



King v. Burwell: Private Exchanges Can Provide a Solution for Consumers and States If Supreme Court Deems Federal Exchange Subsidies Unlawful

March 4, 2015

New White Paper From eHealth Outlines Proposed Legislative Solution for Private Exchanges to Assist States Currently Served by Healthcare.gov If SCOTUS Rules for Plaintiffs in the King v. Burwell Case

MOUNTAIN VIEW, CA -- (Marketwired) -- 03/04/15 -- Today eHealth, Inc. (NASDAQ: EHTH) (eHealth.com), the nation's first and largest private online health insurance exchange, published a [white paper](#) that outlines a proposed legislative solution in which private exchanges like eHealth can play a critical role in meeting the needs of consumers in the event of a finding for the plaintiffs in the *King v. Burwell* case. The Supreme Court of the United States is scheduled to begin hearing oral arguments today on the case that challenges the validity of premium tax credits for individuals enrolled through the federally-facilitated health insurance exchange -- popularly known as Healthcare.gov.

A decision in the case is expected later this spring and a finding for the plaintiffs (those arguing the regulations are illegal) may have a dramatic impact on the future of the Affordable Care Act (ACA), on the national health insurance market, and on the lives of millions of consumers. If the Court rules for King, health insurance markets in the 37 states currently served by Healthcare.gov will likely enter a period of crisis. At some time following a decision for the plaintiffs in *King v. Burwell*, the IRS will need to stop issuing tax subsidies to consumers who enrolled in coverage through Healthcare.gov, likely triggering countless terminations of health insurance policies when individuals are unable to afford the increased monthly payments on their plans.

In its [white paper](#), eHealth proposes legislative action at the federal level to both address the needs of consumers and relieve state governments of the burden and risk of building and launching their own state-run exchanges. eHealth's proposal would create a private market-driven solution to the problem, allowing states to leverage the technical competencies and marketplace expertise of existing web-based agents and brokers to establish and run state-recognized "private exchanges." Unlike their state counterparts, existing web-based agents and brokers already have the systems and knowledge in place to efficiently operate such exchanges. eHealth's proposed solution would permit states to certify private exchanges both to enroll individuals in health plans and to assist individuals in applying for subsidies (in the form of premium tax credits and cost-sharing reductions) for health plans sold through the private exchange.

Key features of eHealth's proposed legislative solution would include the following:

- Within 90 days after the enactment of the law, states previously served by Healthcare.gov will notify the Secretary of Health and Human Services whether they intend (1) to certify one or more private exchanges for operation in the state; or (2) to operate an American Health Benefit Exchange alongside one or more private exchanges certified by the state. In either case, consumers would have the option of using a tax credit to which they are entitled while enrolling in a health plan through a private exchange.
- Private exchanges must be certified by the state in which they operate, must maintain a website for the purpose of enrolling individuals in health plans, must be capable of displaying plan rating information, and must demonstrate the ability to receive tax credit information for individuals enrolling in health plans.
- Under the legislation, the Secretary will be required to design a process to provide private exchanges with the minimum information necessary to enroll individuals in health plans, and to communicate to consumers eligibility for advanced premium tax credits and cost-sharing reductions.

"While the *King v. Burwell* case is just beginning and no one can predict the outcome, it is important for Congress to have a plan in place," said Gary Lauer, Chief Executive Officer and Chairman of eHealth, Inc. "If the final court ruling deems subsidies in the states served by Healthcare.gov to be unlawful, the result for consumers -- and for the stability of the individual health insurance market -- could be disastrous."

"Governors of these 37 states will need to answer to hundreds of thousands of citizens who will no longer have access to affordable health insurance, but the costs, risks, and time involved in building their own exchange can be prohibitive," Lauer continued. "There is a very simple, effective solution that these states could utilize almost immediately, at no additional cost to taxpayers. As the leading private exchange, eHealth has long advocated for an effective private-public sector solution and we believe with this proposal Democrats, Republicans and most importantly consumers, will win."

About eHealth

eHealth, Inc. (NASDAQ: EHTH) owns eHealth.com, the nation's first and largest private health insurance exchange where individuals, families and small businesses can compare health insurance products from leading insurers side by side and purchase and enroll in coverage online. eHealth offers thousands of individual, family and small business health plans underwritten by many of the nation's leading health insurance companies. eHealth (through its subsidiaries) is licensed to sell health insurance in all 50 states and the District of Columbia. eHealth also offers educational resources and powerful online and pharmacy-based tools to help Medicare beneficiaries navigate Medicare health insurance options, choose the right plan and enroll in select plans online through PlanPrescriber.com (www.PlanPrescriber.com), eHealthMedicare.com (www.eHealthMedicare.com) and Medicare.com (www.Medicare.com).

For more health insurance news and information, visit the eHealth consumer blog: [Get Smart -- Get Covered](#) or visit eHealth's [Consumer Resource Center](#).

Forward-Looking Statements

This press release contains forward-looking statements, including statements regarding the possible outcome of litigation related to the ACA, potential governmental and regulatory actions in response to such outcome, and the impact of a proposal involving private exchanges to address a potential

outcome of such litigation. These forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those indicated in such forward-looking statements, including but not limited to: the final outcome of the court case *King v. Burwell* and any other litigation related to the ACA; the political, legislative, regulatory or other governmental or official responses to such litigation; the effect of any such litigation on consumers, insurance brokers and agents, insurance carriers, and insurance markets; any new or revised laws or regulations or other actions taken by federal and state regulatory agencies, including the Department of Treasury, the Internal Revenue Service, the Centers for Medicare and Medicaid Services and state departments of insurance; the adoption and implementation of any proposal involving private exchanges by the relevant federal or state governmental authorities; governmental, industry and consumer acceptance of any such proposal; the effectiveness of any such proposal that might be adopted; eHealth's ability to effectively participate in, operate under or benefit from any such proposal that might be adopted; the ability of government systems and insurance carriers to efficiently and timely process requests and applications from eHealth and its customers; and any other potential changes in laws, regulations and regulatory guidance, whether or not directly related to the ACA and related regulations and rules, including any timing or other requirement for enrolling customers in health insurance plans. Other risks and uncertainties that can affect actual results are included under the captions "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in eHealth's Annual Report on Form 10-K for the year ended December 31, 2013 and most recent Quarterly Report on Form 10-Q, which are on file with the SEC and are available on the investor relations page of eHealth's website at <http://www.ehealthinsurance.com> and on the Securities and Exchange Commission's website at www.sec.gov. All information provided in this press release is as of the date of this press release, and we undertake no duty to update this information unless required by law.

Attachment Available: http://www.marketwire.com/library/MwGo/2015/3/4/11G034842/EHEALTH_WHITE_PAPER_King_v_Burwell_and_Proposed_So-1107197782265.pdf

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