



Health Care Reform and Grandfathered Health Insurance Plans: eHealthInsurance Answers FAQs on Non-Group Policies

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Beginning on September 23, 2010, the Patient Protection and Affordable Care Act (PPACA) -- health reform -- requires new benefit standards to be made available in all new private health insurance policies. However, these new standards will not change all health insurance policies in the same way, or at the same time. Today, eHealth, Inc. (NASDAQ: EHTH), parent company of eHealthInsurance (<http://www.ehealthinsurance.com>), released a list of answers to frequently asked questions about the way these new regulations are being applied to non-group -- individual -- health insurance policies.

Frequently Asked Questions: Question: Most of the major health reforms don't go into effect until 2014, so what's changing this year?

Answer: The major reforms go into effect in 2014, but there are five important changes that take place for plan/policy years beginning on or after September 23, 2010; six months after the bill was signed into law.

Those changes are:

- Added protection from rate increases: Insurance companies will need to publically disclose rate increases and provide justification before raising monthly premiums.
- Added protection from having insurance canceled: An Insurance company cannot cancel your policy except in cases of intentional misrepresentation or fraud.
- Coverage for preventive care: Certain preventive benefits, immunizations, and screenings will be covered with no cost-sharing requirement.
- No lifetime maximums on health coverage: No lifetime limits on the dollar value of those health benefits deemed to be essential by the Department of Health and Human Services.
- No pre-existing condition exclusions for children: If you have children under the age of 19 with pre-existing medical conditions, you can add them to your family health insurance plan and their application for coverage cannot be denied due to a pre-existing condition.

Question: These are significant changes. I thought that I could keep my health insurance policy if I like it. Is that still true?

Answer: Yes. The PPACA creates a category of health plans with "Grandfather status":

- Grandfathered Plans: Any insurance policy that was purchased and active before the PPACA was signed into law on March 23, 2010 will have what is called "Grandfather status." Plans can lose their Grandfather status if they change certain benefits. Call your insurance company if you are not sure if your plan is Grandfathered. If you have a Grandfathered plan, and you like it, you can keep it. However, some benefits in Grandfathered plans will be required to change in order to conform to new requirements in the PPACA.
- Transitional Plans: Any insurance policy that was purchased after the PPACA was signed into law on March 23, 2010 but before September 23, 2010, when the new rules take effect will be in a transitional phase. If you have a transitional plan, your plan will be required to change certain benefits so that it meets all of the new government standards that are applicable. But the timing of those changes will vary based on when your new policy or plan year begins and which insurance company you're using for health coverage.
- Reformed Plans: In most cases, any insurance policy you purchase after September 23, 2010 will be required to conform to the new PPACA standards.

GRANDFATHERED PLANS (BOUGHT BEFORE 3/23/10)

Question: What's going to change in my Grandfathered plan?

Answer: The following changes will be applied to all health insurance policies, including Grandfathered plans:

- Lifetime Coverage Limits: No lifetime limits on the dollar value of those health benefits deemed to be essential by the Department of Health and Human Services.
- Rescission Guidelines: Insurance companies cannot rescind your coverage unless you commit fraud or make an intentional misrepresentation of material fact to the insurance company.
- Appealing Rescissions: If the insurance company tries to rescind your coverage, it must give you thirty days notice so that you have time to appeal the rescission.
- Children up to Age 26 on Parent's Plan: Adults under 26 may qualify to rejoin their parent's plan, even if they're married, don't live with their parent, are no longer a student, and/or are no longer a dependent on their parent's tax return. However, health insurance companies are not required to extend coverage to your child's dependents (e.g. a spouse or their child).
- Access to Lost Coverage Due to Exceeded Limits: If you lost your health coverage because you exceeded your policy's lifetime coverage limit but still qualify for the plan, your insurance company must notify you that you're eligible to re-enroll in the same plan. If the same plan is no longer offered, you may apply to enroll in a new plan that does not have Grandfathered status.

Question: When will these changes be made to Grandfathered plans?

Answer: The rescission guidelines go into effect right away for every health insurance plan. Some insurers will put all of these changes into effect on September 23, but some may wait until the end of your policy year -- 12 months from the date of your purchase or last renewal -- and some may wait until January 2011, which is when many insurers update their health insurance policies.

Question: What will stay the same on my Grandfathered plan?

Answer: The following benefits in your Grandfathered plan will not be required to change:

- Annual Coverage Limits: The annual dollar limits on your health coverage will stay the same. Health reform sets minimum annual dollar benefit requirements on new policies, but they're not required for Grandfathered plans.
- Cost-sharing for Preventive Services: The provision of the PPACA that requires insurance companies to provide certain recommended preventive services without cost-sharing requirements do not apply to Grandfathered plans.

