

A photograph of a middle-aged man and woman 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 appear to be in a kitchen or office setting. There are white mugs on the table in front of them. The background shows a blue cabinet and some kitchen items.

eHealth<sup>®</sup>

# Investor Presentation

June 2022

# Safe Harbor Statement

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## **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 annual enrollment opportunity; our operational focus in 2022; our expected cash collections for Medicare Advantage plans; our estimated memberships; trends in the Medicare distribution market; trends in our business; our expectations for our individual, family, and small business plan segment; our long-term opportunities for profitable growth; and our 2022 annual guidance for total revenue, GAAP net loss, adjusted EBITDA, and total cash outflow. 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**

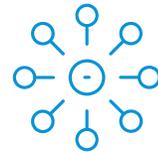
This presentation includes both GAAP and non-GAAP financial measures. The presentation of non-GAAP financial information is not intended to be considered in isolation or as a substitute for results prepared in accordance with GAAP. A reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable GAAP financial measures is available in the Appendix to this presentation. 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.

# eHealth at-a-Glance

## Leading private health insurance marketplace



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



Differentiated carrier-agnostic, consumer centric, platform with omni-channel capabilities



Only direct-to-consumer broker with a robust shop-buy-enroll online-first channel



Well-positioned for consumerization of healthcare and massive industry shift online



Longstanding relationships, deep technology integration with carriers



Committed to strong balance sheet and profitable membership and revenue growth

**\$538m**

2021 revenue

**~907k**

Estimated paying Medicare membership<sup>(1)</sup>

**\$831m**

Commissions receivable balance<sup>(1)</sup>

**16m**

2021 unique annual visitors

**~200**

Carrier partnerships<sup>(2)</sup>

**52%**

Portion of 2021 Medicare applications submitted online<sup>(3)</sup>

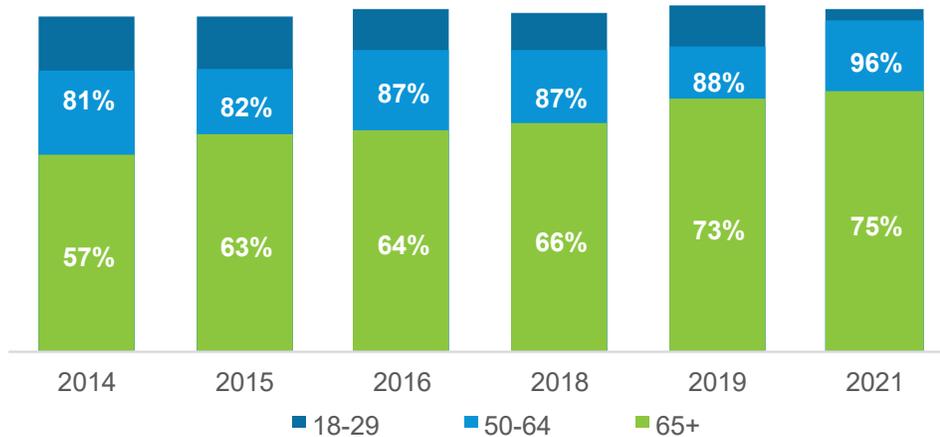
(1) As of March 31, 2022.

(2) Includes Medicare, IFP, SMB and ancillary products at a sub-carrier level

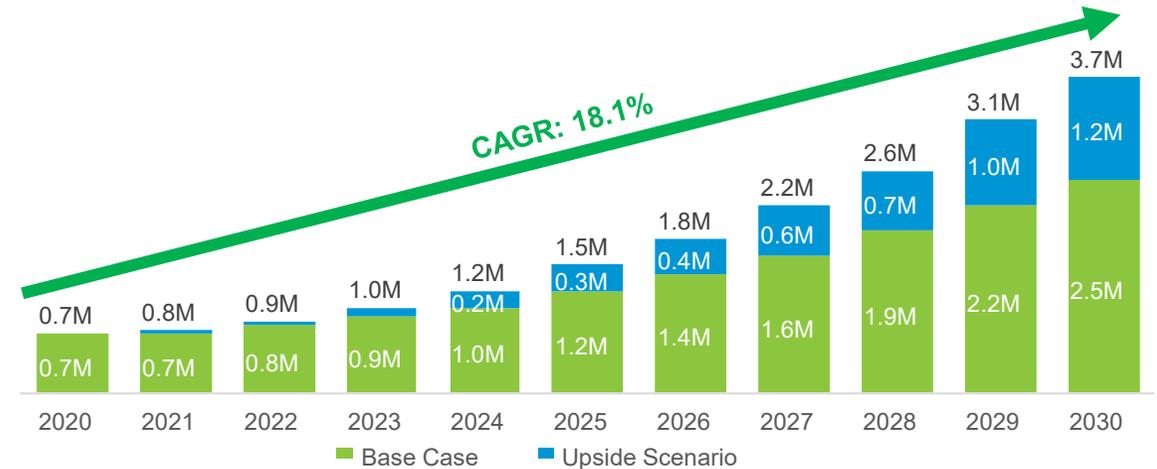
(3) Includes fully unassisted and agent assisted online applications for Medicare Advantage and Medicare Supplement products

# Strongly Positioned to Benefit from Increasing Digital Adoption

## Online Adoption by Age Group<sup>(1)</sup>



## Online Penetration of New MA Sales<sup>(2)(3)</sup>



Medicare distribution channels are rapidly shifting to DTC and e-commerce

Secular shift driving online usage: 74% of seniors likely to make a purchase online<sup>(4)</sup>

Online enrollment enables superior scaling vs. call center and direct in-person sales models

Broad consumer adoption of online shopping provides strong tailwind

**eHealth is the Only Broker Driving End-to-End Online Enrollments at Scale**

(1) "Internet/Broadband Fact Sheet" (Pew Research Center, 2021).

