

A man and a woman are sitting at a table, looking at a tablet together. The man is on the left, wearing a dark blue sweater, and the woman is on the right, wearing a white button-down shirt. They are both smiling and looking at the tablet. There are two white mugs on the table in front of them. The background is a kitchen with a blue cabinet and a green mug on a shelf.

eHealth[®]

Investor Presentation

March 2020

eHealth at a Glance

Leading e-commerce platform for health insurance distribution

Solving critical problem in large and growing market with focus on Medicare

Well-positioned for consumerization of healthcare and industry shift online

Consumer-first model, built on trust and unbiased transparency

Longstanding relationships, deep technology integration with carriers

Recent track record for delivering strong revenue growth and EBITDA margin expansion

\$464M

**2019
Adjusted Revenue⁽¹⁾**

18M

**2019 Unique Annual
Online Visitors**

711K

**Medicare
Members⁽²⁾**

180+

**Carrier
Partnerships⁽²⁾**

80s-90s

**Net Promoter Score Range
Medicare Business**

↑ 81%

**Approved Medicare
Members
2019 YoY**

Selecting Health Insurance is Challenging for Consumers

Millions of Americans shopping for Health Insurance

Proliferation of Medicare Advantage Plans (36% growth in number of plans between 2018 and 2020 AEP)⁽¹⁾ adding **Further Complexity** to an **Already Challenging Process**

Traditional brokers offer **Limited Choices**

Stakes High with consequence of making wrong decision potentially devastating

Only 1 out of 10 of Medicare beneficiaries enrolled in optimal plan⁽²⁾

Today's environment drives significant need for customer-centric shopping and enrollment platform

Importance of Transparency in Digital Purchases



eHealth Leverages Technology to Make Medicare Easier

Industry Today

- Face-to-face interaction
- Narrow Consumer choice
- Opaque price and coverage
- Little to no research
- Complexity

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- Omni-channel experience
- Broad marketplace of plans
- Full transparency
- Easy comparison shopping
- Ease of transaction

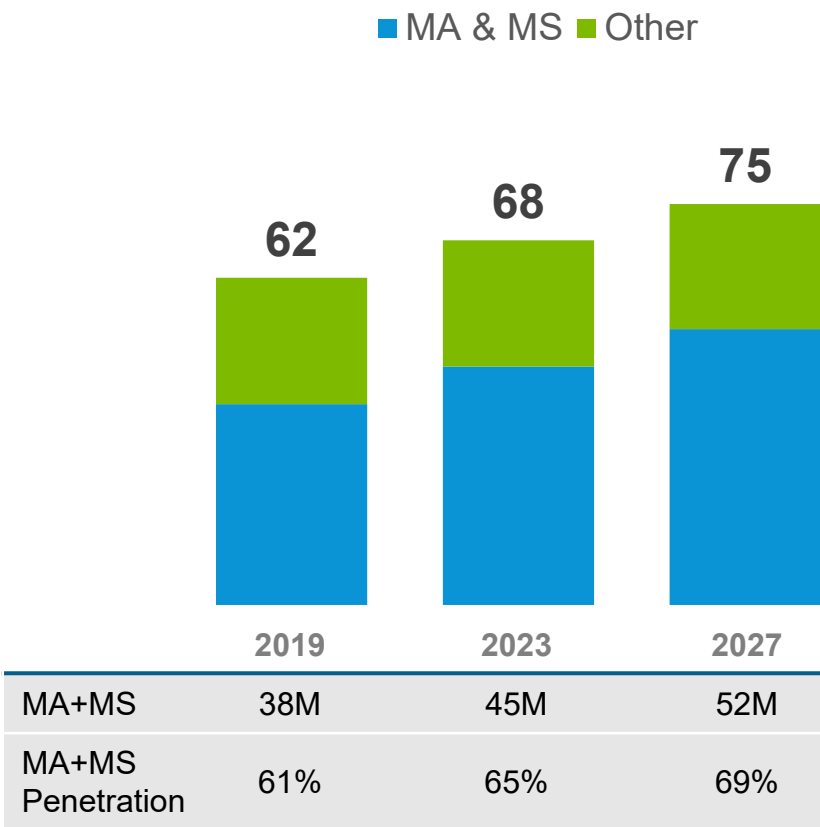
eHealth Empowers Consumers to Choose the Right Health Insurance Plan

Large Medicare Market with Increasing Penetration of Private Plans

Medicare Advantage (MA) & Medicare Supplement (MS) plan enrollment **expected to grow 37%** between 2019 and 2027⁽¹⁾

Number of Medicare Advantage plans **has increased 36%** between 2018 and 2020 AEP⁽²⁾

Medicare Enrollees⁽¹⁾
(individuals mm)



