



## COBRA Subsidy Help: eHealthInsurance.com Introduces COBRA Alternatives Program for Employers

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### Free Service Provides Affordable Alternatives for Unemployed Eligible for COBRA Subsidy

MOUNTAIN VIEW, CA, Apr 27, 2009 (MARKET WIRE via COMTEX) -- eHealthInsurance has launched a COBRA Alternatives Program for employers struggling to comply with, and implement, the COBRA subsidy provision in the stimulus package(1). As the leading online source of health insurance for individuals, families and small businesses, eHealthInsurance (www.ehealthinsurance.com) has designed the COBRA Alternatives Program to help employers and HR executives inform exiting employees of all of their health insurance options throughout this complex process.

The free program features information on the COBRA subsidy rules, associated COBRA insurance costs, and resources to identify lower-cost alternatives to COBRA. It also includes consulting, print collateral and resources that can be included in exit packages and COBRA notice communications.

The online portion of the program features a COBRA subsidy calculator, which helps employees determine whether or not COBRA alternative plans can save them money over subsidized COBRA premiums.

The subsidy is 65 percent of a qualified employee's COBRA insurance premiums for up to nine months. The up-front costs for the subsidized portion of the COBRA premiums are paid for by employers. The employer is reimbursed for the subsidy by the Treasury Department through a payroll tax deduction. But, for many struggling businesses these up-front costs -- along with increased COBRA administration fees -- can be difficult to absorb during these challenging economic times.

"It's safe to assume many people who lose their jobs will simply 'auto-enroll' in COBRA because they believe the subsidy makes it their best option. But, that's not always the case," said Chris Hakim, director, COBRA solutions at eHealthInsurance. "It's in the best interest of the employer, and the exiting employee, if they both understand their alternatives to COBRA, and how they might benefit."

Hakim continues, "Many employees may also assume subsidized COBRA is their least-expensive and highest quality option, but that's not always the case(2)."

When developing exit packages and COBRA notice communications, Hakim encourages employers to focus on how best to help exiting employees maximize their savings and unemployment income. Consider these examples of exiting employees that are eligible for the COBRA subsidy:

Exiting employee #1:

Profile: Age 35 - 45

Family: Married with two kids but does not have the option to join their spouse's plan.

Health status: Policy holder has some pre-existing health conditions but their spouse and children are healthy.

Cost-effective coverage option(3):

- Primary policy holder: Subsidized COBRA is likely to be the best short-term option for this type of employee because they're unlikely to qualify for private health insurance.
- Dependant spouse and children: They're likely to find less expensive coverage than COBRA -- even with the 65 percent subsidy -- with a private health insurance plan.

Important information to make the employee aware of:

- Time limits on COBRA and the subsidy: There is a 9-month cap on the subsidy for COBRA and COBRA benefits run out completely after 18 months. If an employee cannot afford COBRA once the 9-month subsidy runs out, they need to be made aware of free or low-cost government programs in their state.
- State high-risk pools: If this employee is able to stay on COBRA once the 9-month subsidy runs out, they need to be aware of high-risk pools in their state that may be available to provide them with healthcare once their 18 months of COBRA runs out.

Exiting employee #2:  
Profile: Age 25 - 35  
Family: Single  
Health status: Policy holder is in moderate to good health.

Cost-effective coverage option(3):

- Primary policy holder: Private health insurance. The average adult will pay approximately \$390 on COBRA(4) per month, which equates to approximately \$136 per month after the subsidy. Individual health insurance policies from name-brand carriers can start at around \$65(5) per month for moderately healthy adults.

Important information to make the employee aware of:

- Medical Underwriting of Private Health Insurance -- Private health insurance plans are medically underwritten, which means an employee could be denied coverage for a health problem they deem not to be too serious. Employees should not decline COBRA coverage until they're certain they've been approved for private coverage.
- Plan benefits can vary -- Private health insurance plans give individuals the option to purchase only those benefits they need. So, for example, some plans don't cover maternity benefits, which can save money for women who don't need the benefit.
- Rate increases -- Most employers are aware that health insurance premiums are subject to annual rate increases. But, employees that have never purchased their own health insurance should be aware that annual rate increases do typically occur. Rate increases are approved by state-level insurance regulators.

Employers can email requests for information to [COBRAHelp@ehealth.com](mailto:COBRAHelp@ehealth.com). Free resources are available in the COBRA Learning Center at [COBRAlearning.com](http://COBRAlearning.com). They include:

- eHealthInsurance's free webinar on Health Insurance Options for the Unemployed -- Register at <https://www2.gotomeeting.com/register/751672491>
- An updated list of Frequently Asked Questions about COBRA and the subsidy
- COBRA Eligibility Guidelines -- A COBRA Subsidy Calculator
- New research on Unemployment and Health Insurance
- Opinion Research Survey on COBRA Awareness
- eHealthInsurance's simple list of 6 health insurance options for the uninsured

Footnotes:

- (1) Refers to the American Recovery and Reinvestment Act (ARRA) of 2009
- (2) According to the J.D. Power and Associates 2009 National Health Insurance Plan Study(SM), people who purchased private health insurance gave it a slightly higher satisfaction rating than those who got healthcare through a small employer (50 employees or fewer). <http://www.jdpower.com/corporate/news/releases/pressrelease.aspx?ID=2009053>
- (3) The cost-effective coverage options listed in this chart are merely a suggestion based on the hypothetical profile provided. Other factors should be considered in determining what is the best option for a particular individual.
- (4) SOURCE: Families USA Foundation's 2009 report: Squeezed! Caught between Unemployment Benefits And Health Care Costs: <http://www.familiesusa.org/resources/newsroom/press-releases/2009-press-releases/cobra-premiums-for-family.html>
- (5) Calculated using eHealth's COBRA calculator located at [www.COBRAlearning.com](http://www.COBRAlearning.com)

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.

For information about individual and family health insurance plans as an alternative to COBRA, please contact:

- A licensed eHealthInsurance agent at 1-800-977-8860
- Or go online to [www.COBRALearning.com](http://www.COBRALearning.com)

For information about public programs please contact:

- The Foundation for Health Coverage Education (FHCE) at 800-234-1317
- Or go to their web site is [www.coverageforall.org](http://www.coverageforall.org)

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