
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED) March 21, 2012

eHealth, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-33071
(Commission
File Number)

56-2357876
(I.R.S. Employer
Identification No.)

440 East Middlefield Road
Mountain View, California 94043
(Address of principal executive offices) (Zip code)

(650) 584-2700
Registrant's telephone number, including area code

Not Applicable
(Former name or former address if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Director and Executive Officer Appointment

The Compensation Committee of the Board of Directors of eHealth, Inc. (the “Company”) approved an employment agreement with Bill Shaughnessy, pursuant to which Mr. Shaughnessy will become eHealth’s President and Chief Operating Officer, effective March 27, 2012. On the same date, Mr. Shaughnessy will also become a member of the Company’s board of directors.

Prior to joining eHealth, Mr. Shaughnessy, age 47, was Senior Vice President of Product Management and Product Marketing at Yahoo! Inc., a digital media company, from July 2010 to March 2012. From March 1994 to March 2009, Mr. Shaughnessy held various senior management positions at Microsoft Corporation, a global software company, most recently as its Global Vice President of Sales, Marketing and Services in the Advertising and Publisher Solutions Group. Mr. Shaughnessy holds a B.S. degree in business administration from California State University – Fresno.

Mr. Shaughnessy will serve as a Class II director for a term expiring at the Company’s annual meeting of stockholders in 2014. Mr. Shaughnessy will not receive compensation in connection with his service on the Board.

In connection with his appointment as President and Chief Operating Officer, Mr. Shaughnessy entered into an Employment Agreement pursuant to which he will receive an annual salary of \$500,000. In addition, Mr. Shaughnessy will be eligible for an annual performance bonus of at least 60% of his base salary (pro-rated for the first partial year). Mr. Shaughnessy will receive a signing bonus of up to \$225,000; provided that if Mr. Shaughnessy voluntarily terminates his employment other than for good reason or is terminated for cause within two years of his employment start date, Mr. Shaughnessy is obligated to repay the sign-on bonus to the Company.

In accordance with the Company’s equity award policy, on April 17, 2012, Mr. Shaughnessy will be granted a non-statutory stock option covering 400,000 shares of Company common stock (the “Option”). The Option will be scheduled to vest at a rate of 20% on the first anniversary of Mr. Shaughnessy’s employment start date and as to 1/60th of the originally covered shares each month thereafter, so as to be 100% vested on the five year anniversary of Mr. Shaughnessy’s employment start date, subject to Mr. Shaughnessy’s continued service to the Company.

On April 17, 2012, Mr. Shaughnessy will also be granted a restricted stock unit covering 25,000 shares of Company common stock (the “RSU Grant”). The RSU Grant will be scheduled to vest at a rate of 25% of the covered units on each anniversary of Mr. Shaughnessy’s start date, so as to be 100% vested on the four year anniversary of Mr. Shaughnessy’s employment start date, subject to Mr. Shaughnessy’s continued service to the Company.

In the event that Mr. Shaughnessy is terminated without cause or voluntarily terminates for good reason in the period commencing on the date upon which the Company enters into a binding definitive agreement that if consummated, would constitute a change of control and ending twelve months following such change of control (the “Change of Control Period”), then subject to the effectiveness of a release of claims to the Company and its affiliates from Mr. Shaughnessy, he will receive a lump-sum payment equal to twelve months’ base salary, a pro-rated annual target bonus, a lump-sum payment of \$36,000 in lieu of Company-subsidized COBRA payments and 100% vesting acceleration of all equity compensation awards (which, for any unvested full-value awards subject to performance-based vesting, will be at the on-target performance level).

In the event that Mr. Shaughnessy is terminated without cause or voluntarily terminates for good reason outside of the Change of Control Period, then subject to the effectiveness of a release of claims to the Company and its affiliates from Mr. Shaughnessy, he will receive twelve months’ continued base salary payments, twelve months’ continued payments of \$3,000 per month in lieu of Company-subsidized COBRA payments and twelve months’ vesting acceleration of all equity compensation awards (which, for any unvested full-value awards subject to performance-based vesting, will be at the on-target performance level), with a waiver of any vesting cliff of more than one month’s duration.

Mr. Shaughnessy’s employment agreement does not provide any golden parachute excise tax gross-up provisions.

Mr. Shaughnessy does not have any family relationships with any director, executive officer, or person nominated or chosen by eHealth to become a director or executive officer of the Company. Mr. Shaughnessy is not a party to any transaction required to be disclosed pursuant to Item 404(a) of Regulation S-K.

Executive Officer Departures

On March 22, 2012, the Company announced the departures of Bruce A. Telkamp, Executive Vice President of Business and Corporate Development, and Dr. Sheldon X. Wang, Executive Vice President of Technology and Chief Technology Officer, effective April 2, 2012.

The information contained in Company's press release dated March 22, 2012 is incorporated herein by reference and furnished as Exhibit 99.1 hereto.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated March 22, 2012.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: March 22, 2012

/s/ STUART M. HUIZINGA

Stuart M. Huizinga

Chief Financial Officer

(Principal Financial and Accounting Officer)

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release dated March 22, 2012.

