

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K
CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (date of earliest event reported): August 3, 2022

EHEALTH, INC.

(Exact Name of Registrant as Specified in its Charter)

001-33071

(Commission File Number)

56-2357876

(I.R.S. Employer Identification No.)

Delaware
(State or other jurisdiction of incorporation)

2625 AUGUSTINE DRIVE, SECOND FLOOR
SANTA CLARA, CA 95054

(Address of principal executive offices) (Zip Code)

(650) 210-3150

(Registrant's telephone number, including area code)

Not applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	EHTH	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On August 8, 2022, eHealth, Inc. (the “Company”) issued a press release announcing its financial results for the three and six months ended June 30, 2022 and its financial condition as of June 30, 2022. A copy of the press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

On August 8, 2022, the Company posted supplemental investor material on its investor relations webpage at <http://ir.ehealthinsurance.com>. The Company intends to use its investor relations webpage as a means of disclosing material non-public information and for complying with its disclosure obligations under Regulation FD. A copy of the supplemental investor materials is also furnished as Exhibit 99.2 to this Current Report on Form 8-K and is incorporated herein by reference.

The information in Item 2.02 of this Current Report on Form 8-K and the exhibits attached hereto are intended to be “furnished” and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. Except as shall be expressly set forth by specific reference in such filing, the information contained herein and in the accompanying exhibits shall not be incorporated by reference into any filing with the Securities and Exchange Commission made by the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On August 3, 2022, Phillip Morelock’s employment as Chief Digital Officer of eHealth, Inc. (the “Company”) ceased and he departed the Company.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits	
<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release of eHealth, Inc. dated August 8, 2022 (eHealth, Inc. Announces Second Quarter 2022 Results)
99.2	Financial Results Conference Call Slides of eHealth, Inc. dated August 8, 2022
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: August 8, 2022

eHealth, Inc.

/s/ Christine Janofsky

Christine Janofsky
Chief Financial Officer
(Principal Financial Officer)



eHealth, Inc. Announces Second Quarter 2022 Results

SANTA CLARA, California — August 8, 2022 — eHealth, Inc. (Nasdaq: EHTH), a leading private online health insurance marketplace, today announced its financial results for the second quarter ended June 30, 2022.

Second Quarter 2022 Overview		
\$50.4M* TOTAL REVENUE	\$(37.5)M* GAAP NET LOSS	\$(33.3)M* ADJUSTED EBITDA ⁽¹⁾
\$(25.8)M OPERATING CASH FLOW	15% YoY MEDICARE ADVANTAGE APPLICATIONS SUBMITTED UNASSISTED ONLINE	\$801.6M COMMISSIONS RECEIVABLE BALANCE

* Second quarter results reflect the impact of \$8.7 million in negative revenue adjustment.

Second Quarter 2022 Highlights

- Second quarter financial results reflect our decision to pull back on marketing spend while we focus on increasing enrollment margins and de-emphasize underperforming customer acquisition channels.
- Year-over-year decline in Medicare telephonic conversion rates, also impacted our results. Q2 2022 is the last full quarter that compares our current results to 2021 quarters that predate our enrollment quality initiatives introduced in July of 2021 that have resulted in a lower conversion rate for Medicare calls.
- Enrollment quality initiatives resulted in substantial improvement in quality scores and estimated retention rates for the AEP Medicare Advantage enrollments.
- Significant cost reductions achieved across the entire business including \$23.8 million year-over-year reduction in combined Marketing & Advertising and Customer Care & Enrollment costs. We are on track to deliver more than \$60 million in total cost reduction in 2022 compared to 2021.
- Online business continues to scale with 15% year-over-year increase in unassisted online Medicare Advantage enrollments.
- As of June 30, 2022, we had \$199.2 million in cash, cash equivalents and marketable securities.

CEO Comments

"During the second quarter, we achieved significant execution progress on our 6-point operating plan including an extensive cost transformation program. We are shifting to a more targeted approach to marketing based on channel mix optimization and audience segmentation and deploying new technologies to support our objective of higher telephonic conversions and increased agent effectiveness. Our primary goal with these efforts, is to return eHealth to profitable growth and cash flow generation on an accelerated timeline while continuing to provide significant value to beneficiaries and our carrier partners. As part of this strategy, we further refined our plan for this year's Annual Enrollment Period to emphasize enrollment quality, retention and margin over growth as reflected in our revised full year outlook."

- Fran Soistman

⁽¹⁾ See Non-GAAP Financial Information for definitions of our non-GAAP financial measures.

GAAP — Second Quarter of 2022 Results

(In thousands, except per share amounts)	Q2 2022		Q2 2021	
Total revenue	\$	50,409	\$	96,557
Total commission revenue		47,835		89,823
Segment revenue				
Medicare		41,062		73,231
Individual, Family and Small Business		9,347		23,326
Segment profit (loss)				
Medicare		(25,271)		(17,804)
Individual, Family and Small Business		4,343		17,925
Loss from operations		(45,473)		(25,333)
Net loss		(37,502)		(18,409)
Net loss attributable to common stockholders		(45,029)		(22,888)
Diluted net loss attributable to common stockholders per share		(1.65)		(0.86)
Net cash used in operating activities		(25,766)		(32,083)

Total commission revenue for the three months ended June 30, 2022 decreased 47% compared to the same period in 2021 due to a \$28.0 million decrease in commission revenue from the Medicare segment and a \$14.0 million decrease in commission revenue from the Individual, Family and Small Business segment.

The decrease in commission revenue from the Medicare segment was driven by a 35% decrease in Medicare plan approved members. This was primarily due to a 34% decline in Medicare Advantage plan approved members compared to the same period in 2021 and was driven primarily by a targeted reduction in GAAP marketing and advertising costs, which decreased 33% on a year-over-year basis, and lower telephonic conversion rates.

The decrease in commission revenue from the Individual, Family and Small Business segment was due primarily to a \$13.7 million decrease in net adjustment revenue from prior period enrollments, a 51% decrease in individual and family plan approved members, and a 24% decrease in ancillary product approved members, partially offset by an increase in constrained lifetime value of commissions per approved IFP member compared to the same period in 2021.

Other revenue decreased \$4.2 million, or 62%, during the three months ended June 30, 2022 compared to the same period in 2021 due to a decrease in Medicare advertising revenue.

GAAP — Year-to-Date 2022 Results

(In thousands, except per share amounts)	Six Months Ended June 30, 2022		Six Months Ended June 30, 2021	
Total Revenue	\$	155,659	\$	230,771
Total Commission Revenue		141,685		216,875
Segment Revenue				
Medicare		136,129		194,252
Individual, Family and Small Business		19,530		36,519
Segment Profit (Loss)				
Medicare		(40,088)		6,741
Individual, Family and Small Business		9,597		25,977
Loss from operations		(85,187)		(25,975)
Net loss		(70,244)		(19,209)
Net loss attributable to common stockholders		(84,989)		(23,688)
Diluted net loss attributable to common stockholders per share		(3.12)		(0.89)
Net cash provided by operating activities		21,346		10,726

Total commission revenue for the six months ended June 30, 2022 decreased 35% compared to the same period in 2021 due to a \$58.3 million decrease in Medicare segment commission revenue and a \$16.8 million decrease in Individual, Family and Small Business segment commission revenue.

The decrease in commission revenue from the Medicare segment was due to a 28% decrease in overall Medicare approved members, specifically driven by a decrease in Medicare Advantage plan approved members compared to the same period in 2021 as a result of lower telephonic conversion rates and our decision to reduce our investment in telephonic enrollment growth in 2022.

The decrease in commission revenue from the Individual, Family and Small Business segment was primarily due to a \$16.6 million decrease in net adjustment revenue compared to the same period in 2021, a 31% decrease in individual and family plan approved members, and a 26% decrease in ancillary product approved members.

Non-GAAP⁽¹⁾ — Second Quarter 2022 Results

(in thousands, except per share amounts)	Q2 2022		Q2 2021	
Non-GAAP net loss	\$	(32,109)	\$	(12,137)
Non-GAAP net loss per diluted share		(1.15)		(0.45)
Adjusted EBITDA		(33,250)		(12,972)

⁽¹⁾ See Non-GAAP Financial Information for definitions of our non-GAAP financial measures.

Non-GAAP net loss for the second quarter of 2022 was \$32.1 million, or \$1.15 non-GAAP net loss per diluted share, compared to non-GAAP net loss of \$12.1 million, or \$0.45 non-GAAP net loss per diluted share, for the same period in 2021, primarily attributable to a decrease in total revenue, partially offset by a 22% decline in non-GAAP operating expense as a result of our transformation initiatives.

Non-GAAP net loss and non-GAAP net loss per diluted share for the second quarter of 2022 were calculated by excluding \$4.8 million of paid-in-kind dividends, \$2.8 million change in preferred stock redemption value, \$5.5 million of stock-based compensation expense, \$1.4 million of restructuring and reorganization charges and \$1.5 million of the income tax effect of these non-GAAP adjustments from GAAP net loss attributable to common stockholders and GAAP net loss attributable to common stockholders per diluted share.

Non-GAAP net loss and non-GAAP net loss per diluted share for the second quarter of 2021 were calculated by excluding \$3.1 million of paid-in-kind dividends, \$1.4 million change in preferred stock redemption value, \$8.2 million of stock-based compensation expense, \$0.1 million of amortization of intangible assets and \$2.1 million of the income tax effect of these non-GAAP adjustments from GAAP net loss attributable to common stockholders and GAAP net loss attributable to common stockholders per diluted share.

