



Q1 2020 Financial Results Conference Call Slides

April 23, 2020

Safe Harbor Statement

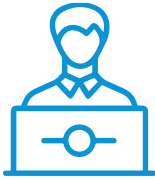
Forward-Looking Statements

This presentation includes forward-looking statements within the meaning of the federal securities laws. Forward-looking statements generally relate to future events or our future financial or operating performance. Forward-looking statements in this presentation include, but are not limited to, the following: our estimates regarding Medicare membership; our expectations of Medicare Major Medical online application percentage and Medicare Advantage Plan member turnover rate; our expectations of revenue and margin leverage opportunities from the addition of work-from-home capabilities; and our guidance for the full year ending December 31, 2020, including our guidance for total revenue and revenue from our Medicare segment and our Individual, Family and Small Business segment, GAAP net income, Adjusted EBITDA, profit from our Medicare segment and our Individual, Family and Small Business segment, Corporate shared service expense, cash used in operations and cash used for capital expenditures, and GAAP net income per diluted share and non-GAAP net income per diluted share. Our expectations and beliefs regarding these matters may not materialize, and actual results in future periods are subject to risks and uncertainties that could cause actual results to differ materially from those projected. These risks include those set forth in our filings with the Securities and Exchange Commission, including our latest Form 10-Q and 10-K. The forward-looking statements in this presentation are based on information available to us as of today, and we disclaim any obligation to update any forward looking statements, except as required by law.

Non-GAAP Information

This presentation includes both GAAP and non-GAAP financial measures. The presentation of non-GAAP financial information is not intended to be considered in isolation or as a substitute for results prepared in accordance with GAAP. A reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable GAAP financial measures is available in the earnings release issued by eHealth, Inc. on April 23, 2020 announcing its first quarter 2020 results. Management uses both GAAP and non-GAAP information in evaluating and operating its business internally and as such has determined that it is important to provide this information to investors.

COVID-19 Response



Working remotely. Shifted entire U.S. workforce to a remote model, including all of customer care agents



No impact to operations. Major undertaking accomplished seamlessly in days



Average agent productivity in Q1 increased year over year

Our mission is more critical than ever. eHealth remains focused on providing outstanding service and support to our customers, and ensuring consumers best understand their coverage options as it relates to COVID-19.

eHealth Q1 2020 Highlights



Q1 2020 revenue grew 55% compared to Q1 2019, exceeding company's expectations



Medicare segment revenue grew 75% year-over-year, with approved members increasing by 46% year-over-year