**eHealth, Inc. Announces Management Changes
Appoints President and Chief Operating Officer**

MOUNTAIN VIEW, Calif., March 22, 2012 – eHealth, Inc. (NASDAQ: EHTH), the nation’s leading online source of health insurance for individuals, families and small businesses today announced that Bill Shaughnessy is joining the company as president and chief operating officer and as a member of the company’s board of directors effective March 27, 2012. Mr. Shaughnessy will be responsible for the overall management and execution of eHealth’s day-to-day operations including human resources, technology development, product management, and the individual and family, and Medicare businesses.

eHealth also announced today that Bruce Telkamp, eHealth’s executive vice president of business and corporate development, and Sheldon Wang, eHealth’s executive vice president of technology and chief technology officer, have resigned from the company effective April 2, 2012 to pursue other career opportunities. The functions previously managed by Mr. Telkamp and Dr. Wang will be reassigned to other executives.

Gary Lauer, chief executive officer of eHealth said, “I would like to thank and recognize Bruce Telkamp and Sheldon Wang for over 12 years of service to the company and for their invaluable contributions in shaping eHealth into the company that it is today. eHealth would not be the same company without their efforts. I also appreciate their commitment to making the transition successful for eHealth and its employees in the U.S. and China.”

Continued Mr. Lauer, “eHealth has established itself as the leading online platform serving the individual and family health insurance market. We have more recently begun to successfully leverage eHealth’s technology and online demand generation expertise to enter adjacent businesses, including the sale of Medicare related health insurance plans. As we expand our reach and grow, we can truly benefit from Bill Shaughnessy’s experience in leading execution efforts in large, globally diversified organizations and his expertise in such critical areas as technology development, product management, marketing and cross functional leadership. Mr. Shaughnessy has extensive experience in the Internet and digital media industries. Prior to joining eHealth, he served as a senior vice president of product management and product marketing at Yahoo!. From March 1994 to March 2009, Mr. Shaughnessy held various senior management positions at Microsoft, most recently as global vice president of sales, marketing and services in Microsoft’s advertising and publisher solutions group.”

“This appointment also will allow me to dedicate more time to strategic planning to help ensure our continuing success in this changing market environment. We are very excited that Mr. Shaughnessy is joining us.”

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 individual, family and small business health plans underwritten by more than 180 of the nation's leading health insurance companies. eHealthInsurance is licensed to sell health insurance in all 50 states and the District of Columbia, making it the ideal model of a successful, high-functioning health insurance exchange. Through the company's eHealth Technology solution (www.eHealthTechnology.com), eHealth is also a leading provider of health insurance exchange technology. eHealth Technology's exchange platform provides a suite of hosted e-commerce solutions that enable health plan providers, resellers and government entities to market and distribute products online. eHealth, Inc. also provides powerful online and pharmacy-based tools to help seniors navigate Medicare health insurance options, choose the right plan and enroll in select plans online through its wholly-owned subsidiary, PlanPrescriber.com (www.planprescriber.com) and through its Medicare website www.eHealthMedicare.com. For more health insurance news and information, visit the eHealthInsurance consumer blog: Get Smart — Get Covered.

Forward-Looking Statements

This press release contains statements that are forward-looking statements as defined within the Private Securities Litigation Reform Act of 1995. These include statements regarding the management transition and the company's future growth and success. These forward-looking statements are inherently subject to various risks and uncertainties that could cause actual results to differ materially from the statements made, including risks associated with the management transition; impact of healthcare reform and medical loss ratio requirements; eHealth's ability to maintain its relationship with health insurance carriers; eHealth's success in marketing and selling Medicare-related health insurance plans and leads for such plans; eHealth's ability to hire, train and retain licensed health insurance agents for its Medicare business; the need for health insurance carrier and regulatory approvals in connection with the marketing of Medicare related insurance products; government disapproval of our use of marketing material, including call center scripts and our websites, to sell Medicare related health insurance products; costs of acquiring new members; weak economic conditions; consumer awareness of the availability and accessibility of affordable health insurance; changes in member conversion rates; eHealth's membership growth and retention rates; changes in products offered on eHealth's ecommerce platform; changes in commission rates or carrier underwriting practices; maintaining and enhancing eHealth's brand identity; system failures, capacity constraints, data loss or online commerce security risks; dependence on acceptance of the Internet as a marketplace for the purchase and sale of health insurance; dependence upon Internet search engines; reliance on marketing partners; timing of receipt and accuracy of commission reports; payment practices of health insurance carriers; competition; success in the sale of sponsorship advertising; the licensing of the use of eHealth's technology or our performance of services pursuant to government contracts; protection of intellectual property and defense of intellectual property rights claims; legal liability, regulatory penalties and negative publicity; ability to attract and retain qualified personnel; management of business expansion and diversification; seasonality; impact of acquisitions, including risks associated with not realizing anticipated synergies and opportunities with respect to PlanPrescriber, Inc.; underperformance by PlanPrescriber, Inc.; PlanPrescriber's maintenance of its relationships with its pharmacy and other partners that serve as a source of Medicare related leads; government approval of marketing material, including websites relating to PlanPrescriber partner Medicare product lead referrals; maintenance of proper and effective internal controls; impact of provisions for income taxes; changes in laws and regulations, including with respect to the marketing and sale of Medicare plans; compliance with insurance and other laws and regulations; exposure to security risks; and the performance, reliability and availability of eHealth's ecommerce platform and underlying network infrastructure. Other factors that could cause operating, financial and other results to differ are described in eHealth's most recent Quarterly Report on Form 10-Q or Annual Report on Form 10-K filed with the Securities and Exchange Commission and available on the investor relations page of eHealth's website at <http://www.ehealthinsurance.com> and on the Securities and Exchange Commission's website at www.sec.gov. eHealth does not undertake any obligation to update any forward-looking statement to conform the statement to actual results or changes in expectations.

Investor Contact:

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