



## COBRA Subsidy Extension: eHealthInsurance Answers the "What If...?" Questions

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MOUNTAIN VIEW, CA, Nov 10, 2009 (MARKETWIRE via COMTEX) -- eHealthInsurance (NASDAQ: EHTH) (<http://www.ehealthinsurance.com>), the leading online source of health insurance for individuals, families, and small businesses, has released an updated set of frequently asked questions (FAQs) for individuals and families whose access to the COBRA subsidy is scheduled to end after November 30, 2009.

The American Recovery and Reinvestment Act of 2009 (ARRA), which President Obama signed into law on February 17, 2009, included a 65 percent COBRA subsidy designed to help cover the cost of COBRA insurance premiums for up to 9 months. The COBRA subsidy has helped millions of Americans afford COBRA coverage. The number of qualifying persons electing COBRA has doubled since the subsidy was introduced(1).

The first recipients of the nine-month subsidy, which include anyone who began receiving premium subsidies when they first became available in March 1 of 2009, will lose their federally-sponsored subsidies covering 65 percent of the cost of COBRA insurance premiums on December 1, 2009. As a result, they may have to pay nearly three times more out of their own pockets to continue their health insurance under COBRA.

While Congress is considering extending the COBRA subsidy benefits, eHealthInsurance has released the following FAQs to address both individuals and families who have been receiving the federal COBRA subsidy as well as other persons recently laid off and looking for affordable health insurance options:

### FAQs Regarding the COBRA Subsidy Expiration:

#### 1. Question: Will the federal COBRA subsidy be extended?

Answer: Congress is considering legislation to extend the COBRA subsidy. However, it is important to note that since COBRA currently only lasts 18 months, COBRA is not a long-term solution.

In the meantime, consumers should explore all of their options, including private health insurance. Searching, applying and qualifying for private health insurance alternatives to COBRA can take time, so consumers whose subsidies may end in the next three months should begin looking now.

#### 2. Question: My COBRA subsidy is scheduled to run out but I still don't have employer-sponsored health insurance -- what should I do?

Answer: If you are married and your spouse now has employer-based coverage, you should compare the cost of coverage under that policy with the cost of a private plan to determine which solution is best for you. Otherwise, anyone who is relatively healthy and worried that they won't be able to afford non-subsidized COBRA premiums should research their options in the private health insurance market. You may find that premiums are comparable to what you are paying with subsidized COBRA. The Kaiser Family Foundation estimates the average cost of a subsidized COBRA policy would be \$398 per month for a family and \$144 for an individual(2). By comparison, a 2009 survey of 316,000 eHealthInsurance customers in this market showed that half of all family health insurance policy holders paid less than \$329 per month and half of all individual health insurance policy holders paid less than \$132 in monthly premiums(3).

#### 3. Is there any risk in applying for private health insurance while I'm still on COBRA?

Answer: Your continued eligibility for COBRA is not affected by applying for a private health insurance plan. Once approved for private coverage, you can simply stop paying your COBRA premiums, and your COBRA coverage will expire. However, if you are denied coverage through a private health insurance plan (due to a pre-existing medical condition, for instance), you can still keep your COBRA coverage until your full 18 months of COBRA runs out.

Keep in mind that when applying for private health insurance some carriers may charge you an application fee, usually no more than \$30, that may not be refundable. When searching for plans on eHealthInsurance.com, you will be able to quickly identify which plans have or don't have application fees.

#### 4. Question: What if my subsidy funds are running out and I have a pre-existing medical condition?

Answer: If you have a pre-existing medical condition, you should talk to a licensed health insurance agent. Your best option may be to continue COBRA coverage, but an agent can let you know if there are affordable alternatives available.

If you absolutely cannot afford unsubsidized COBRA coverage, check out other government-sponsored options available in your state. The Foundation for Health Coverage Education (FHCE) has an excellent web site and their U.S. Uninsured Help Line can connect you with publicly-funded programs in your state. Their web site is [www.coverageforall.org](http://www.coverageforall.org) and their toll-free number is 800-234-1317.

#### 5. Question: What if I apply for a private health insurance plan and then find out that the COBRA subsidy will be extended after all?

Answer: Individual and Family insurance coverage is paid for on a month-to-month basis and you may cancel it at any time. Your options, should the subsidy's nine month limit be extended, will depend to some degree on what Congress stipulates in the new legislation.

If your subsidized COBRA coverage was set to expire December 1, 2009, and you apply and are approved for a private health insurance plan with coverage beginning on that same date, you may be able to preserve both options and have some flexibility in your decision. Once you have been approved for a private health plan, you can make a decision to either stay on COBRA -- at full premium or with subsidy funds if the subsidy is extended -- or opt out of COBRA and go on to a private policy. Again, keep in mind that when applying for private health insurance some carriers may charge you an application fee, usually no more than \$30, that may not be refundable.

If the subsidy limit is not extended, for example, you could cease paying COBRA premiums on December 1, 2009 and begin coverage under your private market plan. Alternately, if the COBRA subsidy is extended, you may cancel your private health insurance plan and continue paying your COBRA premiums.