Medicare segment profit grew 103% year-over-year

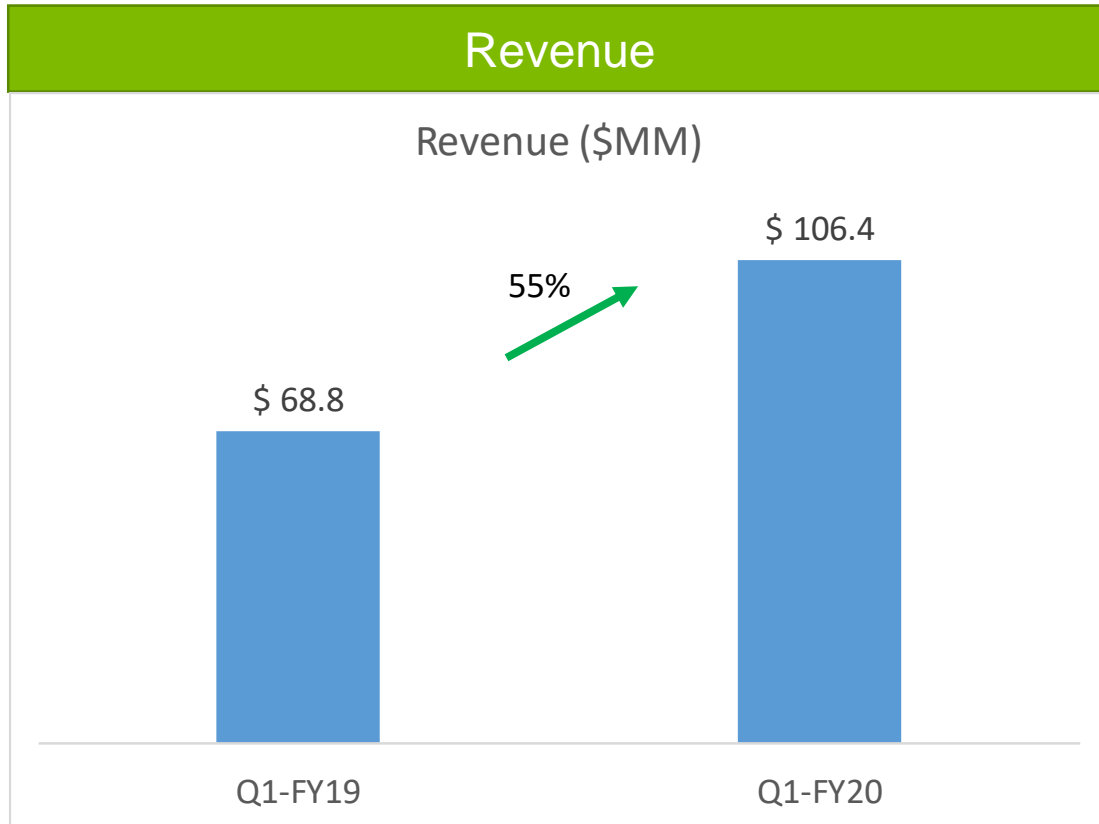


24% of Medicare major medical applications submitted online, compared to 12% in Q1 2019⁽¹⁾

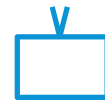


\$561MM commissions receivable balance at the end of Q1 2020

Q1 2020 Revenue



Continue to **achieve rapid growth** in new Medicare enrollments as a result of diversified portfolio approach to demand generation strategy and effective demand conversion through our omni-channel consumer engagement platform



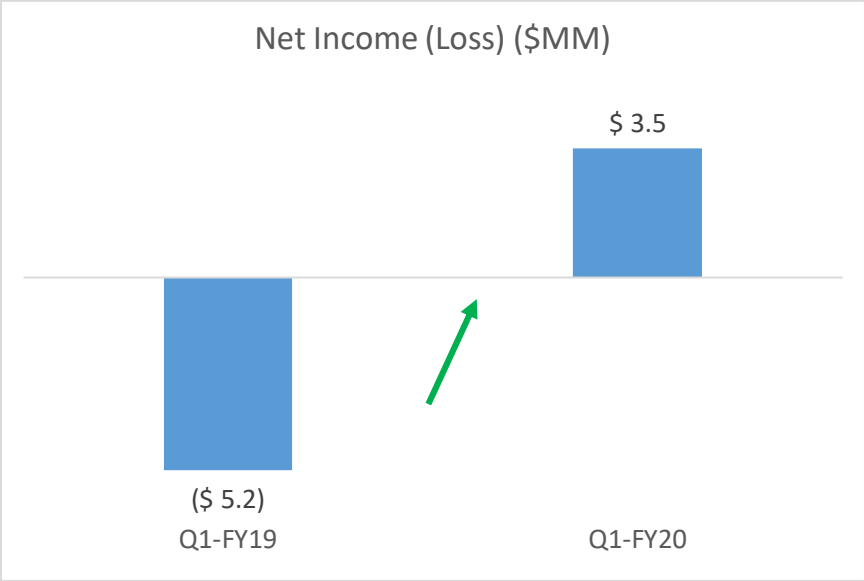
Direct-to-consumer channels providing balanced customer traffic through digital advertising, direct response TV, direct mail, e-mail and organic search initiatives



