

## COBRA Subsidy Expiration: National Data Shows Pricing for Non-Group Health Insurance Market

### eHealthInsurance Data Demonstrate the Cost of Health Insurance in the Non-Group Market Can Be Comparable to Subsidized COBRA for Those Losing Federally-Subsidized COBRA Coverage

eHealthInsurance (NASDAQ: EHTH), the leading online source of [health insurance](#) for individuals, families and small businesses, has provided comparison data on health insurance premiums for people unable to afford COBRA coverage once their COBRA premium reduction (the COBRA subsidy) expires. Data indicates individuals and families searching for affordable alternatives to COBRA in the private, non-group, health insurance market may have comparably-priced options.

options that people should consider if their subsidy funds run out. As such, the following three hypothetical consumer scenarios are provided to illustrate the ways in which different families and individuals might determine the best coverage options for their needs. These hypotheticals are illustrations; a family's health needs are unique and before cancelling COBRA, you should investigate health options with your and your family's specific needs in mind. When you have questions, you

	COBRA ----- (employer plan)	COBRA subsidy ----- (employer plan)	IFP ----- (non-group)
Individual:	\$410/mo. (1)	\$144/mo. (1)	\$161/mo. (2)
Family:	\$1,137/mo. (1)	\$398/mo. (1)	\$383/mo. (2)

eHealthInsurance's findings, originally released in August, 2009, are based on a nationwide sample of over 316,000 non-group, individual and family (IFP) major medical policies that were purchased through eHealthInsurance.com and were active in February 2009. These findings, alongside October 2009 data from the Kaiser Family Foundation on subsidized and non-subsidized COBRA premiums, provide a helpful comparison of average monthly premiums across COBRA, COBRA subsidy and non-group health insurance options:

The American Recovery and Reinvestment Act of 2009 (ARRA) provided a 65 percent COBRA subsidy designed to help cover the cost of COBRA health insurance premiums for up to nine months. As of December 1, 2009, financial assistance began to expire for the first recipients of the subsidy. Unless the subsidy is extended, millions of Americans<sup>3</sup> could see their health insurance premiums triple in the coming months and may want to find more affordable options.

"Unemployed Americans are particularly vulnerable right now," said Gary Lauer, chairman and CEO of eHealth, Inc. "Not only have they lost their jobs, but many have lost their health insurance. COBRA, and the premium assistance included in the stimulus, provide a good short-term solution for a lot of people. But, many people affected by the rise in unemployment may not even realize that they have alternatives outside of the group health insurance market, if they qualify. Buying your own health insurance policy can be a smart and affordable decision for many Americans." Individual and family coverage obtained outside the group health insurance market is just one of several

should contact your former employer's benefit administrator, or a health insurance agent.

#### Scenario A: The Jones Family

*Profile:* Two parents (ages 36 and 34) and two children (ages 6 and 4) have been covered under subsidized COBRA for nine months but cannot afford to continue COBRA coverage after their subsidy expires.

*Health status:* All family members are healthy, with no pre-existing conditions.

*Cost-effective coverage option(4):* Purchase a family plan on the private, non-group market.

*Rationale:* Since they have no pre-existing medical conditions the Jones family would likely qualify for a private market health insurance plan, and may find that a private market plan can provide valuable coverage for hundreds of dollars less compared to unsubsidized COBRA.

#### Scenario B: The Brown Family

*Profile:* One parent (age 48) and two children (ages 12 and 8) have been covered under subsidized COBRA for nine months but may not be able to afford COBRA coverage for the whole family after their subsidy expires.

*Health status:* Parent is diabetic, but the two children are healthy, with no pre-existing conditions.

*Cost-effective coverage option(4):* Split the family between different coverage types. Keep the parent on COBRA coverage after the subsidy expires, while

purchasing individual health insurance coverage for the children.

*Rationale:* The children should be able to qualify for a less-expensive individual health insurance plan because they have no pre-existing medical conditions. Because the parent's pre-existing medical condition can make it difficult to qualify for health coverage in the non-group market, he or she should continue to pay for COBRA after the subsidy expires. By splitting the family between different plans, the Brown family may be able to substantially reduce the cost of overall monthly health insurance premiums when compared to covering everyone under an unsubsidized COBRA plan.

