

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

**FORM 8-K/A
(Amendment No. 1)**

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

Date of Report (date of earliest event reported): January 22, 2018

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Explanatory Note

On January 16, 2018, eHealth, Inc., a Delaware corporation (the “Company”), entered into a Purchase Agreement (the “Purchase Agreement”) with Wealth, Health and Life Advisors, LLC (d/b/a GoMedigap), a Texas limited liability company (“GoMedigap”), WHL Advisors, Inc., a Texas Corporation (“WHL”), Qavah Ventures, LLC, a Texas limited liability company (together with WHL, the “Members”), Richard Cantu and Kevin Walbrick, and Kevin Walbrick as the exclusive member representative thereunder, pursuant to which the Company acquired all outstanding membership interests of GoMedigap (the “Acquisition”). This acquisition was completed on January 22, 2018 pursuant to the Purchase Agreement.

This Amendment No. 1 on Form 8-K/A is being filed by the Company to amend the Current Report on Form 8-K filed on January 25, 2018 (the “Original Report”), solely to provide the disclosures required by Item 9.01 of the Form 8-K that were not previously filed with the Original Report.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statement of Business Acquired

The audited Statement of Assets Acquired and Liabilities Assumed (the “Audited Statement”) as of January 22, 2018 of GoMedigap with respect to the acquisition is filed as Exhibit 99.1 to this Current Report on Form 8-K/A.

Pursuant to a letter dated November 22, 2017 from the Securities and Exchange Commission’s Division of Corporation Finance (the “SEC”), the SEC permitted the Company to provide the Audited Statement prepared on the basis of the allocation of the Company’s acquisition consideration as of the acquisition date in lieu of the full financial statements of GoMedigap for the purpose of complying with the requirements of Rule 3-05 of Regulation S-X.

(b) Pro Forma Financial Information.

The unaudited pro forma condensed combined balance sheet as of December 31, 2017 and the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2017, and the notes related thereto, in each case reflecting eHealth’s acquisition of GoMedigap, are filed as Exhibit 99.2 to this Current Report on Form 8-K/A.

(c) Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
23.1	<u>Consent of Independent Auditors</u>
99.1	<u>Audited Statement of GoMedigap Assets Acquired and Liabilities Assumed</u>
99.2	<u>Unaudited Pro Forma Condensed Combined Financial Information of eHealth, Inc. and GoMedigap</u>

SIGNATURE

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

Date: April 9, 2018

eHealth, Inc.

By: /s/ David K. Francis

David K. Francis

Chief Financial Officer

(Principal Financial Officer)

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statements (Form S-8 Nos. 333-137999, 333-163269, 333-181252 and 333-196675) pertaining to the 2014 Equity Incentive Plan, 2006 Equity Incentive Plan, 2005 Stock Plan, 1998 Stock Plan and 2004 Stock Plan for eHealth China of eHealth, Inc. of our report dated April 9, 2018, with respect to the Statement of Assets Acquired and Liabilities Assumed and related notes of Wealth, Health and Life Advisors LLC (d/b/a GoMedigap) as of January 22, 2018, included in this Current Report on Form 8-K/A of eHealth, Inc.

/s/ Ernst & Young LLP

Redwood City, California
April 9, 2018

WEALTH, HEALTH AND LIFE ADVISORS, LLC (d/b/a GOMEDIGAP)
STATEMENT OF ASSETS ACQUIRED AND LIABILITIES ASSUMED

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
eHealth, Inc.

We have audited the accompanying Statement of Assets Acquired and Liabilities Assumed and related notes of Wealth, Health and Life Advisors LLC (d/b/a GoMedigap), which was acquired by eHealth, Inc. on January 22, 2018 (the Statement of Assets Acquired and Liabilities Assumed).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets acquired and liabilities assumed of Wealth, Health and Life Advisors LLC (d/b/a GoMedigap) at January 22, 2018 in conformity with U.S. generally accepted accounting principles.

Emphasis of Matter

We draw attention to Note 1 of the Statement of Assets Acquired and Liabilities Assumed, which describes that the accompanying Statement of Assets Acquired and Liabilities Assumed was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the Current Report on Form 8-K/A of eHealth, Inc. and are not intended to be a complete presentation of the financial position of Wealth, Health and Life Advisors LLC (d/b/a GoMedigap). Our opinion is not modified with respect to this matter.