eHealth 2019
Growth

14x

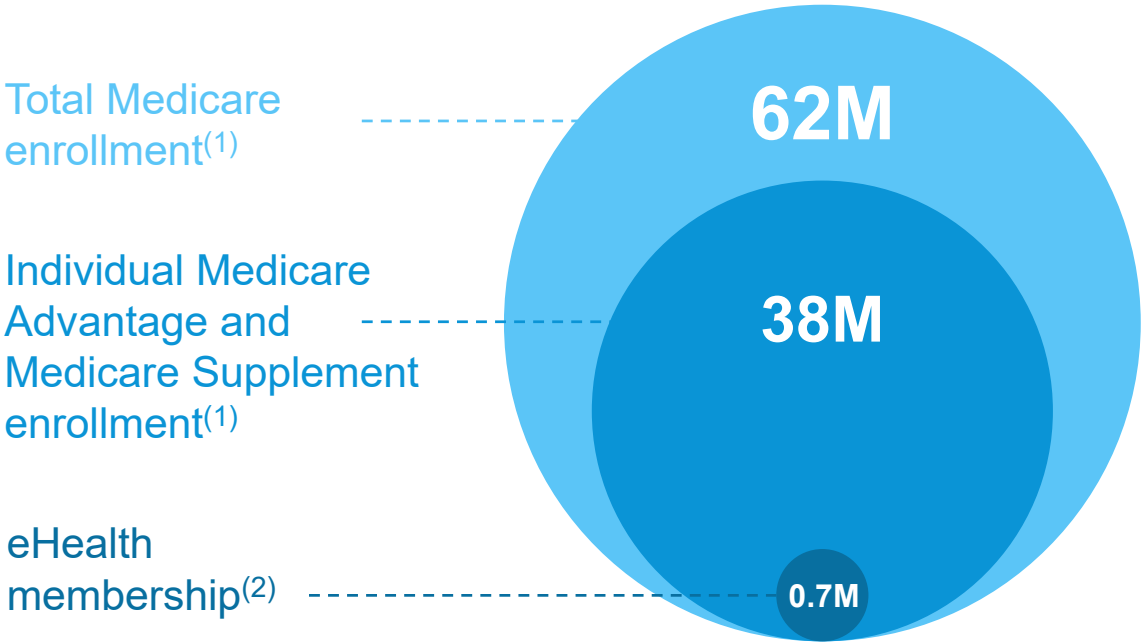
Growth rate of
Medicare Market⁽³⁾

5x

Growth rate of
MA Market⁽⁴⁾

(1) Source: 2019 CSG Actuarial 9th Annual MS Market Projection for total Medicare and MA+MS enrollment projections; CMS for historical 2019 data.
(2) Source: Medicare Advantage 2020 Spotlight: First Look, Kaiser Family Foundation, October 2019.
(3) Total Medicare enrollments grew 3.3%; eHealth estimated membership grew 46%.
(4) Total Medicare Advantage enrollments grew 8.8%; eHealth estimated membership grew 46%.

Scratching the Surface of a Significant TAM



	Today	Illustrative Opportunity*		
Market size (people) ⁽¹⁾	62M	62M	62M	62M
Market share	~1%	4%	6%	8%
Members	0.7M ⁽²⁾	2.5M	3.7M	5.0M
\$17B+ current addressable Medicare market*				

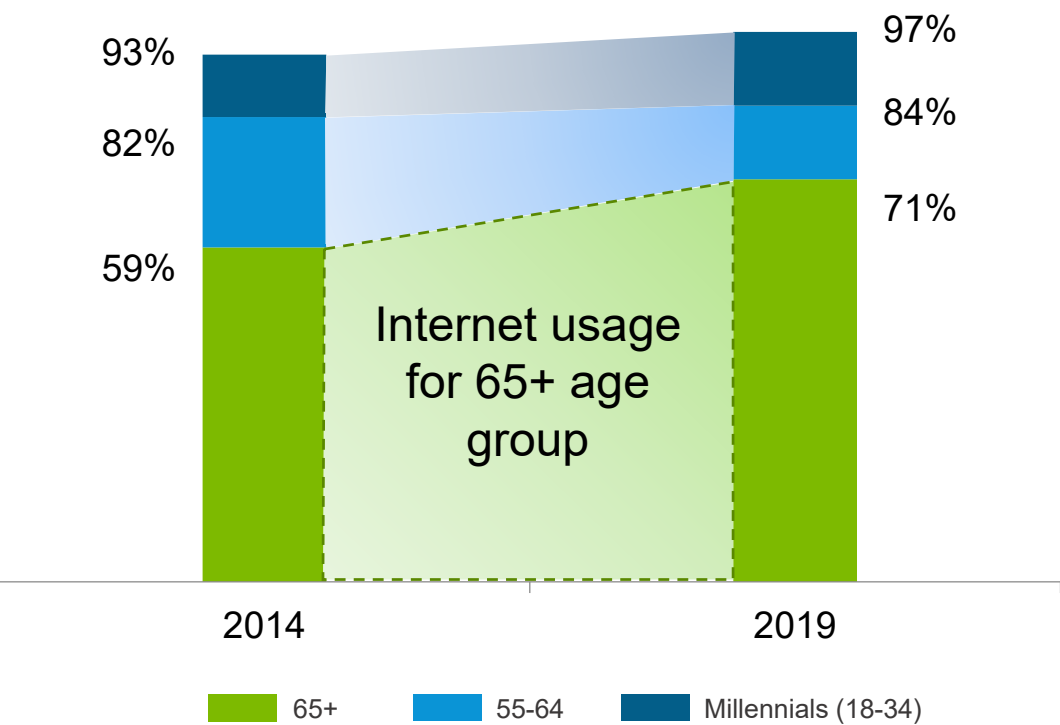
(1) Source: CMS.

(2) Estimated eHealth Medicare membership as of 12/31/2019.

*Calculated by multiplying the number of individuals in the addressable market (62 Million) by average commission collections per member collected by eHealth from Medicare policies in 2019 (\$270 including MA, MS and PDP members). 62 Million x \$270 = \$16.7 Billion.

