



Small Businesses Health Insurance: Costs, Trends and Insights 2018

April 2019

Study Overview

This report presents a snapshot of national costs and trends in the small business group health insurance market. All findings are based on health insurance plans selected at eHealth.com by employers with fewer than 30 employees in states eHealth served during the 2018 calendar year, with historical data back to 2015. Certain comparisons are made with costs and trends in the individually-purchased health insurance market, previously published by eHealth.

Also included in this report are the results of a survey of small business owners who purchased their group health insurance policies through eHealth. The survey was conducted on a voluntary basis in April 2019 and a total of 184 responses were received.

Refer to the Methodology Note at the end of this report for additional information.

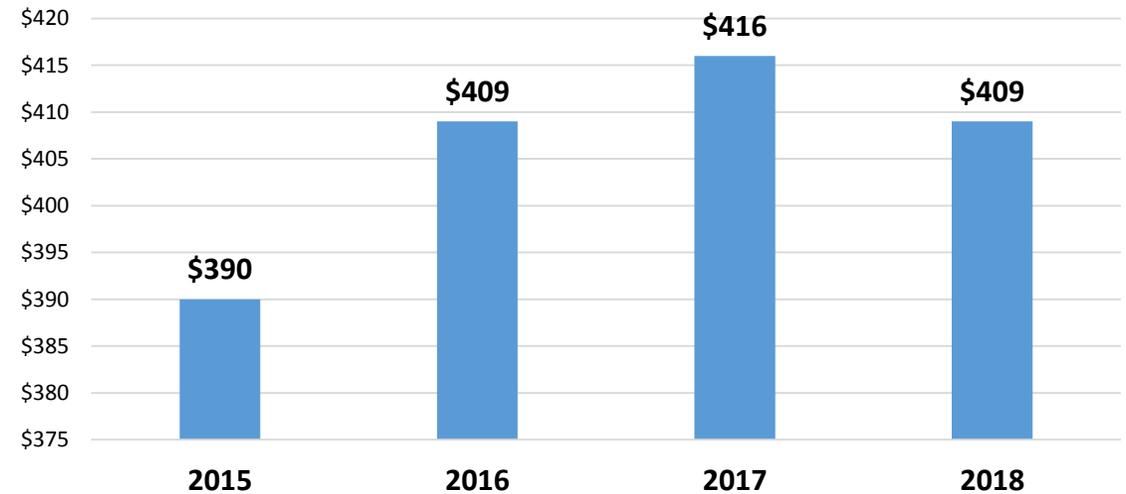


Small Business Coverage
Costs & Trends

Average health insurance premiums decreased in 2018

- The average per-person premium for small business health insurance plans decreased 2 percent between 2017 (\$416) and 2018 (\$409).
- Average per-person premiums for 2018 represent a 5 percent increase since 2015.
- Premiums are typically paid with both employer and employee contributions.

Average monthly premium per covered person



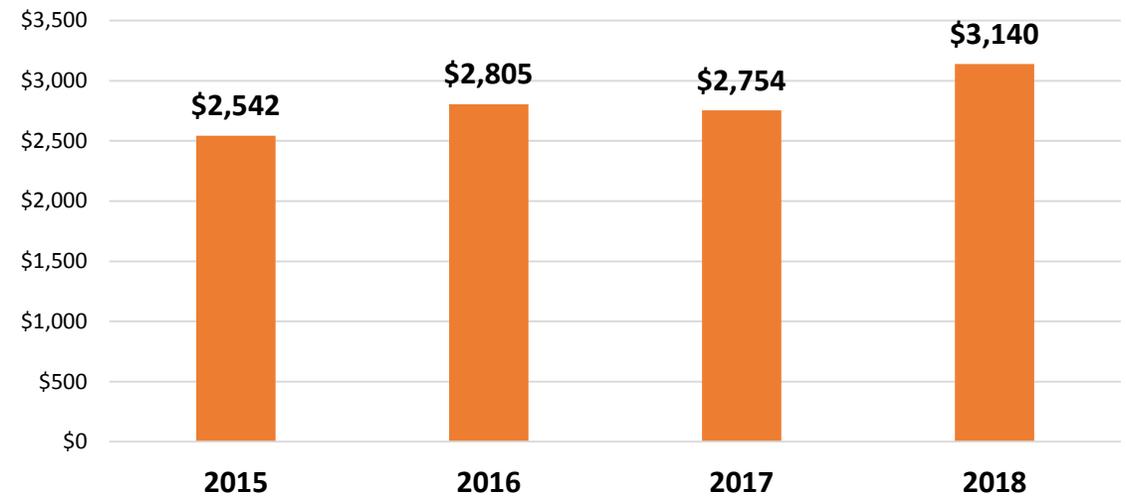
The average employer group had 3.9 covered employees: Among small businesses purchasing health insurance plans through eHealth in 2018, the average number of covered employees was 3.9, an increase from 2017, when the average group had 3 employees.