Adjusted EBITDA for the second quarter of 2022 decreased compared to the same period in 2021 primarily due to a decrease in total revenue, partially offset by a decrease in non-GAAP operating expense as a result of our transformation initiatives.

Non-GAAP⁽¹⁾ — Year-to-Date 2022 Results

(in thousands, except per share amounts)	Six Months Ended June 30, 2022		Six Months Ended June 30, 2021	
Non-GAAP net loss	\$	(57,032)	\$	(2,754)
Non-GAAP net loss per diluted share		(2.09)		(0.10)
Adjusted EBITDA		(58,078)		4,339

⁽¹⁾ See Non-GAAP Financial Information for definitions of our non-GAAP financial measures.

Non-GAAP net loss for the six months ended June 30, 2022 was \$57.0 million, or \$2.09 non-GAAP net loss per diluted share, compared to non-GAAP net loss of \$2.8 million, or \$0.10 non-GAAP net loss per diluted share, for the same period in 2021, primarily attributable to a decrease in total revenue, partially offset by a 4% decrease in non-GAAP operating expense driven by our transformation initiatives.

Non-GAAP net loss and non-GAAP net loss per diluted share for the six months ended June 30, 2022 were calculated by excluding \$9.5 million of paid-in-kind dividends, \$5.3 million change in preferred stock redemption value, \$10.8 million of stock-based compensation expense, \$6.2 million of restructuring and reorganization charges and \$3.8 million of the income tax effect of these non-GAAP adjustments from GAAP net loss attributable to common stockholders and GAAP net loss attributable to common stockholders per diluted share.

Non-GAAP net loss and non-GAAP net loss per diluted share for the six months ended June 30, 2021 were calculated by excluding \$3.1 million of paid-in-kind dividends, \$1.4 million change in preferred stock redemption value, \$19.6 million of stock-based compensation expense, \$2.4 million restructuring charges, \$0.3 million of amortization of intangible assets and \$5.9 million of the income tax effect of these non-GAAP adjustments from GAAP net loss attributable to common stockholders and GAAP net loss attributable to common stockholders per diluted share.

Adjusted EBITDA for the six months ended June 30, 2022 decreased compared to the same period in 2021 primarily due to a decrease in total revenue, partially offset by a decrease in non-GAAP operating expense due to our transformation initiatives.

Selected Metrics Highlights — Second Quarter of 2022 Results

	Q2 2022	Q2 2021
Approved Members		
Medicare	59,443	91,675
Individual and Family	4,601	9,473
New Paying Members		
Medicare	56,687	89,907
Individual and Family	4,950	9,211
Online Submission % ⁽¹⁾ – Major Medicare ⁽²⁾	54 %	38 %
Unassisted Online Submission % – Major Medicare ⁽²⁾	13 %	7 %

⁽¹⁾ Online submission % represents a combination of unassisted and partially agent-assisted online applications.

⁽²⁾ Major Medicare plans include Medicare Advantage and Medicare Supplement plans.

Medicare approved members decreased 35% in the second quarter of 2022 compared to the second quarter of 2021, due to a decrease in all Medicare product plan members. The decrease in Medicare approved members was driven by a decrease in submitted Medicare Advantage applications as a result of our targeted reduction in marketing and advertising costs and lower telephonic conversion rates when compared to the same period of 2021. Approved members for individual and family plan products decreased 51% in the second quarter of 2022 compared to the second quarter of 2021, due to a decrease in enrollments in both qualified and non-qualified individual and family plans.

Medicare new paying members decreased 37% in the second quarter of 2022 compared to the second quarter of 2021, due primarily to a decline in Medicare approved members. Individual and family new paying members decreased 46% in the second quarter of 2022 compared to the second quarter of 2021, due primarily to a decline in approved members for non-qualified and qualified plans.

As our online business continued to scale, the number of unassisted online Major Medicare applications grew 12% in the second quarter 2022 compared to the second quarter of 2021 primarily driven by enhanced user experience and favorable conversion rates on our ecommerce platform. Our unassisted online application submissions represented 13% of Major Medicare applications in the second quarter of 2022 compared to 7% in the same quarter in 2021.

Selected Metrics Highlights — Year-to-Date 2022 Results

	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
Approved Members		
Medicare	155,253	214,352
Individual and Family	14,402	20,787
New Paying Members		
Medicare	208,776	270,039
Individual and Family	21,180	26,818
Estimated Membership⁽¹⁾	1,293,064	1,266,970

⁽¹⁾ As of June 30, 2022.

Medicare approved members decreased 28% during the six months ended June 30, 2022 compared to the same period in 2021 due to a decline in all Medicare product plan members. The decrease in approved Medicare plan members was driven by a decrease in submitted Medicare Advantage applications due to lower telephonic conversion rates and our decision to reduce our investment in telephonic enrollment growth in 2022. Approved members for individual and family plan products decreased 31% during the six months ended June 30, 2022 compared to the same period in 2021, driven by a 39% decrease in qualified health plan approved members and a 21% decrease in non-qualified health plan approved members.

Medicare total new paying members declined 23% during the six months ended June 30, 2022 compared to the same period in 2021, primarily due to a decline in approved Medicare plan members. Individual and family plan new paying members declined 21% during the six months ended June 30, 2022 compared to the same period in 2021 due to a 25% decrease in new paying members for non-qualified plans and a 16% decrease in new paying members for qualified plans.

Estimated membership was 1,293,064 at the end of the second quarter of 2022, an increase of 2% compared to estimated membership at the end of the second quarter of 2021, primarily driven by a 5% increase in Medicare estimated membership including a 5% increase in Medicare Advantage estimated membership.

Convertible Preferred Stock

On April 30, 2021, we issued and sold 2.25 million shares of Series A Preferred Stock, par value \$0.001 per share, at an aggregate purchase price of \$225.0 million to an investment vehicle of H.I.G. Capital in a private placement. This transaction resulted in net proceeds of \$214.0 million.

During the three and six months ended June 30, 2022, we accrued paid-in-kind dividends on the Series A Preferred Stock at 8% per annum equal to \$4.8 million and \$9.5 million, respectively, and recognized \$2.8 million and \$5.3 million, respectively, of accretion due to the redemption feature available to H.I.G. Capital at the sixth anniversary of the closing of this transaction. These charges were recorded as a reduction of our retained earnings and had no impact on GAAP net loss, which was \$37.5 million and \$70.2 million for the three and six months ended June 30, 2022. However, as the Series A Preferred Stock is considered a participating security, both of these charges impacted net loss attributable to common stockholders and net loss attributable to common stockholders per diluted share. For the three and six months ended June 30, 2022, GAAP net loss attributable to common stockholders was \$45.0 million, or \$1.65 per diluted share and \$85.0 million, or \$3.12 per diluted share, respectively.

2022 Guidance

Based on information available as of August 8, 2022, we are revising guidance for the full year ending December 31, 2022. These expectations are forward-looking statements and we assume no obligation to update these statements. Actual results may be materially different and are affected by the risk factors and uncertainties identified in this press release and in eHealth's annual and quarterly reports filed with the Securities and Exchange Commission.

"In the second quarter of 2022, we made the decision to reduce our variable marketing spend in the second half of the year relative to our original operating plan with the objective of further optimizing our marketing mix to focus on the most profitable and strategically important lead generation channels. We made a corresponding adjustment to our agent headcount goals for the AEP. As a result, we are lowering our overall 2022 enrollment and revenue expectations, but our updated operating plan does not impact our core expectations for adjusted EBITDA and GAAP net loss. In addition to the impact from these operational decisions, we are also revising guidance ranges to reflect the \$8.7 million in negative revenue adjustment we recognized in the second quarter. At the same time, our updated operating plan is expected to have a significant positive impact on our 2022 total cash outflow." - Christine Janofsky, Chief Financial Officer

The following guidance is for the full year ending December 31, 2022:

- Total revenue is expected to be in the range of \$375.0 million to \$395.0 million compared to our prior guidance range of \$448.0 million to \$470.0 million.
- GAAP net loss is expected to be in the range of \$115.0 million to \$92.0 million compared to our prior guidance range of \$106.0 million to \$83.0 million.
- Adjusted EBITDA⁽¹⁾ is expected to be in the range of \$(73.0) million to \$(45.0) million compared to our prior guidance range of \$(64.0) million to \$(37.0) million.
- Total cash outflow, excluding the impact of our \$70.0 million term loan and associated costs, is expected to be in the range of \$110.0 million to \$90.0 million compared to our prior guidance of \$140.0 million to \$120.0 million.

⁽¹⁾ See Non-GAAP Financial Information for definitions of our non-GAAP financial measures.

Webcast and Conference Call Information

A webcast and conference call will be held today, Monday, August 8, 2022 at 5:00 p.m. Eastern / 2:00 p.m. Pacific Time. The live webcast and supporting presentation slides will be available on the Investor Relations section of eHealth's website at <http://ir.ehealthinsurance.com>. Individuals interested in listening to the conference call may do so by dialing (800) 715-9871. The participant passcode is 3075186. The live and archived webcast of the call will also be available on eHealth's website at <http://www.ehealthinsurance.com> under the Investor Relations section.