Secular Shift Driving Online Usage

% Internet Usage by Age Group⁽¹⁾



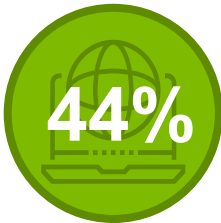
Senior Online Trends



Likely to make a purchase online⁽²⁾



Own a smart phone (ages 65-69)⁽³⁾



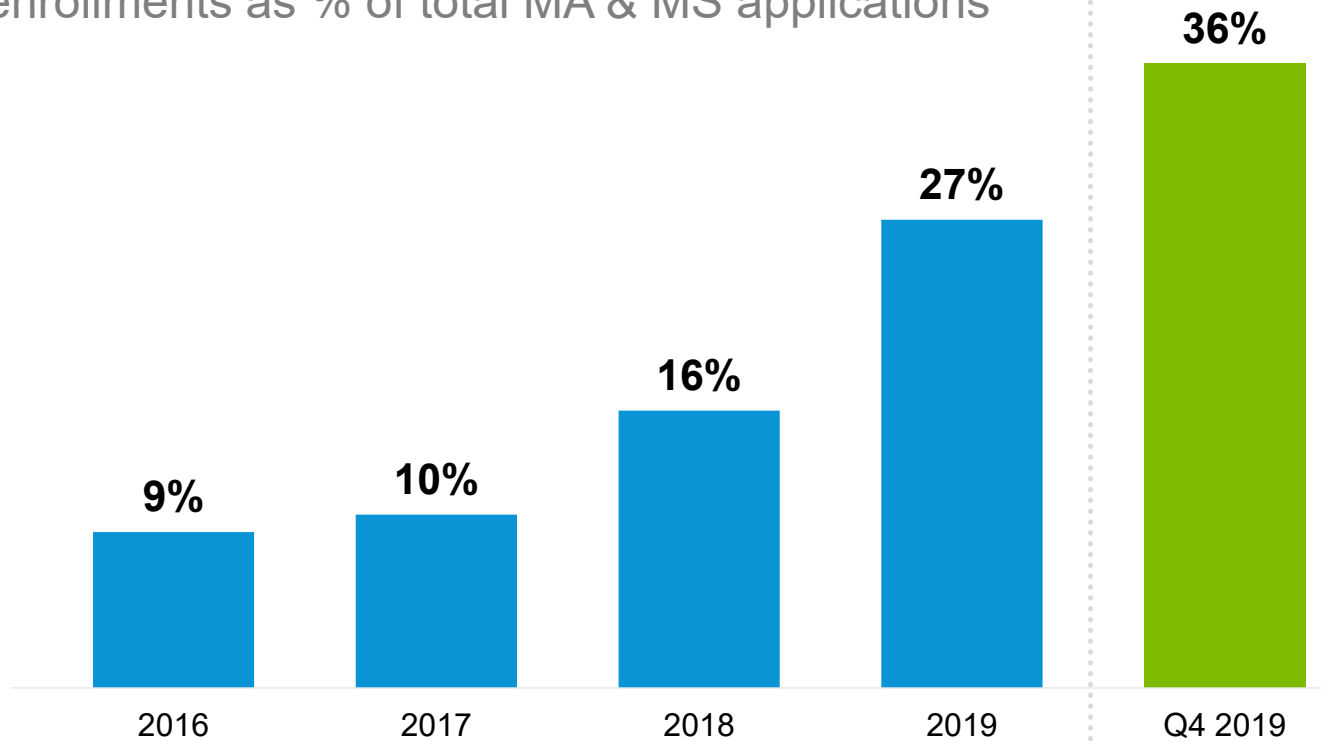
Internet #1 preferred source of Health information among Seniors who use the internet⁽⁴⁾

(1) "The Digital Landscape: Seniors & Baby Boomers" Becca James. (eMarketer, 2016).
(2) "Technology Use and Attitudes among Mid-Life and Older Americans" AARP Research.
(3) "Tech adoption use among seniors" Pew Research Center.
(4) J Med Internet Res. 2015 Jan; 17(1): e10.

eHealth Digitizing Medicare Shopping and Enrollment

eHealth's Digital Enrollment Mix

Fully unassisted & partially agent assisted online enrollments as % of total MA & MS applications



Strong growth by improving online experience & marketing



Expands competitive "moat"



Reinvesting incremental margin to ramp digital growth














Enables rapid scaling of business

Competitive Landscape

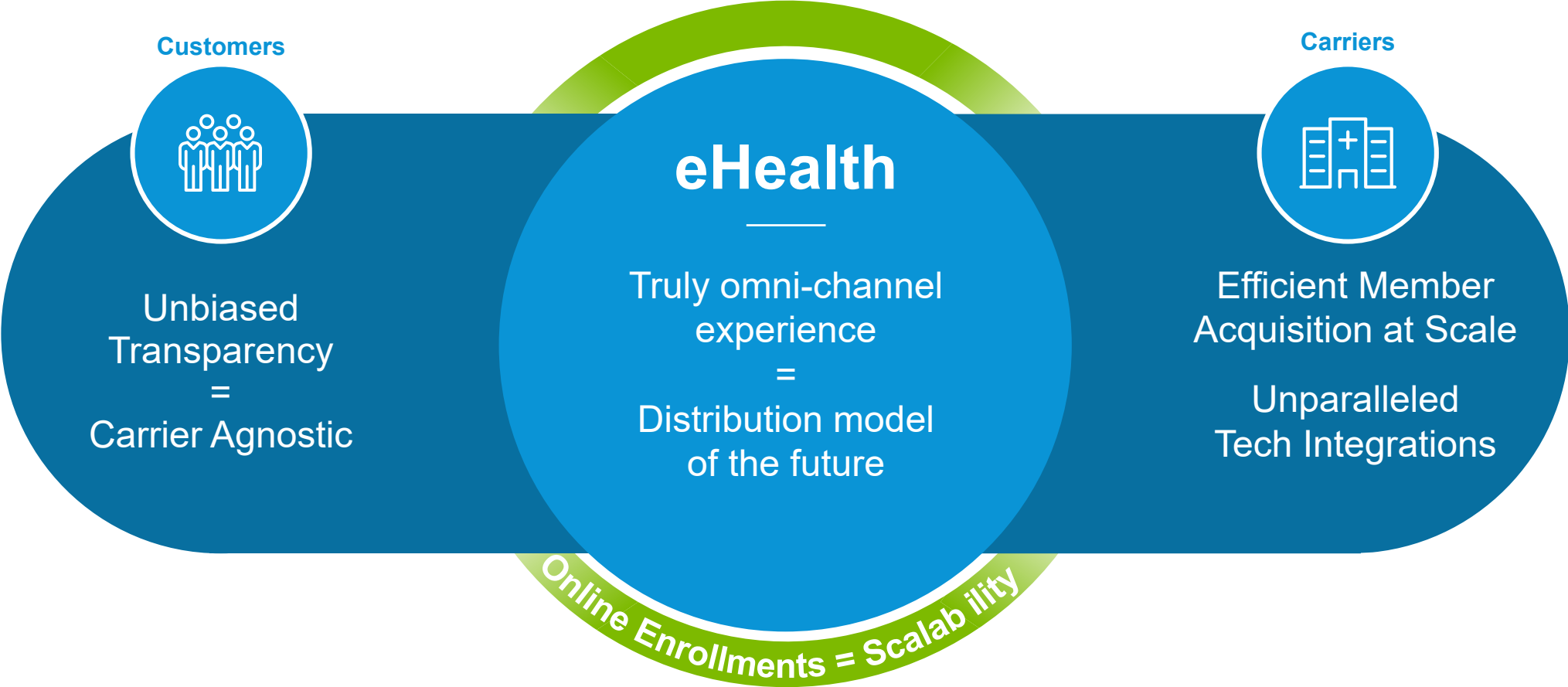
Omni-Channel is a Major Competitive Differentiator