TRANSITIONAL PLANS (BOUGHT BETWEEN 3/23/10 & 9/23/10)

Question: What's going to change in my transitional plan?

Answer:

- Added protection from having insurance cancelled: An insurance company cannot rescind your policy except in cases of intentional misrepresentations or fraud. If your insurer tries to rescind your coverage, it must give you thirty days notice so that you have time to appeal the rescission.
- No pre-existing condition exclusions for children: If you have children under the age of 19 with pre-existing medical conditions, you can add them to your family health insurance plan and their application for coverage cannot be denied as a result of a pre-existing condition.
- Extended coverage for adult children: Adult children may qualify to remain on their parents' health plan until age 26.
- Lifetime coverage limits: No lifetime limits on the dollar value of those health benefits deemed to be essential by the Department of

Question: Will all of these changes happen right away?

Answer: This is totally dependent on the insurance company you work with and the policy that you have. In some cases these changes will happen right away, and in some cases they will not.

- How the insurance company you work with impacts timing: If your insurance company updates its policies on a yearly basis -- or every "policy year" -- you may not see these changes in your health insurance policy until January 2011 or until you begin a new policy year.
- How the type of policy you have impacts the timing of these changes: Health insurance policies generally come with some type of rate lock-in period. Some rate lock-in periods are conditional, others are not. If you have an unconditional rate lock-in period, that means your insurer cannot increase your monthly premiums for the length of the guarantee -- typically 12 months. If you have an unconditional rate lock-in in place, your insurer may wait until the end of the policy year to adjust your benefits.

Question: What attributes of my transitional policy could stay the same if I have an unconditional rate lock-in period?

Answer: Monthly Premiums: With an unconditional rate lock-in period, your monthly health insurance premium cannot change for the full term of the policy year -- typically the 12 months from the day that the rate lock-in period on your policy became active.

Cost-Sharing for Preventive Care: If your policy requires you to pay co-pays, deductibles or coinsurance for preventive care services, those cost-sharing mechanisms are likely to remain until you reach the end of your policy year.

Regulation of Annual Maximums: If your policy has annual dollar limits on coverage of essential health benefits, like doctor office visits, hospitalizations, and prescriptions, those limits may stay in place until the end of your next policy year.

Lifetime Maximums: Lifetime limits on the amount of money your insurer spends on your medical care may not change until the end of your next policy year.

Annual Coverage Limits: Annual or yearly dollar limits on your coverage may go into effect in the next policy year. These limits are not scheduled to end immediately on 9/23/10, but they are scheduled to be phased out over the next 3 years until 2014 when they will not be permitted for most plans.

REFORM PLANS (PURCHASED AFTER 9/23/10)

Question: How will health insurance policies change after 9/23/10?

Answer: There are five important changes that take place on September 23, 2010; six months after PPACA was signed into law.

Those changes are:

- Added protection from rate increases: Insurance companies will need to publically disclose any rate increases and provide justification before raising your monthly premiums.
- Added protection from having insurance canceled: An insurance company cannot cancel your policy except in cases of intentional misrepresentations or fraud.
- Coverage for preventive care: Certain recommended preventive services, immunizations, and screenings will be covered with no cost sharing requirement.
- No lifetime maximums on health coverage: No lifetime limits on the dollar value of those health benefits deemed to be essential by the Department of Health and Human Services.
- No pre-existing condition exclusions for children: If you have children under the age of 19 with pre-existing medical conditions, you can add them to your family health insurance plan and their application for coverage cannot be denied due to a pre-existing condition.

Question: Will every health insurance plan sold after 9/23/10 immediately include these new benefits?

Answer: No. Some insurers only update their plans once or twice per calendar year. So, those insurers may not make their reformed plans available for sale until January, 2011. If you buy an insurance product from one of these insurers after 9/23/10 but before the insurer changes their plans for the

2011 policy year, your insurance policy may be updated to reflect the new regulations once your insurance company has had their new plans approved by the state insurance commissioner.

About eHealth 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, 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 leading health insurance companies. eHealthInsurance is licensed to sell health insurance in all 50 states and the District of Columbia, making it the ideal model of a successful, high-functioning health insurance exchange. Through its eCommerce On-Demand solution (www.eHealth.com/eOD), eHealth is also a leading provider of on-demand e-commerce software. eHealth's eOD platform provides a suite of hosted solutions that enable health plan providers and resellers to market and distribute products online. eHealth, Inc. also provides powerful online and pharmacy-based tools to help seniors navigate Medicare health insurance options and choose the right plan through its wholly-owned subsidiary, PlanPrescriber.com (<http://www.planprescriber.com>).

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