About eHealth, Inc.

eHealth, Inc. (Nasdaq: EHTH) operates a leading online health insurance marketplace at eHealth.com and eHealthMedicare.com with technology that provides consumers with health insurance enrollment solutions. Since 1997, we have connected more than eight million members with quality, affordable health insurance, Medicare options, and ancillary plans. Our proprietary marketplace offers Medicare Advantage, Medicare Supplement, Medicare Part D prescription drug, individual, family, small business, and other plans from approximately 200 health insurance carriers across fifty states and the District of Columbia.

Forward-Looking Statements

This press release contains statements that are forward-looking statements as defined within the Private Securities Litigation Reform Act of 1995. These include statements regarding trends in our business, including expectations related to changes in our operating plan, our expectations regarding cost savings and returns on investment, the market share of our online business, our estimates regarding total membership, Medicare membership, individual and family plan membership and ancillary and small business membership, our estimates regarding constrained lifetime values of commissions per approved member by product category, our estimates regarding costs per approved member, and our 2022 annual guidance on total revenue, GAAP net loss, adjusted EBITDA, and total cash outflow.

These forward-looking statements are inherently subject to various risks and uncertainties that could cause actual results to differ materially from the statements made. In particular, we are required by Accounting Standards Codification 606 — *Revenue from Contracts with Customers* to make numerous assumptions that are based on historical trends and our management's judgment. These assumptions may change over time and have a material impact on our revenue recognition, guidance, and results of operations. Please review the assumptions stated in this press release carefully.

The risks and uncertainties that could cause our results to differ materially from those expressed or implied by such forward-looking statements include our ability to retain existing members and enroll new members during the annual health care open enrollment period, the Medicare annual enrollment period and other special enrollment periods; changes in laws, regulations and guidelines, including in connection with health care reform or with respect to the marketing and sale of Medicare plans; competition, including competition from government-run health insurance exchanges and other sources; the seasonality of our business and the fluctuation of our operating results; our ability to accurately estimate membership, lifetime value of commissions and commissions receivable; changes in product offerings among carriers on our e-commerce platform and the resulting impact on our commission revenue; our ability to execute on our growth strategy in the Medicare market; the continued impact of the COVID-19 pandemic and remote operations on our operations, business, financial condition and growth prospects, as well as on the general economy; changes in our management and key employees; exposure to security risks and our ability to safeguard the security and privacy of confidential data; our relationships with health insurance carriers; the success of our carrier advertising and sponsorship program; customer concentration and consolidation of the health insurance industry; our success in marketing and selling health insurance plans and our unit cost of acquisition; our ability to hire, train, retain and ensure the productivity of licensed health insurance agents and other employees; our ability to execute on our transformational plan and other strategic initiatives; the need for health insurance carrier and regulatory approvals in connection with the marketing of Medicare-related insurance products; changes in the market for private health insurance; consumer satisfaction of our service and actions we take to improve the quality of enrollments; changes in member conversion rates; changes in commission rates; our ability to sell qualified health insurance plans to subsidy-eligible individuals and to enroll subsidy-eligible individuals through government-run health insurance exchanges; our ability to maintain and enhance our brand identity; our

ability to derive desired benefits from investments in our business, including membership growth and retention initiatives; reliance on marketing partners; the impact of our direct-to-consumer email, social media, telephone and television marketing efforts; timing of receipt and accuracy of commission reports; payment practices of health insurance carriers; dependence on our operations in China; the restrictions in our debt obligations; the restrictions in our investment agreement with H.I.G; our ability to raise additional capital; compliance with insurance and other laws and regulations; the outcome of litigation in which we are involved; the performance, reliability and availability of our information technology systems, ecommerce platform and underlying network infrastructure. Other factors that could cause operating, financial and other results to differ are described in our most recent Quarterly Report on Form 10-Q or Annual Report on Form 10-K filed with the Securities and Exchange Commission and available on the investor relations page of our website at <http://www.ehealthinsurance.com> and on the Securities and Exchange Commission's website at www.sec.gov.

All forward-looking statements in this press release are based on information available to us as of the date hereof, and we do not assume any obligation to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made, except as required by law.

Non-GAAP Financial Information

This press release includes financial measures that are not calculated in accordance with U.S. generally accepted accounting principles (GAAP). To supplement eHealth's condensed consolidated financial statements presented in accordance with GAAP, eHealth presents investors with non-GAAP financial measures, including non-GAAP net income (loss); non-GAAP net income (loss) per diluted share; and adjusted EBITDA.

- Non-GAAP net income (loss) consists of GAAP net income (loss) attributable to common stockholders excluding the following items:
 - paid-in-kind dividends for preferred stock and change in preferred stock redemption value (together "impact from preferred stock"),
 - the effects of expensing stock-based compensation related to stock options and restricted stock units,
 - restructuring and reorganization charges,
 - amortization of intangible assets,
 - other non-recurring charges (as noted below), and
 - the income tax impact of non-GAAP adjustments.

- Non-GAAP net income (loss) per diluted share consists of GAAP net income (loss) attributable to common stockholder per diluted share excluding the following items:
 - impact from preferred stock,
 - the effects of expensing stock-based compensation related to stock options and restricted stock units per diluted share,
 - restructuring and reorganization charges per diluted share,
 - amortization of intangible assets per diluted share,
 - other non-recurring charges (as noted below) per diluted share, and
 - the income tax impact of non-GAAP adjustments per diluted share.

- Adjusted EBITDA is calculated by excluding the impact from preferred stock, 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), net, 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.

eHealth believes that the presentation of these non-GAAP financial measures provides important supplemental information to management and investors regarding financial and business trends relating to eHealth's financial condition and results of operations. Management believes that the use of these non-GAAP financial measures provides consistency and comparability with eHealth's past financial reports. Management also believes that the items described above provide an additional measure of eHealth's operating results and facilitates comparisons of eHealth's core operating performance against prior periods and business model objectives. This information is provided to investors in order to facilitate additional analyses of past, present and future operating performance and as a supplemental means to evaluate eHealth's ongoing operations. eHealth believes that these non-GAAP financial measures are useful to investors in their assessment of eHealth's operating performance.

Non-GAAP net income (loss), non-GAAP net income (loss) per diluted share, and adjusted EBITDA are not calculated in accordance with GAAP, and should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. Non-GAAP financial measures used in this press release have limitations in that they do not reflect all of the revenue and costs associated with the operations of eHealth's business and do not reflect income tax as determined in accordance with GAAP. As a result, you should not consider these measures in isolation or as a substitute for analysis of eHealth's results as reported under GAAP. eHealth expects to continue to incur the stock-based compensation costs and depreciation and amortization described above, and exclusion of these costs, and their related income tax benefits, from non-GAAP financial measures should not be construed as an inference that these costs are unusual or infrequent. eHealth compensates for these limitations by prominently disclosing GAAP net income (loss), GAAP net income (loss) attributable to common stockholders and GAAP net income (loss) attributable to common stockholders per diluted share and providing investors with reconciliations from eHealth's GAAP operating results to the non-GAAP financial measures for the relevant periods.

The accompanying tables provide more details on the GAAP financial measures that are most directly comparable to the non-GAAP financial measures described above and the related reconciliations between these financial measures.

Investor Relations Contact

Kate Sidorovich, CFA
Senior Vice President, Investor Relations & Strategy
2625 Augustine Drive, Second Floor
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<http://ir.ehealthinsurance.com>

(Tables to Follow)

EHEALTH, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, unaudited)

Assets	June 30, 2022	December 31, 2021
Current assets:		
Cash and cash equivalents	\$ 194,741	\$ 81,926
Short-term marketable securities	4,466	41,306
Accounts receivable	442	5,750
Contract assets – commissions receivable – current	201,315	254,821
Prepaid expenses and other current assets	9,633	23,784
Total current assets	410,597	407,587
Contract assets – commissions receivable – non-current	600,298	653,441
Property and equipment, net	9,750	12,105
Operating lease right-of-use assets	34,740	37,373
Restricted cash	3,239	3,239
Other assets	36,294	35,547
Total assets	\$ 1,094,918	\$ 1,149,292
Liabilities, convertible preferred stock, and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 5,792	\$ 13,750
Accrued compensation and benefits	11,010	16,458
Accrued marketing expenses	9,666	36,384
Lease liabilities – current	5,891	5,543
Other current liabilities	3,535	3,330
Total current liabilities	35,894	75,465
Long-term debt	65,403	—
Deferred income taxes – non-current	33,478	50,796
Lease liabilities – non-current	32,769	35,826
Other non-current liabilities	4,456	5,094
Total liabilities	172,000	167,181
Convertible preferred stock	247,337	232,592
Stockholders' equity:		
Common stock	40	39
Additional paid-in capital	767,164	755,875
Treasury stock, at cost	(199,998)	(199,998)
Retained earnings	108,225	193,213
Accumulated other comprehensive income	150	390
Total stockholders' equity	\$ 675,581	\$ 749,519
Total liabilities, convertible preferred stock, and stockholders' equity	\$ 1,094,918	\$ 1,149,292