Grew 14x Market Rate in 2019⁽¹⁾

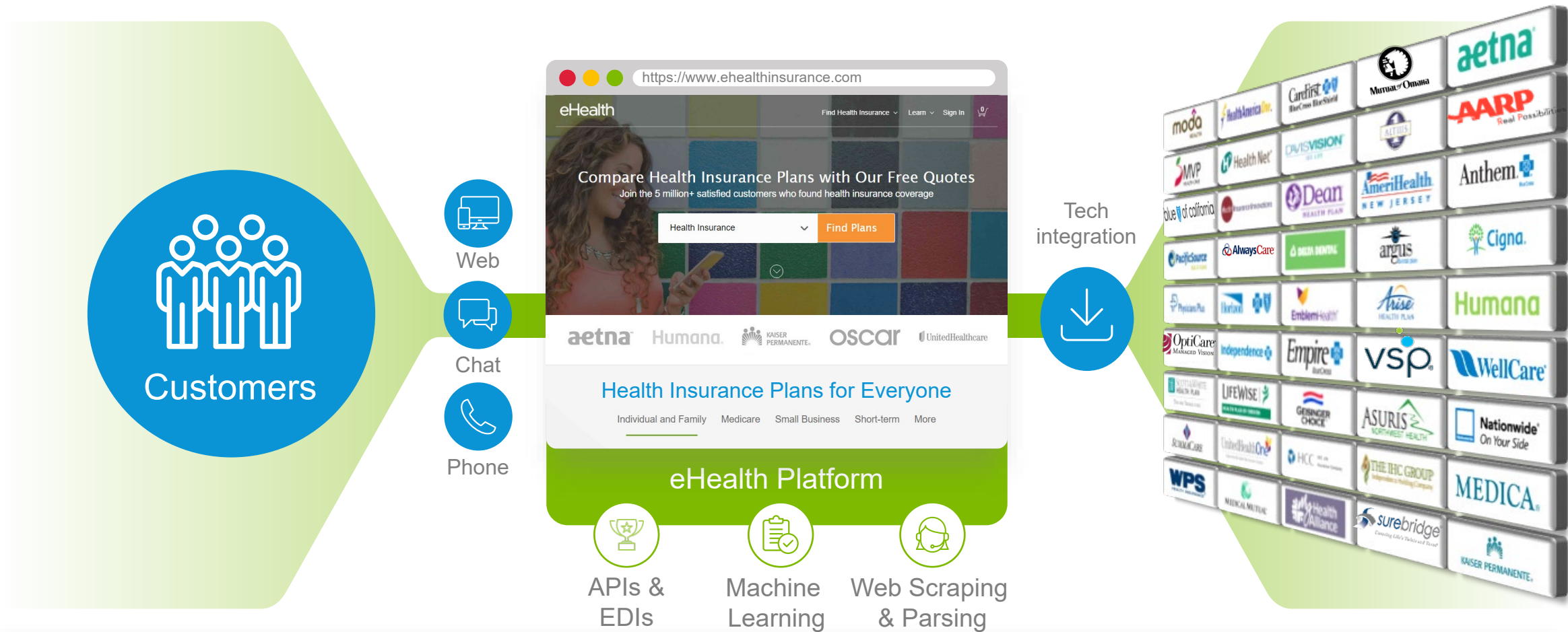
Taking Share From Traditional Channels

	eHealth	Telephonic Competitors	Traditional Brokers	Carriers
Broad Plan Selection		Mixed	—	—
Consumer-First, Carrier Agnostic		Limited – conflict of interest	—	—
Actively Enrolling Online		—	—	
Best-in-Class Digital Experience		—	—	—
Agent Support				
Scalability		Limited	—	

Our Marketplace Has Two Sided Vibrancy

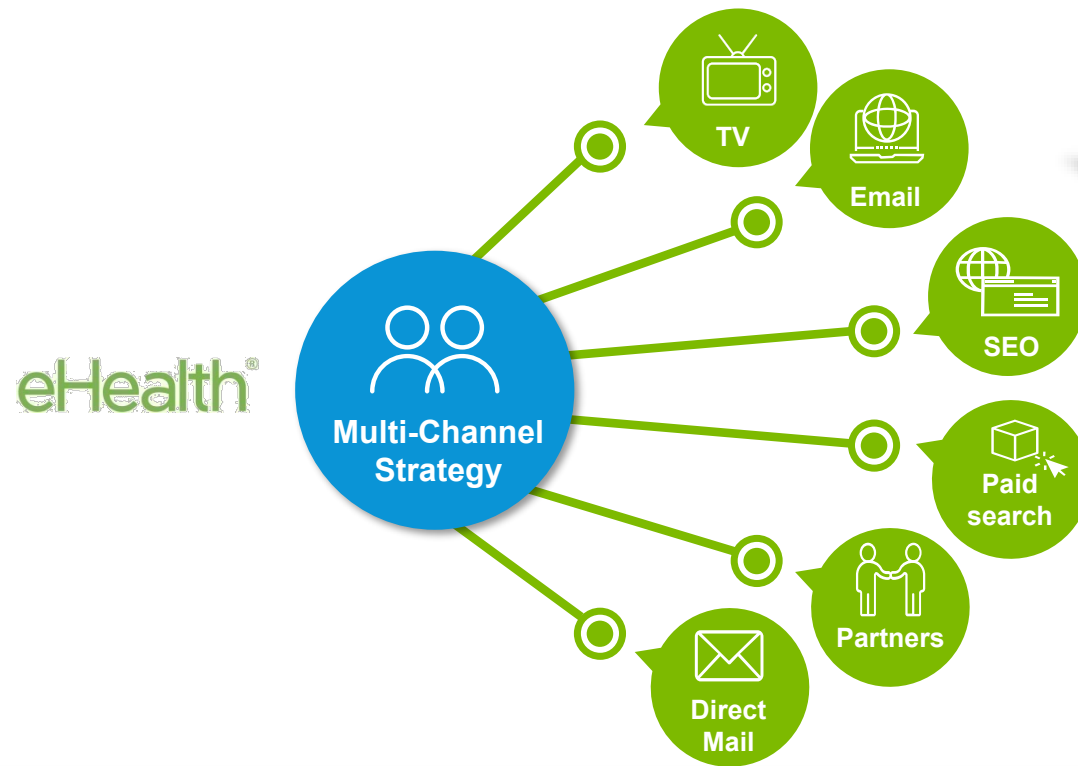


Strong Technology and More Choices Drive Enhanced Consumer Experience

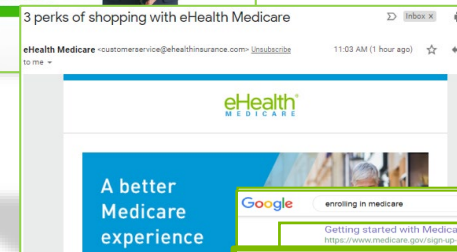


Deep carrier integrations and embedded data analytics represent significant barriers to entry