(2) Source: CMS, Kaiser Family Foundation and BCG Surveys

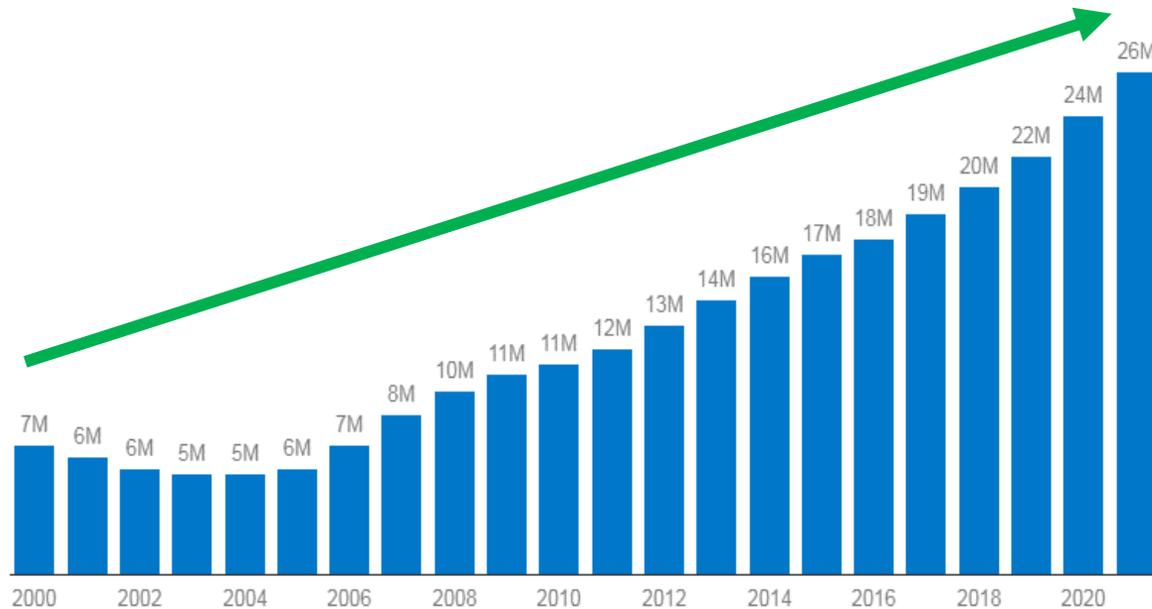
(3) Penetration of new MA buyers only, defined as age-ins, switchers from traditional Medicare, and intra-MA plan switchers.

(4) "Technology Use and Attitudes among Mid-Life and Older Americans" AARP Research.

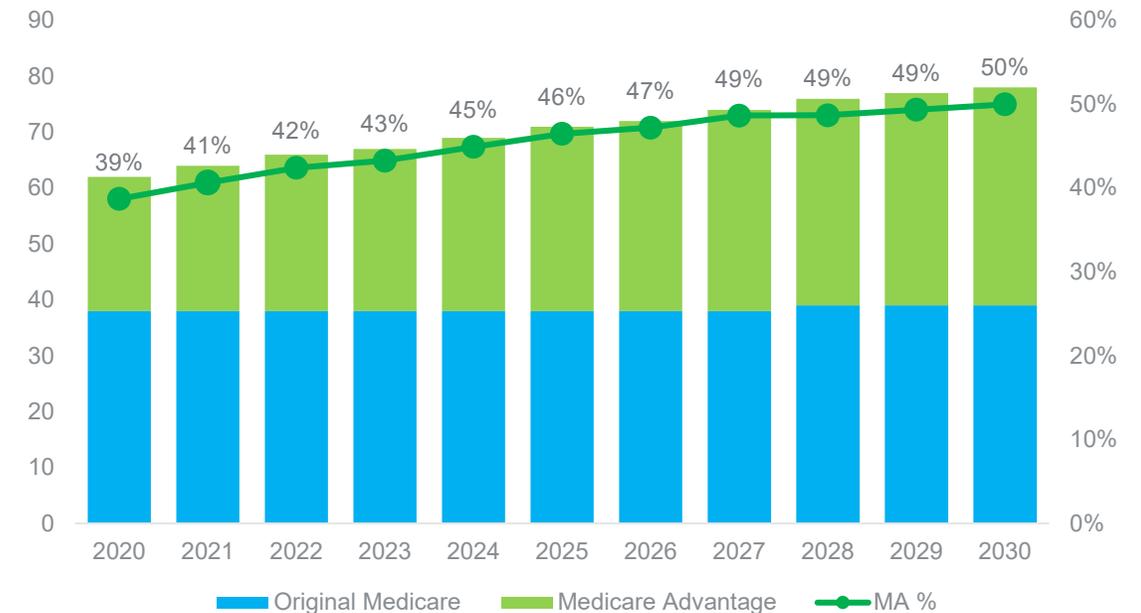
# Medicare Advantage Market Opportunity Remains Attractive; Strong Tailwinds Intact

- Increasing market penetration of MA private plans, from 31% of Medicare beneficiaries in 2016 to 50% in 2030<sup>(1)</sup>
- Medicare Advantage plan enrollment expected to grow 70% market-wide between 2020 and 2030<sup>(2)</sup>