EHEALTH, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts, unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Revenue:				
Commission	\$ 47,835	\$ 89,823	\$ 141,685	\$ 216,875
Other	2,574	6,734	13,974	13,896
Total revenue	50,409	96,557	155,659	230,771
Operating costs and expenses⁽¹⁾:				
Cost of revenue	423	246	296	1,242
Marketing and advertising	29,963	44,581	88,417	95,455
Customer care and enrollment	29,149	38,362	71,313	72,524
Technology and content	17,780	20,464	37,443	43,627
General and administrative	17,198	18,118	37,185	41,172
Amortization of intangible assets	—	119	—	295
Restructuring and reorganization charges	1,369	—	6,192	2,431
Total operating costs and expenses	95,882	121,890	240,846	256,746
Loss from operations	(45,473)	(25,333)	(85,187)	(25,975)
Other income (expense), net	(1,167)	172	(2,188)	322
Loss before income taxes	(46,640)	(25,161)	(87,375)	(25,653)
Benefit from income taxes	(9,138)	(6,752)	(17,131)	(6,444)
Net loss	(37,502)	(18,409)	(70,244)	(19,209)
Paid-in-kind dividends for preferred stock	(4,771)	(3,082)	(9,488)	(3,082)
Change in preferred stock redemption value	(2,756)	(1,397)	(5,257)	(1,397)
Net loss attributable to common stockholders	\$ (45,029)	\$ (22,888)	\$ (84,989)	\$ (23,688)
Net loss per share attributable to common stockholders:				
Basic and diluted	\$ (1.65)	\$ (0.86)	\$ (3.12)	\$ (0.89)
Weighted-average number of shares used in per share:				
Basic and diluted	27,276	26,677	27,283	26,639
⁽¹⁾ Includes stock-based compensation expense as follows:				
Marketing and advertising	\$ 428	\$ 2,140	\$ 741	\$ 4,625
Customer care and enrollment	512	692	966	1,161
Technology and content	1,821	2,360	3,671	5,103
General and administrative	2,744	3,053	5,412	8,758
Total stock-based compensation expense	\$ 5,505	\$ 8,245	\$ 10,790	\$ 19,647

EHEALTH, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands, unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Operating activities:				
Net loss	\$ (37,502)	\$ (18,409)	\$ (70,244)	\$ (19,209)
Adjustments to reconcile net loss to net cash provided by operating activities:				
Depreciation and amortization	1,091	1,064	2,037	2,202
Amortization of internally developed software	4,258	2,933	8,090	5,739
Amortization of intangible assets	—	119	—	295
Stock-based compensation expense	5,505	8,245	10,790	19,647
Deferred income taxes	(9,284)	(6,822)	(17,316)	(7,392)
Other non-cash items	914	359	1,129	779
Changes in operating assets and liabilities:				
Accounts receivable	1,536	(1,688)	5,309	(1,736)
Contract assets – commissions receivable	29,474	(13,628)	106,616	37,007
Prepaid expenses and other assets	2,238	92	14,656	4,317
Accounts payable	(2,386)	4,410	(7,911)	(21,416)
Accrued compensation and benefits	(6,656)	(7,797)	(4,614)	(3,709)
Accrued marketing expenses	(9,867)	(935)	(26,715)	(7,647)
Deferred revenue	1,003	486	780	1,056
Accrued expenses and other liabilities	(6,090)	(512)	(1,261)	793
Net cash provided by (used in) operating activities	(25,766)	(32,083)	21,346	10,726
Investing activities:				
Capitalized internal-use software and website development costs	(4,171)	(4,100)	(8,376)	(7,342)
Purchases of property and equipment and other assets	(172)	(806)	(227)	(2,705)
Purchases of marketable securities	(4,464)	(60,040)	(8,402)	(67,811)
Proceeds from redemption and maturities of marketable securities	10,950	18,105	45,269	41,514
Net cash provided by (used in) investing activities	2,143	(46,841)	28,264	(36,344)
Financing activities:				
Proceeds from issuance of preferred stock, net of issuance costs	—	214,025	—	214,025
Net proceeds from debt financing	—	—	64,862	—
Net proceeds from exercise of common stock options and employee stock purchases	—	2,766	1,054	3,051
Repurchase of shares to satisfy employee tax withholding obligations	(1,926)	(870)	(2,434)	(5,907)
Principal payments in connection with leases	(29)	(38)	(64)	(76)
Net cash provided by (used in) financing activities	(1,955)	215,883	63,418	211,093
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(244)	51	(213)	26
Net increase (decrease) in cash, cash equivalents and restricted cash	(25,822)	137,010	112,815	185,501
Cash, cash equivalents and restricted cash at beginning of period	223,802	95,604	85,165	47,113
Cash, cash equivalents and restricted cash at end of period	\$ 197,980	\$ 232,614	\$ 197,980	\$ 232,614

EHEALTH, INC.
SEGMENT INFORMATION
(in thousands, unaudited)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	% Change	2022	2021	% Change
Revenue						
Medicare ⁽¹⁾	\$ 41,062	\$ 73,231	(44)%	\$ 136,129	\$ 194,252	(30)%
Individual, Family and Small Business ⁽²⁾	9,347	23,326	(60)%	19,530	36,519	(47)%
Total revenue	\$ 50,409	\$ 96,557	(48)%	\$ 155,659	\$ 230,771	(33)%
Segment profit (loss)						
Medicare segment profit (loss) ⁽³⁾	\$ (25,271)	\$ (17,804)	(42)%	\$ (40,088)	\$ 6,741	(695)%
Individual, Family and Small Business segment profit ⁽³⁾	4,343	17,925	(76)%	9,597	25,977	(63)%
Total segment profit (loss)	(20,928)	121	*	(30,491)	32,718	(193)%
Corporate ⁽⁴⁾	(12,322)	(13,093)	6 %	(27,587)	(28,379)	3 %
Stock-based compensation expense	(5,505)	(8,245)	33 %	(10,790)	(19,647)	45 %
Depreciation and amortization	(5,349)	(3,997)	(34)%	(10,127)	(7,941)	(28)%
Amortization of intangible assets	—	(119)	100 %	—	(295)	100 %
Restructuring and reorganization charges	(1,369)	—	*	(6,192)	(2,431)	(155)%
Other income (expense), net	(1,167)	172	(778)%	(2,188)	322	(780)%
Loss before income taxes	\$ (46,640)	\$ (25,161)	(85)%	\$ (87,375)	\$ (25,653)	(241)%

* Percentage not meaningful.

Segment Information

We evaluate our business performance and manage our operations as two distinct reporting segments:

- Medicare; and
- Individual, Family and Small Business.

- (1) The Medicare segment consists primarily of amounts earned from our sale of Medicare-related health insurance plans, including Medicare Advantage, Medicare Supplement and Medicare Part D prescription drug plans, fees for the performance of administrative services and to a lesser extent, amounts from our sale of ancillary products sold to our Medicare-eligible customers, including but not limited to, dental and vision plans, as well as amounts we are paid in connection with our advertising program for marketing and other services.
- (2) The Individual, Family and Small Business segment consists primarily of amounts earned from our sale of individual, family and small business health insurance plans and ancillary products sold to our non-Medicare-eligible customers, including but not limited to, dental, vision, and short-term insurance. To a lesser extent, the Individual, Family and Small Business segment consists of amounts earned from our online sponsorship program that allows carriers to purchase advertising space in specific markets in a sponsorship area on our website, our licensing to third parties the use of our health insurance ecommerce technology, and our delivery and sale to third parties of individual and family health insurance plans leads generated by our ecommerce platforms and our marketing activities.
- (3) Segment profit (loss) is calculated as revenue for the applicable segment less marketing and advertising, customer care and enrollment, technology and content and general and administrative operating expenses, excluding stock-based compensation expense, depreciation and amortization, restructuring and reorganization charges and amortization of intangible assets, that are directly attributable to the applicable segment and other indirect marketing and advertising, customer care and enrollment and technology and content operating expenses, excluding stock-based compensation expense, depreciation and amortization, restructuring and reorganization charges, and amortization of intangible assets, allocated to the applicable segment based on usage.
- (4) Corporate consists of other indirect general and administrative operating expenses, excluding stock-based compensation expense, depreciation and amortization, which are managed in a corporate shared services environment and, because they are not the responsibility of segment operating management, are not allocated to the reportable segments.

EHEALTH, INC.
SUMMARY OF SELECTED METRICS
COMMISSION REVENUE BY PRODUCT
(in thousands, unaudited)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	% Change	2022	2021	% Change
Medicare						
Medicare Advantage	\$ 36,477	\$ 69,142	(47)%	\$ 114,607	\$ 172,667	(34)%
Medicare Supplement	2,637	3,921	(33)%	8,757	12,143	(28)%
Medicare Part D	(462)	(6,027)	92 %	998	(4,291)	123 %
Total Medicare	<u>38,652</u>	<u>67,036</u>	<u>(42)%</u>	<u>124,362</u>	<u>180,519</u>	<u>(31)%</u>
Individual and Family ⁽¹⁾						
Non-Qualified Health Plans	2,369	11,076	(79)%	3,979	14,443	(72)%
Qualified Health Plans	745	2,838	(74)%	2,261	4,938	(54)%
Total Individual and Family	<u>3,114</u>	<u>13,914</u>	<u>(78)%</u>	<u>6,240</u>	<u>19,381</u>	<u>(68)%</u>
Ancillary						
Short-term	977	1,513	(35)%	2,320	3,269	(29)%
Dental	703	3,660	(81)%	1,534	5,388	(72)%
Vision	253	934	(73)%	496	1,139	(56)%
Other	715	1,021	(30)%	1,129	1,056	7 %
Total Ancillary	<u>2,648</u>	<u>7,128</u>	<u>(63)%</u>	<u>5,479</u>	<u>10,852</u>	<u>(50)%</u>
Small Business	2,423	2,290	6 %	5,906	5,513	7 %
Commission Bonus and Other	998	(545)	283 %	(302)	610	(150)%
Total Commission Revenue	<u>\$ 47,835</u>	<u>\$ 89,823</u>	<u>(47)%</u>	<u>\$ 141,685</u>	<u>\$ 216,875</u>	<u>(35)%</u>

⁽¹⁾ We define our Individual and Family plan offerings as major medical individual and family health insurance plans, which does not include Medicare-related, small business or ancillary plans. Individual and family health insurance plans include both qualified and non-qualified plans. Qualified health plans are individual and family health insurance plans that meet the requirements of the Affordable Care Act and are offered through the government-run health insurance exchange in the relevant jurisdiction. Non-qualified health plans are Individual and Family plans that meet the requirements of the Affordable Care Act and are not offered through the exchange in the relevant jurisdiction. Individuals that purchase non-qualified health plans cannot receive a subsidy in connection with the purchase of those plans.