Group size can make a big difference in premiums: In 2018, the average monthly premium for groups with 5 or fewer employees was \$419 per covered person; the average monthly premium for groups with 6 to 29 employees was \$364 per covered person, or 13 percent less.

Average individual deductibles increased in 2018

- The average individual deductible for small business plans increased 14 percent between 2017 (\$2,754) and 2018 (\$3,140).
- Average individual deductibles have increased by 24 percent between 2015 and 2018.

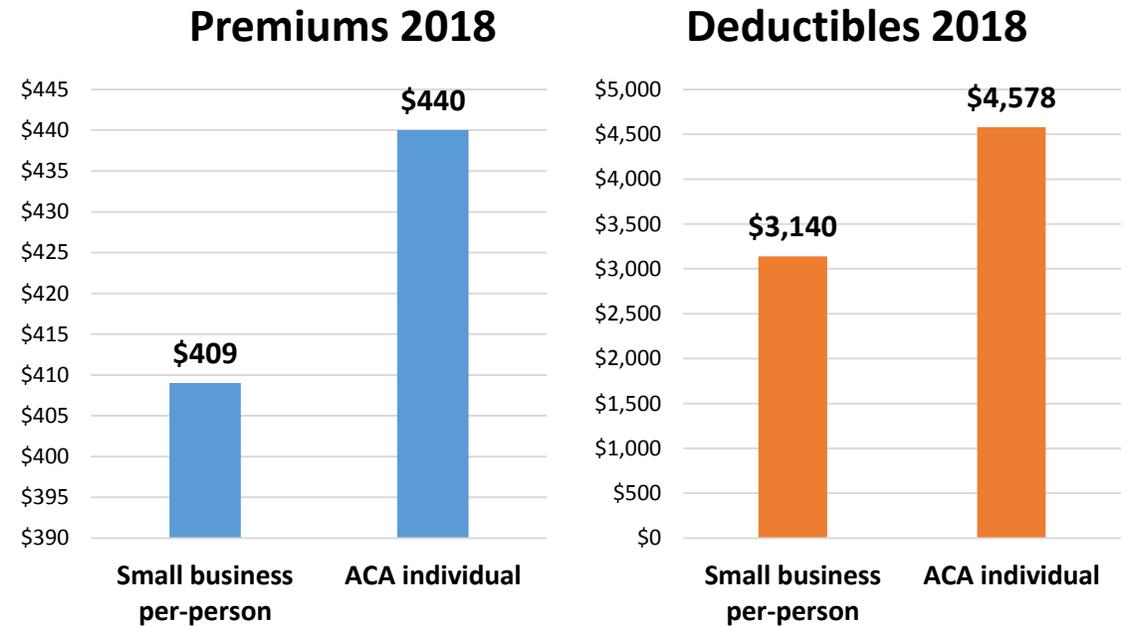
Average annual individual deductible among small business plans



Deductibles are comparable for smaller and larger groups: Smaller groups with 5 or fewer employees had an average individual deductible of \$3,141 in 2018, while groups with between 6 and 29 employees had an average individual deductible of \$3,140.