**Total Medicare Advantage Enrollment, 2000–2021<sup>(1)</sup>**



**Medicare Enrollment and Penetration Change by Year<sup>(2)</sup>**



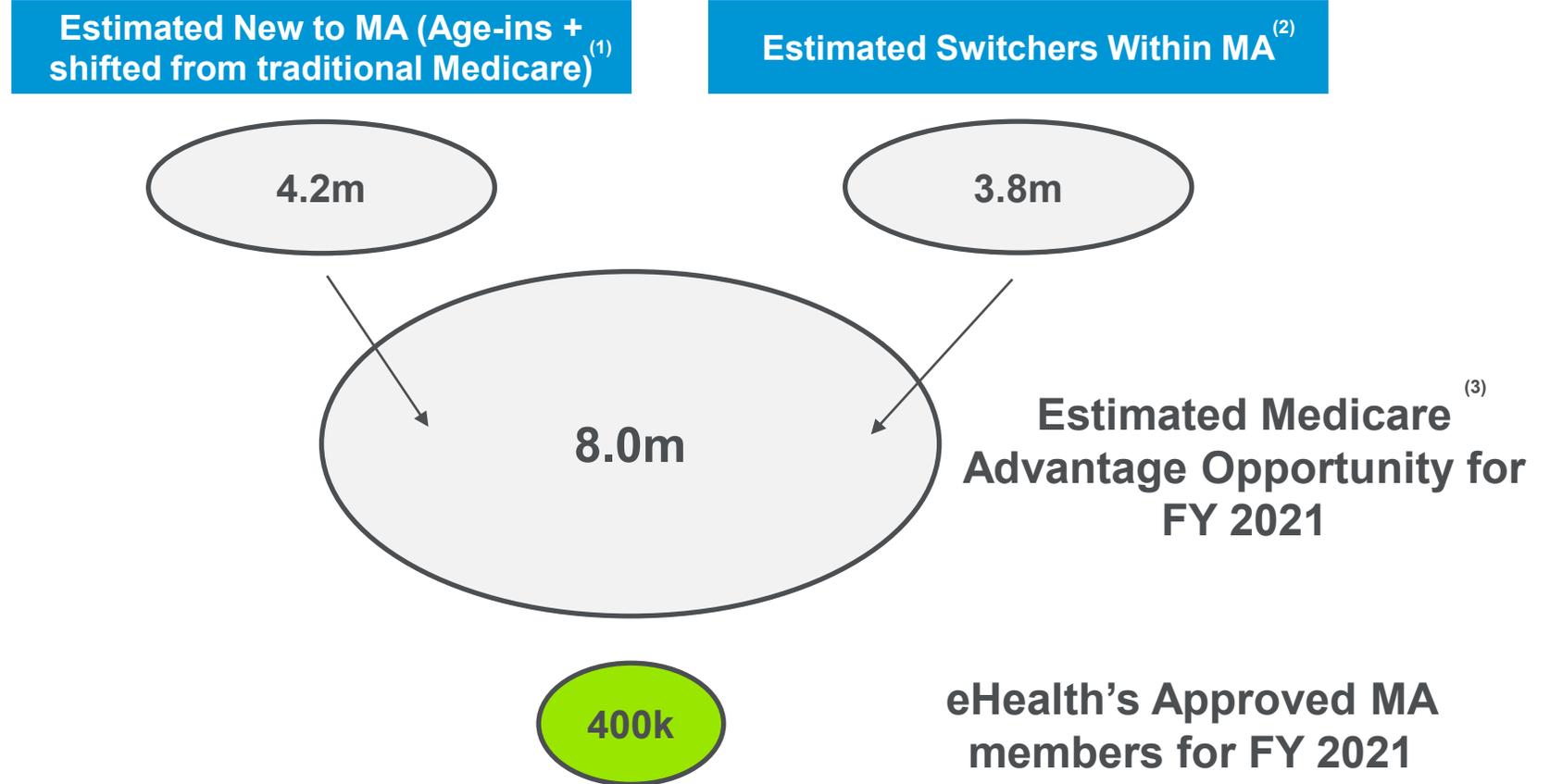
(1) Source: <https://www.kff.org/medicare/issue-brief/medicare-advantage-in-2021-enrollment-update-and-key-trends/>

(2) Source: <https://www.cbo.gov/system/files/2020-03/51302-2020-03-medicare.pdf>

# Our Enrollment Remains a Small Portion of our Total Medicare Advantage Annual Opportunity

**eHealth's 400k Medicare Advantage approved members** in FY2021 represented ~5% of total estimated annual enrollment opportunity

Tapping into a large greenfield opportunity: New to MA members represented ~43% of our total MA approved members with policy effective date of Jan 1, 2022



(1) We estimate our New to MA opportunity as follows: 2021 total enrollment growth for MA enrollments, net of estimated deaths and individuals that left MA (assumed at 5% of 2020 total MA enrollments) (Source: CMS)

(2) We estimate 2021 Switchers within MA as follows: total 2020 MA enrollments (Source: CMS) multiplied by an assumed 15% annual switching rate, based on 11% switching during the AEP and 4% during OEP (Source: Deft).

(3) Sum of estimated Switchers within MA and Estimated New to MA members.

# Selecting Health Insurance is Challenging for Consumers

**Millions of Americans** shopping for Health Insurance

**Proliferation of Medicare Advantage Plans** (65% growth in number of plans between 2018 and 2022 AEP)<sup>(1)</sup> 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<sup>(2)</sup>

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

# eHealth is Providing a Better Way to Shop for Health Insurance

Key Criteria	Other Medicare Distribution Industry Leaders	eHealth®
Customer experience	<ul style="list-style-type: none"> <li>• Single point of interaction only</li> </ul>	<ul style="list-style-type: none"> <li>• Omni-channel experience</li> </ul>
Variety of available Medicare plans	<ul style="list-style-type: none"> <li>• Narrow consumer choice</li> <li>• Often limited to a small number of carriers</li> </ul>	<ul style="list-style-type: none"> <li>• Broad marketplace of plans from many carriers</li> <li>• Greater likelihood customer finds a plan that best fits their needs</li> </ul>
Transparency of pricing/benefits	<ul style="list-style-type: none"> <li>• Opaque price and coverage</li> </ul>	<ul style="list-style-type: none"> <li>• Full transparency</li> </ul>
Availability of information	<ul style="list-style-type: none"> <li>• Little to no research</li> </ul>	<ul style="list-style-type: none"> <li>• Easy comparison shopping</li> <li>• Personalized plan recommendations</li> <li>• Educational resources</li> </ul>

**Recent Investment in Enrollment Quality further Differentiates our Platform**

# Delivering Carriers a Significant Value Proposition, Differentiated by Quality

## Brokers are critical to carrier distribution strategy

- Efficient member acquisition at scale
- Provides access to customers that prefer comparison shopping model
- Leverages broker infrastructure in a highly seasonal industry
- Technology and data integrations
- Long collaborative relationships centered on driving beneficiary value