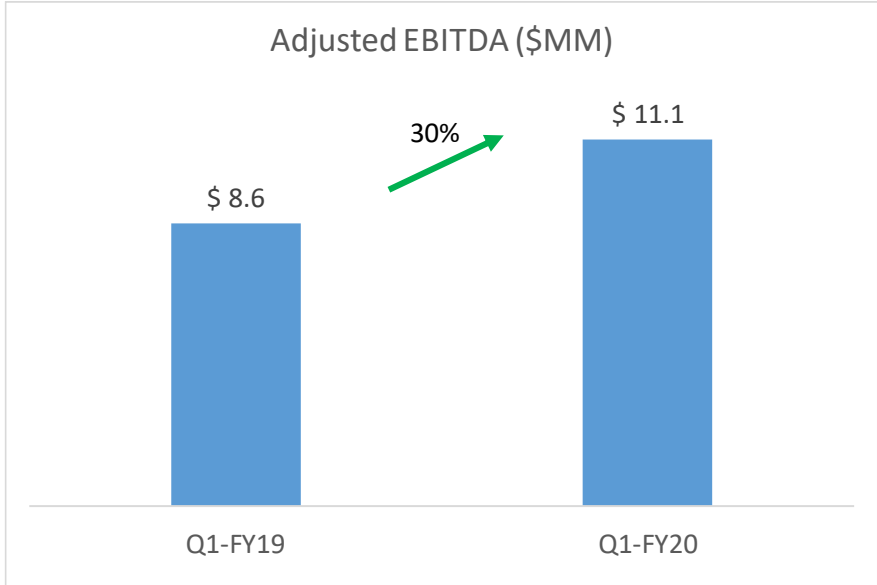
Strategic partnerships with large retail pharmacies, hospitals and other affinity groups remain a substantial and unique driver of new business

Q1 2020 Net Income (Loss) and Adj. EBITDA⁽¹⁾

Net Income (Loss)



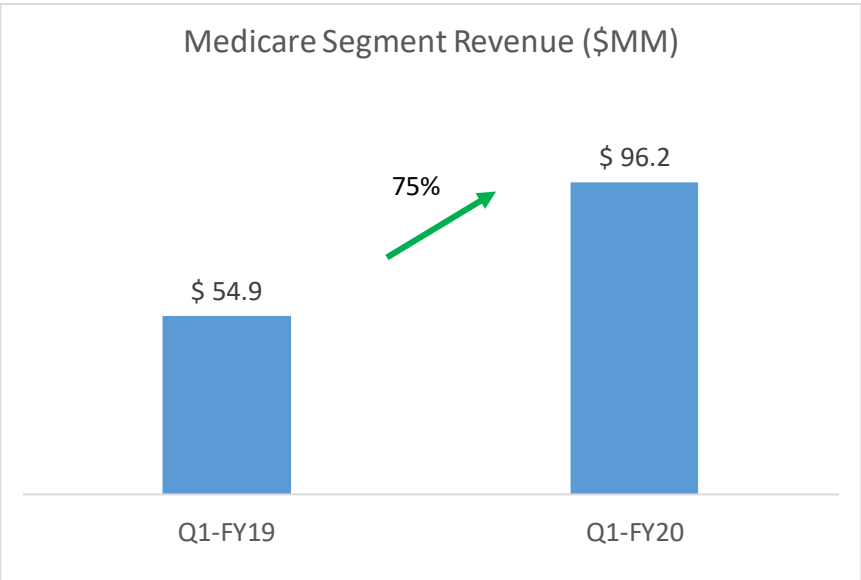
Adjusted EBITDA



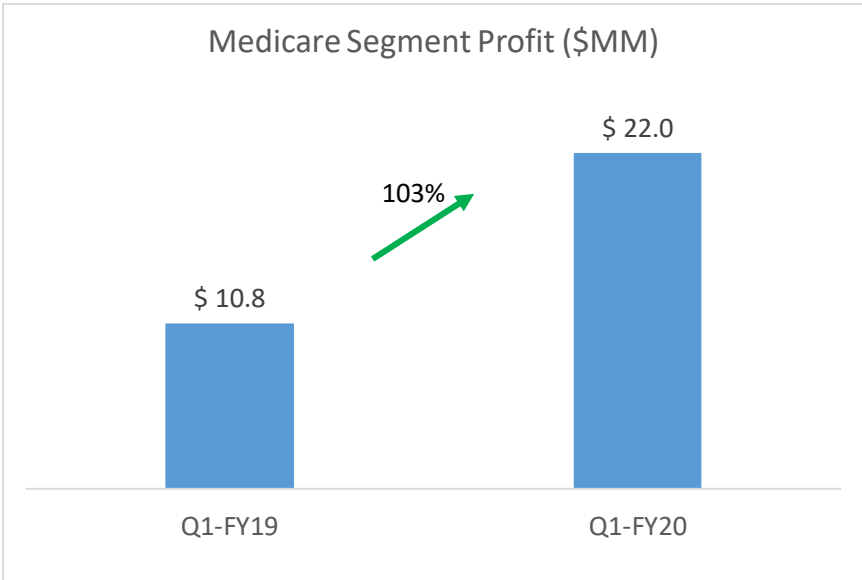
(1) Adjusted EBITDA is calculated by adding stock-based compensation, depreciation and amortization expense, amortization of intangible assets, change in fair value of earnout liability, other income, net and benefit from income taxes to GAAP net income (loss).