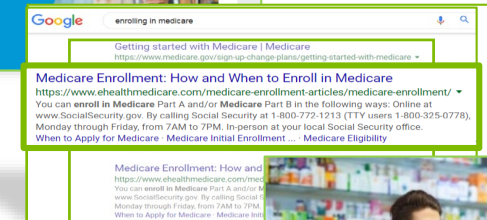
Multi-Channel Customer Acquisition Strategy



Television



Email



SEO



Retail Pharmacy Partners

Leveraging 20+ years of investments, technology and know-how to drive consumer engagement at an attractive ROI

Proven Brand and Digital Marketing Strategy

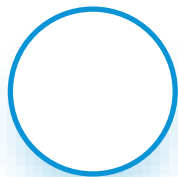


Strong organic search results



Medicare

- 1. Medicare.gov
- 2. eHealth®
- 3. CMS.gov



Individual & Family

- 1. HealthCare.gov
- 2. eHealth®
- 3. UnitedHealthcare



Dental

- 1. DELTA DENTAL®
- 2. eHealth®
- 3. Cigna®



Vision

- 1. vsp individual vision plans
- 2. Humana
- 3. eHealth®



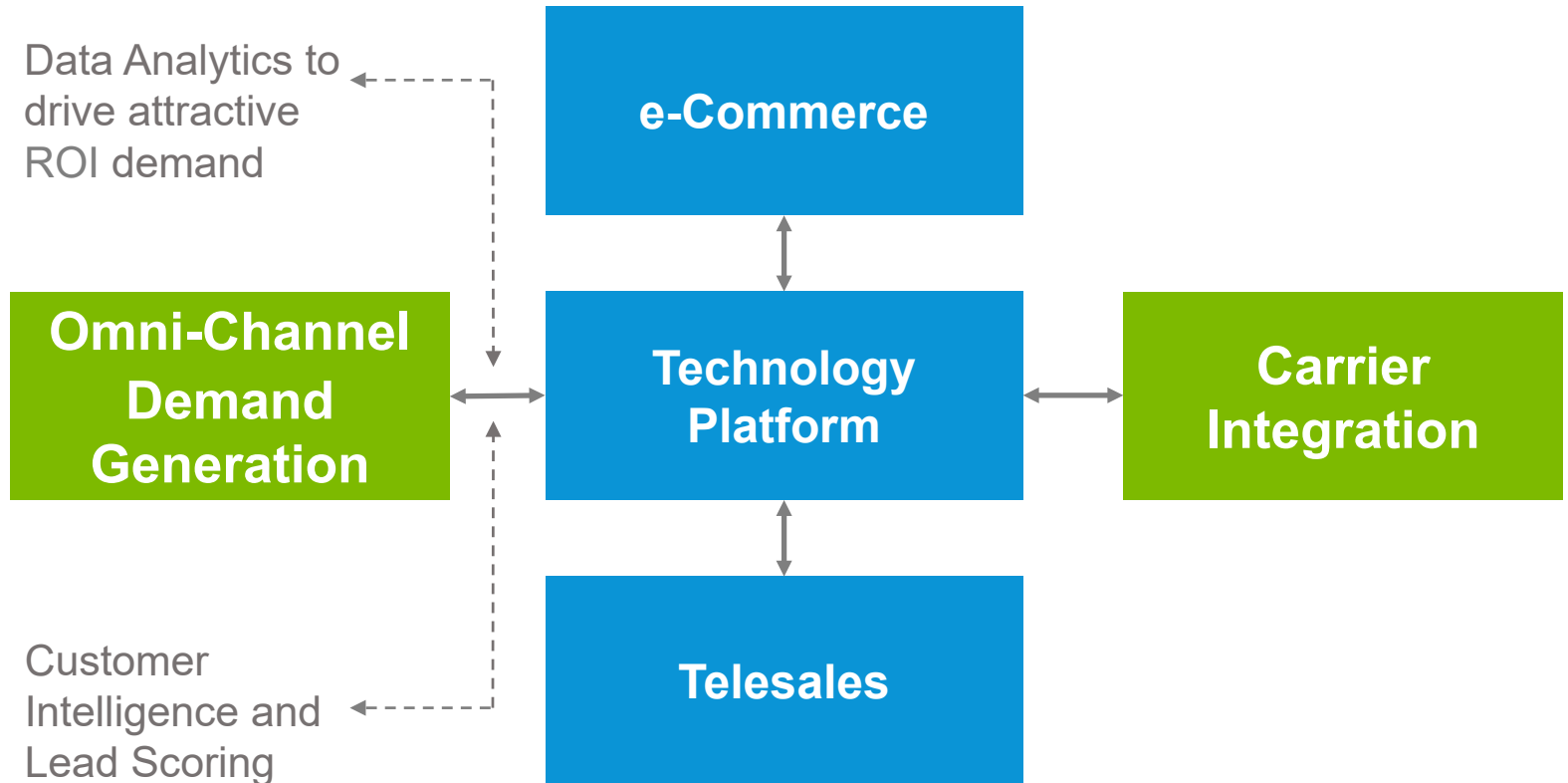
Small Business

- 1. eHealth®
- 2. PeopleKeep®
- 3. fundera

Differentiated Technology Powers our Customer Engagement Cycle

eHealth Differentiation

- **Online** enrollment capability
- Real time **drug formulary** and **physician network data**
- **Unified recommendation platform** supporting both agents and online consumers
- Text & email plan proposals for **hybrid enrollment approach**