/s/ Ernst & Young LLP
Redwood City California
April 9, 2018

WEALTH, HEALTH AND LIFE ADVISORS, LLC (d/b/a GOMEDIGAP)
STATEMENT OF ASSETS ACQUIRED AND LIABILITIES ASSUMED
(in thousands)

Assets Acquired		
Current assets:		
Cash	\$	71
Commissions receivable, current		4,371
Prepaid expenses and other current assets		11
Total current assets		4,453
Commissions receivable, non-current		11,103
Property and equipment, net		174
Intangible assets		6,800
Goodwill		26,138
Total assets acquired	\$	48,668
Liabilities Assumed		
Accounts payable	\$	110
Accrued compensation and benefits		132
Other current liabilities		131
Earn-out liability		27,700
Total liabilities assumed	\$	28,073
Net assets acquired	\$	20,595

The accompanying notes are an integral part of the financial statement.

WEALTH, HEALTH AND LIFE ADVISORS, LLC (d/b/a GOMEDIGAP)
NOTES TO STATEMENT OF ASSETS ACQUIRED AND LIABILITIES ASSUMED

NOTE 1 - DESCRIPTION OF THE TRANSACTION AND BASIS OF PRESENTATION

Description of Transaction—On January 16, 2018, eHealth, Inc., a Delaware corporation (the “Company”), entered into a Purchase Agreement (the “Purchase Agreement”) with Wealth, Health and Life Advisors, LLC (d/b/a GoMedigap), a Texas limited liability company (“GoMedigap”), WHL Advisors, Inc., a Texas Corporation (“WHL”), Qavah Ventures, LLC, a Texas limited liability company (together with WHL, the “Members”), Richard Cantu and Kevin Walbrick (Cantu and Walbrick, together with the Members, the “Member Parties”), and Kevin Walbrick as the exclusive member representative thereunder, pursuant to which the Company acquired all outstanding membership interests of GoMedigap (the “Acquisition”). GoMedigap is a technology-enabled provider of Medicare Supplement enrollment services.

As set forth in the Purchase Agreement, (i) upon closing of the Acquisition, the Members received consideration with an aggregate value equal to approximately \$20.6 million, consisting of \$15.0 million in cash and an aggregate of 294,637 shares of Company common stock, par value \$0.001 per share, valued at \$5.6 million (“Company Common Stock”), subject to purchase price and escrow adjustments, and (ii) if, as and when payable under the Purchase Agreement, the Members are entitled to receive earn-out payments (the “Earn-out Liability”) of up to \$30 million, consisting of \$10 million in cash and an aggregate of 294,637 shares of Company Common Stock payable at the end of both 2018 and 2019 if certain membership levels are attained by GoMedigap as defined in the Purchase Agreement. The Earn-out Liability ultimately realized is subject to adjustment based on the actual membership levels attained by GoMedigap.

Basis of Presentation—The accompanying statement of assets acquired and liabilities assumed was prepared for the purpose of complying with Rule 3-05 of Regulation S-X of the Securities and Exchange Commission and for inclusion in the Company’s filings with the Securities and Exchange Commission, and is not intended to be a complete presentation of the financial position of GoMedigap’s business. Accordingly, the accompanying statement of assets acquired and liabilities assumed does not purport to present the financial position of GoMedigap that would have resulted if GoMedigap had operated as a standalone, separate business.

The Company has determined the acquisition of assets and assumption of liabilities of GoMedigap as of January 22, 2018 constitutes a business acquisition as defined by Accounting Standards Codification (ASC) 805, *Business Combinations*. Accordingly, the assets acquired and liabilities assumed are presented at their preliminary acquisition date fair values as required by that statement. Fair values are determined based on the requirements of ASC 820, *Fair Value Measurements and Disclosures*.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates—Accounting principles generally accepted in the United States require management to make estimates and assumptions that affect the amounts reported in the financial statements. Such estimates include, but are not limited to, the valuation of commissions receivable, intangible assets and the Earn-out Liability.