## eHealth differentiation

- Omnichannel enrollment capabilities help carriers meet beneficiaries through their preferred enrollment method
- Regional expertise
- Commitment to compliance and quality. Collaborative programs in 2021 resulted in significant improvements in CTM scores and persistency
- Shared focus on member experience opens new revenue opportunities

**907k**

Estimated Medicare Membership<sup>(1)</sup>

**~200**

Carrier Partnerships<sup>(2)</sup>

**>2x**

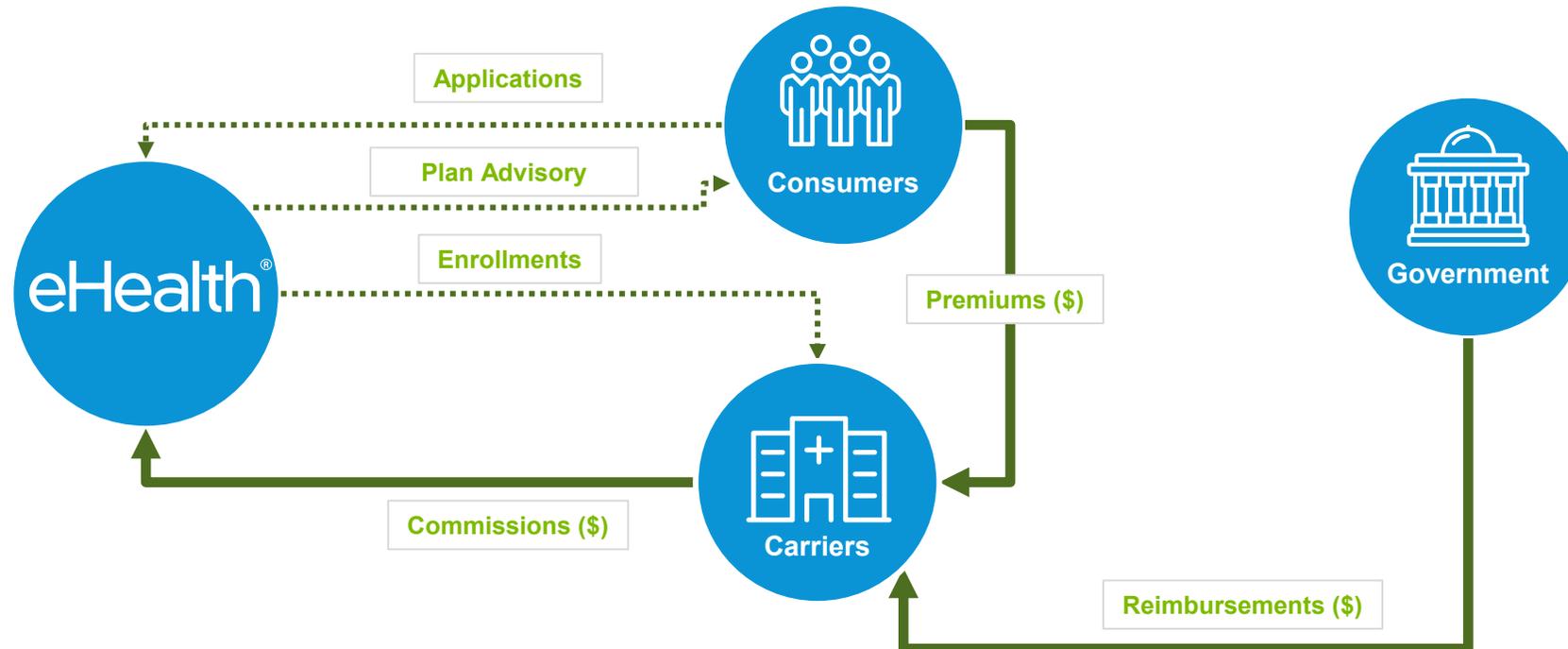
Improvement in CTM scores<sup>(3)</sup>

# Highly Visible & Scalable Economic Model

eHealth's revenue primarily consists of broker commissions paid by insurance carriers