Small business plans have lower average per-person costs compared to coverage in the individual market

- In 2018, the average premium per-person under a small business plan was 7 percent lower than the average premium for an individual plan (\$409 vs. \$440).
- The average individual deductible for small business plans was 31 percent (\$1,438) lower than the average deductible for individual coverage (\$3,140 vs. \$4,578).



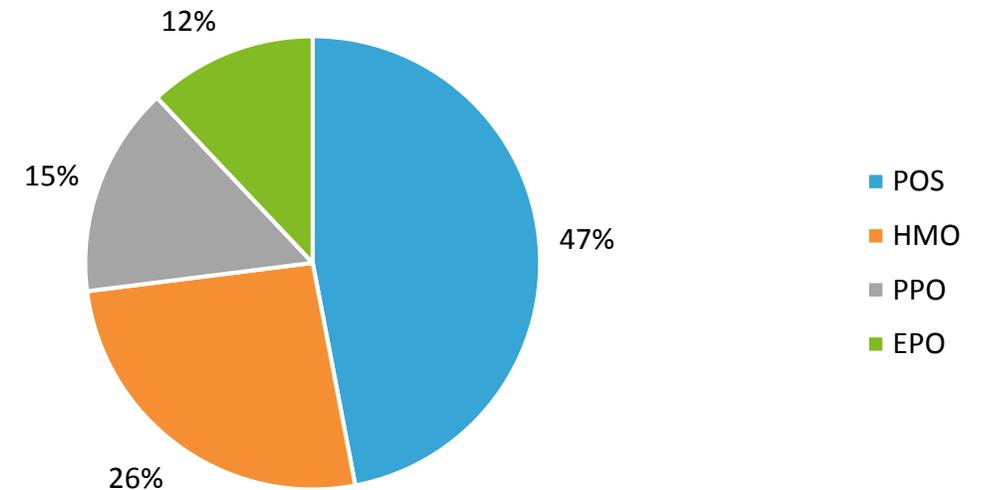
Small business plans show significantly more premium stability than individually purchased coverage: While the average per-person premium for small business coverage increased only 5 percent between 2015 and 2018, individual premiums for those who buy their own coverage increased 54 percent in the same period (from \$286 in 2015 to \$440 in 2018).

Individual market cost data are taken from eHealth’s Health Insurance Index Report for the 2018 Open Enrollment Period, published in September 2018, and are based on individuals purchasing coverage through eHealth without the use of a government subsidy.

POS and HMO plans account for nearly three quarters of all plans selected in 2018

- POS (Point of Service) plans accounted for nearly half (47 percent) of all small business plans, down from 50 percent in 2017.
- HMO (Health Maintenance Organization) plans accounted for 26 percent (24 percent in 2017).
- PPO (Preferred Provider Organization) plans accounted for 15 percent (12 percent in 2017).
- EPO (Exclusive Provider Organization) plans accounted for 12 percent (14 percent in 2017).

Small business plan types selected in 2018



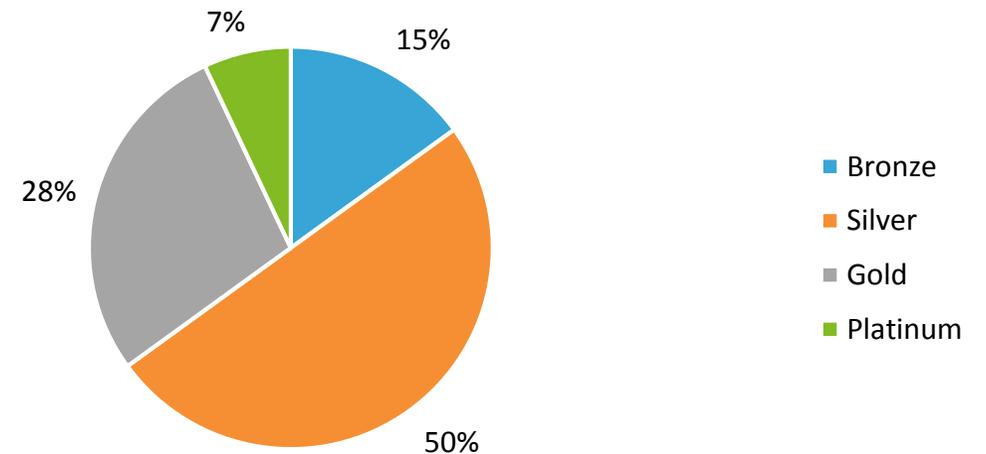
Small businesses and individual and family purchasers preferred different plan types: As previously reported by eHealth, HMO-style plans accounted for 56 percent of all plan selections among unsubsidized individual and family consumers choosing 2018 coverage for themselves.*