Commissions Receivable—Commissions receivable is recognized at fair value on the date of acquisition and is based on the present value of estimated commissions expected to be collected over the remaining life of Medicare Supplement plans, and to a lesser extent dental, vision and hearing plans, for members acquired. Commissions receivable was based on a number assumptions including, but not limited to, estimating member churn rates, estimating expected future commission amounts to be received per member based on product type, carrier and the effective date of the policy, and then applying an appropriate discount rate.

Goodwill and Intangible Assets—Goodwill represents the excess of the purchase price of the acquired business over the acquisition date fair value of the net assets acquired. Goodwill is primarily attributable to the assembled workforce, new product development capabilities and anticipated synergies and economies of scale expected from the operations of the combined company. The goodwill was assigned to the Company’s Medicare segment. Goodwill is tested for impairment on an annual basis in the fourth quarter of each year or whenever events or changes in circumstances indicate that the asset may be impaired. Factors that we consider in deciding when to perform an impairment test include significant negative industry or economic trends or significant changes or planned changes in our use of the intangible assets. Goodwill will be deductible for tax purposes over 15 years.

Acquired intangible assets, which are initially recorded at fair value on the date of acquisition, include existing technology and trade name and will be amortized over their estimated useful lives. Estimated useful lives are based on the time periods during which the intangibles are expected to result in incremental cash flows. The Company will amortize the

WEALTH, HEALTH AND LIFE ADVISORS, LLC (d/b/a GOMEDIGAP)
NOTES TO STATEMENT OF ASSETS ACQUIRED AND LIABILITIES ASSUMED

existing technology and trade name using the straight-line method over an estimated life of 3 and 10 years, respectively. Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate a potential reduction in their fair values below their respective carrying amounts. Amortization expense related to the below intangibles will be approximately \$1.1 million per year for 2018, 2019, and 2020, and approximately \$0.5 million per year for 2021 through 2028.

The fair value of intangible assets acquired is as follows (dollar amounts in thousands):

	Fair Value	Useful Life (in years)
Existing technology	\$2,000	3
Trade name	4,800	10
Total acquired intangible assets	\$6,800	

Earn-out Liability—The Earn-out Liability was part of the purchase price and will be adjusted to fair value at each reporting date until settled. Changes in fair value will be recognized in operations while changes in the Earn-out Liability due to the passage of time will be recognized as other expense. Payment of the Earn-out Liability is based upon GoMedigap achieving new Medicare Supplement enrollment targets during the years ending December 31, 2018 and 2019, as defined in the Purchase Agreement, with any such payments adjusted to the extent the specified enrollment targets are not achieved.

Fair Value Measurements—The assets acquired and liabilities assumed of the Acquired Business have been recognized at fair value in accordance with ASC 820, *Fair Value Measurement*. ASC 820 defines fair value as the price that would be received to sell an asset or would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 requires three levels of hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy level assigned to each asset and liability is based on the assessment of the transparency and reliability of inputs used in the valuation of such items based on the lowest level of input that is significant to fair value measurement. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

Assets acquired and liabilities assumed measured and reported at fair value are classified in one of the following categories based on inputs:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	Unadjusted quoted prices in active markets for similar assets or liabilities, or
	Unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or
	Inputs other than quoted prices that are observable for the asset or liability; or
Level 3	Unobservable inputs for the asset or liability

The fair value of commissions receivable, prepaid expenses and other current assets, property and equipment, net, accounts payable, accrued compensation and benefits and other current liabilities approximated their carrying value at the date of acquisition. Intangible assets and the Earn-out Liability were valued using Level 3 inputs.

The fair values of the acquired intangible assets were determined using the profit allocation method, which is based on determining the estimated royalties the Company is relieved from paying because the Company owns the assets.

The fair value of the Earn-out Liability was measured using probability-weighted analysis and is discounted using a rate that appropriately captures the risk associated with the obligation. Key assumptions included new enrollments and volatility for the years ending December 31, 2018 and 2019 and eHealth's simulated stock price at the time of payment.

Acquisition-related costs—Acquisition related costs of approximately \$621,000 were expensed as incurred by eHealth, Inc. during 2017.