Q1 2020 Medicare Segment Revenue and Profit

Medicare Segment Revenue



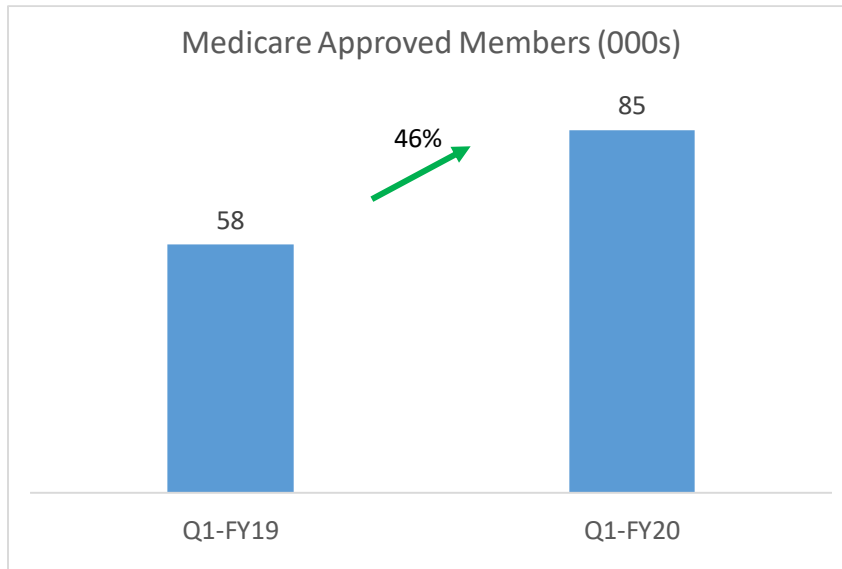
Medicare Segment Profit



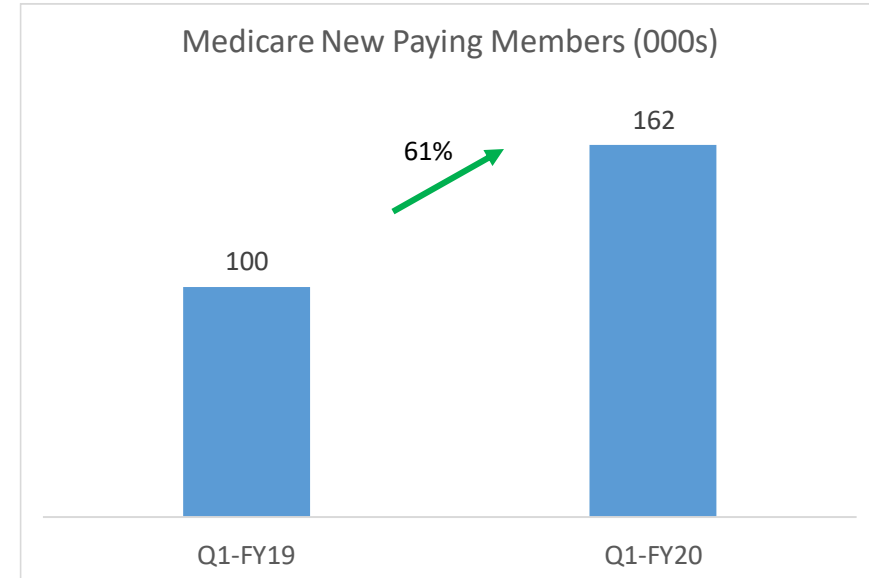
Our estimated number of revenue generating Medicare members was approximately 726,000 at the end of the first quarter, an increase of 44% year-over-year