*See eHealth's Health Insurance Index Report for the 2018 Open Enrollment Period, published in September 2018.

Small businesses opt for Silver and Gold metal level plans by a significant margin

- Silver plans accounted for half (50 percent) of all small business plans, down from 56 percent in 2017.
- Gold plans accounted for 28 percent (24 percent in 2017).
- Bronze plans accounted for 15 percent (14 percent in 2017).
- Platinum plans accounted for 7 percent (6 percent in 2017).

Small business plan metal levels selected in 2018



Small businesses select Silver and Gold metal plans at higher rates than consumers buying their own coverage: While more than three quarters (78 percent) of small business consumers chose Silver or Gold plans, unsubsidized consumers who bought coverage on their own in 2018 were more inclined to select Bronze plans (43 percent) than Silver (30 percent) or Gold plans (12 percent).*

*See eHealth's Health Insurance Index Report for the 2018 Open Enrollment Period, published in September 2018.



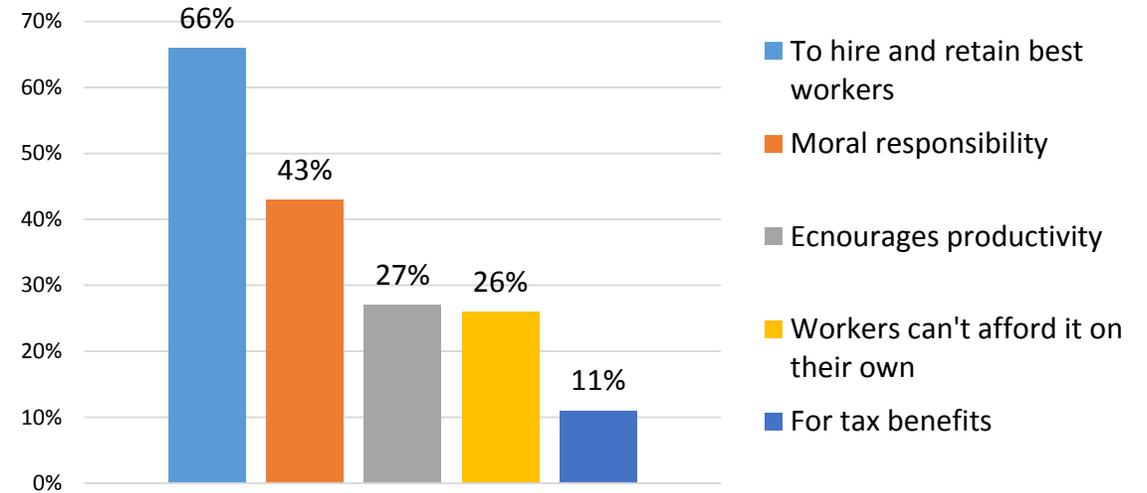
Small Business Survey

Results and Analysis

Most business owners offer health benefits to workers because it gives them a strategic advantage in hiring

- 66 percent of survey respondents offer medical benefits to help them hire and retain the best employees
- 43 percent feel a moral obligation to offer health benefits
- 27 percent feel it encourages productivity, while 26 offer benefits because employees couldn't afford coverage on their own
- 11 percent offer coverage for the tax benefits available to them

Why do you provide health insurance for your employees?