EHEALTH, INC.
SUMMARY OF SELECTED METRICS
COMMISSION REVENUE SUMMARY
(in thousands, unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Medicare:				
Commission Revenue from Members Approved During the Period	\$ 49,855	\$ 78,598	\$ 134,138	\$ 193,276
Net Commission Revenue from Members Approved in Prior Periods ⁽¹⁾	(10,788)	(11,543)	(10,737)	(11,529)
Total Medicare Segment Commission Revenue	39,067	67,055	123,401	181,747
Individual, Family and Small Business:				
Commission Revenue from Members Approved During the Period	4,612	5,208	10,654	11,603
Commission Revenue from Renewals of Small Business Members During the Period	2,044	1,723	5,081	4,410
Net Commission Revenue from Members Approved in Prior Periods ⁽¹⁾	2,112	15,837	2,549	19,115
Total Individual, Family and Small Business Segment Commission Revenue	\$ 8,768	\$ 22,768	\$ 18,284	\$ 35,128
Total Commission Revenue	\$ 47,835	\$ 89,823	\$ 141,685	\$ 216,875

⁽¹⁾ These amounts reflect our revised estimates of cash collections for certain members approved prior to the relevant reporting period that are recognized as net adjustment revenue within the relevant reporting period. The net adjustment revenue includes both increases in revenue for certain prior period cohorts as well as reductions in revenue for certain prior period cohorts.
The total reductions to revenue from members approved in prior periods were \$13.7 million and \$18.5 million for the three months ended June 30, 2022 and 2021, respectively, and \$13.7 million and \$19.4 million for the six months ended June 30, 2022 and 2021, respectively. These reductions to revenue primarily related to the Medicare segment.

EHEALTH, INC.
SUMMARY OF SELECTED METRICS
APPROVED AND NEW PAYING MEMBERSHIP
(unaudited)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2022	2021	% Change	2022	2021	% Change
Approved Members						
Medicare Advantage	51,506	78,569	(34)%	133,937	185,453	(28)%
Medicare Supplement	3,092	6,130	(50)%	9,648	13,912	(31)%
Medicare Part D	4,845	6,976	(31)%	11,668	14,987	(22)%
Total Medicare	59,443	91,675	(35)%	155,253	214,352	(28)%
Individual and Family	4,601	9,473	(51)%	14,402	20,787	(31)%
Ancillary	18,266	24,048	(24)%	37,236	50,559	(26)%
Small Business	1,825	2,588	(29)%	4,339	5,536	(22)%
Total Approved Members	84,135	127,784	(34)%	211,230	291,234	(27)%
New Paying Members						
Medicare Advantage	49,476	77,710	(36)%	167,119	218,707	(24)%
Medicare Supplement	2,762	5,317	(48)%	9,824	15,313	(36)%
Medicare Part D	4,449	6,880	(35)%	31,833	36,019	(12)%
Total Medicare	56,687	89,907	(37)%	208,776	270,039	(23)%
Individual and Family	4,950	9,211	(46)%	21,180	26,818	(21)%
Ancillary	18,001	23,103	(22)%	40,918	54,694	(25)%
Small Business	1,921	2,391	(20)%	5,005	6,516	(23)%
Total New Paying Members	81,559	124,612	(35)%	275,879	358,067	(23)%

Approved Members

Approved members represent the number of individuals on submitted applications that were approved by the relevant insurance carrier for the identified product during the current period. The applications may be submitted in either the current period or prior periods. Not all approved members ultimately become paying members.

New Paying Members

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.

EHEALTH, INC.
SUMMARY OF SELECTED METRICS
ESTIMATED MEMBERSHIP
(unaudited)

	As of June 30,		% Change
	2022	2021	
Medicare ⁽¹⁾			
Medicare Advantage	589,553	562,905	5 %
Medicare Supplement	104,414	99,306	5 %
Medicare Part D	223,474	214,744	4 %
Total Medicare	917,441	876,955	5 %
Individual and Family⁽²⁾	101,802	107,466	(5)%
Ancillary ⁽³⁾	224,649	236,099	(5)%
Small Business ⁽⁴⁾	49,172	46,450	6 %
Total Estimated Membership	<u>1,293,064</u>	<u>1,266,970</u>	2 %

¹⁾ To estimate the number of members on Medicare-related health insurance plans, we take the sum of (i) the number of Medicare members for whom we have received or applied a commission payment for a month that may be up to three months prior to the date of estimation (after reducing that number using historical experience for assumed member cancellations over the period being estimated); and (ii) the number of approved Medicare members over that period (after reducing that number using historical experience for an assumed number of members who do not accept their approved policy and for estimated member cancellations through the date of the estimate). To the extent we determine through confirmations from a health insurance carrier that a commission payment is delayed or is inaccurate as of the date of estimation, we adjust the estimated membership to also reflect the number of members for whom we expect to receive or to refund a commission payment. Further, to the extent we have received substantially all of the commission payments related to a given month during the period being estimated, we will take the number of Medicare members for whom we have received or applied a commission payment during the month of estimation.

²⁾ To estimate the number of members on Individual and Family plans, we take the sum of (i) the number of Individual and Family plan ("IFP") members for whom we have received or applied a commission payment for a month that may be up to three months prior to the date of estimation (after reducing that number using historical experience for assumed member cancellations over the period being estimated); and (ii) the number of approved IFP members over that period (after reducing that number using historical experience for an assumed number of members who do not accept their approved policy and for estimated member cancellations through the date of the estimate). To the extent we determine we have received substantially all of the commission payments related to a given month during the period being estimated, we will take the number of IFP members for whom we have received or applied a commission payment during the month of estimation.

³⁾ To estimate the number of members on ancillary health insurance plans (such as short-term, dental and vision insurance), we take the sum of (i) the number of ancillary members for whom we have received or applied a commission payment for a month that may be up to three months prior to the date of estimation (after reducing that number using historical experience for assumed member cancellations over the period being estimated); and (ii) the number of approved ancillary members over that period (after reducing that number using historical experience for an assumed number of members who do not accept their approved policy and for estimated member cancellations through the date of the estimate). To the extent we determine we have received substantially all of the commission payments related to a given month during the period being estimated, we will take the number of members for whom we have received or applied a commission payment during the month of estimation. The one to three-month period varies by insurance product and is largely dependent upon the timeliness of commission payment and related reporting from the related carriers.

⁴⁾ To estimate the number of members on small business health insurance plans, we use the number of initial members at the time the group was approved, and we update this number for changes in membership if such changes are reported to us by the group or carrier. However, groups generally notify the carrier directly of policy cancellations and increases or decreases in group size without informing us. Health insurance carriers often do not communicate policy cancellation information or group size changes to us. We often are made aware of policy cancellations and group size changes at the time of annual renewal and update our membership statistics accordingly in the period they are reported.

EHEALTH, INC.
SUMMARY OF SELECTED METRICS
ESTIMATED MEMBERSHIP (Continued)
(unaudited)

Estimated Membership

Estimated membership represents the estimated number of members active as of the date indicated based on the estimation methodology above.

Health insurance carriers bill and collect insurance premiums paid by our members. The carriers do not report to us the number of members that we have as of a given date. The majority of our members who terminate their policies do so by discontinuing their premium payments to the carrier and do not inform us of the cancellation. Also, some of our members pay their premiums less frequently than monthly. Given the number of months required to observe non-payment of commissions in order to confirm cancellations, we estimate the number of members who are active on insurance policies as of a specified date.

After we have estimated membership for a period, we may receive information from health insurance carriers that would have impacted the estimate if we had received the information prior to the date of estimation. We may receive commission payments or other information that indicates that a member who was not included in our estimates for a prior period was in fact an active member at that time, or that a member who was included in our estimates was in fact not an active member of ours. For instance, we reconcile information carriers provide to us and may determine that we were not historically paid commissions owed to us, which would cause us to have underestimated membership. Conversely, carriers may require us to return commission payments paid in a prior period due to policy cancellations for members we previously estimated as being active. We do not update our estimated membership numbers reported in previous periods. Instead, we reflect updated information regarding our historical membership in the membership estimate for the current period. If we experience a significant variance in historical membership as compared to our initial estimates, we keep the prior period data consistent with previously reported amounts, while we may provide the updated information in other communications. As a result of the delay in our receipt of information from insurance carriers, actual trends in our membership are most discernible over periods longer than from one quarter to the next. As a result of the delay we experience in receiving information about our membership, it is difficult for us to determine with any certainty the impact of current conditions on our membership retention. Various circumstances could cause the assumptions and estimates that we make in connection with estimating our membership to be inaccurate, which would cause our membership estimates to be inaccurate.