Moving away from over-reliance on call centers to empowering consumers with an omni-channel experience

Telesales Leverage: Significant Customer Engagement Advantages



High-Value Customer Engagement

- Broad Choice
- Decision Support Algorithms
- Proprietary Educational Content
- NPS of 80s-90s

eHealth[®] Technology Drives Customer Value and Efficiency

- Data Science and Scoring
- Customer Data / Intelligence
- Proprietary Agent Tools
- Expanding Sales Force
- Flex Capacity

Driving Growth Ahead of Market Rates

2020 Business Goals

1

Drive organic growth momentum

2

Exploit digital leadership

3

Expand/Deepen strategic partner relationships

4

Maintain discipline on improving member economics

5

Drive online enrollments and scalability

6

Increase consumer engagement / retention

eHealth Financial Fundamentals are Strong



Core Medicare Business

- 2019: 112% YoY Medicare revenue growth⁽¹⁾
- 2019 major medical Medicare applications submitted online grew 200%+ YoY⁽²⁾
- Estimated Membership: 711K⁽³⁾



Other Businesses

- IFP: Generates positive cash flow and provides option for future growth
- Small Business: Growing with potential to disrupt a large, highly fragmented market



Improving profitability & operating leverage

- Operating leverage: revenues are expected to outpace fixed costs growth
- Variable costs: Sales agent costs expected to grow slower than revenues
- Reinvest operating leverage from online enrollments to accelerate growth



Strong Balance Sheet

- \$27M⁽⁴⁾ in Cash and \$589M in Commissions Receivable as of December 31, 2019
- No debt; access to a \$75M Line of Credit

(1) FY 2019 revenue includes a positive impact of \$42.3 million related to the change in estimate in expected cash commission collections for Medicare Advantage plans since we began selling such products through the third quarter of 2019.

(2) Number of submitted applications for major Medicare products – Medicare Advantage & Medicare Supplement.

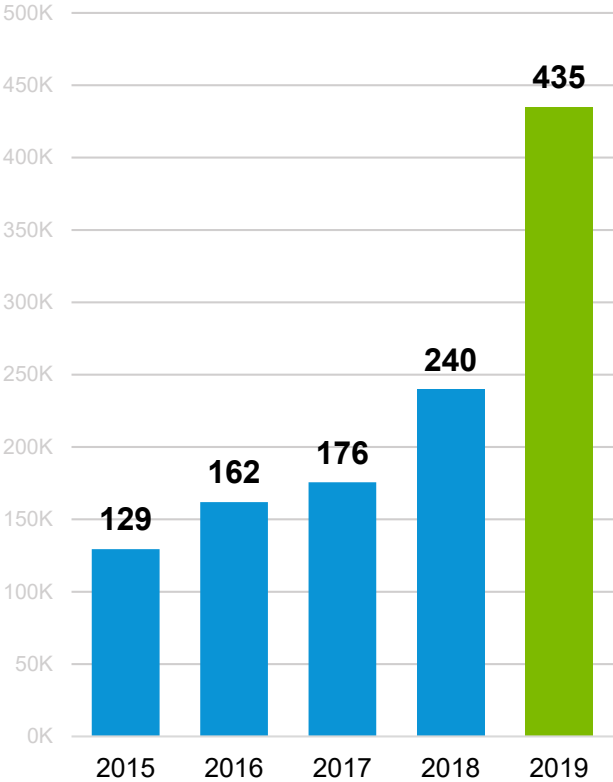
(3) Estimated membership as of 12/31/2019.

(4) Includes \$3.4M of restricted cash.

Growth Engine Performing Well...

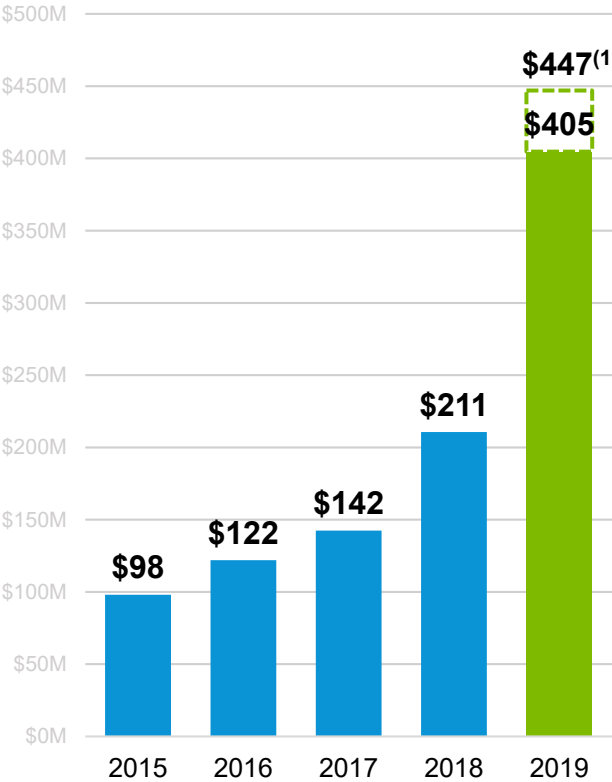
Medicare Approved Members

(In Thousands)



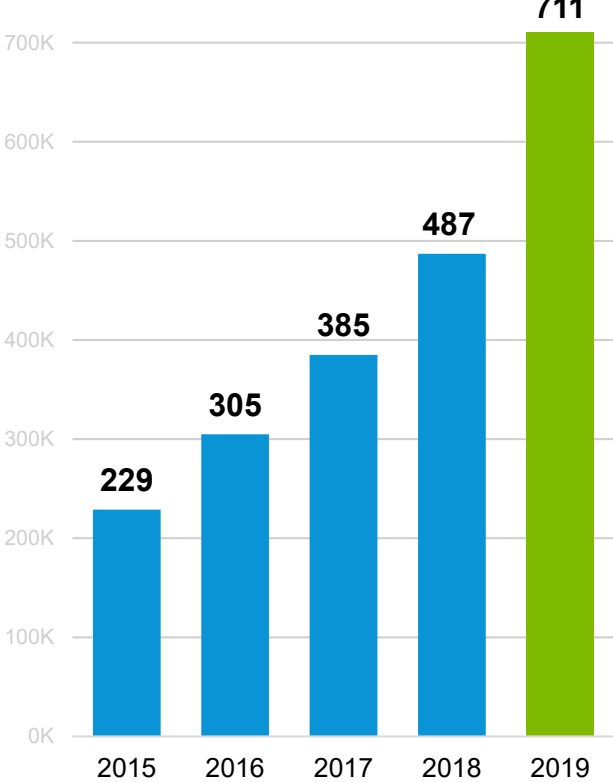
Medicare Revenues

(In Millions)