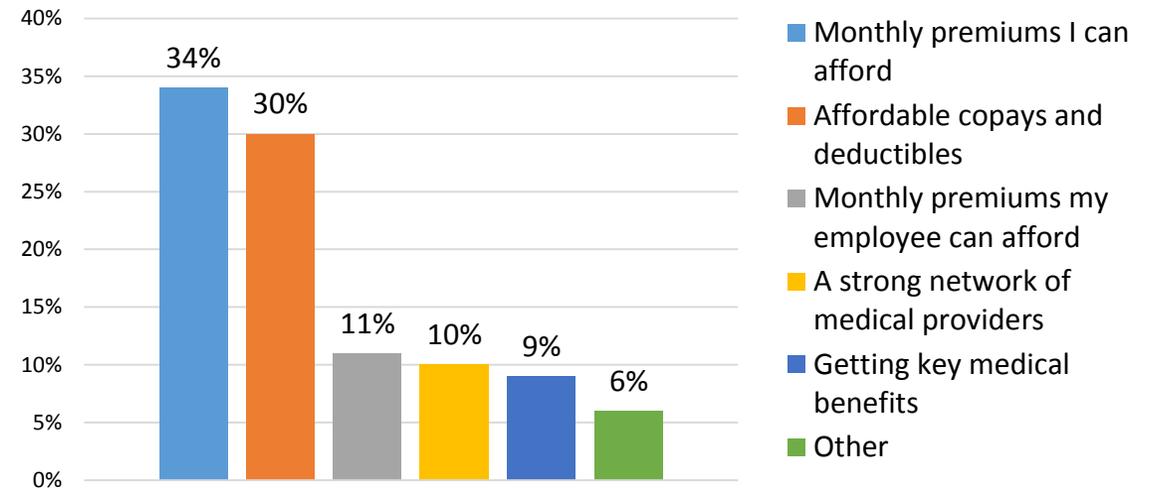
Strategic business considerations drive offers of health benefits: When asked to choose the single most important factor that led them to offer health coverage, 51 percent cite the ability to hire and retain the best workers; the sense of moral responsibility came in second, but was cited by only 20 percent of respondents.

More than 8 in 10 small businesses are happy with their coverage: 55 percent of respondents say they are “very happy” with their small business health plan, while an additional 32 percent say they are “somewhat happy”; 4 percent say they are “somewhat unhappy” while 3 percent say they are “very unhappy.”

Affordable monthly premiums and out-of-pocket costs drive coverage choices

- 34 percent of small businesses choose a health plan primarily based on affordable monthly premiums
- 30 percent cite affordable copays and deductibles
- 11 percent choose plans based on premiums their employees can afford
- 10 percent say a strong network of medical providers is their top consideration
- 9 percent say getting key medical benefits is their top consideration
- 6 percent say other factors are their top consideration

What is the most important factor you consider when picking a health plan?

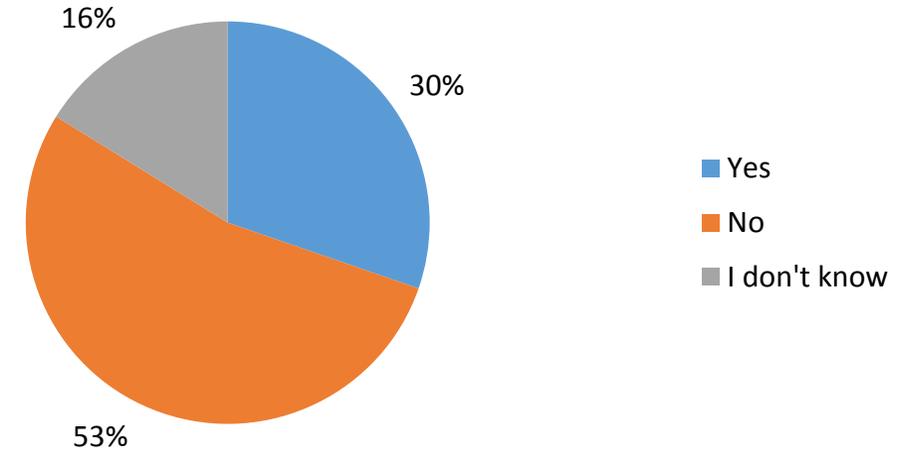


Most small businesses think they offer competitive or superior health coverage: 43 percent of survey respondents say they believe the health insurance they offer employees is competitive with that of similar employers; 17 percent believe they offer better coverage than most similar employers; 14 percent believe their employees could easily find better coverage with comparable employers.