Q1 2020 Medicare Approved Members⁽¹⁾ and New Paying Members⁽²⁾

Medicare Approved Members



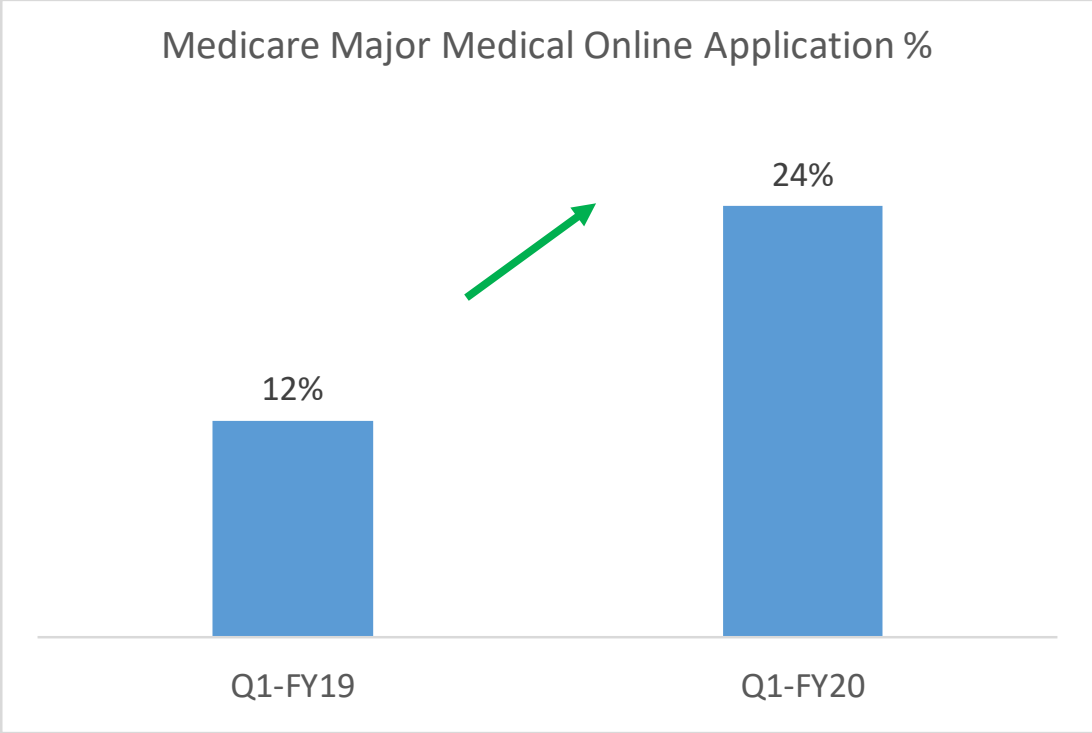
Medicare New Paying Members



Medicare Advantage enrollment growth continues to significantly outpace the overall market, driven by eHealth's unique omni-channel engagement model

Q1 2020 Medicare Major Medical Online Application%(1)