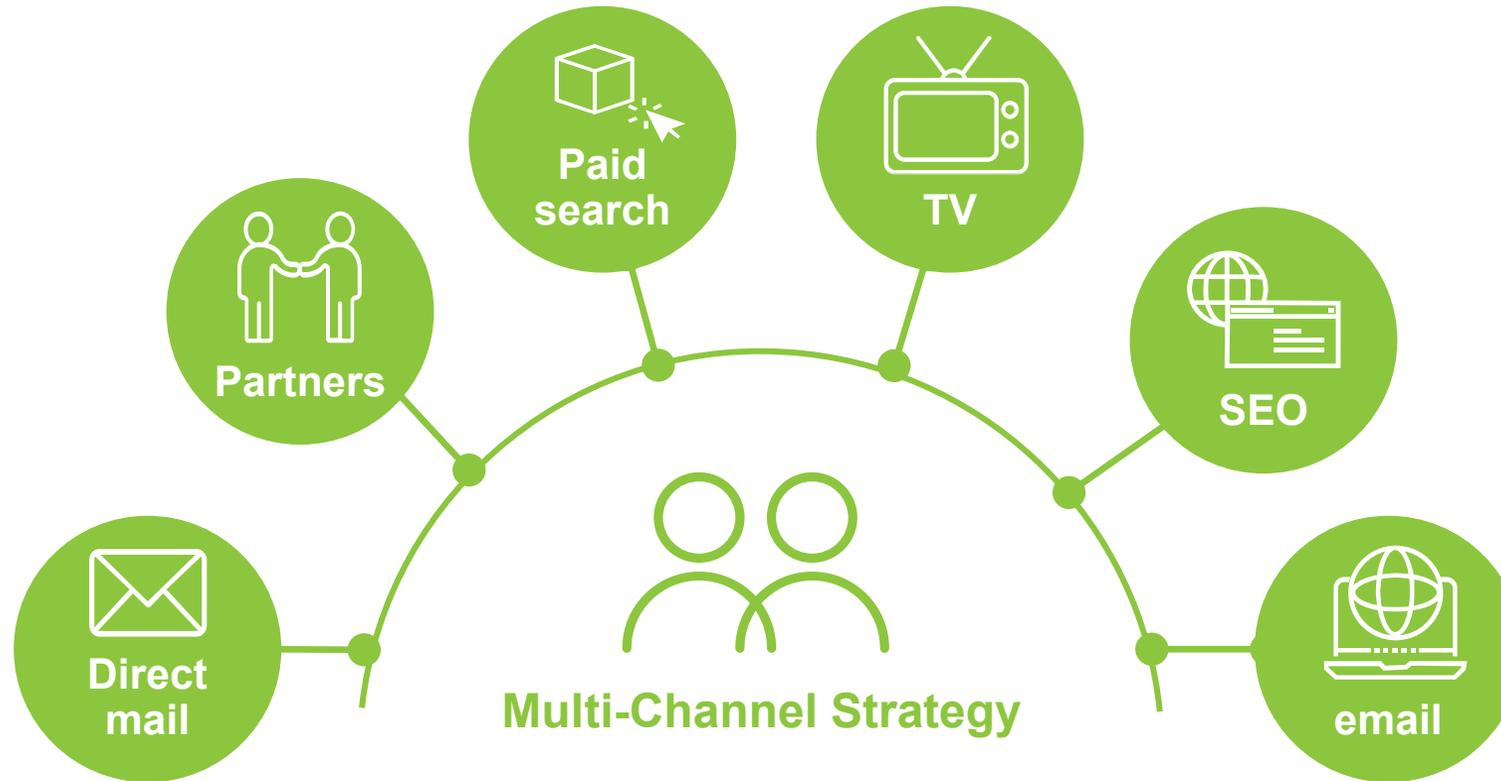
- Commissions paid as percentage of premium or at fixed per member rates
- No insurance claim liability
- Strong visibility into future commission collection

## eHealth Transaction Ecosystem





# eHealth Multi-Channel Customer Acquisition Strategy



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

# Scaling IFP Opportunity Supplements MA Strategy



## Increased TAM

- Subsidy expansion for all income levels under American Rescue Plan
- Further bolstering ACA – one of the key goals of the administration
- ICHRA plans gaining scale (from 1.1M enrollees in 2020 to 10.9M estimated in 2024)



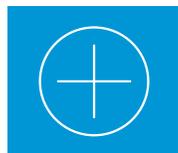
## Attractive unit economics

- 2021 IFP/SMB segment revenue of \$67M, including over \$25M in tail revenue; \$46M segment profit
- LTVs: \$274 for non-QHP; \$311 for QHP



## Strategic partner opportunity

- Partners seeking preferred IFP broker to provide customized IFP experience
- Additional partner opportunity for ICHRA

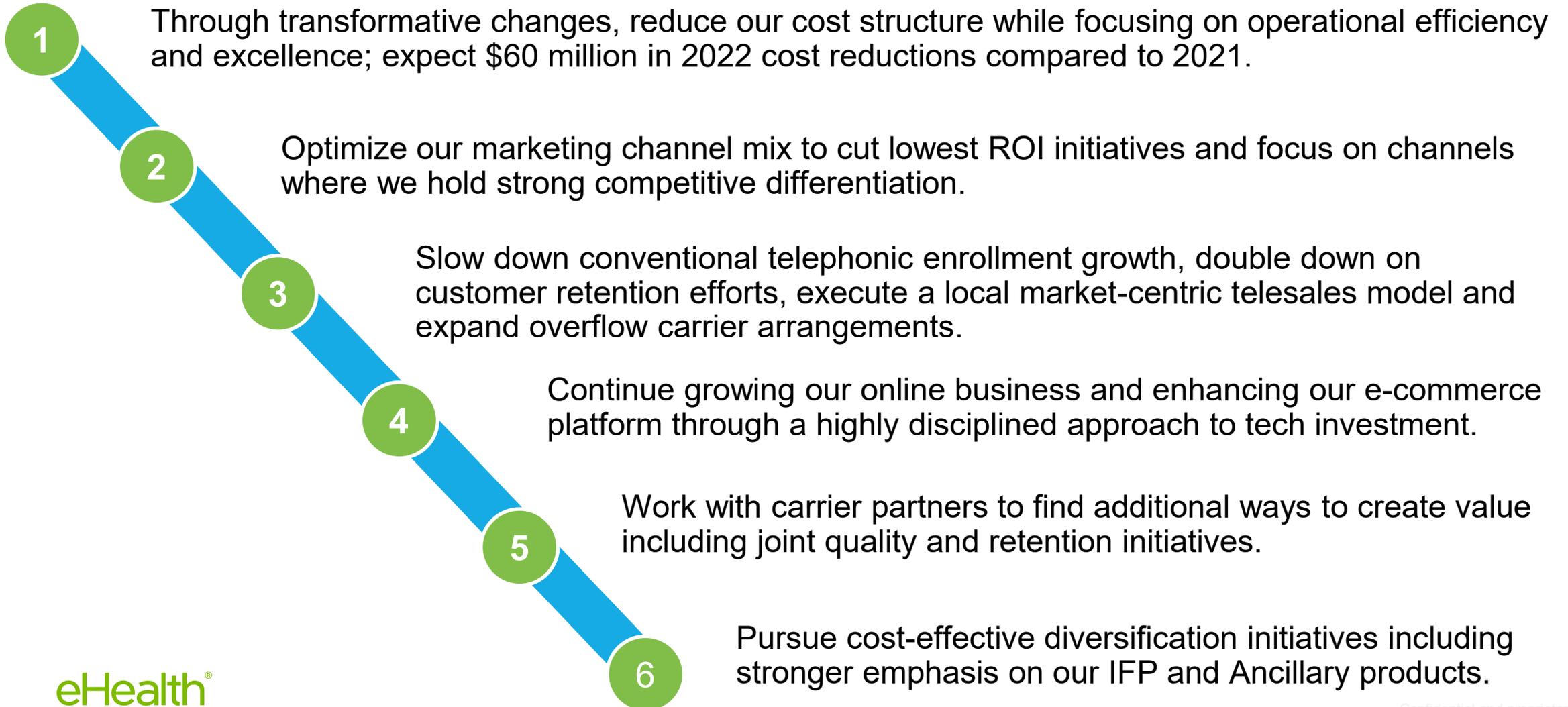


## Feeder into MA/ancillary

- Significant percentage of IFP sales include an ancillary product
- Potential to transition into the MA book at 65

