



Costs and Trends in the Short-Term Health Insurance Market, 2013-2016

March 2017

INTRODUCTION

The popularity of short-term health insurance plans increased significantly after the 2014 provisions of the Affordable Care Act came into effect and their popularity continued in 2016.

Short-term plans offer a temporary alternative to major medical coverage. These products do not meet the coverage requirements of the Affordable Care Act (the ACA or Obamacare law) and may leave enrollees open to federal tax penalties. Short-term plans typically do not provide coverage for preventive care or pre-existing medical conditions. Unlike major medical plans, it is possible to be declined for a short-term plan based on an applicant's personal medical history.

Despite these limitations, consumers unable to afford or qualify for major medical coverage turned to short-term coverage in large numbers since 2014. New regulations which limit the duration of short-term coverage are scheduled to take effect in 2017. As such, the future prospects for short-term insurance products are uncertain.

Information presented in this report is based solely on short-term health insurance plans selected by eHealth customers during the 2013-2016 calendar years and on a voluntary survey of consumers who purchased short-term coverage through eHealth.

Highlights for 2016:

- **121,000+ short-term application were submitted at eHealth in 2016:** This is almost twice the number of short-term applications submitted in 2013, the year before major provisions of the Obamacare law took effect
- **Monthly short-term premiums decreased in 2016:** The average monthly premium for short-term plans decreased 5% for individuals (from \$116 to \$110) and 2% for families (from \$283 to \$276) between 2015 and 2016
- **57% of short-term customers were young adults:** More than half (57%) of short-term applicants were between the ages of 18 and 34
- **Affordability makes short-term coverage appealing:** Seven-in-ten survey respondents (70%) said they liked the affordability of their short-term plan
- **65% reviewed their eligibility for premium tax credits:** A majority of survey respondents said they had looked into whether they would qualify for government subsidies to purchase major medical coverage before choosing short-term coverage instead

SHORT-TERM HEALTH INSURANCE PLAN SELECTION DATA

In this section, we examine the popularity of short-term health insurance plans in 2016 compared to prior years. We also report average premiums and deductibles for short-term plans nationwide and on a state-by-state basis.

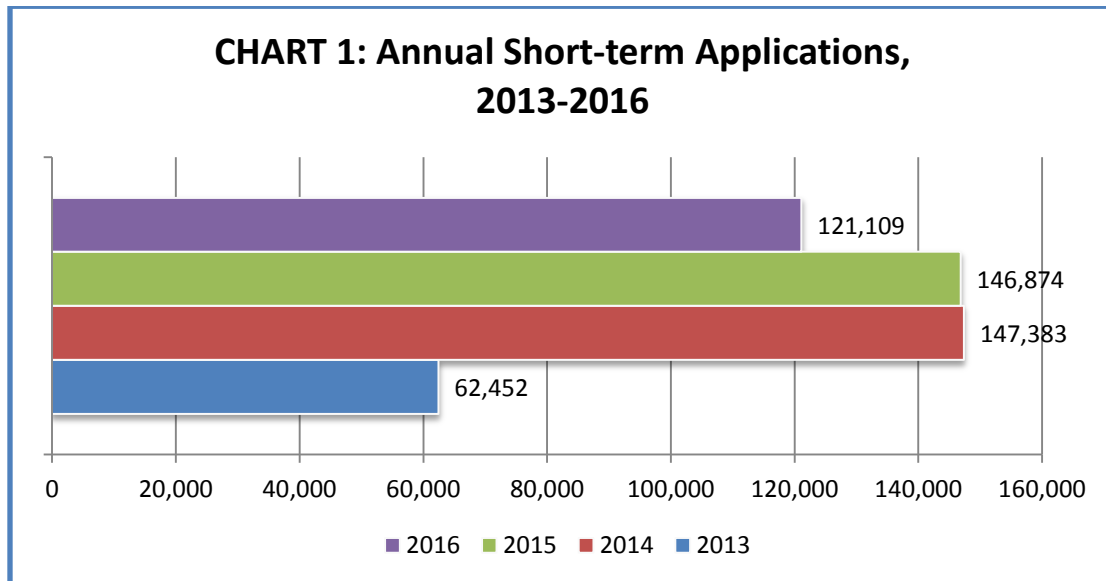


Chart 1 describes the total volume of individual and family short-term health insurance applications received by eHealth over the course of the 2013-2016 calendar years.

- The number of eHealth shoppers applying for short-term health insurance coverage increased 136% between 2013 and 2014, the year that major provisions of the ACA first took effect
- Elevated consumer interest in short-term products was maintained each year since 2014
- The number of eHealth shoppers applying for short-term health insurance coverage in 2016 was still almost twice that of 2013, the year before major provisions of the ACA came into effect

The decrease in short-term health insurance applications from 2015-2016 shown in Chart 1 may be explained by a number of factors, including the publication of new regulations that will limit the duration of short-term plans in 2017, uncertainty about the future of the Affordable Care Act, and a reduction in marketing expenditures for short-term products by eHealth in 2016.

