

Affordable Care Act Health Insurance Compared to Short-Term Insurance: A Brief Guide

	ACA Coverage	Short-Term Coverage
When can coverage start?	Usually within 2-6 weeks	Usually within 1-14 days
Can I buy year-round?	No	Yes
Can my application be declined because of pre-existing conditions?	No	Yes
Will it cover maternity care?	Yes	Most plans do not
Will it cover some prescription drugs?	Yes	Many cover prescription drugs in hospital but not retail prescription drugs
Will it cover visits to the doctor?	Yes	Yes, but typically not for pre-existing conditions or other exclusions
Will it cover things like hospitalization due to injury or serious illness?	Yes	Yes, but typically not for pre-existing conditions or other exclusions
Can it be purchased with a government subsidy?	Yes, if you qualify	No
Does it have a dollar limit on total benefits that may be paid by the plan?	No	Yes
Can I renew it every year as long as the plan is available?	Yes	No, but you can usually re-apply up to two or three times
How long will my coverage last?	Until you or your insurer cancels the plan	Up to a maximum of one year in most states
How much does it cost for an individual?	\$477 per month on average for people who don't qualify for subsidies, (per eHealth report)	\$107 per month on average, based on national average of plans selected at eHealth

Please note that this chart is just a summary of typical features of certain types of plans, but the benefits and limitations of specific plans may vary. You should always carefully review the official documentation for any plan you consider purchasing to make sure you understand that specific plan's benefits and limitations.

Six Things Consumers Need to Know When Considering Short-Term Coverage

1. Short-term plans offer meaningful (but limited) coverage: Short-term plans can provide temporary protection against unexpected medical expenses arising from an accident or hospitalization for a serious illness, typically after a deductible is met. However, these policies

generally will not cover pre-existing medical conditions, maternity care, retail prescription drugs, and other benefits required of major medical plans under the ACA.

2. Short-term insurance is less expensive than ACA plans – but for a reason: As reported by [eHealth](#), the national average cost of individual short-term coverage for plans selected by eHealth customers in November 2018 was \$107 per month, a figure that hasn't changed significantly since 2014. By comparison, the national average individual premium for ACA coverage selected by eHealth customers not receiving government subsidies in the same period was \$477 per month. Again, they cost less because they cover fewer services for a limited time period and don't contain some of the same protections as ACA plans do.

3. Short-term coverage is temporary: Short-term health insurance can now be purchased for coverage terms of up to one year in most states, but you will need to re-apply for coverage at the end of that period if you want to continue. In addition, any amounts spent to satisfy a deductible or other requirements under one policy will generally not carry over to another policy term.

4. Not all short-term plans are created equal: When considering short-term plans, be aware of specific limits to coverage for things like hospital stays. Some low-cost short-term plans place caps on the amount they will cover for each day you are hospitalized, as well as the number of days they will cover per policy term. Be sure you understand these limitations when choosing a plan to avoid potentially expensive surprises later.

5. Short-term insurance is typically not guaranteed: It's possible to be declined based on past diagnoses or pre-existing medical conditions. Once your plan's term is complete, you will typically not receive automatic approval for a new coverage period, and any new medical conditions that arose during the duration of your previous plan may be excluded by a new plan.

6. Short-term coverage is changing: Until recently, short-term plans were limited to a maximum coverage period of 90 days. While most Americans can now get short-term coverage for up to one year at a time, rules and maximum policy length vary by state. In the meantime, new short-term products are coming to the market all the time. Some may include options for limited coverage of pre-existing medical conditions or limited coverage for maternity care.

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