# 2022 Priorities of the New Leadership Team

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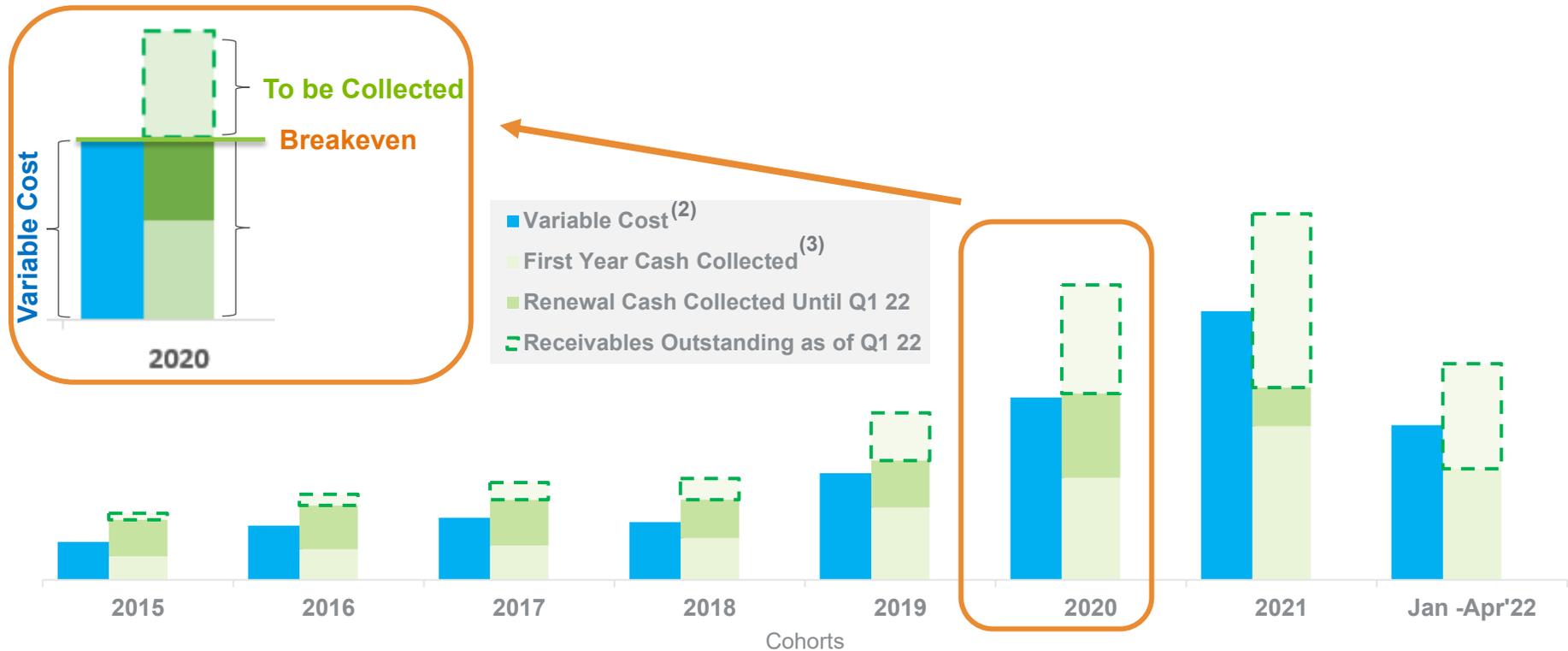


# Medicare Advantage Variable Cost and Cash Collection

2020 MA cohorts have now achieved break even, i.e., the variable acquisition cost compared to cash collections generated by the cohort to date

These cohorts will be generating positive cash flow going forward as we continue to collect monthly renewal payments.

**Medicare Advantage Variable Cost and Cash Collection<sup>(1)</sup>**  
per Medicare Advantage Member



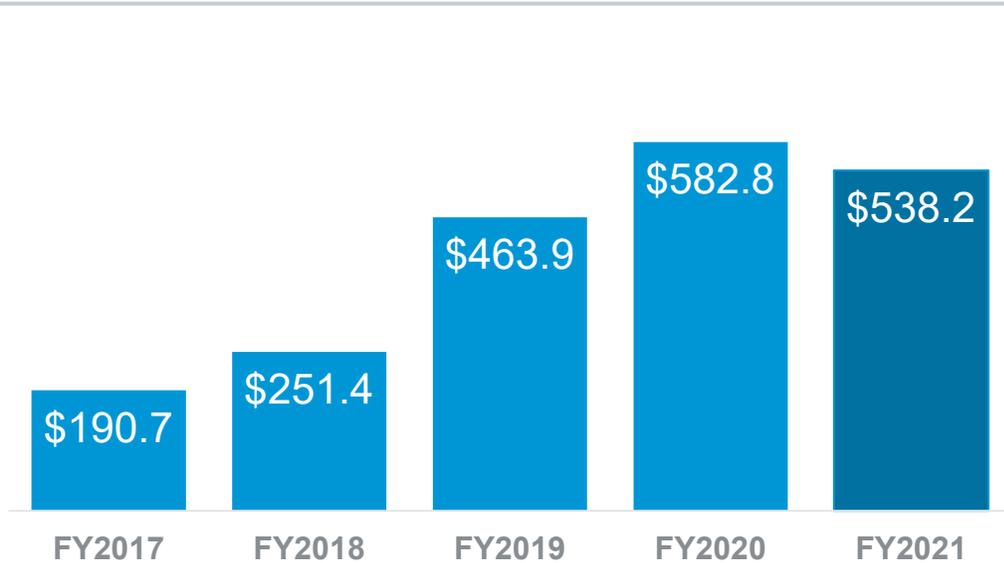
(1) Medicare Advantage (MA) variable cost and cash collections are grouped by member cohorts based on policy effective date