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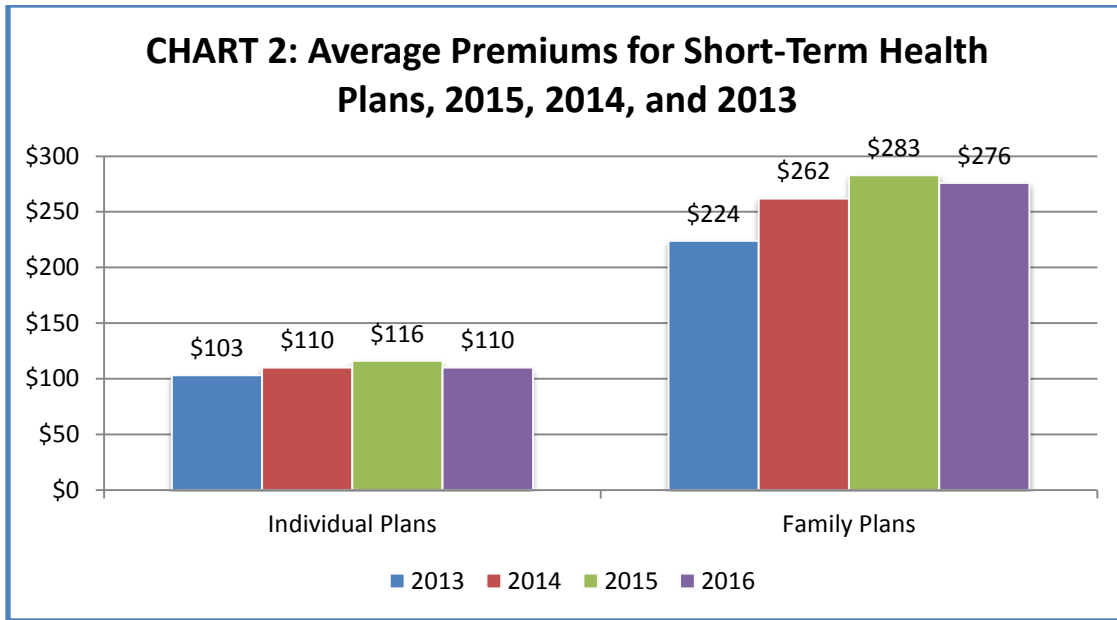


Chart 2 describes national average monthly premiums for individual and family short-term health insurance applications at eHealth for the calendar years 2013-2016.

- Between 2015 and 2016, average monthly premiums for short-term coverage decreased 5% for individuals (from \$116 to \$110) and 2% for families (from \$283 to \$276)
- Between 2013 and 2016, average monthly premiums for short-term plans increased 7% for individuals (from \$103 to \$110) and 22% for families (from \$224 to \$276)
- By comparison, as shown in figures previously reported by eHealth, the average monthly premium for individual major medical coverage increased 63% (from \$197 to \$321) between 2013 and the 2016 Obamacare open enrollment period; average monthly premiums for family major medical coverage increased 96% (from \$426 to \$833) in the same period*

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** See eHealth’s January 23, 2017 press release for average premiums for major medical plans in the years noted and for methodology information and disclaimers.*