#### *Scenario C: Mr. Smith*

*Profile:* Mr. Smith is 52 years old. His COBRA subsidy will soon expire and he will face a tripling of his monthly insurance premiums.

*Health status:* Mr. Smith has a history of heart disease and is taking prescription medication to control his cholesterol.

*Cost-effective coverage option(4):* Keep COBRA and continue to pay the higher monthly premiums, if possible, after the subsidy expires. If COBRA coverage is absolutely unaffordable, and no other group options such as employer-sponsored health insurance are available after the subsidy expires, Mr. Smith may wish to contact the non-profit Foundation for Health Coverage Education ([www.CoverageForAll.org](http://www.CoverageForAll.org)) to learn more about government-sponsored health insurance options and high-risk pools in his state.

*Rationale:* This is a more challenging scenario where clearly a subsidized COBRA premium would be most helpful. In this scenario, COBRA is the best short-term options Mr. Smith has. In most states, Mr. Smith would not qualify for non-group health insurance due to his medical history and pre-existing condition. If possible, he should continue making his unsubsidized COBRA payments. At the same time however, Mr. Smith should contact The Foundation for Health Coverage Education and begin to investigate his other options for coverage in case he does not find a job with group health coverage before his 18 months of COBRA ends.

#### *Sources*

(1) Average subsidized and non-subsidized COBRA premiums for individuals and families based on data released by the Kaiser Family Foundation:

<http://www.kff.org/uninsured/upload/7875-02.pdf>

(2) The 2009 plan data referred to in The Cost of Individual and Family Health Insurance Plans 2009 Update is derived from over 316,000 individual and family (IFP) major medical policies purchased through eHealthInsurance that were active in February 2009. The data analyzes annual deductibles and monthly premiums paid on individual and family major medical health insurance policies purchased through eHealthInsurance and active in February 2009.

Data for Maine, Massachusetts, and Vermont were excluded from this report because eHealthInsurance did not sell enough individual and family major medical plans in these states at the time the data for this report was collected to provide an accurate sample size. For more information on methodology, please refer to the report located at:

[http://news.ehealthinsurance.com/pr/ehi/document/eHealth\\_NationalSurvey\\_093009-1\\_.pdf](http://news.ehealthinsurance.com/pr/ehi/document/eHealth_NationalSurvey_093009-1_.pdf)

(3) According to a study release by Hewitt and Associates, 14 million Americans are currently eligible for the COBRA subsidy and 38% of those eligible receive it: <http://www.hewittassociates.com/Intl/NA/en-US/AboutHewitt/Newsroom/PressReleaseDetail.aspx?cid=7133>

(4) The cost-effective coverage options in the above scenarios are merely a suggestion based on the hypothetical profile provided. Other factors should be considered in determining the best option for a particular individual or family.

#### *About eHealth*

eHealth, Inc. (NASDAQ: [EHTH](#)) is the parent company of eHealthInsurance, the nation's leading online source of [health insurance](#) for individuals, families and small businesses. Through the company's website, <http://www.eHealthInsurance.com>, consumers can get quotes from leading health insurance carriers, compare plans side by side, and apply for and purchase health insurance. eHealthInsurance offers thousands of health plans underwritten by more than 180 of the nation's leading health insurance companies. eHealthInsurance is an online marketplace licensed to sell health insurance in all 50 states and the District of Columbia, making it an excellent model for successful, high-functioning [health insurance exchanges](#). Through its eCommerce On-Demand solution (eOD), [www.ehealth.com/eOD](http://www.ehealth.com/eOD), eHealth is also a leading provider of on-demand e-commerce software services. eHealth's eOD platform provides a suite of hosted solutions that enable health plan providers and resellers to market and distribute products online. eHealth's eCommerce On-Demand solution is currently available to health plan providers in all 50 states and the District of Columbia. eHealthInsurance and eHealth are registered trademarks of eHealthInsurance Services, Inc.