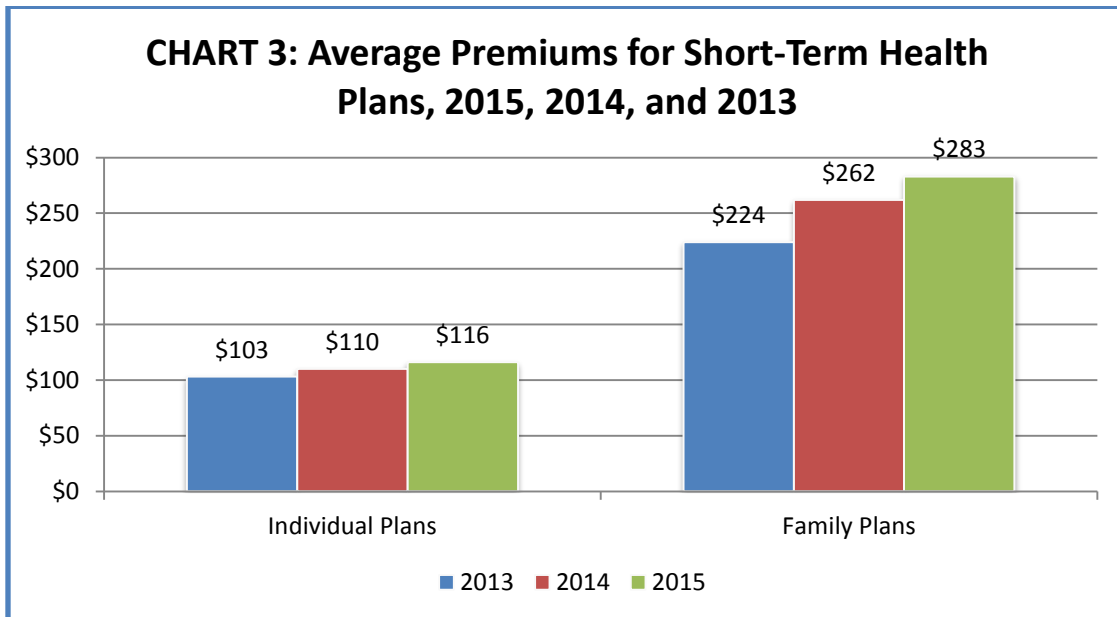


Chart 3 describes national average monthly premiums for individual and family short-term health insurance applications at eHealth for the calendar years 2015, 2014, and 2013.

- Between 2014 and 2015, average monthly premiums for short-term plans increased 5% for individuals (from \$110 to \$116) and 8% for families (from \$262 to \$283)
- Between 2013 and 2015, average monthly premiums for short-term plans increase 13% for individuals (from \$103 to \$116) and 26% for families (from \$224 to \$283)

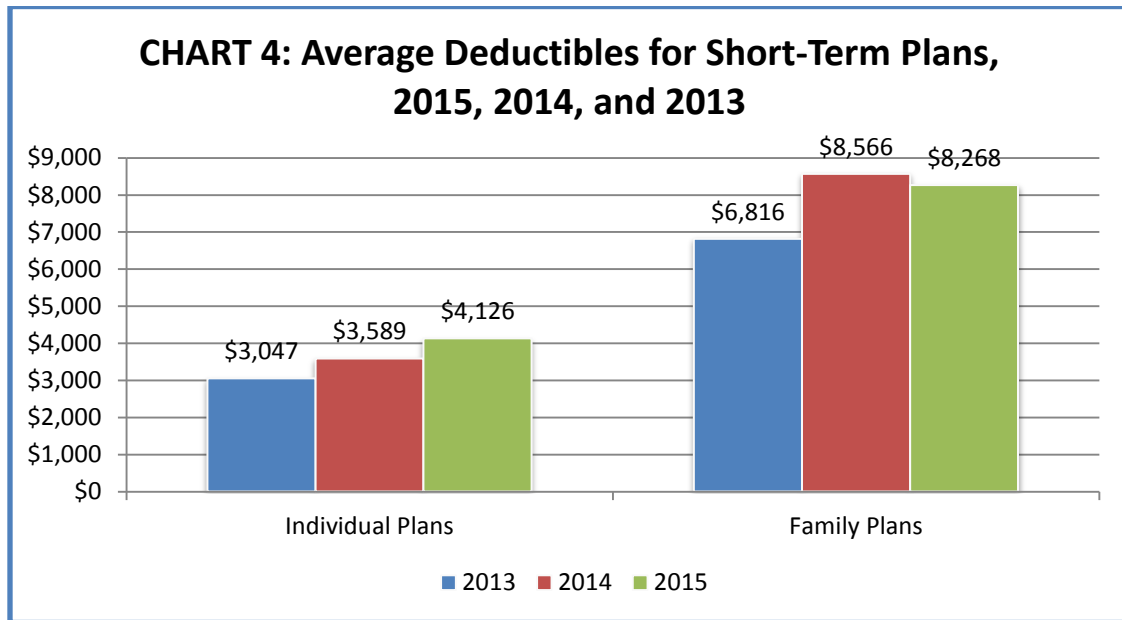


Chart 4 describes national average annual deductibles for individual and family short-term health insurance applications at eHealth in the calendar years 2015, 2014, and 2013.