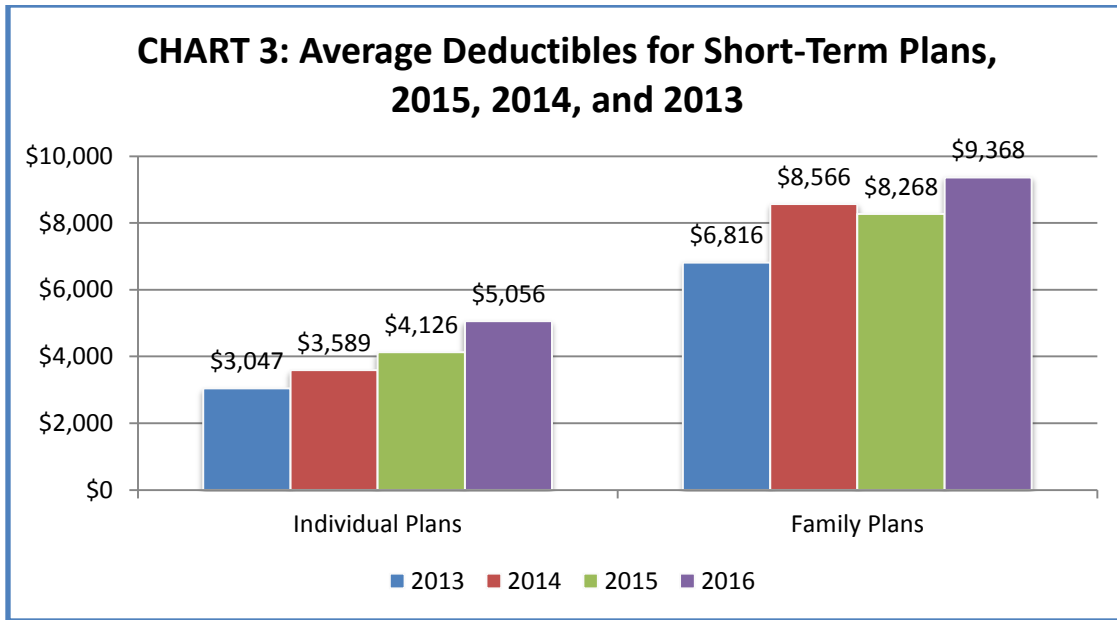


Chart 3 describes national average annual deductibles for individual and family short-term health insurance applications at eHealth in the calendar years 2013-2016.

- Between 2015 and 2016, average annual deductibles for individual short-term plans increased 23% (from \$4,126 to \$5,056) while average annual deductibles for family short-term plans increased 13% (from \$8,268 to \$9,368)
- Between 2013 and 2016, average annual deductibles for individual short-term plans increased 66% (from \$3,047 to \$5,056) while average annual deductibles for family short-term coverage increased 37% (from \$6,816 to \$9,368)

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TABLE 1: Average Premiums and Deductibles for Short-Term Health Insurance Plans by State, 2016

	Avg. Individual Premium	Avg. Individual Deductible	Avg. Family Premium	Avg. Family Deductible
AK	\$157	\$4,098	NA	NA
AL	\$94	\$5,699	\$264	\$10,710
AR	\$71	\$6,345	\$172	\$9,562
AZ	\$104	\$5,172	\$239	\$7,530
CA	\$178	\$5,199	\$471	\$12,810
CO	\$87	\$4,294	\$231	\$10,041
CT	\$136	\$5,137	\$342	\$10,243
DC	\$83	\$3,333	NA	NA
DE	\$100	\$5,365	NA	NA
FL	\$125	\$5,465	\$327	\$9,191
GA	\$79	\$5,074	\$202	\$9,906
HI	\$111	\$4,178	NA	NA
IA	\$109	\$5,749	\$221	\$8,450
ID	\$97	\$4,658	\$244	\$10,126
IL	\$110	\$5,294	\$276	\$9,053
IN	\$93	\$4,932	\$235	\$8,976
KS	\$74	\$5,246	\$214	\$10,505
KY	\$99	\$5,284	\$267	\$8,965
LA	\$103	\$5,498	\$286	\$10,793
MA	NA	NA	NA	NA
MD	\$91	\$3,784	\$225	\$8,975
ME	\$80	\$4,789	\$208	\$9,351
MI	\$83	\$5,273	\$210	\$7,779
MN	\$108	\$2,241	\$247	\$5,307
MO	\$86	\$5,430	\$200	\$11,960
MS	\$87	\$5,983	\$229	\$10,213
MT	\$110	\$4,051	\$253	\$9,508
NC	\$98	\$5,600	\$254	\$8,827
ND	\$98	\$4,683	NA	NA
NE	\$91	\$5,454	\$233	\$8,293
NH	\$85	\$4,088	\$237	\$9,244
NJ	NA	NA	NA	NA
NM	\$111	\$4,998	\$351	\$11,345

NV	\$118	\$5,343	\$279	\$9,791
NY	NA	NA	NA	NA
OH	\$86	\$5,458	\$215	\$8,280
OK	\$91	\$5,580	\$217	\$8,936
OR	\$113	\$4,773	\$281	\$9,209
PA	\$115	\$5,435	\$277	\$8,619
RI	NA	NA	NA	NA
SC	\$108	\$5,710	\$299	\$9,696
SD	\$82	\$5,010	NA	NA
TN	\$88	\$5,336	\$216	\$9,269
TX	\$108	\$5,332	\$283	\$9,304
UT	\$75	\$4,146	\$219	\$10,795
VA	\$94	\$5,134	\$223	\$8,044
VT	NA	NA	NA	NA
WA	\$238	\$1,745	\$634	\$4,815
WI	\$114	\$4,900	\$282	\$8,389
WV	\$101	\$5,441	NA	NA
WY	\$123	\$4,949	NA	NA

- Arkansas (\$71) had the least expensive average monthly premium for individual short-term plans selected by eHealth customers in 2016, while Washington (\$238) had the most expensive
- Arkansas (\$172) had the least expensive average monthly premium for family short-term plans selected by eHealth customers, while Washington (\$634) had the most expensive

Information presented in Table 1 is based solely on short-term health insurance applications submitted through eHealth. Individual short-term health insurance applications represent applications for coverage of one person only. Family plans represent applications for coverage of two or more persons. No figures are provided where fewer than 100 short-term applications were received by eHealth during the 2016 calendar year.

