

Medicare Index Report: AEP for 2021 Coverage

February 2021

Introduction: Medicare Advantage as a Model for Successful Public/Private Partnership

The growing popularity of Medicare Advantage has been one of the biggest stories in Medicare for several years now, illustrating how successful public/private partnerships can operate in the health care sector. Under Medicare Advantage, beneficiaries' Medicare Parts A and B benefits are bundled, typically with prescription drug coverage and other benefits, into a single plan offered through a private insurer. Medicare Advantage has encouraged remarkable innovation and competition among insurers and the success of the program is measured in the annually increasing numbers of beneficiaries who select Medicare Advantage plans for themselves.

Between 2008 and 2020, the percentage of Medicare beneficiaries nationwide who were enrolled in Medicare Advantage plans nearly doubled, from 22% (or 9.7 million beneficiaries) to 39% (or 24.1 million beneficiaries).¹ Among Medicare Advantage enrollees, 84% say they are satisfied with their coverage, while only 5% express dissatisfaction.² Most Medicare beneficiaries express support for continued public/private partnerships in Medicare: 51% say that public/private partnership will help ensure the viability of the Medicare program; only 16% feel that Medicare should be administered solely through the government.³

While also examining costs and trends among beneficiaries selecting Medicare Supplement and stand-alone Part D plans, eHealth's *Medicare Index Report* for the Annual Election Period (AEP) for 2021 illustrates the continued success of the Medicare Advantage program. The company's findings, based on more than 298,000 applications submitted by beneficiaries during the last AEP, show that the popularity of \$0 premium Medicare Advantage plans continues to increase while annual out-of-pocket limits remain 6% lower than they were three years ago.

¹ Source: The Kaiser Family Foundation's [A Dozen Facts About Medicare Advantage in 2020](#).

² Source: eHealth's February 2020 [Medicare Advantage Satisfaction and Awareness Survey](#).

³ Source: eHealth's October 2020 survey, [The Politics of Medicare and Coronavirus](#).

Study Overview

This report presents an analysis of costs and trends among Medicare beneficiaries who selected new Medicare insurance plans through eHealth during the Annual Enrollment Period (AEP) for 2021 coverage, which occurred between October 15 and December 7, 2020. More than 298,000 submitted applications for 2021 coverage were included in the analysis and compared to the prior three AEPs.

Highlights:

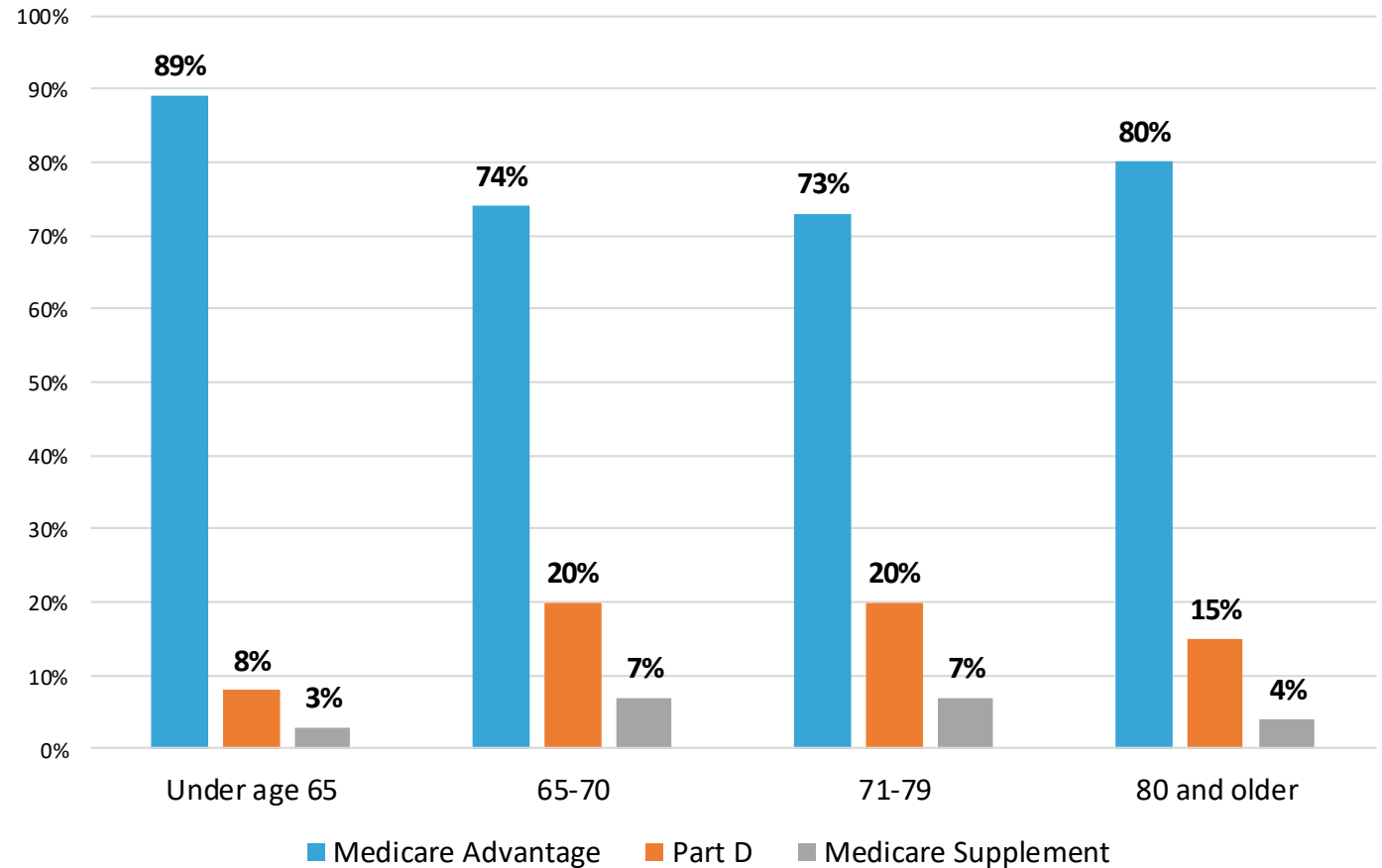
- **For 2021, the percent of beneficiaries selecting Medicare Advantage plans at eHealth increased across all age bands:** 77% of eHealth's Medicare customers chose Medicare Advantage plans during the AEP for 2021 coverage, compared to 61% the year before.
- **Nearly nine in ten Medicare Advantage enrollees selected \$0 premium plans:** 86% of eHealth customers selecting Medicare Advantage plans during the AEP for 2021 coverage chose plans with a \$0 monthly premium, compared to 83% for 2020, 73% for 2019, and 63% for 2018.
- **Average premiums for Medicare Advantage plans have decreased 71% since 2018:** \$5 was the average monthly premium for Medicare Advantage plans selected at eHealth during the AEP for 2021 coverage, as increased enrollment in \$0 premium plans continued to drive down average costs.

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

The share of beneficiaries selecting Medicare Advantage plans increased across all age bands

- 89% of beneficiaries under the age of 65 selected Medicare Advantage plans at eHealth during the AEP for 2021 coverage, compared to 81% the year before.
- 74% of those age 65 to 70 chose Medicare Advantage, compared to 59% the year before.
- 73% of those age 71 to 79 chose Medicare Advantage, compared to 56% the year before.
- 80% of those age 80 and older chose Medicare Advantage, compared to 60% the year before.
- Across all age bands, 77% of eHealth’s Medicare customers chose Medicare Advantage plans, compared to 61% the year before.

