



## **“Free” Obamacare Coverage Available in 2018 for Most Subsidy-Eligible Individuals Earning \$25,000 or Less, But It’s More Unaffordable Than Ever for Many Who Don’t Get Subsidies, eHealth Report Shows**

November 1, 2017

*Average premiums for the lowest-cost health insurance plan available through Healthcare.gov in surveyed cities to increase 26% in 2018, making health insurance “unaffordable” for many unsubsidized individuals by age 35*

MOUNTAIN VIEW, Calif.--(BUSINESS WIRE)--Nov. 1, 2017-- Today eHealth, Inc. (NASDAQ: EHTH) ([www.ehealth.com](http://www.ehealth.com)) published an analysis of recently released 2018 health insurance costs, including the cost of benchmark silver plans used to calculate the value of premium subsidies, across multiple age bands in 40 metropolitan areas served by Healthcare.gov.

eHealth’s analysis found that the average individual earning \$50,000 a year would pay \$466 per month for the lowest-cost health plan, with a \$5,600 average annual deductible. That person would pay nearly \$11,200 out of pocket in combined premium and deductible costs for 2018 before their insurer covers serious medical expenses.

Highlights of eHealth’s analysis of costs in surveyed markets include the following.

### **Rate increases:**

- Average premiums for the lowest-cost health insurance plan available will increase 26% in 2018 compared to 2017.

### **Zero-premium bronze coverage:**

- Most subsidy-eligible individuals earning \$25,000 or less per year will have access to free major medical coverage should they choose to apply their subsidy dollars toward the lowest-cost bronze plan rather than the benchmark silver plan. (Although these individuals would pay no premium, they may still pay deductibles and other out-of-pocket costs.)
- Most individuals age 55+ earning \$30,000 or less per year will have access to free major medical coverage should they choose to apply their subsidy dollars toward the lowest-cost bronze plan rather than the benchmark silver plan. (Although these individuals would pay no premium, they may still pay deductibles and other out-of-pocket costs.)

### **The subsidy cliff in surveyed markets:**

- Individuals whose income increases from 400 percent of the federal poverty level (FPL) to 401 percent will face an additional \$3,263 in average health insurance premiums over the course of a year.
- The average cheapest bronze plan will cost \$194 per month, (\$2,328 per year) for persons receiving the minimum subsidy (because they earn 400 percent of FPL).
- The average cheapest bronze plan will cost \$466 per month, (\$5,591 per year) for persons not receiving a subsidy (because they earn 401 percent of FPL).
- The difference in income between someone earning 400 percent of FPL and 401 percent is approximately \$120 per year.

### **The affordability gap:**

- The lowest-priced health insurance plan will cost \$5,591 per year for the average person in the surveyed markets not receiving a subsidy, making health insurance “unaffordable” (according to Affordable Care Act rules) if they earn less than \$69,457 in household income in 2018.

“These 2018 premium figures are striking because they show the gap is widening between the health insurance haves and have-nots,” said eHealth CEO Scott Flanders. “As costs continue to increase aggressively and the dollar value of premium subsidies keeps pace, many lower-income persons will now have access to health insurance coverage with zero-dollar premiums while middle-income families who don’t qualify for subsidies may be required to pay the equivalent of a second mortgage for the same coverage. This is not a sustainable model for a health insurance market intended to serve the needs of all Americans.”

In preparing its analysis, eHealth reviewed data published on Healthcare.gov to find the lowest-cost plans available and the second-lowest-cost silver plans available in 2018 for persons age 25, 35, 40, 45, 50, 55 and 64 in 40 metropolitan areas.

### **Calculating Tax Credits and the ACA’s Affordability**

According to the rules of the Affordable Care Act (the ACA or Obamacare) the second-lowest-cost silver plan available, known as the “benchmark” plan, is used in calculating the dollar value of advanced premium tax credits (premium subsidies). Persons earning up to 400% of the federal poverty level may be eligible for premium subsidies. Under ACA rules, health insurance is considered “unaffordable” when the lowest-priced plan available costs more than 8.05% of household income ([MAGI](#)) in 2018. See the methodology note below for more information.

### **Average Monthly Premiums for Individuals Earning \$24,120 Annually (200% of FPL)**

Age	Lowest cost bronze plan	"Benchmark" silver plan	Affordable price for benchmark plan (income \$24,120 per year)	Subsidy amount (benchmark price – affordable price)	Bronze price after subsidy (bronze - subsidy)
25	\$275	\$385	\$127	\$258	\$17
35	\$333	\$467	\$127	\$340	\$0
40	\$349	\$489	\$127	\$362	\$0
45	\$394	\$554	\$127	\$427	\$0
50	\$488	\$685	\$127	\$558	\$0
55	\$608	\$854	\$127	\$727	\$0
64	\$815	\$1,142	\$127	\$1,015	\$0
<b>Average</b>	<b>\$466</b>	<b>\$654</b>	<b>\$127</b>	<b>\$527</b>	<b>\$0</b>