WEALTH, HEALTH AND LIFE ADVISORS, LLC (d/b/a GOMEDIGAP)
NOTES TO STATEMENT OF ASSETS ACQUIRED AND LIABILITIES ASSUMED

NOTE 3 - ALLOCATION OF ACQUISITION CONSIDERATION

The statement of assets acquired and liabilities assumed is presented on the basis of the Company's allocation of acquisition consideration. The Company accounts for business combinations under the acquisition method of accounting, which requires recognition separately from goodwill, the assets acquired and liabilities assumed at their acquisition date fair values. The acquisition consideration has been allocated to tangible and intangible assets acquired and liabilities assumed based on estimates of their fair value. The acquisition consideration allocation may result in an adjustment if additional information which existed as of the acquisition date, but was unknown to the Company at that time, becomes known to the Company during the remainder of the measurement period (up to one year from the acquisition date). While management believes that its estimates and assumptions underlying the valuations are reasonable, different estimates and assumptions could result in different valuations assigned to the individual assets acquired and liabilities assumed, and the resulting amount of goodwill.

The table below represents the total estimated preliminary acquisition consideration (in thousands):

Cash consideration, net of cash acquired	\$15,000
Fair value of common stock issued ¹	5,595
Estimated fair value of Earn-out Liability	27,700
Total acquisition consideration	<u>\$48,295</u>

(1) The fair value of the Company's common stock was based on its January 22, 2018 closing price per share of \$18.99 as reported on NASDAQ.

eHEALTH, INC.**UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION****TABLE OF CONTENTS**

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UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

The following unaudited pro forma condensed combined financial statements are presented to give effect to the acquisition of Wealth, Health and Life Advisors, LLC (d/b/a GoMedigap) by eHealth, Inc. (“eHealth”), which closed on January 22, 2018.

The Company has determined that the acquisition constitutes a business combination as defined by Accounting Standards Codification (“ASC”) 805, *Business Combinations*. Under ASC 805, the assets acquired and liabilities assumed are recorded at their acquisition date fair values as described in the accompanying Notes to the Statement of Assets Acquired and Liabilities Assumed of GoMedigap included elsewhere in this Form 8-K/A. Any excess of the purchase price over the fair value of assets acquired is recognized as goodwill. Fair values of assets acquired are determined based on the requirements of ASC 820, *Fair Value Measurements and Disclosures*. The fair values of assets acquired are based on the estimates of fair values as of the acquisition date included in Exhibit 99.1 to the Form 8-K/A.

The unaudited pro forma condensed combined financial statements are based upon and derived from the historical audited financial statements and related notes of eHealth for the year ended December 31, 2017 included in the Company’s Annual Report on Form 10-K, the historical unaudited balance sheet of GoMedigap as of January 22, 2018 (which management believes approximate the related balances at December 31, 2017) and the historical unaudited statement of operations of GoMedigap for the year ended December 31, 2017, as adjusted for the pro forma impact of applying the acquisition method of accounting in accordance with Generally Accepted Accounting Principles in the United States (“U.S. GAAP”). The pro forma adjustments are based upon available information and assumptions that eHealth believes are reasonable. The allocation of purchase price reflected in these unaudited pro forma condensed combined financial statements has been based upon estimates of the fair value of assets acquired and liabilities assumed. The pro forma adjustments have been prepared to illustrate the estimated effect of the acquisition.

The unaudited pro forma condensed combined balance sheet has been prepared to reflect the transaction as if it had occurred on December 31, 2017. The unaudited pro forma condensed combined statement of operations combines the results of operations of eHealth and GoMedigap for the year ended December 31, 2017 as if the transaction had occurred on January 1, 2017.

The unaudited pro forma condensed combined financial statements were prepared using the acquisition method of accounting with eHealth treated as the acquiring entity. Accordingly, the aggregate value of the consideration paid by eHealth to complete the acquisition was allocated to the assets acquired and liabilities assumed from GoMedigap based upon their estimated fair values on the closing date of the acquisition. The acquisition consideration has been allocated to tangible and intangible assets acquired and liabilities assumed based on estimates of their fair value. The acquisition consideration allocation may result in an adjustment if additional information which existed as of the acquisition date, but was unknown to the Company at that time, becomes known to the Company during the remainder of the measurement period (up to one year from the acquisition date). While management believes that its estimates and assumptions underlying the valuations are reasonable, different estimates and assumptions could result in different valuations assigned to the individual assets acquired and liabilities assumed, and the resulting amount of goodwill.