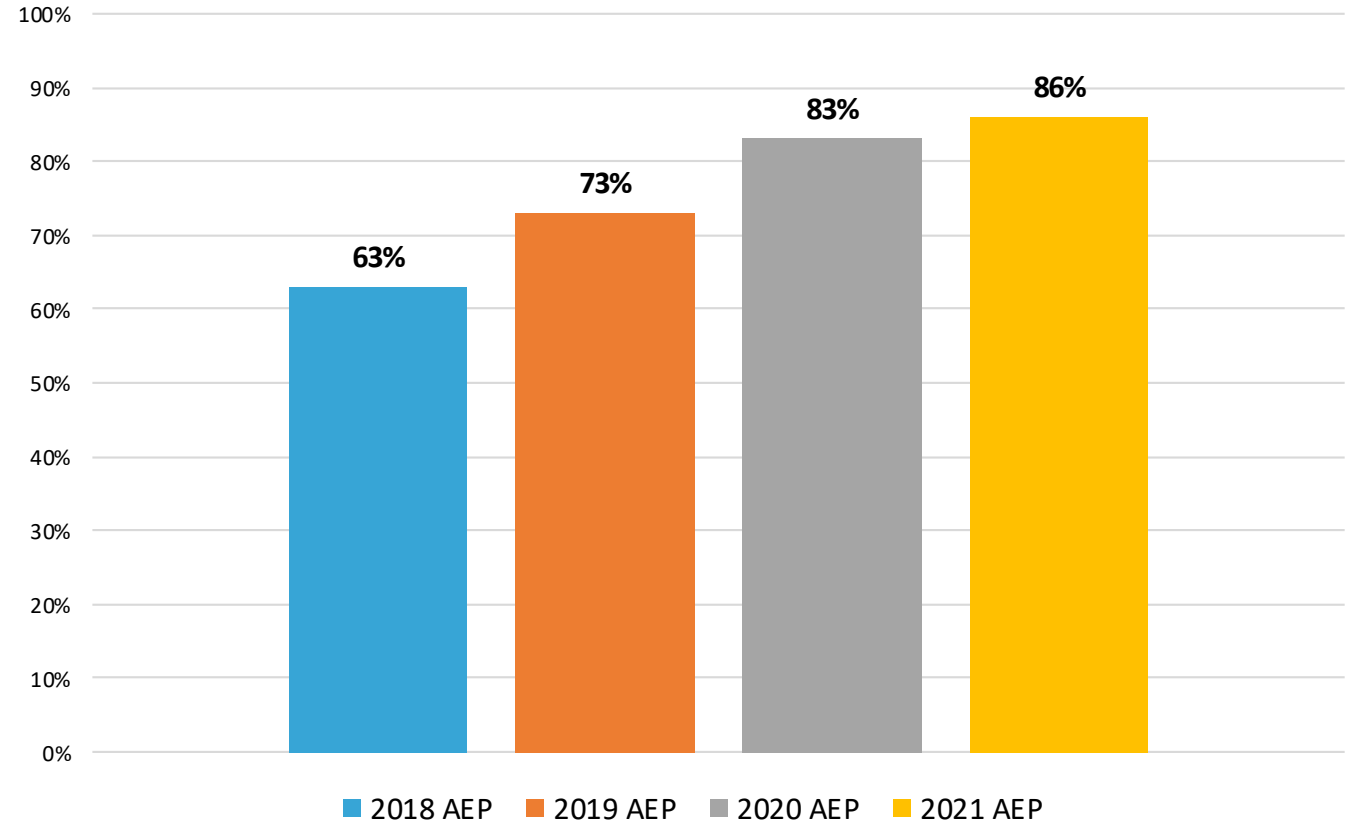
Medicare Product Selection by Age Band (2021 Coverage)



More beneficiaries selected \$0 premium Medicare Advantage plans for 2021

- 86% of Medicare Advantage plans selected by eHealth customers for 2021 coverage had a \$0 monthly premium.
- By comparison, 83% of Medicare Advantage plans had a \$0 monthly premium for 2020.
- 73% had a \$0 monthly premium for 2019.
- That figure was 63% for 2018.