**Average Monthly Premiums for Individuals Earning \$30,150 Annually (250% of FPL)**

Age	Lowest cost bronze plan	"Benchmark" silver plan	Affordable price for benchmark plan (income \$30,150 per year)	Subsidy amount (benchmark price – affordable price)	Bronze price after subsidy (bronze - subsidy)
25	\$275	\$385	\$204	\$181	\$94
35	\$333	\$467	\$204	\$263	\$70
40	\$349	\$489	\$204	\$285	\$64
45	\$394	\$554	\$204	\$350	\$44
50	\$488	\$685	\$204	\$481	\$7
55	\$608	\$854	\$204	\$650	\$0
64	\$815	\$1,142	\$204	\$938	\$0
<b>Average</b>	<b>\$466</b>	<b>\$654</b>	<b>\$204</b>	<b>\$450</b>	<b>\$16</b>

**Subsidy Cliff Analysis: Cost of Insurance for Individuals Earning 401% of FPL vs. 400%**

Age	Average benchmark plan premium / month (no subsidy at 401% of FPL)	Monthly subsidy amount at 400% FPL	Average benchmark premium after minimum subsidy	Average lowest cost bronze premium / month (full price)	Average lowest cost bronze after minimum subsidy
<b>25</b>	\$385	\$1	\$384	\$275	\$274
<b>35</b>	\$467	\$83	\$384	\$333	\$250
<b>40</b>	\$489	\$105	\$384	\$349	\$244
<b>45</b>	\$554	\$170	\$384	\$394	\$224
<b>50</b>	\$685	\$301	\$384	\$488	\$187
<b>55</b>	\$854	\$470	\$384	\$608	\$138
<b>64</b>	\$1,142	\$758	\$384	\$815	\$57
<b>Average total</b>	<b>\$654</b>	<b>\$270</b>	<b>\$384</b>	<b>\$466</b>	<b>\$196</b>

**Affordability Gap: Income Level Where Bronze Plans Become “Affordable”**

Average lowest-priced bronze premium monthly	Average lowest-priced bronze premium annually 2018	Income at which bronze becomes “affordable”
\$466	\$5,591	\$69,457

**Methodology**

eHealth surveyed 2018 monthly premium rates for the lowest-cost ACA-compliant plan, lowest-cost bronze plan, and the benchmark silver plan available in 40 cities/metropolitan areas for individuals at ages 25, 35, 40, 45, 50, 55 and 64. Rates were gathered through the 2018 plan preview feature on Healthcare.gov in October 2017.

Premium increases from 2017 to 2018 were calculated by dividing the monthly premium for the lowest cost plan in 2018 by the monthly premium for the lowest cost plan for 2017 in eHealth's October 12, 2017 [analysis](#) of 2017 plan costs in 25 U.S. cities for individuals ages 25, 35 and 64. Regardless of age, the average premium increase was consistent from 2017 to 2018 at 26%.

Each plan in each market had its own rate increase for 2018. Rates may vary from zip code to zip code within the same metropolitan area or state, and less-costly plans may be available in some cases to consumers who do not use Healthcare.gov.

In determining the subsidy threshold – the point at which government subsidies are no longer available to people purchasing qualifying health plans – eHealth employed federal poverty-level guidelines for the contiguous United States for 2017.

The affordable price of a health insurance plan for persons not receiving subsidies is calculated as 8.05% percent of household income for 2018. Health insurance is considered unaffordable under the ACA for such persons when the lowest-priced available plan exceeds this amount. For persons receiving subsidies, the affordable price, and by extension the dollar value of subsidies, varies based on income. Subsidies may be available to people with a household income of up to 400 percent of the federal poverty level. In calculating affordability for the present report, eHealth used figures derived from [IRS Rev. Proc 2017-36](#).

All dollar amounts in this report were rounded to the nearest full dollar.

Cities included in the 2018 analysis are: Charlotte, NC; Phoenix, AZ; Raleigh-Durham, NC;

Lincoln, NE; Birmingham, AL; Oklahoma City; Helena, MT; New Orleans, LA;

Carson City, NV; Montgomery, AL; Milwaukee, WI; Topeka, KS; Nashville TN; Jackson, MS;

Louisville, KY; Philadelphia, PA; Trenton, NJ; Chesapeake, VA; Tampa, FL; Miami, FL; West Palm Beach, FL; Kansas City, MO; Chicago IL; Little Rock, AR; Indianapolis, IN; Austin, TX; Atlanta, GA; Columbus, OH; Houston, TX; St. Louis, MO; Dallas, TX; Portland, OR; Des Moines, IA; Salt Lake City, UT; Cleveland, OH; Las Vegas, NV; Grand Rapids, MI; Pittsburgh, PA; Albuquerque, NM; Detroit, MI.

## About eHealth

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