Most say that offering coverage has not harmed their ability to hire and reward workers

- More than half (53 percent) of respondents say that sponsoring a health plan has not prevented them from offering raises or hiring additional workers
- 30 percent say that offering coverage has made it harder for them to increase employee wages or hire additional workers

Has offering health coverage made it harder to offer raises or hire more workers?



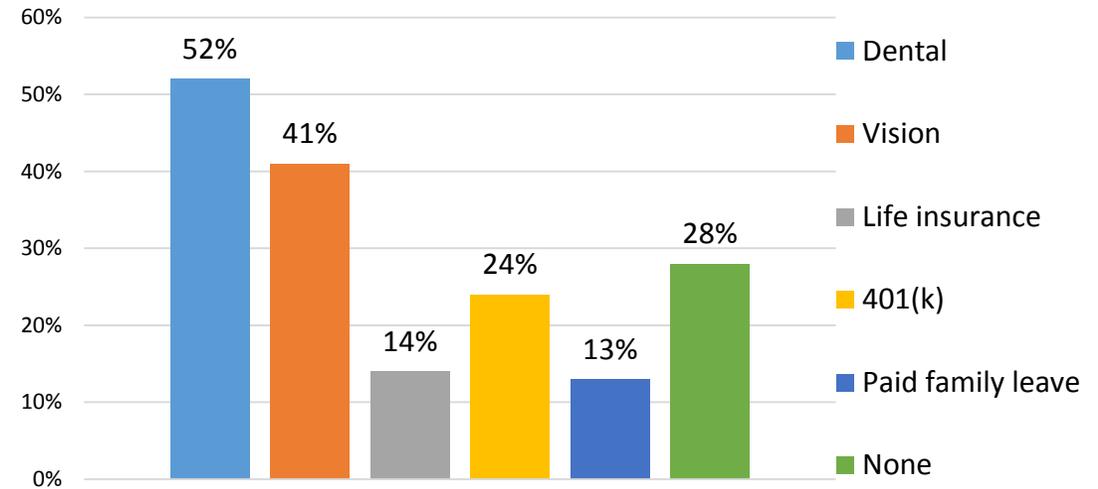
Two in 10 say that, without a small business plan, they would help employees buy their own coverage: 21 percent say they would pay employees more to help them buy coverage on their own if they were unable to offer a small business health insurance plan.

Association Health Plans not top of mind for most: If sponsoring an employer health insurance plan were not an option, 9 percent of respondents say they could consider an Association Health Plan.

Most small businesses offering employee health coverage also offer additional benefits

- 52 percent of respondents say they offer dental coverage
- 41 percent offer vision insurance
- 24 percent offer a 401(k) plan
- 14 percent offer life insurance coverage
- 13 percent offer paid family leave

What additional benefits do you offer your employees?



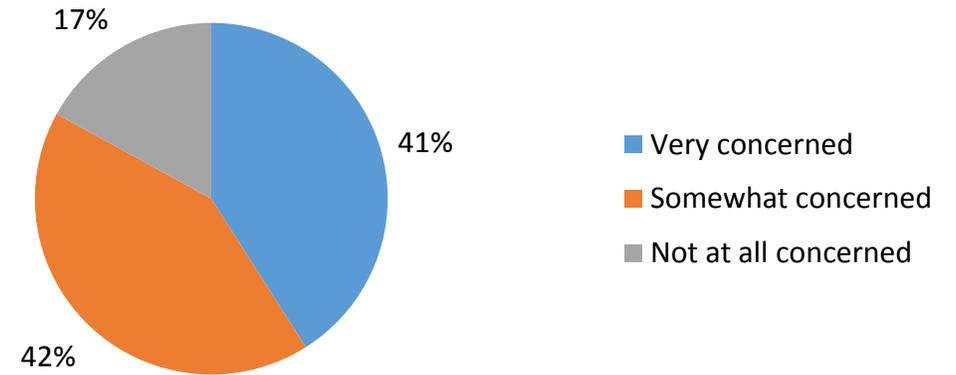
Few employers offering HSA-eligible plans fund them: 21 percent say they offer employees an HSA-eligible health insurance plan; of these, 16 percent contribute money to their employees' Health Savings Accounts.