Percent of Medicare Advantage Enrollees Choosing \$0 Premium Plans

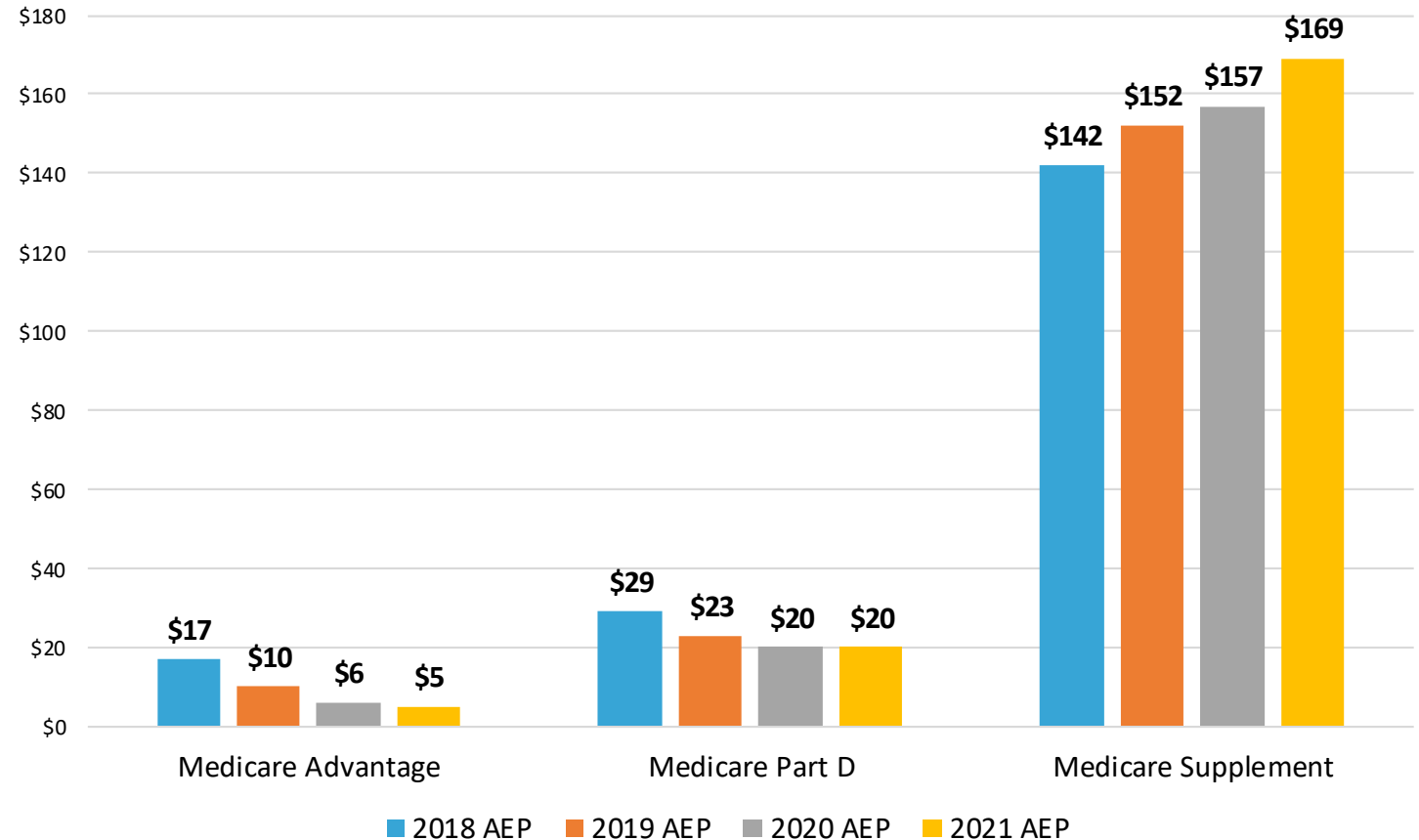


Increased enrollment in \$0 Medicare Advantage plans may be driven by increased availability of such plans as well as trends in consumer choice and other factors.

Average premiums declined among Medicare Advantage plans and increased among Medicare Supplement plans

- \$5 per month was the average monthly premium for 2021 Medicare Advantage plans selected by eHealth customers, down 71% since AEP for 2018.
- \$20 was the average premium for stand-alone Part D plans, the same as last year.
- \$169 per month was the average premium for Medicare Supplement plans, up 8% from 2020 and up 19% from 2018.