EHEALTH, INC.
SUMMARY OF SELECTED METRICS
CONSTRAINED LIFETIME VALUE OF
COMMISSIONS PER APPROVED MEMBER
(unaudited)

	Three Months Ended June 30,		% Change
	2022	2021	
Medicare			
Medicare Advantage ⁽¹⁾	\$ 886	\$ 908	(2)%
Medicare Supplement ⁽¹⁾	913	938	(3)%
Medicare Part D ⁽¹⁾	207	216	(4)%
Individual and Family			
Non-Qualified Health Plans ⁽¹⁾	327	243	35 %
Qualified Health Plans ⁽¹⁾	340	286	19 %
Ancillary			
Short-term ⁽¹⁾	167	165	1 %
Dental ⁽¹⁾	99	88	13 %
Vision ⁽¹⁾	60	56	7 %
Small Business ⁽²⁾	201	184	9 %

Constrained Lifetime Value of Commissions Per Approved Member

(1) Constrained lifetime value ("LTV") of commissions per approved member represents commissions estimated to be collected over the estimated life of an approved member's plan after applying constraints in accordance with our revenue recognition policy. The estimate is driven by multiple factors, including but not limited to, contracted commission rates, carrier mix, estimated average plan duration, the regulatory environment, and cancellations of insurance plans offered by health insurance carriers with which we have a relationship. These factors may result in varying values from period to period.

(2) For small business, the amount represents the estimated commissions we expect to collect from the plan over the following twelve months. The estimate is driven by multiple factors, including but not limited to, contracted commission rates, carrier mix, estimated average plan duration, the regulatory environment, and cancellations of insurance plans offered by health insurance carriers with which we have a relationship and applied constraints. These factors may result in varying values from period to period.

EHEALTH, INC.
SUMMARY OF SELECTED METRICS
CONSTRAINTS ON LIFETIME VALUE OF
COMMISSIONS PER APPROVED MEMBER
(unaudited)

	Three Months Ended June 30,	
	2022	2021
Medicare		
Medicare Advantage	7 %	7 %
Medicare Supplement	9 %	9 %
Medicare Part D	7 %	7 %
Individual and Family		
Non-Qualified Health Plans	4 %	7 %
Qualified Health Plans	4 %	4 %
Certain Ancillary Products		
Short-term	20 %	20 %
Dental	5 %	5 %
Vision	5 %	5 %
Other	10 %	10 %
Small Business	5 %	5 %

Constraints on Lifetime Value of Commissions Per Approved Member

Constraints are applied to derive LTV of commissions per approved member for revenue recognition in accordance with our revenue recognition policy. The constraints are applied to help ensure that commissions estimated to be collected over the estimated life of an approved member's plan are recognized as revenue only to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with future commissions receivable from the plan is subsequently resolved. We evaluate constraints on a quarterly basis for factors affecting our estimate of LTV of commissions per approved member and apply management judgment to determine the constraints based on current trends impacting our business.

EHEALTH, INC.
SUMMARY OF SELECTED METRICS
EXPENSE METRICS PER APPROVED MEMBER
(unaudited)

	Three Months Ended June 30,		% Change
	2022	2021	
Medicare:			
Estimated customer care and enrollment ("CC&E") cost per Medicare Advantage ("MA")-equivalent approved member ⁽¹⁾	\$ 486	\$ 418	16 %
Estimated variable marketing cost per MA-equivalent approved member ⁽¹⁾	410	412	— %
Total Medicare estimated cost per approved member	\$ 896	\$ 830	8 %
Individual and Family Plan ("IFP"):			
Estimated CC&E cost per IFP-equivalent approved member ⁽²⁾	\$ 149	\$ 103	45 %
Estimated variable marketing cost per IFP-equivalent approved member ⁽²⁾	102	65	57 %
Total IFP estimated cost per approved member	\$ 251	\$ 168	49 %

⁽¹⁾ MA-equivalent approved members is a derived metric with a Medicare Part D approved member being weighted at 25% of a Medicare Advantage member and a Medicare Supplement member based on their relative LTVs at the time of our adoption of Accounting Standards Codification 606 – Revenue from Contracts with Customers ("ASC 606"). We calculate the number of approved MA-equivalent members by adding the total number of approved Medicare Advantage and Medicare Supplement members and 25% of the total number of approved Medicare Part D members during the period presented.

⁽²⁾ IFP-equivalent approved members is a derived metric with a short-term approved member being weighted at 33% of a major medical individual and family health insurance plan member based on their relative LTVs at the time of our adoption of ASC 606. We calculate the number of approved IFP-equivalent members by adding the total number of approved qualified and non-qualified health plan members and 33% of the total number of short-term approved members during the period presented.

Expense Metrics Per Approved Member

Marketing initiatives are an important component of our strategy to increase revenue and are primarily designed to encourage consumers to complete an application for health insurance. Variable marketing cost represents direct costs incurred in member acquisition from our direct, marketing partners and online advertising channels. In addition, we incur customer care and enrollment expenses in assisting applicants, including during the enrollment process.

The numerator used to calculate each metric is the portion of the respective operating expenses for marketing and advertising and customer care and enrollment that is directly related to member acquisition for our sale of Medicare Advantage, Medicare Supplement and Medicare Part D prescription drug plans (collectively, the "Medicare Plans") and for all IFP plans including individual and family plans and short-term health insurance (collectively, the "IFP Plans"), respectively. The denominator used to calculate each metric is based on a derived metric that represents the relative value of the new members acquired. For Medicare Plans, we call this derived metric Medicare Advantage ("MA")-equivalent members, and for IFP Plans, we call this derived metric IFP-equivalent members. The calculations for MA-equivalent members and for IFP-equivalent members are based on the weighted number of approved members for Medicare Plans and IFP Plans during the period, with the number of approved members adjusted based on the relative LTV of the product they are purchasing. Since the LTV for any product fluctuates from period to period, the weight given to each product was determined based on their relative LTVs at the time of our adoption of ASC 606. Variable marketing costs exclude fixed overhead costs, such as personnel related costs, consulting expenses, facilities and other operating costs allocated to the marketing and advertising department.

EHEALTH, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
(in thousands, unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
GAAP marketing and advertising expense	\$ 29,963	\$ 44,581	\$ 88,417	\$ 95,455
Stock-based compensation expense ⁽¹⁾	(428)	(2,140)	(741)	(4,625)
Non-GAAP marketing and advertising expense	<u>\$ 29,535</u>	<u>\$ 42,441</u>	<u>\$ 87,676</u>	<u>\$ 90,830</u>
GAAP customer care and enrollment expense	\$ 29,149	\$ 38,362	\$ 71,313	\$ 72,524
Stock-based compensation expense ⁽¹⁾	(512)	(692)	(966)	(1,161)
Non-GAAP customer care and enrollment expense	<u>\$ 28,637</u>	<u>\$ 37,670</u>	<u>\$ 70,347</u>	<u>\$ 71,363</u>
GAAP technology and content expense	\$ 17,780	\$ 20,464	\$ 37,443	\$ 43,627
Stock-based compensation expense ⁽¹⁾	(1,821)	(2,360)	(3,671)	(5,103)
Non-GAAP technology and content expense	<u>\$ 15,959</u>	<u>\$ 18,104</u>	<u>\$ 33,772</u>	<u>\$ 38,524</u>
GAAP general and administrative expense	\$ 17,198	\$ 18,118	\$ 37,185	\$ 41,172
Stock-based compensation expense ⁽¹⁾	(2,744)	(3,053)	(5,412)	(8,758)
Non-GAAP general and administrative expense	<u>\$ 14,454</u>	<u>\$ 15,065</u>	<u>\$ 31,773</u>	<u>\$ 32,414</u>

⁽¹⁾ Non-GAAP expenses exclude the effect of expensing stock-based compensation related to stock options, restricted stock awards, performance-based and market-based equity awards, and the employee stock purchase plan.

EHEALTH, INC.
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES⁽¹⁾
(in thousands, except per share amounts, unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
Net loss attributable to common stockholders	\$ (45,029)	\$ (22,888)	\$ (84,989)	\$ (23,688)
Paid-in-kind dividends for preferred stock	4,771	3,082	9,488	3,082
Change in preferred stock redemption value	2,756	1,397	5,257	1,397
GAAP net loss	(37,502)	(18,409)	(70,244)	(19,209)
Stock-based compensation expense	5,505	8,245	10,790	19,647
Amortization of intangible assets	—	119	—	295
Restructuring and reorganization charges	1,369	—	6,192	2,431
Tax effect of non-GAAP adjustments	(1,481)	(2,092)	(3,770)	(5,918)
Non-GAAP net loss	\$ (32,109)	\$ (12,137)	\$ (57,032)	\$ (2,754)
GAAP net loss attributable to common stockholders per diluted share	\$ (1.65)	\$ (0.86)	\$ (3.12)	\$ (0.89)
Impact from preferred stock	0.28	0.17	0.54	0.17
Stock-based compensation expense	0.21	0.31	0.40	0.74
Amortization of intangible assets	—	—	—	0.01
Restructuring and reorganization charges	0.05	—	0.23	0.09
Tax effect of non-GAAP adjustments	(0.04)	(0.07)	(0.14)	(0.22)
Non-GAAP net loss per diluted share	\$ (1.15)	\$ (0.45)	\$ (2.09)	\$ (0.10)
Net loss attributable to common stockholders	\$ (45,029)	\$ (22,888)	\$ (84,989)	\$ (23,688)
Paid-in-kind dividends for preferred stock	4,771	3,082	9,488	3,082
Change in preferred stock redemption value	2,756	1,397	5,257	1,397
GAAP net loss	(37,502)	(18,409)	(70,244)	(19,209)
Stock-based compensation expense	5,505	8,245	10,790	19,647
Depreciation and amortization	5,349	3,997	10,127	7,941
Amortization of intangible assets	—	119	—	295
Restructuring and reorganization charges	1,369	—	6,192	2,431
Other (income) expense, net	1,167	(172)	2,188	(322)
Benefit from income taxes	(9,138)	(6,752)	(17,131)	(6,444)
Adjusted EBITDA	\$ (33,250)	\$ (12,972)	\$ (58,078)	\$ 4,339

⁽¹⁾ See Non-GAAP Financial Information for definitions of our non-GAAP financial measures.