(2) Variable cost includes variable marketing and customer care & enrollment costs allocated to the MA members

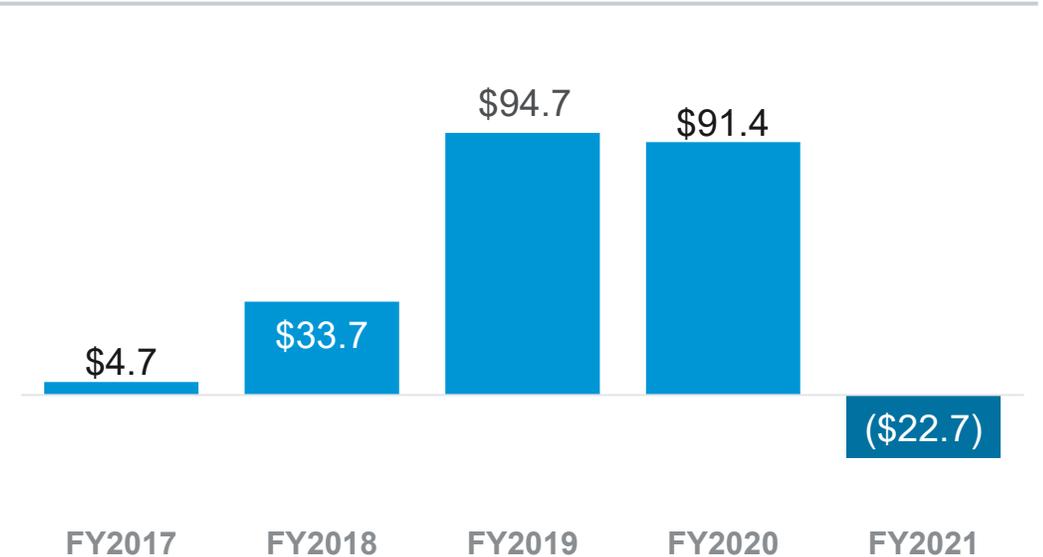
(3) Cash collected are commissions for MA members. For the first year, it also includes non-commission revenue allocated to the MA product

# Revenue & Adjusted EBITDA– Historical Trends

## Total Revenue (\$, MM)



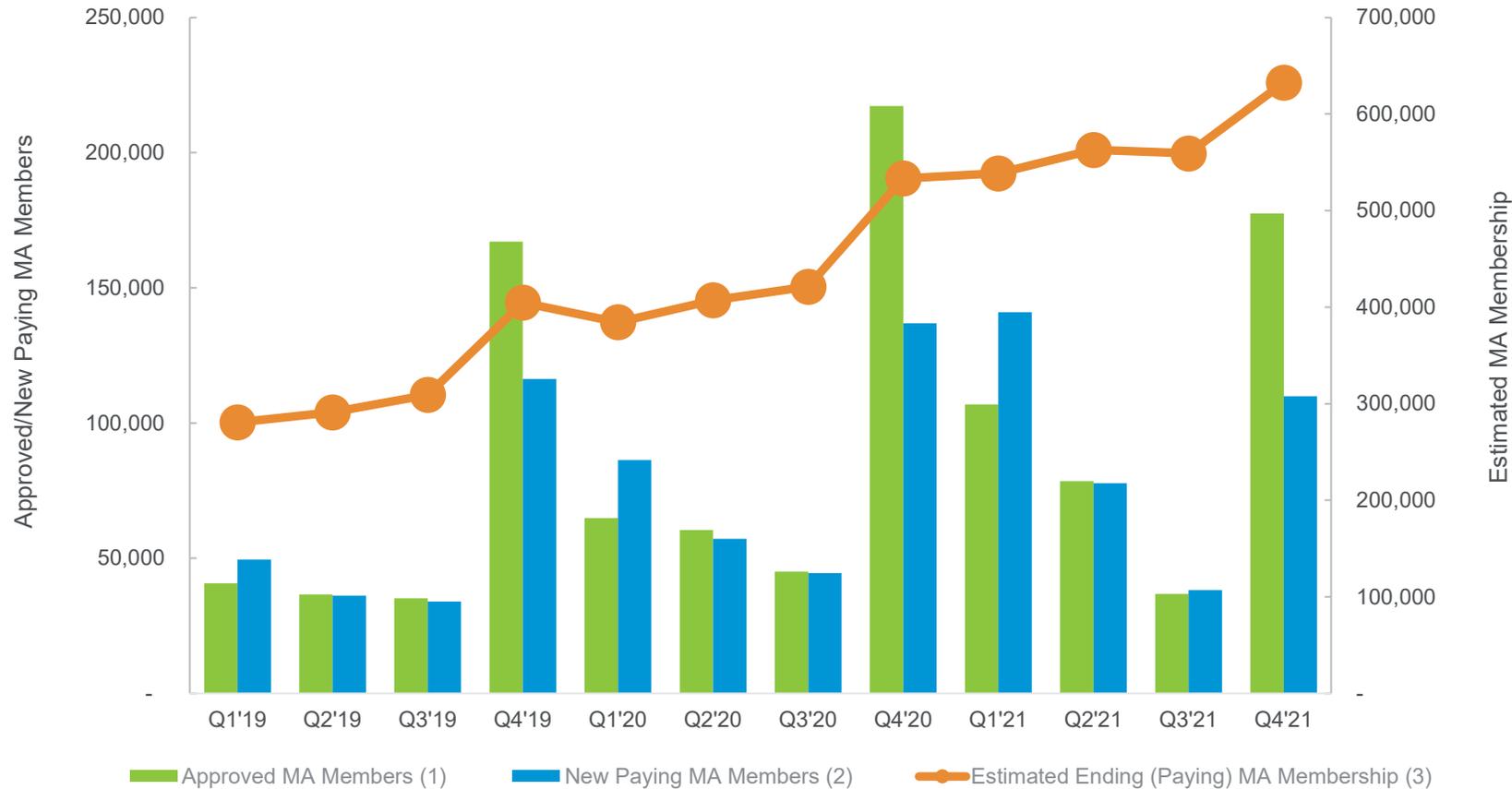
## Adjusted EBITDA (\$, MM)<sup>(1)</sup>