Medicare Major Medical Online Application %

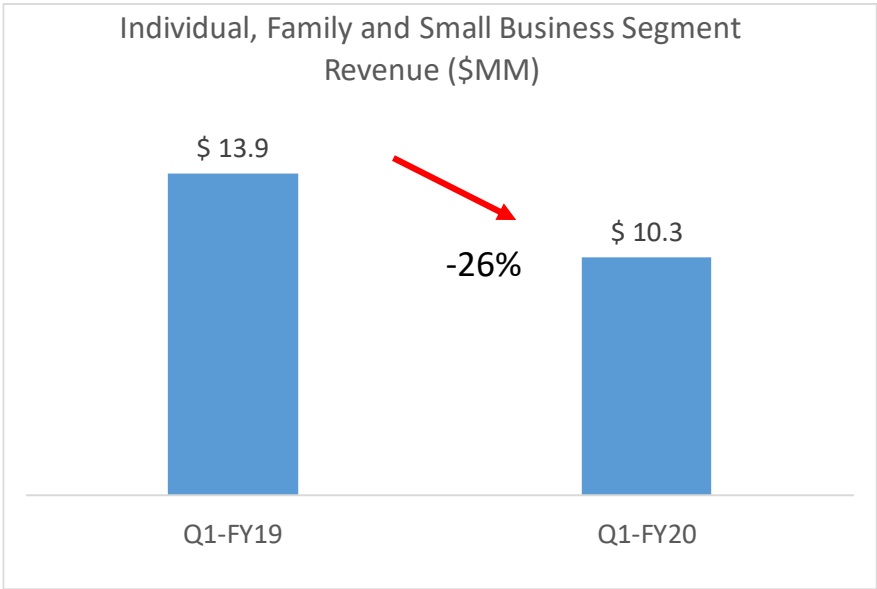


On track to achieve target of 34% online penetration for the full year 2020

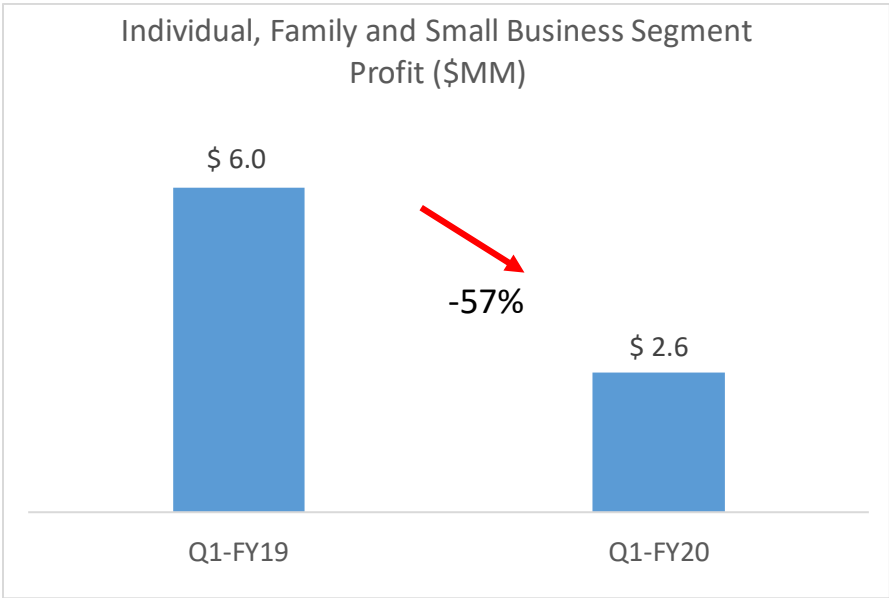
(1) Major Medicare plans include Medicare Advantage and Medicare Supplement plans; Online % represents a combination of unassisted and partially agent-assisted online enrollments.

Q1 2020 IFP Segment Revenue and Profit

IFP Segment Revenue



IFP Segment Profit



Medicare Advantage Plan Revenue Recognition and Cash Collections

Step 1

Revenue Recognized

- At time of carrier enrollment approval using constrained lifetime value estimates
- We take an appropriately conservative approach
- LTV model was further **enhanced with help independent national valuation expert**
- in 4Q19

Step 2

Cash Collected

- Cash collected for new enrollments and for renewals



Since adoption of ASC 606, our cash collections for Medicare Advantage plans have in general exceeded cash collections originally estimated under constrained LTVs

Step 4

Tail Revenue Recognized

- We recognize “tail revenue” when cash collection trends indicate a change to LTV estimates for previously approved members, including impact of any potential market or regulatory changes

Step 3

LTV Estimates Updated

- Refresh LTV estimates with latest cash collection data

An Appropriately Conservative Approach

Cash Flows Validate LTV Models and Processes

For Medicare Advantage:

- **96%** of monthly customer cohorts⁽¹⁾ have cash collections to date that **meet or exceed** our range of forecasted cash flows to date originally estimated under constrained LTVs⁽²⁾
- Total cash collections to date are **~9% higher** than our range of forecasted cash flows to date originally estimated under constrained LTVs⁽²⁾
- Recognized **~\$60MM** of tail revenue since beginning of 2019, or ~6% of total revenue since inception of the business in 2010

