



COBRA Costs to Increase for Many: eHealthInsurance Q&A on the End of the COBRA Subsidy Eligibility Period

February 11, 2010

MOUNTAIN VIEW, CA, Feb 11, 2010 (MARKETWIRE via COMTEX) -- Workers laid off after February 28, 2010 will not be eligible to receive the federal COBRA subsidy, according to current law. Congress is considering another extension of the eligibility period for the COBRA subsidy, but no bill has yet been passed or signed into law. In order to address the concerns and challenges consumers may face, eHealthInsurance (NASDAQ: EHTH), has released a new set of Frequently Asked Questions (FAQs) about the subsidy and alternative health insurance options.

The American Recovery and Reinvestment Act of 2009, signed into law on February 17, 2009, included a 65 percent COBRA subsidy designed to help make COBRA insurance more affordable for individuals and families. Only those who lost their group health insurance coverage due to involuntary termination occurring prior to January 1, 2010 were originally eligible to receive the subsidy. The Department of Defense Act of 2010, signed into law on December 21, 2009, extended that eligibility period by two months to February 28, 2010.

Unless the eligibility period is extended again, persons laid off March 1, 2010 or later will not benefit from the subsidy and will face significantly higher COBRA premiums than those laid off merely a day before. The average family not qualifying for the subsidy will be required to spend \$13,332 annually for COBRA premiums, compared to \$4,668 annually if the subsidy were available -- a difference of over \$8,600(1). Many of those laid off after the expiration of the subsidy may find COBRA unaffordable and join the ranks of America's 46 million uninsured.

While Congress considers another extension of the eligibility period for the COBRA subsidy, eHealthInsurance has released the following FAQs to help individuals and families better understand their health insurance options:

FAQs Regarding the COBRA Subsidy Eligibility Period Expiration

Question: Will the eligibility period for the federal COBRA subsidy be extended?

Answer: Maybe. An extension of the COBRA subsidy was included in President Obama's proposed budget for fiscal 2011. Congress is also reportedly considering legislation to extend the eligibility period. However, there is no guarantee that an extension will be passed.

In the meantime, consumers should explore all of their health insurance options, including private individual and family plans. Since it can take some time to compare options and receive a coverage decision on an individual or family health insurance application, eHealthInsurance recommends that consumers who may not be able to afford COBRA without the subsidy begin their search for alternatives now.

Question: I stop working in February but I'm not sure I'm technically "laid off" until after February 28. How can I find out if I will qualify for the COBRA subsidy?

Answer: Your last day of work and your "termination" date may not coincide. If you stop working in February, for example, but are being paid for vacation time that keeps you on the company's books into March, you may not qualify for the subsidy. Talk to your Human Resources representative or benefits administrator to learn your exact termination date. If it falls on or prior to February 28, 2010, you may qualify for the COBRA subsidy.

Question: COBRA coverage without the subsidy will be too expensive for me. Do I have other options?

Answer: If you are not eligible for group health insurance through a spouse's plan, consider purchasing an individual or family health insurance plan on your own. Depending on the state in which you live, you may be able to find private health insurance coverage at a monthly premium less expensive than even subsidized COBRA. According to the Kaiser Family Foundation, the average cost of a subsidized COBRA policy would be \$398 per month for a family and \$144 for an individual(2). By contrast, a 2009 survey of 316,000 eHealthInsurance customers showed that half of all family health insurance policyholders paid less than \$329 per month and half of all individual health insurance policyholders paid less than \$132 in monthly premiums(3).

If you expect to receive employer-sponsored health insurance again within six months or less and only want coverage to protect you in case of unexpected accident or injury, you may also wish to consider short-term health insurance.

Question: What if I have a pre-existing medical condition or can't afford to buy coverage on my own?

Answer: Since it is possible, in most states, to be declined for private coverage based on pre-existing medical conditions, it's important that you consider your options carefully. You cannot be turned down for COBRA coverage based on medical history. Therefore, if you have a pre-existing medical condition and can afford COBRA, please enroll. If only one of your family members has a pre-existing medical condition, you may wish to consider enrolling that person in COBRA while covering others through individual or family health insurance plans.

If you cannot afford COBRA or private health insurance, we recommend that you contact the non-profit Foundation for Health Coverage Education to learn about the government-sponsored options available in your area. Visit them online at www.coverageforall.org or call them toll-free at 800-234-1317.

Question: Is there any risk in applying for private health insurance while waiting to see if the COBRA subsidy eligibility period is extended?

Answer: Individual and family health insurance plans are paid for on a month-to-month basis and may be canceled at any time. If you are approved for a privately-purchased health insurance plan and then find that the COBRA subsidy eligibility period is extended, you may drop your individual or family plan in favor of COBRA as long as you are still within your COBRA enrollment period (usually 60 days from termination of employment). Keep in mind, however, that when applying for private health insurance some carriers may charge you an application fee, usually no more than \$30, which may not be refundable. When searching for plans on eHealthInsurance.com, you will be able to quickly identify which plans require application fees.

Please also note that COBRA coverage is not designed to provide a permanent health insurance solution. As the law is currently written, the COBRA subsidy only provides 15 months of assistance, and your overall eligibility for COBRA will expire three months after that. You may find that an individual and family health insurance plan provides you with a more permanent form of coverage at a comparable price.

Click to learn more:

- [About COBRA and the COBRA subsidy](#)
- [About options for those not eligible for COBRA](#)

Additional Resources:

- [Be proactive about seeking a long-term alternative to COBRA by researching your health insurance options through a licensed agency like eHealthInsurance.com](#)
- [If you've never purchased your own health insurance before, get help by contacting an agent or broker or by using free online resources like eHealthInsurance's "Health Insurance Buyer's Guide"](#)
- [Calculate the amount of time you have remaining on the COBRA subsidy using eHealthInsurance's COBRA Subsidy Calendar widget](#)
- [Test your understanding of key health insurance terms and benefits with eHealthInsurance's health insurance quiz](#)
- [If you have a pre-existing medical condition, talk to a licensed agent or contact the Foundation for Health Coverage Education at \[www.CoverageForAll.org\]\(http://www.CoverageForAll.org\) to learn about free or low-cost health care](#)

options available in your area

-- If you have medical debt or need help understanding your rights, eHealthInsurance encourages you to review Families USA's consumer guide: Your Medical Bills: A Consumer's Guide to Coping with Medical Debt.

(1) Families USA Special Report: Expiration of COBRA Subsidy (<http://www.familiesusa.org/>)

(2) Henry J. Kaiser Family Foundation, The COBRA Subsidy and Health Insurance for the Unemployed, October, 2009, page 3 (<http://www.kff.org/uninsured/upload/7875-02.pdf>)

(3) eHealth, Inc.'s 2009 report: The Cost of Individual and Family Health Insurance Plans 2009 Update (http://news.ehealthinsurance.com/pr/ehi/document/Cost_and_Benefit_Report_2009.pdf)

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