Make sure that you have been approved for and issued a private health plan before cancelling COBRA.

6. Question: If I drop COBRA, can I re-enroll in COBRA at a later date?

Answer: With regards to the COBRA subsidy, it is unclear if any new legislation will allow for people to return to their COBRA coverage after cancelling it. Generally with COBRA coverage, you can only opt out and opt back in to COBRA within the first 60 days of your eligibility. If you cancel your COBRA coverage after that initial eligibility period, you cannot re-apply for COBRA coverage through the same group plan(4).

Always check with your COBRA administrator or a licensed health insurance agent before making any final decisions, just so you can be aware of any changes in COBRA benefits.

7. Question: What if I just started receiving the COBRA subsidy a month ago -- are my funds going to dry up after November too?

Answer: No. If you qualified for the COBRA subsidy in the first place, the law currently provides that you will continue to receive assistance with your monthly premiums for a total of nine months from the date you started receiving the subsidy.

8. Question: Isn't this all going to change when health insurance reform legislation is passed?

Answer: If enacted, the proposed health reform legislation will not be implemented overnight. In fact, many of the health insurance reforms in the draft legislation are not expected to take effect until 2013.

Although the proposed health reform legislation seeks ways to lower the overall cost of health care in our country, this does not necessarily mean that health insurance will cost less for everyone.

In the event that a more affordable public, non-profit, or private option becomes available in the future, you may cancel any plan by contacting the carrier directly and then buy the less expensive option.

General FAQs Regarding the Federal COBRA Subsidy:

NOTE: All responses below reflect COBRA subsidy benefits as outlined in The American Recovery and Reinvestment Act of 2009 (ARRA), signed into law on February 17, 2009, and do not reflect any proposed legislation on the extension and expansion of the COBRA subsidy.

9. Question: How do I receive the subsidy for COBRA?

Answer: The first thing you need to do is be sure you qualify (see eHealth's COBRA Learning Center FAQ). The subsidy for COBRA will be administered through your former employer or benefits administrator. Make sure your employer has your most recent contact information.

If you qualify for your spouse's plan, another group healthcare plan or Medicare, you're not eligible for the subsidy. If you fail to notify your COBRA plan administrator about this eligibility for other plans, you may face tax penalties.

10. Question: If I don't qualify for the subsidy what can I do?

Answer: Private Individual and Family health insurance is a good option. Persons in relatively good health often find plans less expensive than COBRA -- even with a 65% subsidy -- in the private health insurance market. If you have a pre-existing medical condition that could make it difficult to obtain coverage on your own, there may also be government-sponsored public options available to you. See the answer to question #1 above for more information and resources.

11. Question: If I was fired rather than officially laid off, does that make a difference?

Answer: COBRA and the COBRA subsidy are available to employees whose employment was involuntarily terminated (for reasons other than gross misconduct) and who are not eligible for health insurance coverage through other group health coverage, such as their spouse's plan or Medicare. Depending on the circumstances of your departure from the company, you may qualify for COBRA and the subsidy.

12. Question: When does the clock start for my 9-months of subsidized COBRA?

Answer: If you are laid off on or before December 31, 2009, your subsidized COBRA coverage begins as soon as the subsidy funds are first applied to your monthly COBRA premiums. If you lose your job after December 31, 2009, you will not be eligible for the subsidy unless congress opts to extend the eligibility deadline.

13. Question: I worked for a non-profit organization and lost my job. Am I still eligible? If my former employer doesn't pay taxes, how will they get reimbursed for my COBRA premiums?

Answer: Assuming you meet the other qualifications, you will get the subsidy, even if you were working for a non-profit. The subsidy for COBRA is being financed by employers who are, in-turn, receiving a pay-roll tax credit for the expense. Any company with employees on a pay-roll pays these taxes -- including non-profits. And employers that pay the 65% subsidy for COBRA premiums will get to deduct the cost of these subsidies from their pay-roll tax contributions.

14. Questions: My hours were cut back from full-time to part-time and I lost my group coverage. Do I qualify for the subsidy?

Answer: No. You may be eligible for COBRA, but not for the COBRA subsidy because you have not been terminated involuntarily.

Footnotes:

(1) SOURCE (link): Hewitt and Associates, August 18, 2009, "Hewitt Analysis Shows Average COBRA Enrollments Doubled Since Subsidy Became

Available in February 2009" (2) SOURCE (link): Henry J. Kaiser Family Foundation, The COBRA Subsidy and Health Insurance for the Unemployed, October, 2009, page 3. (3) SOURCE (link): eHealth, Inc.'s 2009 report: The Cost of Individual and Family Health Insurance Plans 2009 Update. (4) SOURCE (link): U.S. Department of Labor, FAQs for employees About COBRA Continuation Health Coverage

For more information about the COBRA subsidy and a broader list of general COBRA FAQs, please see:

-- eHealth's March 25, 2009 Press Release:  
<http://news.ehealthinsurance.com/pr/ehi/rel484940.aspx>  
-- eHealth's COBRA Learning Center: [www.cobralearning.com](http://www.cobralearning.com)

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For more 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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