eHealth

eHealth Provides Health Insurance Advice for 2017 College Grads With Limited Health Insurance Options

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Fewer plans, strict new enrollment rules, and increased costs complicate insurance options for college grads

MOUNTAIN VIEW, Calif.--(BUSINESS WIRE)--May 24, 2017-- Today eHealth, Inc. (NASDAQ:EHTH), which operates eHealth.com, a leading private online health insurance exchange, outlined the challenging health insurance landscape for this year's college graduates, and provided shopping advice and insurance product data for would-be shoppers.

Young adults frequently purchase health insurance on their own after leaving college, though many anticipate becoming eligible for other forms of coverage (such as employer-based coverage) in the future. Ongoing voluntary surveys of eHealth shoppers show an increase every spring/summer (compared to the fall) in the number of recent college grads under age 24 who expect to only need individually-purchased coverage for less than a year:

Question: "How long do you expect to need coverage?"

	Surveyed May-August 2015	Surveyed September-October 2015	Surveyed May-August 2016	Surveyed September-October 2016
"Less than 12 months"	64%	54%	69%	58%
"12 months or more"	36%	46%	31%	42%

Young men and women graduating from college this year will find themselves in an unprecedented situation. Many may have difficulty finding, qualifying for, or affording self-purchased health insurance – especially with the recent uncertainty in the health insurance market.

Here's why:

- **There are fewer major medical plans available.** Some major insurance companies have left the individual health insurance market. In nearly one third of U.S. counties, college grads may have only one insurance company to choose from for Obamacare-compliant coverage. By 2018 shoppers in several states may have none at all.
- **There are stricter enrollment rules.** In February 2017, the Centers for Medicare and Medicaid Services issued rules that make it more difficult for applicants to claim they have experienced a qualifying life event allowing them to purchase coverage outside of the annual open enrollment period.
- **There are new restrictions on short-term health plans.** Short-term health insurance plans provide a limited but valuable option for those who do not qualify for or cannot afford major medical coverage, but new rules that took effect in April 2017 reduced the maximum coverage period for a single policy from 12 months to three months.
- **The cost of major medical coverage continues to increase.** As reported in eHealth's most recent Price Index Report, the average monthly premium for individual unsubsidized major medical health insurance increased 18% between 2016 and 2017, or 39% since the 2014 open enrollment period, when major provisions of Obamacare first took effect.

Top 5 Health Insurance Tips for 2017 College Grads

1. **Mom & Dad's plan – When to say "Thanks but no thanks" -** Current law allows your parents to keep you on the family health insurance plan until your 26th birthday, and many grads get covered that way. However, buying coverage on your own may make more sense if you live in a different city without access to the network providers for your parents' plan or if you can save money by purchasing coverage for yourself that better meets your personal needs.

2. **Special enrollment periods – Use 'em before you lose 'em -** If you want to purchase a major medical Obamacare-compliant health insurance plan on your own, you need to do so during the annual open enrollment period (which typically begins November 1) or when you experience a "qualifying life event." Graduating from college is **not** a qualifying life event, but events such as moving to a new city or state, losing qualified coverage that you had before, getting married or having a child may allow you to purchase coverage on your own outside of open enrollment.

3. **Obamacare subsidies – Understand the risks and rewards -** As a single person, if you earn less than about $48,000 per year, you may be eligible for government subsidies when you purchase a major medical health plan. This can make your coverage significantly more affordable, depending on your income. However, keep in mind that your initial subsidy determination is based on your **estimated** income for the year. If you end up earning more than expected, you may be required to pay back some or all of the subsidy dollars that were applied toward your monthly premiums during the year. Proposals by Congressional Republicans may change the way subsidies work, but income-based Obamacare subsidies are still in place for now.

4. **Obamacare taxes – Avoid the sting of an unexpected tax hit -** If you go without major medical health insurance for more than two consecutive months during the 2017 calendar year, you may be subject to an Obamacare tax penalty. The penalty for 2017 is $695 per adult or 2.5% of your taxable income, whichever is greater. Congressional Republicans' health reform proposals would do away with this tax penalty for going uninsured,

but for now the Obamacare tax penalty is still the law.

5. **Obamacare alternatives – What is packaged medical insurance? -** Some people simply cannot afford to purchase major medical coverage or they don't qualify for coverage because they haven't had a qualifying life event. Where can you turn if you still want some protection against unexpected medical bills? Other insurance products that may be available year-round include short-term health insurance plans, accident insurance, critical illness insurance, dental or vision insurance, etc. These may be purchased individually or conveniently purchased together as a recommended package of medical insurance products. Coverage under products like these can be significantly more affordable than major medical coverage, but keep in mind that these plans will not protect you from Obamacare tax penalties and do not typically have Obamacare features such as coverage for pre-existing conditions or the full set of minimum essential benefits required by Obamacare.

How Much Does Health Insurance Cost for 2017 Grads?

It helps to know what you're looking at when it comes to the cost of health insurance. Below, eHealth provides average premiums and deductibles for major medical and short-term health insurance plans selected by eHealth shoppers aged 20-25 during the 2017 open enrollment period (November 1, 2016 through January 31, 2017). These are aggregated averages for plans across the country, but you can search for specific plans, premiums, and deductibles available to you in your particular geographical area by visiting eHealth.com.

For major medical coverage:

- **$231** was the average monthly premium
- **$5,058** was the average annual deductible
- **$161** was the average monthly premium for a catastrophic level plan
- **$7,149** was the average annual deductible for a catastrophic level plan
- **$362** was the average monthly premium for gold level plan
- **$704** was the average annual deductible for gold level plan

"Catastrophic" plans tend to come with higher out-of-pocket costs and are typically only available to people under age 30. "Gold" plans provide the second-highest level of coverage, in terms of cost-sharing, among Obamacare-compliant major medical plans.

For short-term health insurance plans:

- **$72** was the average monthly premium
- **$6,024** was the average annual deductible

Short-term health insurance plans and other insurance products that are not major medical plans provide limited coverage for a limited period of time. They typically exclude coverage for things like preventive medical care, pre-existing conditions, and maternity care. It may be possible to be declined for such plans due to a pre-existing medical condition. Despite this, short-term plans and other insurance products that are not major medical plans can still provide a valuable level of protection against unexpected medical costs.

For more information about major medical costs and trends, refer to eHealth's Price Index Report for the 2017 Open Enrollment Period.

About eHealth

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