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Answers About the COBRA Subsidy and Affordable Health Insurance Alternatives From eHealthInsurance

COBRA Subsidy in Federal Stimulus Package Increases Affordable Healthcare Options for the Unemployed and Uninsured

eHealthInsurance, the leading online source of [medical insurance](#) for individuals, families and small businesses, today provided answers to questions about the federal subsidy for [COBRA insurance](#) premiums included in the economic stimulus bill. The new American Recovery and Reinvestment Act of 2009, which the president signed into law on February 17, 2009, includes a 65 percent subsidy on the cost of COBRA premiums for up to 9 months. The answers provided here can help people make informed choices regarding their health insurance coverage if they lose their jobs.

Question: Who is eligible for the proposed COBRA subsidy?

Answer: You're eligible for the subsidy if:

- Your individual income is less than \$125,000 per year or your family income is less than \$250,000 per year; and
- You were laid off between September 1, 2008 and December 31, 2009; and
- At the time of the layoff you were participating in group coverage sponsored by your employer. (You may currently be insured through COBRA, through a private plan, or uninsured.); and

- Your employer must continue to exist (if the company was liquidated in a Chapter 7 bankruptcy then group coverage will no longer be available).
- If you were laid off on or after September 1, 2008 and did not choose COBRA within the required 62-day window, you're allowed to become eligible for COBRA again, as long as the former employer continues to exist and offer group coverage.
- The subsidy is not retroactive and will only apply from the date of the law's passage going forward. If you've opted for COBRA and begin paying premiums before the effective date of the Act, you won't get a credit or refund for the COBRA premiums paid prior to that effective date.

Question: Who is not eligible for the proposed COBRA subsidy?

Answer: You're not eligible for the subsidy if:

- You were laid off before September 1, 2008 or after December 31, 2009.
- You weren't participating in group coverage through your employer before your layoff.

- Your company didn't offer health insurance benefits or has gone out of business.
- Companies with fewer than 20 employees are not required by federal law to offer COBRA coverage, but check with your benefits administrator at your former employer as some states require employers with fewer than 20 employees to offer continuation coverage.
- If you reside in one of these states, you may be eligible for this subsidy if your state's continuation of coverage requirements are comparable to COBRA's continuation of coverage requirements. Please check with your benefits administrator to confirm whether you are eligible for this subsidy.

Question: How do I know if I qualify for COBRA?

Answer: Qualifications for COBRA insurance include:

- Voluntary or involuntary termination of employment (for reasons other than gross misconduct).
- Reduction in the number of hours of employment.

Question: Who doesn't qualify for COBRA?

Answer: You're not eligible for COBRA if:

- Your employer doesn't offer you health insurance coverage.
- Your company files for bankruptcy or shuts down completely and ceases to offer a group plan.
- Your company has fewer than 20 employees.
- Note that companies with fewer than 20 employees are not required by federal law to offer COBRA coverage, but some states require employers with fewer than 20 employees to offer continuation coverage. Check with your benefits administrator to confirm whether you're eligible for this subsidy.

Question: What are the advantages of continuing coverage through COBRA with this new subsidy?

Answer: There are several;

- You'll enjoy a 65% cost savings for nine months on your COBRA premium. Your former employer covers the difference between the subsidy and the full premium, and is compensated by the Treasury through a tax credit.
- You'll continue to be enrolled in the same employer-provided plan you're accustomed to, and can continue to use the same physicians and benefits.
- If you have pre-existing conditions that may preclude you from qualifying for other types of coverage, you can stay on COBRA at a reduced rate for nine months.

Question: Are there any potential disadvantages to continuing my coverage through a government-subsidized COBRA plan?

Answer: Potentially, yes;

- Even with the 65% subsidy, COBRA coverage may still be prohibitively expensive, especially if you're surviving on monthly unemployment benefits.
- The current subsidy lasts for 9 months and COBRA coverage is limited to 18 months. If you haven't found a job by the time your COBRA expires, and you've developed a chronic health problem or had a moderate to serious medical incident in the interim, it may be harder to qualify for an individual health insurance policy.

Question: If I'm not eligible for COBRA, what other options for [health insurance](#) do I have?

Answers:

- Check your spouse's plan: If you're married and your spouse is employed, check to see if you can get on your spouse's employer's plan. Find out if your spouse's share of the premium would increase if you join the plan. Some employer-sponsored plans allow for non-married employees to add a long-term partner to the plan.
- Private health insurance: If you're in relatively good health and have little or no pre-existing health conditions, you may find less expensive options to COBRA -- even with a 65% subsidy -- in the private health insurance market. A 2008 survey of 227,000 private health

insurance policy holders showed that half of all individual policy holders paid less than \$130 per month(1) and over half of family policy holders paid less than \$300 per month(1).

- Short-term coverage: Some short-term plans may be easier to qualify for and cost less. Short-term health insurance policies typically last for six months, but they have limitations. They often don't count as continuation of creditable coverage and often don't cover pre-existing medical conditions. But, they do provide a measure of financial protection in the event of a medical emergency.
- Explore public programs: If none of these options are viable for you, you're not without hope. The Foundation for Health Coverage Education (FHCE) has an excellent web site and their U.S. Uninsured Help Line that can connect you with publicly-funded programs in your state. Over 90 percent of the people that contact the FHCE find coverage. Their web site is www.coverageforall.org and their toll-free number is 800-234-1317.

Question: Who do I call for more information?

Answer: You have several options available;

- If you're unemployed, talk to the benefits administrator or HR representative at your former employer to understand your eligibility for these

newly proposed benefits. The details of the subsidy may change, so stay in touch with benefits administrators for the latest updates.

- If you are unemployed, need health insurance immediately and cannot afford current COBRA premiums or are ineligible for COBRA, research your options at www.ehealthinsurance.com or talk to an eHealthInsurance licensed agent, free of charge, at 1-800-977-8860.
- If you're unemployed and can't afford or meet the qualifications for COBRA or individual health insurance, visit www.coverageforall.org. The Coverageforall.org website offers visitors a database, with more than 176 government-sponsored programs in 50 states and the District of Columbia to help people in need find public health coverage. Sponsored by the Foundation of Health Coverage Education, CoverageForAll also offers a free 24/7, multilingual U.S. Uninsured Help Line at 800-234-1317.

NOTE: This summary is intended to provide general information. It does not offer legal advice or attempt to provide a

comprehensive, detailed look at all the issues surrounding any one topic.

About eHealth, Inc.:

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 health insurance companies. eHealthInsurance is licensed to sell health insurance in all 50 states and the District of Columbia. eHealthInsurance and eHealth are registered trademarks of eHealthInsurance Services, Inc.

Footnotes:

(1) SOURCE: eHealth, Inc.'s 2008 report: Cost and Benefits Of Individual and Family Health Insurance Plans: <http://www.ehealthinsurance.com/content/expertcenterNew/eHealthCBreport2008FINAL.pdf>