Estimated Medicare Membership

(In Thousands)



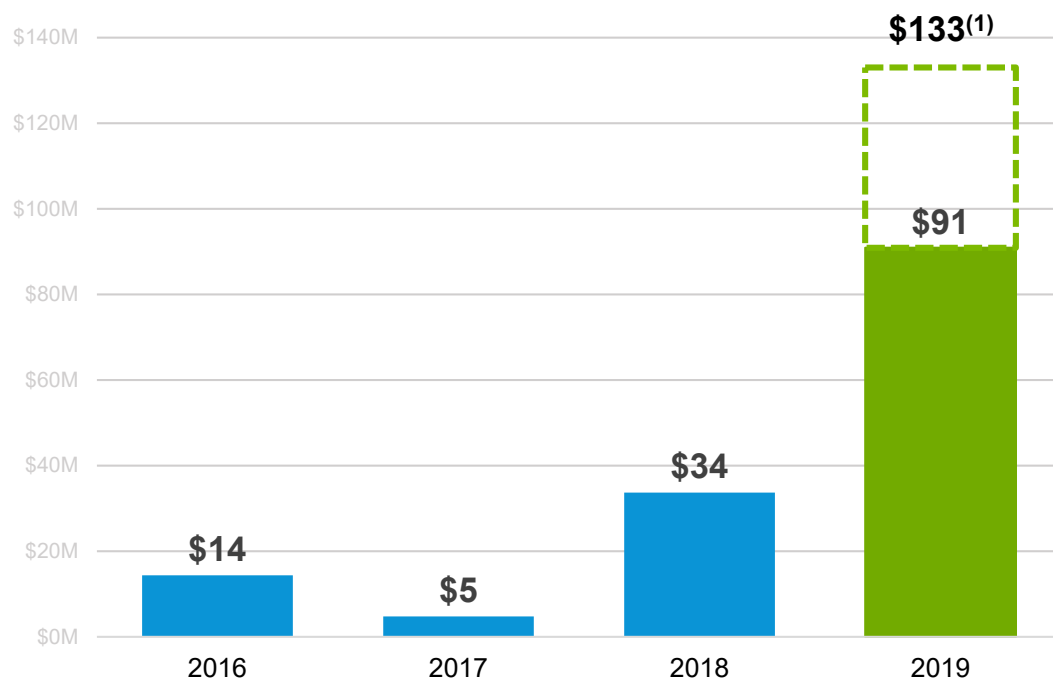
~1%
of the
addressable
market

(1) FY 2019 revenue includes a positive impact of \$42.3 million related to the change in estimate in expected cash commission collections for Medicare Advantage plans since we began selling such products through the third quarter of 2019. Excluding this positive impact, 2019 revenue was \$405 Million.

...Increasing Profitability

Total Adjusted EBITDA⁽³⁾

(\$ million)



Adjusted
EBITDA
Margin

7%

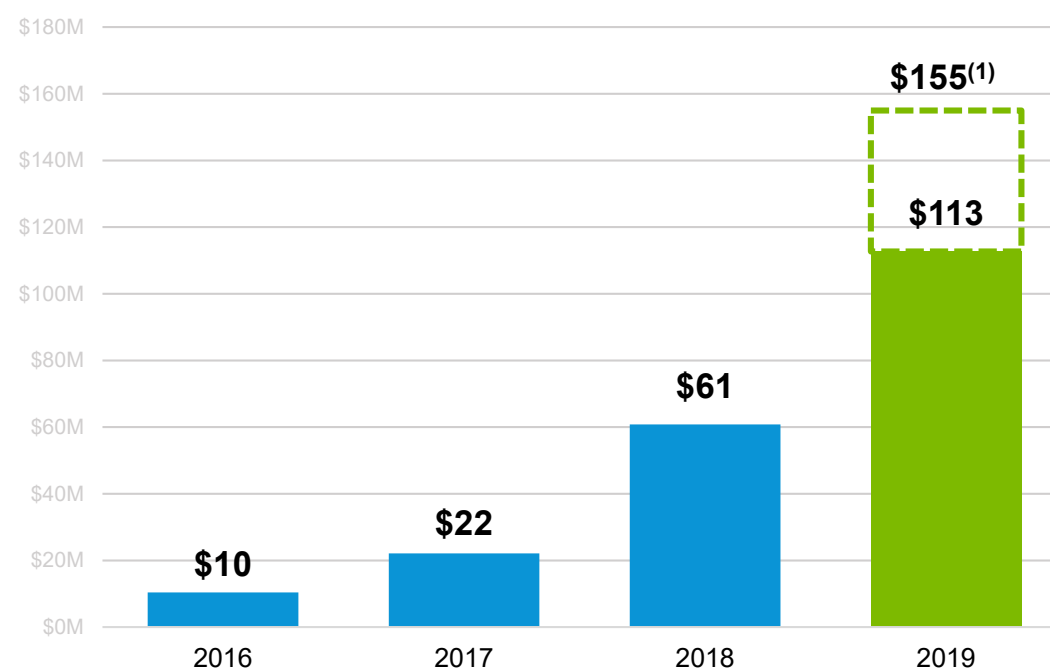
2%

13%

26%⁽²⁾

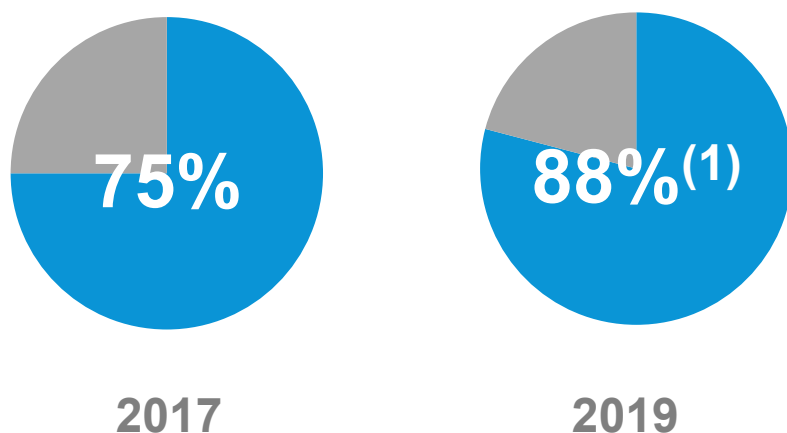
Medicare Segment Profit

(\$ million)