After several years of uninterrupted revenue growth, 2021 revenue and EBITDA reflect an investment in the enrollment quality initiatives

(1) Adjusted EBITDA is calculated by excluding paid-in-kind dividends and change in preferred stock redemption value, interest income and expense, income tax expense (benefit), depreciation and amortization, stock-based compensation expense, restructuring and reorganization charges, amortization of intangible assets, other income (expense), impairment charges, and other non-recurring charges to GAAP net income (loss) attributable to common stockholders. Other non-recurring charges to GAAP net income (loss) attributable to common stockholders may include transaction expenses in connection with capital raising transactions (whether debt, equity or equity-linked) and acquisitions, whether or not consummated, purchase price adjustments and the cumulative effect of a change in accounting principles. FY 2019 revenue and adjusted EBITDA exclude the positive impact of \$42.3 million in revenue resulting from a change in estimate for expected cash commission collections relating to existing Medicare Advantage plans enrolled in prior to the fourth quarter of 2019.

# Strong Medicare Advantage Membership Growth Continues



**Ending estimated MA membership grew 19% y/y in 2021.**

- (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) 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.
- (3) 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.

# 2022 Guidance

**2022 Guidance reflects a deliberate slow down in the Medicare enrollment growth as we work to optimize our sales and marketing strategy and transform eHealth's cost structure with a goal to return to sustainable growth in 2023 with significantly improved member economics.**

<b>2022 Full Year Guidance</b>	<b>Range (in millions)</b>
<b>Total Revenue</b>	\$448 - \$470
<b>GAAP Net Loss</b>	\$(106) - \$(83)
<b>Adjusted EBITDA<sup>(1)</sup></b>	\$(64) - \$(37)
<b>Total cash outflow, excluding the impact of our \$70 million term loan and associated costs</b>	\$140 - \$120

(1) Adjusted EBITDA is calculated by excluding paid-in-kind dividends and change in preferred stock redemption value, interest income and expense, income tax expense (benefit), depreciation and amortization, stock-based compensation expense, restructuring and reorganization charges, amortization of intangible assets, other income (expense), impairment charges, and other non-recurring charges to GAAP net income (loss) attributable to common stockholders. Other non-recurring charges to GAAP net income (loss) attributable to common stockholders may include transaction expenses in connection with capital raising transactions (whether debt, equity or equity-linked) and acquisitions, whether or not consummated, purchase price adjustments and the cumulative effect of a change in accounting principles is the number of members we estimate as of the end of the period.

## eHealth Key Takeaways



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



Core Medicare market has strong long-term tailwinds



Omni-channel platform provides for scalability and creates strong barriers to entry



As online penetration in the insurance distribution grows, eHealth is positioned for market share capture



Significant commissions receivable balance



eHealth<sup>®</sup>

# Appendix

# Leading Health Insurance Distribution Platform

Omni-Channel is a major competitive differentiator

Estimated Medicare Advantage membership at 2021 year-end grew 19%

Taking share from traditional channels

	eHealth <sup>®</sup>	DTC Competitors	Traditional Brokers	Carriers
<b>Broad Plan Selection</b>	●	Mixed	—	—
<b>Customer-First, Carrier Agnostic</b>	●	Limited – conflict of interest	—	—
<b>Actively Enrolling Online</b>	●	—	—	●
<b>Best-in-Class Digital Experience</b>	●	—	—	—
<b>Agent Support</b>	●	●	●	●
<b>Scalability</b>	●	●	—	●

# Cash Indicators Growing; Positive Tail Revenue in Each of the Last Three Years

Sustained growth in membership base, generating increasing cash per member.

Positive “tail” or adjustment revenue, indicative of historical reliability of LTV estimates.



# Net Income (Loss) to Adjusted EBITDA Reconciliation

(In thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2021	2020	2021	2020
Net income (loss) attributable to common stockholders	(\$39,306)	\$59,873	(\$122,942)	\$45,450
Paid-in-kind dividends for preferred stock	4,563	—	12,206	—
Change in preferred stock redemption value	2,591	—	6,361	—
GAAP net income (loss)	(32,152)	59,873	(104,375)	45,450
Stock-based compensation expense	7,976	3,450	32,857	25,172
Depreciation and amortization	5,491	3,539	18,331	11,450
Amortization of intangible assets	120	286	536	1,493
Restructuring and reorganization charges	1,874	—	4,878	—
Impairment charges	46,344	—	46,344	—
Other (income) expense, net	(244)	58	(755)	(666)
Benefit from income taxes	(1,237)	19,462	(20,515)	8,539
Adjusted EBITDA <sup>1</sup>	\$28,172	\$86,668	(\$22,699)	\$91,438

# FY 2022 Guidance Net Loss to Adjusted EBITDA Reconciliation

	(In millions)	
	<b>Full Year 2022 Guidance</b>	
	<b>Low</b>	<b>High</b>
GAAP net loss attributable to common stockholders	(\$137)	(\$114)
Impact from preferred stock	31	31
GAAP net loss	(106)	(83)
Stock-based compensation expense	31	31
Depreciation and amortization	18	18
Restructuring and reorganization charges	15	15
Amortization of intangible assets	-	-
Other income, net	(1)	(1)
Benefit from income taxes	(21)	(17)
Adjusted EBITDA	<u>(\$64)</u>	<u>(\$37)</u>