Average monthly premiums by Medicare product

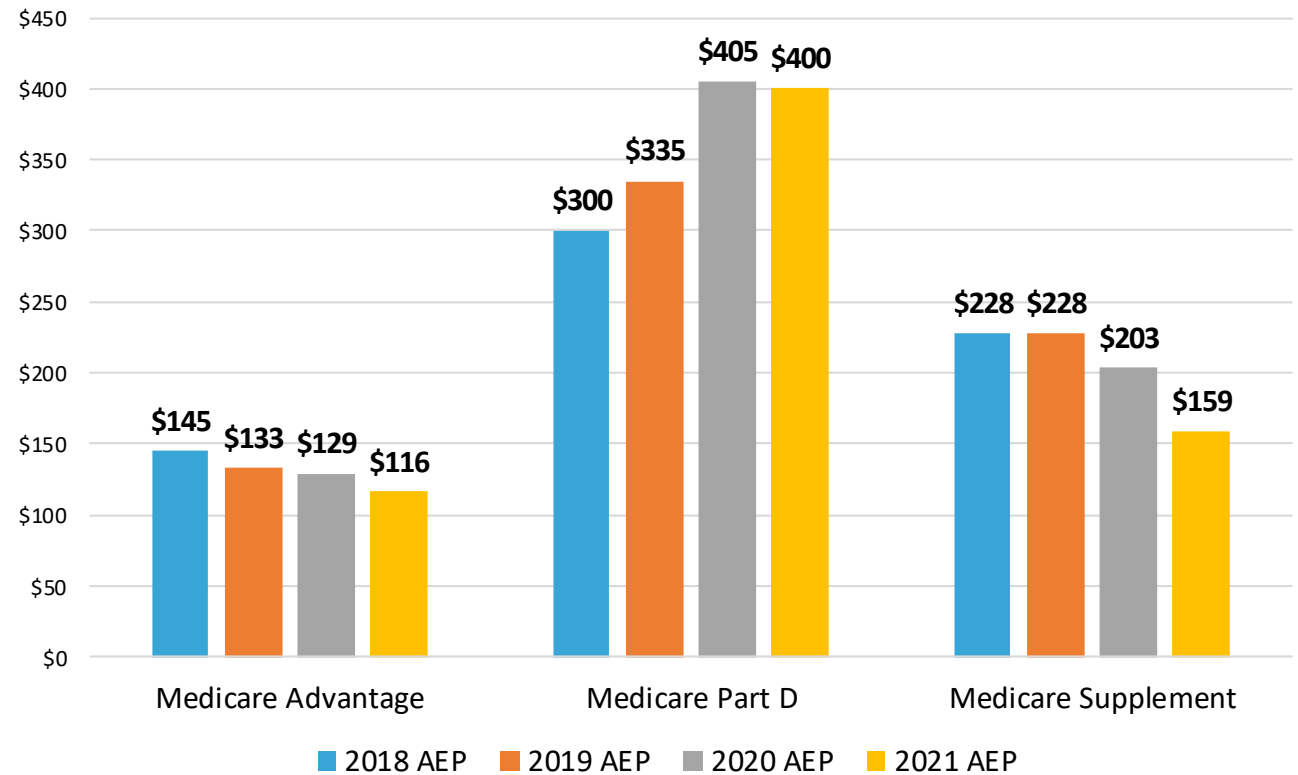


The decrease in average premiums for Medicare Advantage plans is driven largely by increased enrollment in \$0 premium plans.

Average deductibles decreased for Medicare Advantage and Medicare Supplement plans but increased for stand-alone Part D plans

- \$116 was the average deductible for 2021 Medicare Advantage plans, down 10% from 2020 and down 20% from 2018.
- \$400 was the average deductible for 2021 Part D plans, down 1% from 2020 but still up 33% from 2018.
- \$159 was the average deductible for 2021 Medicare Supplement plans, down 22% from 2020 and down 30% from 2018.