National Accounting/Financial Experts Validate Revenue Recognition Processes

- ✓ Analytical and statistical models for determining LTVs and constraints were developed in consultation with external parties as part of our ASC 606 adoption and continue to be refined
- ✓ Policies further reviewed, documented, and validated with assistance of a “Big Four” accounting firm
- ✓ Recently, further refined analytics and modeling with work performed by independent national valuation expert
- ✓ Our financial statements are reviewed quarterly and audited annually

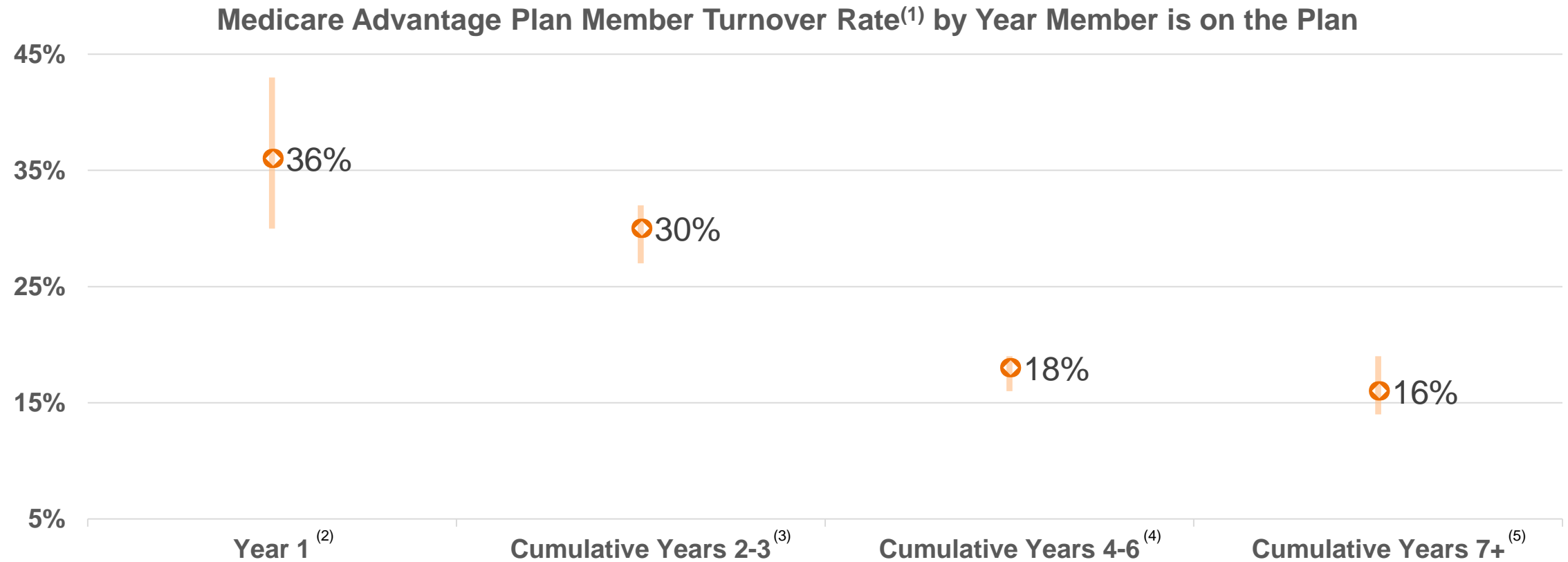
Medicare Advantage Plan Member Turnover Trend Since Q4 2018

	Q42018	Q12019	Q22019	Q32019	Q42019	Q12020
Approved Members ⁽¹⁾	83,376	40,741	36,576	35,171	167,073	64,898
Estimated Beginning (Paying) Membership ⁽²⁾	235,269	276,357	280,763	291,171	309,180	404,694
New Paying Members ⁽³⁾	62,817	49,531	36,122	33,974	116,351	86,299
Estimated Ending (Paying) Membership ⁽⁴⁾	276,357	280,763	291,171	309,180	404,694	404,262
Medicare Advantage Plan Member Turnover⁽⁵⁾	21,729	45,125	25,714	15,965	20,837	86,731
Trailing Twelve Month Member Turnover ⁽⁶⁾	95,065	89,357	102,403	108,533	107,641	149,247
Average Trailing Twelve Month Estimated Membership Plus New Paying Members ⁽⁷⁾	262,856	276,949	296,491	316,501	348,362	389,638
Trailing Twelve Month Member Turnover Rate⁽⁸⁾	36%	32%	35%	34%	31%	38%