eHEALTH, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF DECEMBER 31, 2017
(in thousands)

ASSETS	eHealth Historical *	GoMedigap Historical**	Pro Forma Acquisition Adjustments		Pro Forma Combined
Current assets:					
Cash and cash equivalents	\$40,293	\$71	(\$15,000)	(1)	\$25,364
Accounts receivable	1,475	—			1,475
Commissions receivable, current	8,419	—	4,371	(2)	12,790
Prepaid expenses and other current assets	4,845	11			4,856
Total current assets	55,032	82			44,485
Property and equipment, net	4,705	174			4,879
Other assets	7,317	—			7,317
Commissions receivable, noncurrent	—	—	11,103	(2)	11,103
Intangible assets, net	7,540	—	6,800	(3)	14,340
Goodwill	14,096	—	26,138	(4)	40,234
Total assets	\$88,690	\$256			\$122,358
LIABILITIES AND EQUITY					
Current liabilities:					
Accounts payable	\$3,246	\$110			\$3,356
Accrued compensation and benefits	15,498	132			15,630
Accrued marketing expenses	4,088	—			4,088
Deferred revenue	385	—			385
Other current liabilities	3,430	131			3,561
Earn-out liability, current	—	—	14,580	(5)	14,580
Total current liabilities	26,647	373			41,600
Earn-out liability, non-current	—	—	13,120	(5)	13,120
Non-current liabilities	900	—			900
Stockholders' equity:					
Common stock	30	—			30
Additional paid-in capital	281,706	—	5,595	(6)	287,301
Treasury stock	(199,998)	—			(199,998)
Accumulated other comprehensive income	201	—			201
Accumulated deficit	(20,796)	(117)	117	(6)	(20,796)
Total stockholders' equity	61,143	(117)			66,738
Total liabilities and equity	\$88,690	\$256			\$122,358

See accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Information

* As presented in eHealth's annual report on Form 10-K for the year ended December 31, 2017.

** Per GoMedigap's unaudited historical balance sheet as of January 22, 2018.

Adjustments to the Unaudited Pro Forma Condensed Combined Balance Sheet:

- (1) To recognize the \$15.0 million cash portion of purchase consideration.
- (2) To recognize the estimated fair value of commissions we expect to collect from Medicare Supplement health insurance plan members, and to a lesser extent dental, vision and hearing plan members, acquired from GoMedigap. The receivable was based on a number assumptions including, but not limited to, estimating member churn rates, estimating expected future commission amounts to be received per member based on product type, carrier and the effective date of the policy and applying an appropriate discount rate.
- (3) To recognize the estimated fair value of acquired intangible assets.
- (4) To recognize goodwill.
- (5) To recognize the fair value of the Earn-out Liability.
- (6) To eliminate the historical additional paid-in capital and retained earnings of GoMediGap and to recognize the fair value of the 294,637 shares of eHealth common stock (par value of \$0.001) issued as part of the purchase consideration. The fair value of the eHealth common stock was based on its closing price of \$18.99 as reported on the NASDAQ on January 22, 2018.

eHEALTH, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2017
(in thousands, except per share amounts)

	eHealth Historical*	GoMedigap Historical**	Pro Forma Adjustments	Pro Forma Combined
Revenue:				
Commission	\$ 158,424	\$ 7,512	\$ (22) (8)	\$ 165,914
Other	13,931	—	—	13,931
Total revenue	172,355	7,512	(22)	179,845
Operating costs and expenses:				
Cost of revenue	2,273	—	(22) (8)	2,251
Marketing and advertising	65,874	2,018	—	67,892
Customer care and enrollment	59,183	3,091	1,073 (9)	63,347
Technology and content	32,889	280	—	33,169
General and administrative	39,969	562	—	40,531
Acquisition costs	621	—	(621) (10)	—
Amortization of intangible assets	1,040	—	1,203 (11)	2,243
Total operating costs and expenses	201,849	5,951	1,633	209,433
Income (loss) from operations	(29,494)	1,561	(1,655)	(29,588)
Other income (expense), net	327	6	—	333
Income (loss) before (benefit) provision from income taxes	(29,167)	1,567	(1,655)	(29,255)
Provision (benefit) for income taxes	(3,755)	29	—	(3,726)
Net income (loss)	\$ (25,412)	\$ 1,538	\$ (1,655)	\$ (25,529)
Net loss per share:				
Basic	\$ (1.37)			\$ (1.36)
Diluted	\$ (1.37)			\$ (1.36)
Weighted-average number of shares used in per share amounts:				
Basic	18,512		295 (12)	18,807
Diluted	18,512		295 (12)	18,807

See accompanying Notes to the Unaudited Pro Forma Condensed Combined Financial Information

- * As presented in eHealth's annual report on Form 10-K for the year ended December 31, 2017.
- ** Per GoMedigap's unaudited historical statement of operations for the year ended December 31, 2017.