Average Deductible by Medicare product

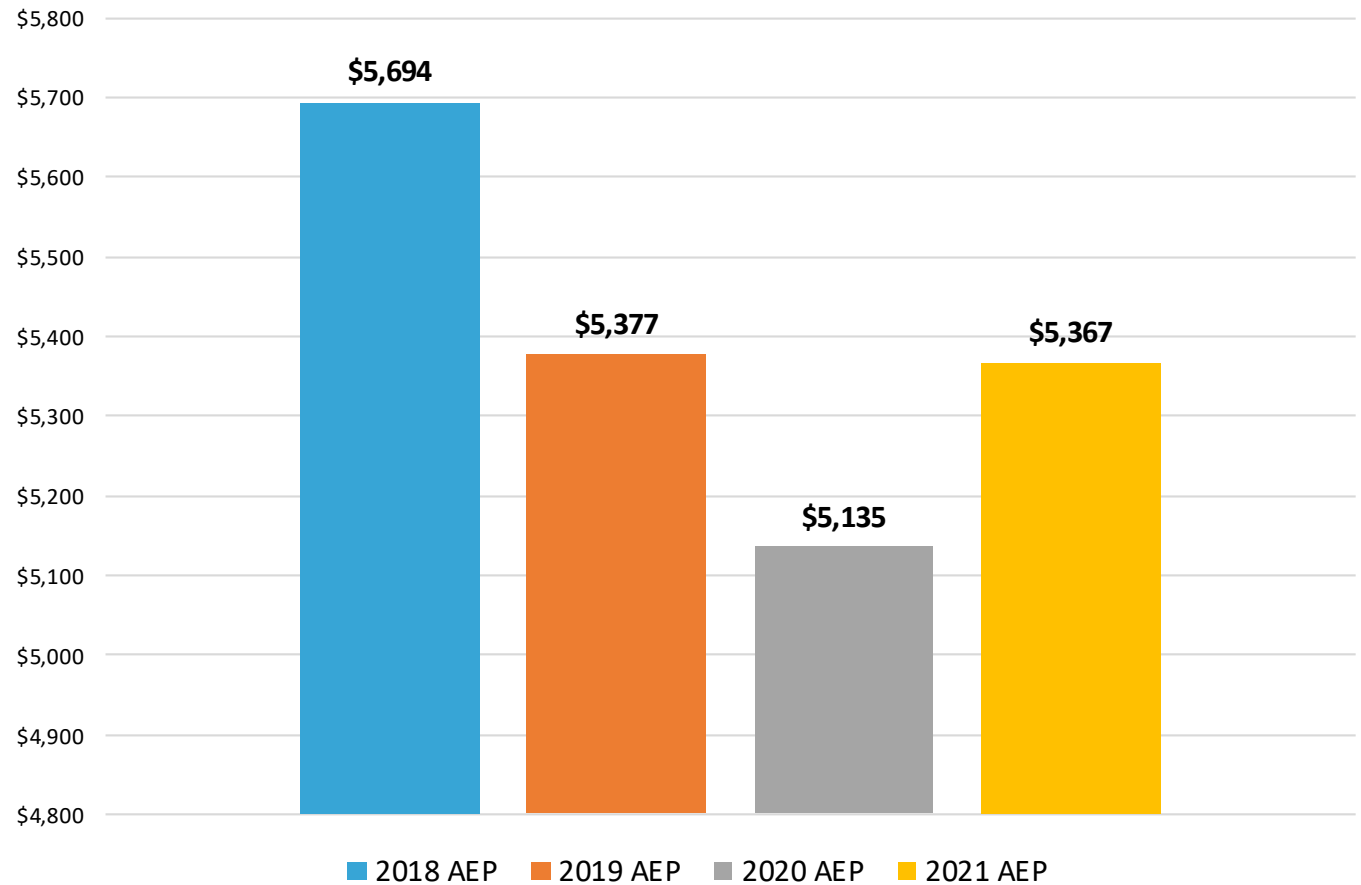


Only Medicare Advantage plans offering coverage for prescription drugs were included in this figure, since those not offering drug coverage typically have no deductible.

Maximum annual out-of-pocket limits decreased slightly among Medicare Advantage plans

- \$5,367 was the average maximum annual out-of-pocket limit for 2021 Medicare Advantage plans chosen by eHealth customers, up 5% from 2020 but still down 6% from 2018.
- Part D plans and Medicare Supplement plans typically do not specify out-of-pocket limits.