Most small businesses provide substantial premium assistance: 51 percent say they cover 75 percent or more of their employees' monthly health insurance premiums.

More than 8 in 10 small businesses worry about affording coverage in the future

- 41 percent are “very concerned” about their continued ability to offer employee health benefits
- 42 percent are “somewhat concerned”
- 17 percent are not concerned about their future ability to offer health coverage

How concerned are you about your continued ability to afford health coverage for your employees?



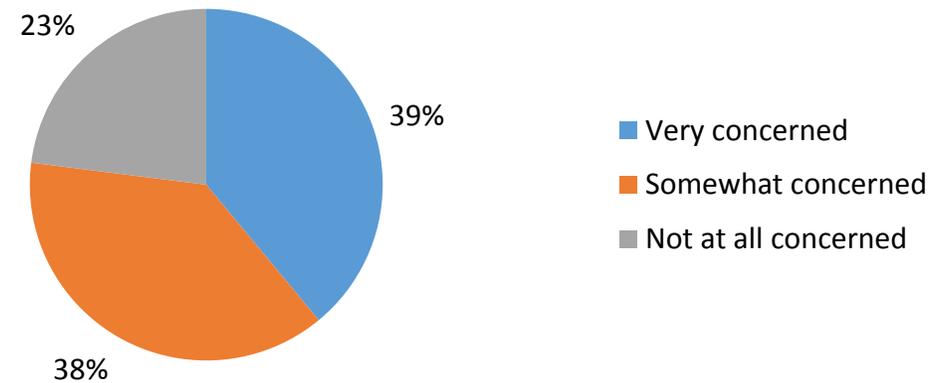
Repeal of the ACA’s tax penalty doesn’t impact coverage decisions: Only 4 percent of survey respondents say the penalty’s repeal will make them less likely to offer coverage; 76 percent say it will make no difference to their decision; 4 percent say they are now more likely to offer coverage; 16 percent say they didn’t know how this change may affect their coverage decisions.

Moderate increases in premiums could cause most small businesses to drop coverage: 63 percent say an increase of 15 percent or less in monthly premiums will make their current plan unaffordable.

Most small businesses worry about employees' ability to afford the cost of coverage and care

- 39 percent of respondents are “very concerned” about employees' ability to afford premiums and deductibles
- 38 percent are “somewhat concerned”
- 23 percent are not concerned about employees' ability to afford premiums and deductibles

How concerned are you about your employees' ability to pay premiums, out-of-pocket costs?



Unexpected costs among employees' greatest concerns : 67 percent of small business owners say their employees' greatest concern is the cost of medical emergencies; 39 percent cite the cost of prescription drugs; 34 percent cite the cost of regular doctor visits; 32 percent cite the cost of planned surgeries or other procedures.

When employees need help with coverage issues: 39 percent of employers say they have been asked by employees for help understanding their medical benefits, making sense of a medical bill, or getting a bill processed by their insurance company. Of these, 50 percent turned to the insurance company for assistance while an additional 21 percent turned to their health insurance broker or agent.

Methodology Note

This report presents a snapshot of average costs and shopping trends among small business health insurance customers with fewer than 30 employees who purchased group policies through eHealth. Costs described in this report are based on group costs at the time an application for small business health insurance coverage was submitted through eHealth's website. Costs may be variable on a per-group basis during the course of the year as additional employees or dependents are added or removed from the policy. All percentages and dollar figures included in this report have been rounded to the nearest full percent or dollar.

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