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SHORT-TERM HEALTH INSURANCE SHOPPERS

In this section of our report, we examine the demographics of consumers applying for short-term health insurance plans through eHealth in 2016. We also review consumer attitudes regarding short-term health insurance products.

TABLE 2: Age Distribution of Short-Term Applicants, 2013-2016

	Younger than 18	Age 18-24	Age 25-34	Age 35-44	Age 45-54	Age 55-64
2016	3%	14%	43%	19%	13%	8%
2015	2%	14%	44%	19%	13%	8%
2014	3%	13%	42%	19%	14%	9%
2013	8%	11%	41%	18%	13%	9%

Table 2 illustrates the distribution of ages among primary applicants for individual or family short-term health insurance plans in 2013-2016.

- 34 was the average age of short-term health insurance applicants in 2016
- Since 2013, the share of primary applicants in the under-18 age band has decreased significantly but increased among those in the 18-24 and 25-34 age ranges

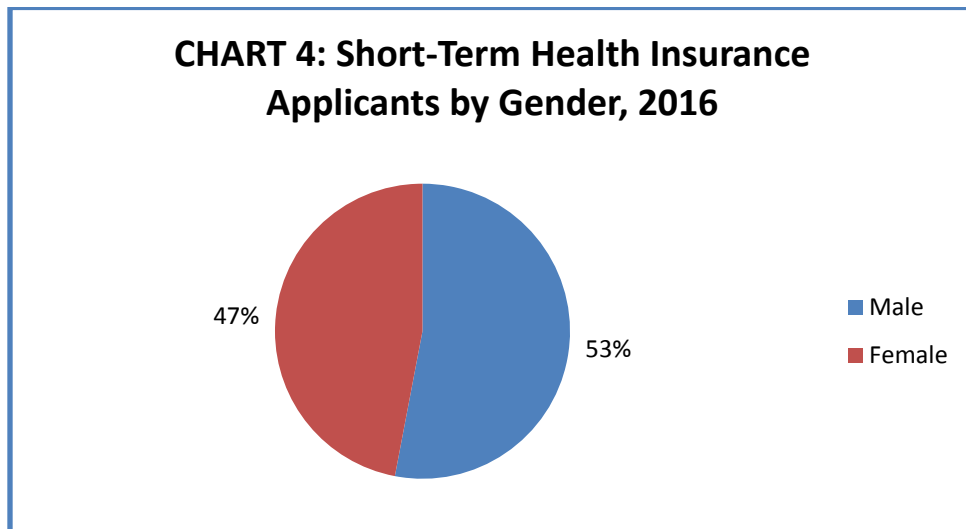


Chart 4 illustrates gender distribution of primary applicants for individual or family short-term health insurance plans in 2016.

- Men represented more than half (53%) of all eHealth short-term health insurance applicants

Survey Results: Consumer Sentiments on Short-Term Health Plans

eHealth conducted a survey of health insurance policyholders in February of 2017. The survey was conducted on a voluntary basis by email and more than 500 responses were collected. Among respondents who had purchased a short-term health insurance policy, key findings include the following:

- **70% say affordability is key factor in choosing short-term:** Nearly three-quarters of survey respondents said that affordability was the one of the things they liked most about their short-term plans
- **50% bought short-term based on price:** Half of survey respondents said they bought short-term coverage because it cost less money
- **25% just wanted temporary coverage:** Only a quarter said they bought short-term coverage because they only need coverage for a short time
- **70% considered purchasing a major medical health insurance plan:** a majority of short-term health insurance applicants considered purchasing a major medical health insurance plan first
- **65% reviewed their eligibility for subsidies:** A majority of survey respondents said they had looked into whether they would qualify for government subsidies to purchase major medical coverage before choosing short-term coverage instead

METHODOLOGY NOTE

Information included in this report is based on shopping trends at eHealth's websites (including eHealth.com and eHealthInsurance.com) only and does not provide a comprehensive view of short-term health insurance trends on a national or state basis. Only plans available for purchase at eHealth were included. Not all plans available in a particular state are available through eHealth, and plans included in this analysis may not be available throughout the entire state. As such, statistics derived from shopping trends at eHealth may not be representative of the entire market in a state or specific geographical area.

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