EHEALTH, INC.
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO GUIDANCE ⁽¹⁾
(in millions, unaudited)

	Full Year 2022 Guidance	
	Low	High
GAAP net loss attributable to common stockholders	\$ (146.0)	\$ (123.0)
Impact from preferred stock	31.0	31.0
GAAP net loss	(115.0)	(92.0)
Stock-based compensation expense	31.0	31.0
Depreciation and amortization	18.0	18.0
Restructuring and reorganization charges	9.0	9.0
Amortization of intangible assets	—	—
Other expense, net	5.0	6.0
Benefit from income taxes	(21.0)	(17.0)
Adjusted EBITDA	<u>\$ (73.0)</u>	<u>\$ (45.0)</u>

⁽¹⁾ See Non-GAAP Financial Information for definitions of our non-GAAP financial measures.

Q2 2022 Financial Results

Conference Call Slides

eHealth®



August 8, 2022

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 annual enrollment opportunity; our operational focus in 2022, including our expectations related to changes in our operating plan; our expectations relating to our cost savings initiatives; our expected cash collections for Medicare Advantage plans; our estimated memberships; trends in our enrollment growth; 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.

Q2 2022 Summary

- Our Medicare and IFP businesses continue to provide significant value to beneficiaries and carriers.
- Core operational results exceeded internal expectations driven primarily by better-than-expected Medicare call conversion rates.
 - At the same time, telephonic conversion rate declined year-over-year reflecting changes to the enrollment process implemented in July of '21 to emphasize enrollment quality and retention.
- Progress in implementing the cost savings program:
 - Significant year-over-year reduction in variable costs reflects a more targeted allocation of marketing budget and a corresponding reduction in agent headcount.
 - Fixed cost reductions underway.
- Q2 results reflect negative revenue adjustment of \$8.7MM driven primarily by higher-than-expected lapses within Medicare cohorts enrolled during the first half of 2021.
- Favorable retention dynamics on the newer Medicare Advantage cohorts enrolled after the enrollment quality initiatives were introduced in July of '21. Significant improvement in quality metrics – CTMs.

Cost Savings Initiatives Update

- We are on track to deliver more than \$60 million in cost savings year-over-year.

Fixed Costs

- Q2 '22 Technology & Content and G&A costs combined declined \$3.6MM year-over-year.
- Savings achieved through vendor contract rationalization, targeted workforce reduction and other measures of cost discipline.
- Positive impact will be magnified on a full-year basis.
- Further measures are in the works including reduction in real estate footprint and becoming a virtual-first workplace.

Variable Costs

- Q2 '22 marketing spend was down 33% and call center costs down 24% year-over-year for a combined reduction of \$23.8MM vs. Q2 '21.
- Reduced marketing investment for 2H '22 relative to original operating plan, reflecting increased emphasis on member profitability vs. enrollment growth. Made corresponding adjustment to agent hiring plans.
- Expect to generate similar levels of profitability, net of the negative revenue adjustment, on lower enrollment volumes vs. prior plan, as reflected in revised outlook for the full year 2022.

Q2 2022 Financial Highlights

Q2 '22 results reflect reduction in variable marketing and agent-related costs combined with year-over-year decline in telesales conversion rates.

Cost savings initiatives led to a 25% sequential decrease in marketing cost per approved Medicare member.



Q2 2022 revenue was \$50.4MM; excluding negative tail revenue of \$8.7MM, revenue was \$59.1MM



Q2 2022 net loss was (\$37.5)MM and Q2 '22 adjusted EBITDA⁽¹⁾ was (\$33.3)MM; excluding negative tail revenue, net loss was (\$28.8)MM, adjusted EBITDA was (\$24.6)MM



Total Medicare approved members declined by 35% year-over-year



Estimated commission generating Medicare Advantage membership of 590K grew 5% year-over-year



Unassisted online submissions for Medicare Advantage grew 15% compared to Q2 '21

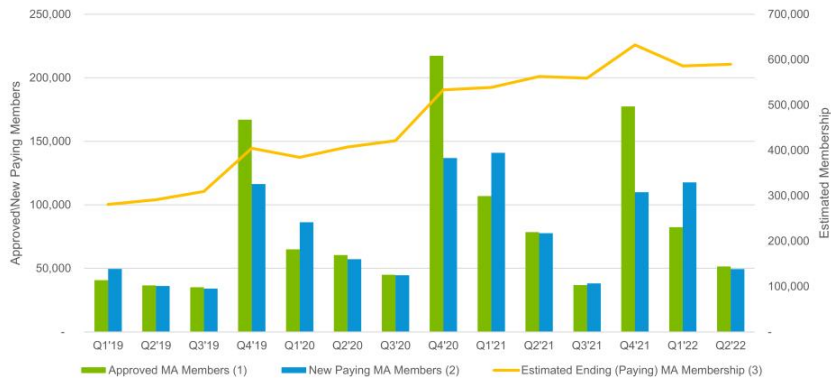


Medicare Advantage LTV of \$886 decreased 2% year-over-year from \$908 in Q2 2021



(1) Adjusted EBITDA is calculated by excluding the paid-in-kind dividends and change in preferred stock redemption value (together "impacts from preferred stock"), 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 (expenses), net, and other non-recurring charges from 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.

eHealth MA Membership



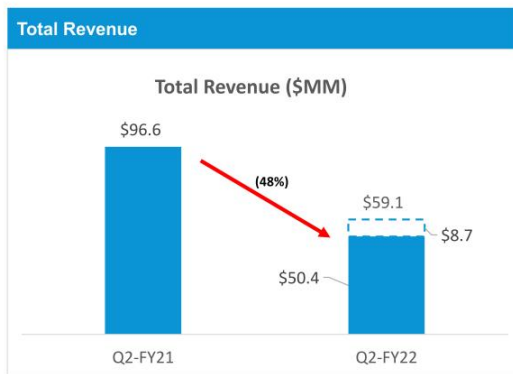
Q2 2022 estimated ending paying MA membership increased by 5% year-over-year.

Paying policies with effective date of Jan 1, 2022 (last AEP enrollments) continue to demonstrate persistency through the first six months of enrollment that is higher than comparable cohorts with effective date of Jan 1, 2021.



(1) Approved MA 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 MA 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) MA 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.

Q2 2022 Total Revenue



Total revenue declined 48% on a year-over-year basis due primarily to a \$28.0 million decrease in in-period Medicare commission revenue.



Q2 '22 results were also impacted by the negative tail revenue from prior enrollments. Excluding the impact of the \$(8.7) million tail revenue, total Q2 '22 revenue was \$59.1 million, a decline of 39% year-over year.

Q2 2022 Net Loss and Adj. EBITDA⁽¹⁾

Q2 2022 Net Loss and Adjusted EBITDA include the impact of a \$8.7 million negative revenue adjustment. Excluding the impact of the adjustment, Q2 2022 Net Loss was (\$28.8) million and Adjusted EBITDA was (\$24.6) million.



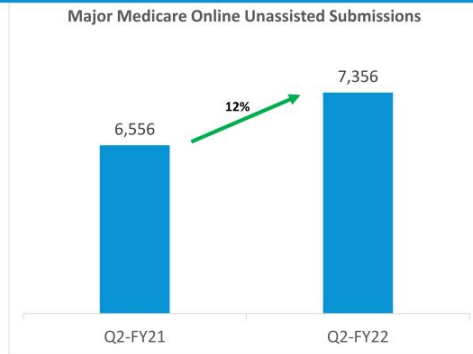
⁽¹⁾ Adjusted EBITDA is calculated by excluding the impacts from preferred stock, interest income and expense, income tax expense (benefit), depreciation and amortization, stock-based compensation expense, restructuring and reorganization charges, amortization of intangible assets, other income (expenses), net, and other non-recurring charges from 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.

Q2 2022 Major Medicare Online Unassisted Applications

Online business continues to generate enrollment growth despite the reduction in variable marketing expense across our lead generation channels.

13.4% of major Medicare submissions were online unassisted in Q2 2022 compared to 7.1% in Q2 2021.