- Between 2013 and 2015, average annual deductibles for individual short-term plans increased 35% (from \$3,047 to \$4,126); average annual deductibles increased 15% between 2014 and 2015 (from \$3,589 to \$4,126)
- Between 2014 and 2015, average annual deductibles for family short-term health insurance plans decreased 3% (from \$8,566 to \$8,268)

TABLE 1: Average Premiums and Deductibles for Short-Term Health Insurance Plan by State, 2015

	Avg. Individual Premium	Avg. Individual Deductible	Avg. Family Premium	Avg. Family Deductible
AK	\$159	\$3,461	\$350	\$8,577
AL	\$106	\$4,616	\$240	\$8,739
AR	\$89	\$4,898	\$182	\$8,032
AZ	\$106	\$4,020	\$229	\$6,211
CA	\$177	\$4,779	\$456	\$12,154
CO	\$98	\$3,592	\$248	\$8,296
CT	\$145	\$3,927	\$382	\$9,306
DC	\$93	\$2,401	\$318	\$5,406
DE	\$116	\$4,249	NA	NA
FL	\$131	\$4,784	\$345	\$7,923
GA	\$81	\$4,301	\$207	\$8,662
HI	\$100	\$3,643	\$262	\$8,314
IA	\$105	\$5,323	\$252	\$7,242
ID	\$114	\$3,800	\$241	\$8,885
IL	\$116	\$4,374	\$304	\$7,741
IN	\$103	\$3,872	\$260	\$8,528
KS	\$80	\$4,554	\$177	\$9,949
KY	\$107	\$3,364	\$266	\$7,138
LA	\$97	\$4,106	\$276	\$8,781
MA	NA	NA	NA	NA
MD	\$95	\$3,579	\$226	\$8,056
ME	\$100	\$3,569	\$221	\$7,870
MI	\$89	\$4,344	\$221	\$5,043
MN	\$79	\$1,607	\$185	\$3,987
MO	\$93	\$4,621	\$209	\$12,797
MS	\$100	\$4,611	\$231	\$8,474
MT	\$98	\$3,335	\$213	\$8,117
NC	\$102	\$4,985	\$260	\$9,687
ND	\$109	\$3,295	\$239	\$7,862
NE	\$104	\$4,399	\$225	\$6,501
NH	\$105	\$3,707	\$249	\$8,822
NJ	NA	NA	NA	NA
NM	\$121	\$2,958	\$313	\$8,119

NV	\$117	\$4,036	\$296	\$9,506
NY	NA	NA	NA	NA
OH	\$98	\$4,333	\$236	\$9,561
OK	\$101	\$4,488	\$211	\$6,717
OR	\$117	\$3,434	\$294	\$8,071
PA	\$129	\$4,230	\$308	\$6,245
RI	\$134	\$4,543	NA	NA
SC	\$114	\$3,004	\$273	\$6,623
SD	\$95	\$3,729	\$175	\$9,144
TN	\$95	\$5,051	\$233	\$9,161
TX	\$127	\$4,055	\$310	\$7,414
UT	\$98	\$2,827	\$257	\$7,086
VA	\$105	\$3,833	\$256	\$7,407
VT	NA	NA	NA	NA
WA	\$145	\$1,936	\$356	\$4,521
WI	\$113	\$4,189	\$280	\$7,286
WV	\$132	\$4,573	\$298	\$10,067
WY	\$150	\$3,210	\$327	\$7,554

Information presented in Table 1 is based solely on short-term health insurance applications submitted through eHealth. Individual short-term health insurance applications represent applications for coverage of one person only. Family plans represent applications for coverage of two or more persons. No figures are provided when fewer than 100 short-term applications were received by eHealth during the 2015 calendar year.