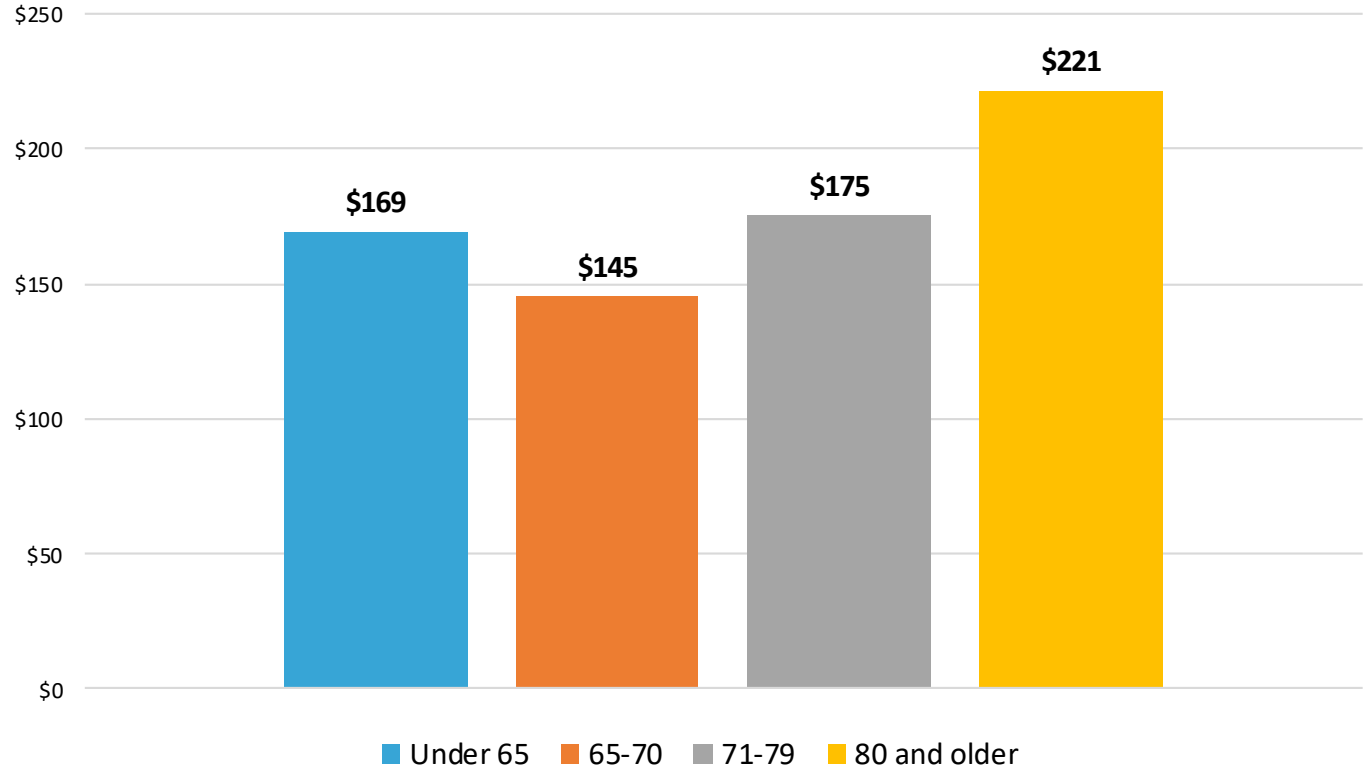
Average Medicare Advantage Annual Out-of-Pocket Limits



Beneficiaries age 80 and older paid 52% more in Medicare Supplement premiums than those age 65 to 70

- \$169 was the average monthly premium for new 2021 Medicare Supplement plans selected by beneficiaries under age 65 at eHealth.
- \$145 was the average monthly premium for beneficiaries age 65 to 70.
- \$175 was the average monthly premium for beneficiaries age 71 to 79.
- \$221 was the average monthly premium for beneficiaries age 80 and older.

Medicare Supplement Average Premiums by Age Band for 2020 Coverage



Average premiums for Medicare Advantage and Medicare Part D plans do not differ significantly by age band.

Methodology Note

The findings presented in this report are based on submitted applications for Medicare insurance products received by eHealth during the Annual Enrollment Period (AEP) for 2021 coverage, which occurred between October 15 and December 7, 2020. More than 298,000 submitted applications were included in the analysis for 2021 coverage. Unless otherwise noted, “Medicare Advantage” plans include both those that offer prescription drug coverage and those that do not. Only data generated by eHealth customers during the specified time period was considered in this report. Dollar values are rounded to the nearest full dollar. Percentages may add to slightly more or less than 100% due to rounding.

Although eHealth offers many Medicare insurance products from a number of insurance companies, eHealth does not offer all products available to consumers and the products available through eHealth may vary over time and by region.

No information relevant to eHealth financial performance should be drawn from this report. Similar to other insurance brokers, eHealth is compensated on a fixed per-member basis for Medicare Advantage and Part D plans, as regulated by the Centers for Medicare and Medicaid Services, and on a percentage of premium basis for most Medicare Supplement plans.

About eHealth[®]

eHealth, Inc. (NASDAQ: EHTH) operates a leading health insurance marketplace at eHealth.com and eHealthMedicare.com with technology that provides consumers with health insurance enrollment solutions. Since 1997, we have connected more than 8 million members with quality, affordable health insurance, Medicare options, and ancillary plans. Our proprietary marketplace offers Medicare Advantage, Medicare Supplement, Medicare Part D prescription drug, individual, family, small business and other plans from over 180 health insurance carriers across fifty states and the District of Columbia.