Medicare Advantage Plan Member Turnover Trend Since Q4 2018 (cont'd)

- (1) Approved members consist of the number of individuals on submitted applications that were approved by the relevant insurance carrier for the identified product during the period presented. Approved members may not pay for their plan and become paying members.
- (2) Estimated Beginning (Paying) Membership is the Estimated Ending Membership for the period prior to the period of estimation. Membership is estimated using the methodology described in our periodic filings with the Securities and Exchange Commission. From Q4 2016 to Q4 2019, the average variance between the quarterly estimated membership versus the actual membership for Medicare Advantage is 1.4%.
- (3) New Paying Members consist of approved members from the period presented and any periods prior to the period presented from whom we have received an initial commission payment during the period presented.
- (4) Estimated Ending (Paying) Membership is the number of members we estimate as of the end of the period. Membership is estimated using the methodology described in our periodic filings with the Securities and Exchange Commission.
- (5) Medicare Advantage Plan Member Turnover for the period is derived as follows: Estimated Beginning Membership plus New Paying Members minus Estimated Ending Membership.
- (6) Trailing Twelve Month Member Turnover is the sum of Medicare Advantage Plan Member Turnover for the prior twelve months.
- (7) Average Trailing Twelve Month Estimated Membership Plus New Paying Members is the sum of (i) trailing twelve month Estimated Beginning Membership, plus (ii) New Paying Members for the trailing twelve month, divided by 4.
- (8) Trailing Twelve Month Member Turnover Rate is Trailing Twelve Month Turnover divided by Average Trailing Twelve Month Estimated Membership Plus New Paying Members.

Medicare Advantage Plan Member Turnover Rate⁽¹⁾ by Year



Increasing 2020 Guidance

For the full year ending December 31, 2020, we expect:

Total revenue in the range of \$600.0M - \$640.0M, compared to the previous guidance of \$580.0M - \$620.0M.

- **Medicare segment revenue** in the range of \$553.0M - \$589.0M, compared to the previous guidance of \$533.0M - \$569.0M.
- **Individual, Family and Small Business segment revenue** in the range of \$47.0M - \$51.0M, consistent with previous guidance.

Adjusted EBITDA⁽¹⁾ in the range of \$125.0M - \$140.0M, compared to the previous guidance of \$120.0M - \$135.0M.

Medicare segment profit⁽²⁾ in the range of \$157.0M to \$174.0M, compared to the previous guidance of \$152.0M - \$169.0M, and **Individual, Family and Small Business segment profit** in the range of \$17.0M - \$18.0M, consistent with previous guidance.

Corporate⁽³⁾ shared service expenses, excluding stock-based compensation and depreciation and amortization expense, in the range of \$49.0M to \$52.0M, consistent with previous guidance.

Cash used in operations in the range of \$61.0M - \$64.0M, compared to previous guidance of \$52.0M - \$55.0M, and cash used for capital expenditures is expected to be \$18.0M - \$20.0M, consistent with previous guidance.

GAAP net income in the range of \$70.0M - \$85.0M, compared to previous guidance of \$68.0 million to \$83.0 million.

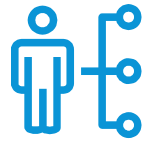
GAAP net income per diluted share in the range of \$2.55 to \$3.10, compared to previous guidance of \$2.64 to \$3.23 per share.

Non-GAAP net income per diluted share⁽⁴⁾ in the range of \$3.41 to \$3.90, compared to previous guidance of \$3.56 to \$4.09 per share.

Executing Defined Strategy to Achieve Strong Results and Drive Growth



Business fundamentals are strong. Executing on a clear strategy and making targeted investments to drive growth. Our financial results reflect the **progress we are making**



Omni-channel customer engagement platform is ideally positioned to serve customers safely and most effectively both now and in the future



Addition of work-from-home capabilities for agents adds to significant revenue and margin leverage opportunities in 2020 and beyond



Updating our 2020 annual guidance to reflect outperformance to-date