Adjustments to the Unaudited Pro Forma Condensed Combined Statement of Operations:

- | | |
|------|---|
| (8) | To eliminate intercompany revenue and expenses between eHealth and GoMedigap recognized during the year ended December 31, 2017. |
| (9) | To recognize bonus expense for eligible GoMedigap employees, contingent upon continued employment, that will be paid out over two consecutive years (aggregate amount of \$0.5 million and \$1.6 million, respectively) following the close of the acquisition. |
| (10) | To eliminate acquisition-related transaction costs incurred by eHealth during the year ended December 31, 2017. |
| (11) | To recognize the amortization of acquired intangible assets, assuming the acquisition occurred on January 1, 2017. |
| (12) | To recognize the issuance of 294,637 eHealth common shares as part of the purchase consideration as if the acquisition had occurred on January 1, 2017 and such shares were outstanding during the year ended December 31, 2017. |

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

NOTE 1 - BASIS OF PRO FORMA PRESENTATION

The unaudited pro forma condensed combined balance sheet was prepared to reflect the transaction as of December 31, 2017. The unaudited pro forma condensed combined statement of operations combines the results of operations of eHealth and GoMedigap for the year ended December 31, 2017 as if the transaction had occurred on January 1, 2017. The unaudited pro forma condensed combined balance sheet was prepared utilizing GoMedigap's historical balance sheet as of January 22, 2018. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2017 was prepared utilizing GoMedigap's historical statement of operations for the year ended December 31, 2017.

The unaudited pro forma condensed combined financial statements have been prepared for illustrative purposes only and are not necessarily indicative of the consolidated financial position or results of operations in future periods or the results that actually would have been achieved had eHealth and GoMedigap been a combined company during the respective periods presented. These unaudited pro forma condensed combined financial statements should be read in conjunction with eHealth's historical consolidated financial statements and related notes included in its Annual Report on Form 10-K for the year ended December 31, 2017 filed with the Securities and Exchange Commission (the "SEC") on March 19, 2017.

eHealth expects to incur costs and realize benefits associated with integrating the operations of eHealth and GoMedigap. The unaudited pro forma combined financial statements do not reflect the costs of any integration activities or any benefits that may result from operating efficiencies or revenue synergies. Pro forma adjustments have been made to ensure the unaudited pro forma condensed combined statement of operations does not reflect any non-recurring charges directly related to the acquisition that the combined company may incur upon completion of the transaction.

NOTE 2 - ALLOCATION OF ACQUISITION CONSIDERATION***Estimated Purchase Consideration***

The table below represents the total estimated purchase price consideration (in thousands):

Cash consideration, net of cash acquired	\$15,000
Fair value of common stock issued ¹	5,595
Estimated fair value of earn-out liability	27,700
	<u>\$48,295</u>

(1) The fair value of eHealth's shares issued is based on its January 22, 2018 closing price per share of \$18.99 as reported on the NASDAQ.

Allocation of Acquisition Consideration

The table below represents the preliminary allocation of purchase price to the identifiable assets acquired based on their estimated fair values, with the excess recognized as goodwill (in thousands):

eHEALTH, INC.

NOTES TO THE UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

	Preliminary Allocation as of January 22, 2018
Cash	\$ 71
Commissions receivable, current	4,371
Prepaid expenses and other current assets	11
Commissions receivable, non-current	11,103
Property and equipment, net	174
Accounts payable	(110)
Accrued compensation and benefits	(132)
Other current liabilities	(131)
Net tangible assets acquired	15,357
Intangible assets	6,800
Goodwill	26,138
Total intangible assets acquired	32,938
Total net assets acquired	\$ 48,295