



## COBRA Subsidy Ends for First Recipients on June 1, 2010: eHealthInsurance Answers Questions

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### eHealthInsurance Answers Questions and Launches New Widget to Help Educate Consumers About Their Health Insurance Options

MOUNTAIN VIEW, CA, May 06, 2010 (MARKETWIRE via COMTEX) --June 1, 2010 will mark the end of the federal COBRA subsidy for many who began receiving it when the subsidy was first made available in March 2009. Today eHealthInsurance (NASDAQ: EHTH), the leading online source of health insurance for individuals and families, released a series of Frequently Asked Questions (FAQs) to address consumer concerns related to the expiration of the COBRA subsidy. The company also announced the launch of a new widget designed to help consumers better understand their health insurance options after COBRA.

The end of the federal COBRA subsidy could affect millions of Americans. An estimated 7 million people were expected to take advantage of the subsidy in 2009(1), according to The Congressional Budget Office and Joint Committee on Taxation. Between September 2008 and March 2009 alone (the period during which many those about to lose their subsidy first lost their jobs), over 3 million Americans were added to the numbers of the unemployed(2). Many of these, along with their dependent spouses and children, enrolled in COBRA and benefited from the subsidy.

The subsidy was designed to cover 65% of the cost of individual or family COBRA health insurance premiums for up to 15 months. Most of those rolling off the subsidy beginning June 1 will have the option to continue their COBRA coverage for three months, if they can afford to pay the full-price of their monthly premiums. Those who can't afford COBRA without the subsidy will be forced to seek other, more affordable health insurance alternatives or risk going without insurance entirely.

#### Frequently Asked Questions

The following FAQs were developed to help consumers losing the COBRA subsidy better understand their health insurance options in a post-health reform environment when many still face significant challenges to obtaining employment with health benefits:

Question: What are my options now that the COBRA subsidy is running out?

Answer: No matter what your situation, we recommend that you first work with a licensed health insurance agent like eHealthInsurance to help you better understand the private and public programs available to you. Here is an overview of those options:

- Employer-based coverage through a spouse -- If your spouse recently got work through an employer offering health insurance, you may be eligible to be added to his or her policy as a dependent. Contact the company's Human Resources department to learn more.
- Coverage purchased on your own -- The recently passed health reform law provides new consumer protections to better safeguard insurance you buy on your own. If you and your dependents are relatively healthy, purchasing your own coverage may be a good option. A comparison of 2009 data from Families USA and eHealthInsurance shows that monthly premiums for individually-purchased family health insurance plans are roughly equivalent to what many families paid for subsidized COBRA coverage(3), though the plans and benefits themselves may differ. If you can't afford to cover the whole family on a self-purchased plan, think about buying coverage for one or more of your dependents.
- Short-term health insurance -- If you expect to have access to employer-sponsored coverage again within the next six months or less, a short-term health insurance plan may meet your needs. But note that short-term plans typically don't cover prescription drugs, preventive care or pre-existing medical conditions.
- HIPAA plans -- If you have a pre-existing medical condition and meet other criteria you may qualify for what are called HIPAA plans, specially designed for people who may not qualify for coverage elsewhere. Unfortunately, HIPAA plans are often costly.
- Government-sponsored options -- If you meet certain income criteria, have a pre-existing medical condition or have been uninsured for an extended period of time, you may qualify for government-sponsored health insurance programs. Contact the Foundation for Health Coverage Education (see below) for more information.

Question: Can I continue my COBRA coverage after the subsidy runs out?

Answer: That depends on when you enrolled in COBRA and where you live. Some states will let you continue COBRA coverage longer than the federal law allows. The federal COBRA law allows most consumers to extend their employer-sponsored group health insurance coverage at their own expense for a total of 18 months. The 65% federal subsidy which made COBRA more affordable only provides assistance for 15 months. After June 1, consumers who first enrolled in COBRA and began receiving the federal subsidy in March 2009 will have the option to continue their COBRA coverage at substantially increased rates for an additional three months. Others who also began receiving the subsidy in March 2009 but first enrolled in COBRA earlier may lose their option for COBRA coverage at the same time as the subsidy. Talk to your former employer's Human Resources department or benefits administrator for more information.

Question: Is there any chance the COBRA subsidy will be extended again?

Answer: It's uncertain, but health reform legislation creates new options and improves alternatives to COBRA. The original COBRA subsidy was designed to provide only nine months of assistance. It was extended once to provide subsidies to qualifying persons for a total of 15 months. There does not appear to be any legislation in the works that would extend the COBRA subsidy beyond that timeframe. For most people, COBRA itself runs out at 18 months.

Question: I just started receiving the subsidy. Am I going to lose my coverage?

Answer: No. If you only recently enrolled in COBRA and began receiving the subsidy, there's nothing to worry about. You will continue to receive the COBRA subsidy until you obtain health insurance elsewhere or for a total of 15 months.

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

Answer: First, contact a licensed health insurance agent like eHealthInsurance to find out if there are insurance companies that might cover you despite your condition. You may also be surprised at some of the affordable options available in the market today. However, if you don't qualify for coverage on your own or can't afford it, we recommend you contact the non-profit Foundation for Health Coverage Education (FHCE) to learn about the government-sponsored health insurance programs currently available in your area. You can reach FHCE by phone at 800-234-1317 or through their website at [www.coverageforall.org](http://www.coverageforall.org).

Question: Since health reform passed, isn't there a government health insurance option I can sign up for now?

Answer: Not necessarily. There is no single federally-administered public health insurance plan available in June 2010 for persons rolling off the COBRA subsidy. However, there are certain state and federal programs available for those who meet specific qualifications. The federal government will also be expanding high-risk pool coverage for persons with pre-existing medical conditions later this summer (though you will have to be uninsured for six months in order to qualify).

Health Insurance Options Widget:

eHealthInsurance's new 'Your Health Insurance Options' widget is designed to help uninsured consumers quickly and easily understand their health insurance options in a post-reform environment. The widget is available for free download from the following locations:

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-- The eHealthInsurance Media Center:  
http://news.ehealthinsurance.com/pr/ehi/health-insurance-options-widget.aspx  
-- Widgetbox.com:  
http://www.widgetbox.com/widget/your-health-insurance-options
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The new widget provides basic tutorial information and tips for uninsured consumers -- including those who may be rolling off the federal COBRA subsidy. It seeks to educate consumers about the advantages, disadvantages and eligibility requirements associated with each of their key health insurance options, and provides tips to help them find the coverage that best meets their personal needs.

Notes:

(1) Joint Committee on Taxation (<http://www.jct.gov/>), see February 12, 2009 report found here: <http://www.jct.gov/x-19-09.pdf>, footnote number 15.

(2) Based on monthly unemployment numbers reported by the Bureau of Labor Statistics for September 2008 through March 2009 (<http://www.bls.gov>).

(3) See eHealthInsurance's December 9, 2009 press release comparing state by state costs of COBRA health insurance premiums and premiums for private market family health insurance plans: <http://news.ehealthinsurance.com/pr/ehi/cobra-subsidy-expiration-research-149802.aspx>

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