- Kansas (\$80) had the least expensive average monthly premium for individual short-term plans selected by eHealth customers, while California (\$177) had the most expensive
- South Dakota (\$175) had the least expensive average monthly premium for family short-term plans selected by eHealth customers, while California (\$456) had the most expensive

SHORT-TERM HEALTH INSURANCE SHOPPERS

In this section of our report, we examine the demographics of consumers applying for short-term health insurance plans through eHealth in 2015. We also review consumer attitudes and knowledge regarding short-term health insurance products.

TABLE 2: Age Distribution of Short-Term Applicants, 2015, 2014, and 2013

	Younger than 18	Age 18-24	Age 25-34	Age 35-44	Age 45-54	Age 55-64
2015	2%	14%	44%	19%	13%	8%
2014	3%	13%	42%	19%	14%	9%
2013	8%	11%	41%	18%	13%	9%

Table 2 illustrates the distribution of ages among primary applicants for individual or family short-term health insurance plans in 2015, 2014, and 2013.

- 34 was the average age of short-term health insurance applicants in 2015
- Since 2013, the share of primary applicants in the under-18 age band has decreased by 75%, but increased in the age 18-34 ranges

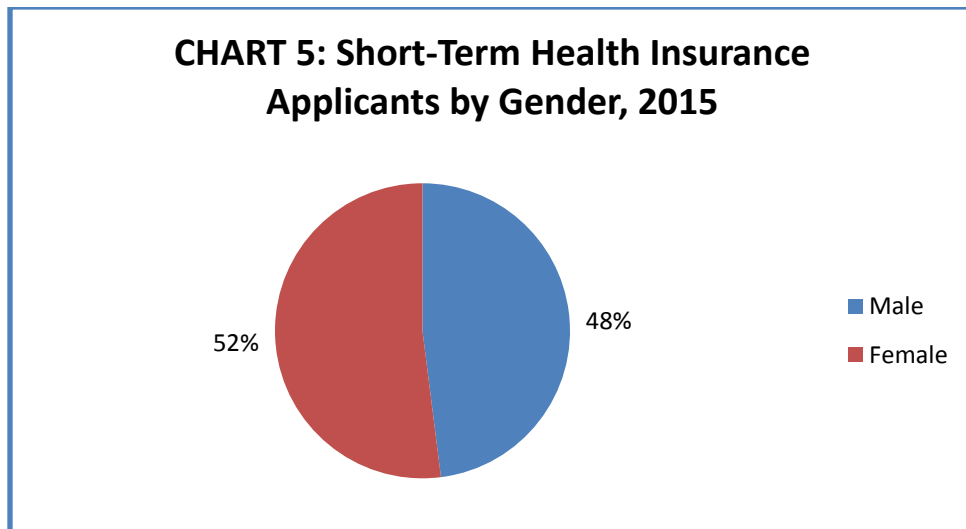


Chart 5 illustrates gender distribution of primary applicants for individual or family short-term health insurance plans in 2015.

- Women represented more than half (52%) of all eHealth short-term health insurance applicants
- These figures are relatively unchanged compared to 2014

Survey Results: Consumer Sentiments on Short-Term Health Plans

eHealth conducted a survey of short-term health insurance policyholders between December 2015 and February 2016. All survey respondents had purchased a short-term health insurance plan through eHealth. The survey was conducted on a voluntary basis by email and a total of 305 responses were collected. Key findings include the following:

- **72% say affordability is key factor in choosing short-term:** Nearly three-quarters of survey respondents said that affordability was the one of the things they liked most about their short-term plans
- **51% bought short-term based on price:** Half of survey respondents said they bought short-term coverage because it cost less money
- **39% just wanted temporary coverage:** Nearly four-in-ten said they bought short-term coverage because they only need coverage for a short time
- **55% considered purchasing a major medical health insurance plan:** a majority of short-term health insurance applicants considered purchasing a major medical health insurance plan first
- **61% reviewed their eligibility for subsidies:** A majority of survey respondents said they had looked into whether they would qualify for government subsidies to purchase major medical coverage before choosing short-term coverage instead
- **20% of applicants reported earning above 400% of the federal poverty level:** One in five short-term applicants would not have qualified for Obamacare subsidies designed to make major medical coverage more affordable

METHODOLOGY NOTE

Information included in this report is based on shopping trends at eHealth's websites (including eHealth.com and eHealthInsurance.com) only and does not provide a comprehensive view of short-term health insurance trends on a national or state basis. Only plans available for purchase at eHealth were included. Not all plans available in a particular state are available through eHealth, and plans included in this analysis may not be available throughout the entire state. As such, statistics derived from shopping trends at eHealth may not be representative of the entire market in a state or specific geographical area.

Survey results included in this report are derived from a voluntary email survey of eHealth customers conducted between December 2015 and February 2016. A total of 305 responses were collected.

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