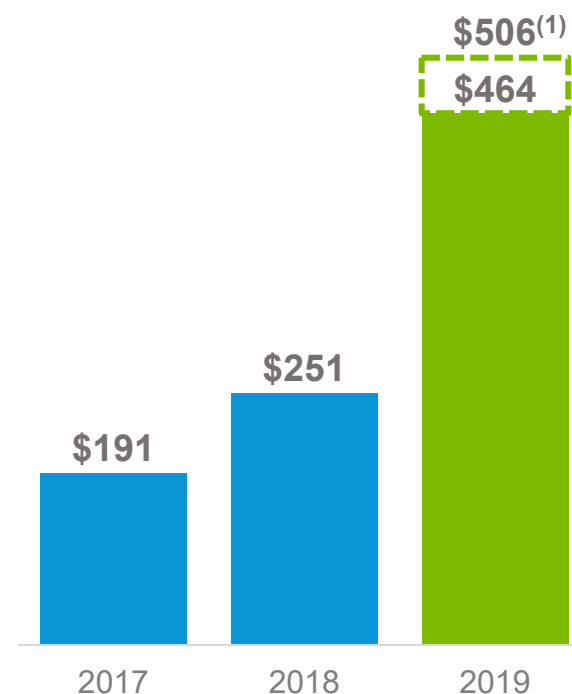


Attractive Mix Driving Revenue and Adjusted EBITDA Growth

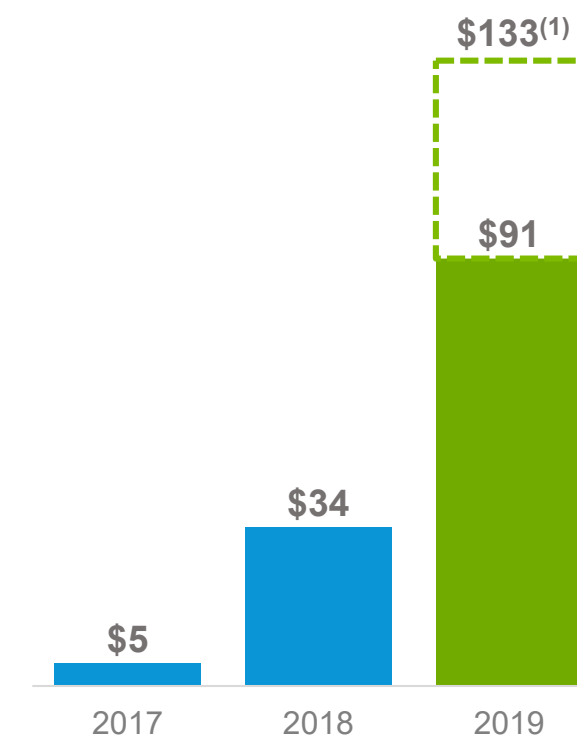
Medicare Revenue as
% of Total Revenue



Total Revenue
(\$mm)



Total Adjusted EBITDA
(\$mm)



Q4 2019 and Year Ended 2019 Financial Performance

	Q4			Year end		
(\$mm, members in thousands)	2019	2018	Change	2019	2018	Change
Total Revenue	\$302 ⁽¹⁾	\$135	▲ 124%	\$506 ⁽¹⁾	\$251	▲ 101%
Medicare	\$283 ⁽¹⁾	\$122	▲ 132%	\$447 ⁽¹⁾	\$211	▲ 112%
Individual, Family and Small Business	\$19	\$13	▲ 44%	\$59	\$41	▲ 45%
Adjusted EBITDA	\$143 ⁽¹⁾	\$52	▲ 175%	\$133 ⁽¹⁾	\$34	▲ 296%
Margin (%)	47.3% ⁽¹⁾	38.4%	▲ 880bps	26.3% ⁽¹⁾	13.4%	▲ 1290bps
Medicare Approved Members	273	146	▲ 88%	435	240	▲ 81%

Strong Balance Sheet

As of December 31, 2019	(\$ in Millions)
Cash, cash equivalents, and restricted cash	\$27
Commissions receivable	\$589
Debt	\$0

Untapped \$75 Million revolving credit facility

eHealth – Growth and Digitization Strong...and Just Getting Started



A leading provider of consumer-first health e-commerce solutions



Core Medicare market has strong long-term tailwinds



Omni-channel platform enables high growth and creates strong barriers to entry



Online enrollment and expanding telesales platforms driving revenue and profit growth well above market rates



Strong balance sheet and potential for meaningful cash flow generation as we scale



eHealth®

Appendix

Reconciliation of GAAP to Non-GAAP Financial Measures

(\$000s)	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
GAAP net income	\$ 88,824	\$ 26,071	\$ 66,887	\$ 241
Stock-based compensation expense	9,153	3,064	22,570	12,289
Change in fair value of earnout liability	8,973	6,000	24,079	12,300
Depreciation and amortization	830	609	2,983	2,479
Amortization of intangible assets	546	547	2,187	2,091
Restructuring	—	—	—	1,865
Acquisition costs	—	—	—	76
Other income, net	(266)	21	(2,090)	(755)
Provision from income taxes	34,586	15,554	16,612	3,065
Adjusted EBITDA	<u>\$ 142,646</u>	<u>\$ 51,866</u>	<u>\$ 133,228</u>	<u>\$ 33,651</u>