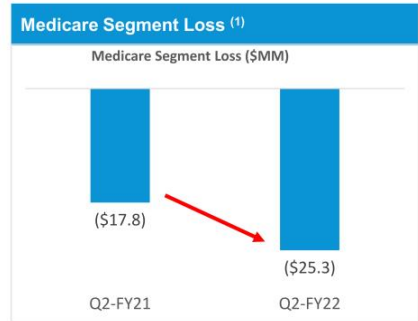
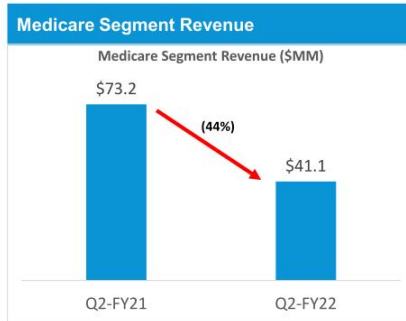
Major Medicare Online Unassisted Submissions



Q2 2022 Medicare Segment Revenue and Loss

Medicare Segment revenue declined due to a reduction in approved members as we temporarily pulled back on variable acquisition spend in '22 and also reflecting lower call conversion rates vs. Q2 '21.

Medicare commission revenue also reflects a (\$10.8) million of negative tail revenue within this segment.

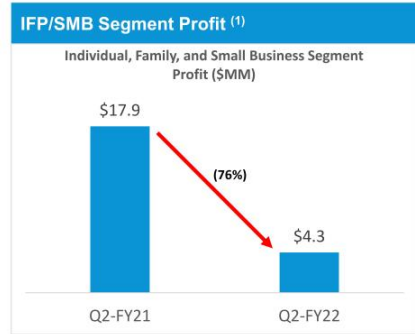
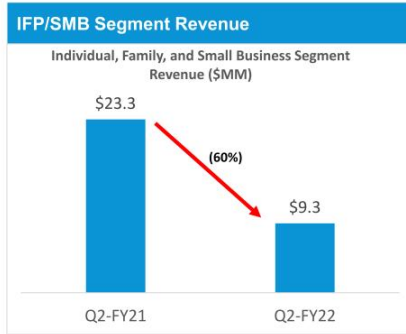


(1) Segment loss is calculated as revenue for the applicable segment less marketing and advertising, customer care and enrollment, technology and content and general and administrative operating expenses, excluding stock-based compensation expense, depreciation and amortization, restructuring and reorganization charges, and amortization of intangible assets, that are directly attributable to the applicable segment and other indirect marketing and advertising, customer care and enrollment and technology and content operating expenses, excluding stock-based compensation expense, depreciation and amortization, restructuring and reorganization charges, and amortization of intangible assets, allocated to the applicable segment based on usage.

Q2 2022 IFP/SMB Segment Revenue and Profit

IFP/SMB Revenue and Segment Profit declined compared to Q2 2022 due primarily to lower IFP/SMB tail revenue – a \$13.7M year-over-year decline after recording \$15.8M tail revenue in Q2 '21.

IFP enrollments were also down year-over-year partially offset by another quarter of double-digit % increases in LTVs of individual products.

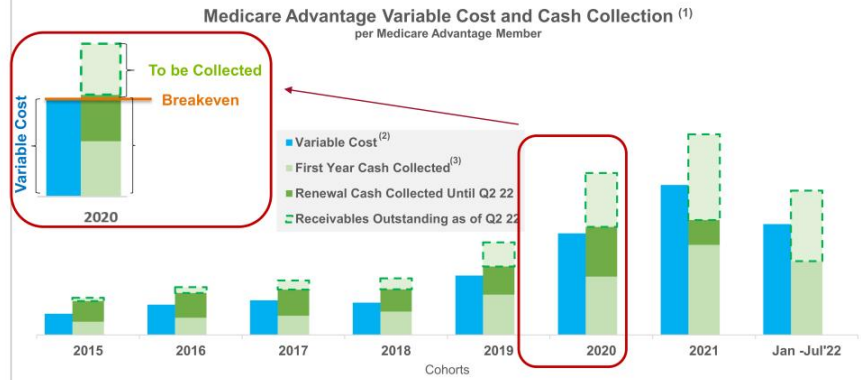


(1) Segment profit is calculated as revenue for the applicable segment less marketing and advertising, customer care and enrollment, technology and content and general and administrative operating expenses, excluding stock-based compensation expense, depreciation and amortization, restructuring and reorganization charges, and amortization of intangible assets, that are directly attributable to the applicable segment and other indirect marketing and advertising, customer care and enrollment and technology and content operating expenses, excluding stock-based compensation expense, depreciation and amortization, restructuring and reorganization charges, and amortization of intangible assets, allocated to the applicable segment based on usage.

Medicare Advantage Variable Cost and Cash Collection

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

These cohorts are now generating positive cash flow as we continue to collect monthly renewal payments.



(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.

Trailing Twelve Months (“TTM”) Medicare Segment Commissions Cash Collections

Q2 2022 TTM Medicare Segment commissions cash collections of \$323.5 million increased by 1% year-over-year.

TTM Medicare Segment Commissions Cash Collections



Medicare Advantage Plan Member Turnover Trend Since Q1 2020

MA	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Q2'22
Approved Members ⁽¹⁾	64,898	60,477	44,999	217,278	106,884	78,569	36,836	177,469	82,431	51,506
Estimated Beginning (Paying) Membership ⁽²⁾	404,694	384,513	407,243	421,237	533,282	538,716	562,905	559,235	632,574	586,063
New Paying Members ⁽³⁾	86,299	57,232	44,528	136,857	140,997	77,710	38,193	109,927	117,643	49,476
Estimated Ending (Paying) Membership ⁽⁴⁾	384,513 ⁽⁷⁾	407,243	421,237	533,282	538,716	562,905	559,235	632,574	586,063	589,553
Medicare Advantage Plan Member Turnover⁽⁵⁾	106,480	34,502	30,534	24,812	135,563	53,521	41,863	36,588	164,154	45,986
Trailing Twelve Month Member Turnover ⁽⁶⁾	168,996	177,783	192,353	196,328	225,411	244,430	255,759	267,535	296,126	288,591

See footnotes on next page

Medicare Advantage Plan Member Turnover Trend Since Q1 2020 (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.
- (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) Q1'20 is actual membership instead of reported

2022 Operational Priorities

- 1** Through transformative changes, reduce our cost structure while focusing on operational efficiency and excellence; we expect to return to growth in '23 on a substantially improved cost and operational foundation.
- 2** Deploy marketing dollars in a way that will drive better economics. This includes optimizing our marketing channel mix to cut lowest ROI initiatives and focus on channels where we hold strong competitive differentiation.
- 3** Slow down telephonic enrollment growth in '22, while emphasizing agent training and retention initiatives, implement a local market-centric model, and increase the contribution from dedicated carrier arrangements.
- 4** Continue growing our online business and enhancing our e-commerce platform through a highly disciplined approach to tech investment.
- 5** Work with carrier partners to find additional ways to create value including joint quality and retention initiatives.
- 6** Pursue cost-effective diversification initiatives including stronger emphasis on our IFP and Ancillary products.

2022 Guidance

For the full year ending December 31, 2022, we are revising our financial guidance:

2022 Full Year Guidance	New Range (in millions)	Old Range (in millions)
Total Revenue	\$375 - \$395	\$448 - \$470
GAAP Net Loss	(\$115) – (\$92)	(\$106) – (\$83)
Adjusted EBITDA⁽¹⁾	(\$73) – (\$45)	(\$64) – (\$37)
Total Cash Outflow , excluding the impact of our \$70 million term loan and associated costs	\$110 - \$90	\$140 - \$120

- 2022 Guidance update reflects our decision to further rationalize our Medicare marketing spend to de-emphasize the less profitable member acquisition channels during the AEP. We expect to generate similar levels of adjusted EBITDA and GAAP net loss on lower Medicare enrollment volumes, excluding the impact of the \$8.7M in negative revenue adjustment recorded in Q2 '22.
- **New plan for the year is also expected to have a significant positive effect on total cash outflow.**



(1) Adjusted EBITDA is calculated by excluding the impacts from preferred stock, 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 (expenses), net, and other non-recurring charges from 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.

Appendix

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Net Loss to Adjusted EBITDA Reconciliation

	(In thousands)	
	Three Months Ended June 30,	
	2022	2021
Net loss attributable to common stockholders	\$ (45,029)	\$ (22,888)
Paid-in-kind dividends for preferred stock	4,771	3,082
Change in preferred stock redemption value	2,756	1,397
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Stock-based compensation expense	5,505	8,245
Depreciation and amortization	5,349	3,997
Amortization of intangible assets	—	119
Restructuring and reorganization charges	1,369	—
Other (income) expense, net	1,167	(172)
Benefit from income taxes	(9,138)	(6,752)
Adjusted EBITDA	<u>\$ (33,250)</u>	<u>\$ (12,972)</u>

FY 2022 Guidance Net Loss to Adjusted EBITDA Reconciliation

	(in millions)	
	Full Year 2022 Guidance	
	Low	High
GAAP net loss attributable to common stockholders	\$ (146.0)	\$ (123.0)
Impact from preferred stock	31.0	31.0
GAAP net loss	(115.0)	(92.0)
Stock-based compensation expense	31.0	31.0
Depreciation and amortization	18.0	18.0
Restructuring and reorganization charges	9.0	9.0
Amortization of intangible assets	—	—
Other expense, net	5.0	6.0
Benefit from income taxes	(21.0)	(17.0)
Adjusted EBITDA	<u>\$ (73.0)</u>	<u>\$ (45.0)</u>

