

# Q4 & FY 2021 Financial Results

Conference Call Slides



## /CORRECTION – eHealth, Inc./

eHealth, Inc. is correcting misstatements regarding guidance for GAAP net loss for the full year ending December 31, 2022 in the financial results conference call slides for the fourth quarter and year ended December 31, 2021 that were posted to eHealth's investor relations webpage on March 1, 2022. The misstatements did not impact eHealth's GAAP financial statements. The guidance for GAAP net loss for the full year ending December 31, 2022 on slide 16 of the March 1, 2022 financial results conference call slides is corrected as follows: 2022 Full Year Guidance: GAAP net loss range (millions): \$(106) - \$(83), corrected from a range of \$(147) - \$(124).

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# 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 expected cash collections for Medicare Advantage plans; our estimated memberships; our long-term opportunities for profitable growth and the expected benefits of our operational initiatives; and our 2022 annual guidance for total revenue, GAAP net loss, adjusted EBITDA, and total cash flow. 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.

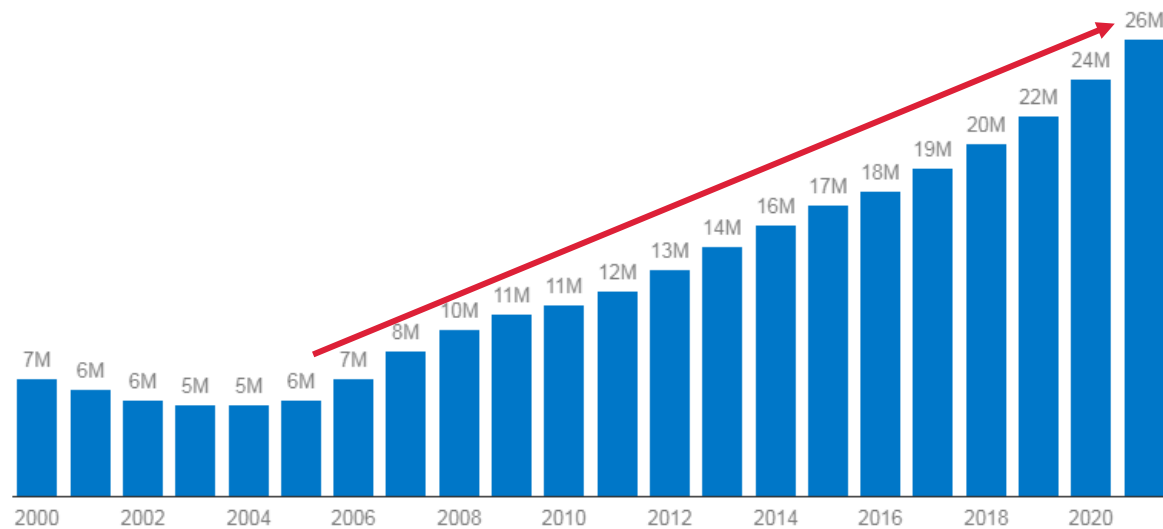
### **Non-GAAP Information**

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.

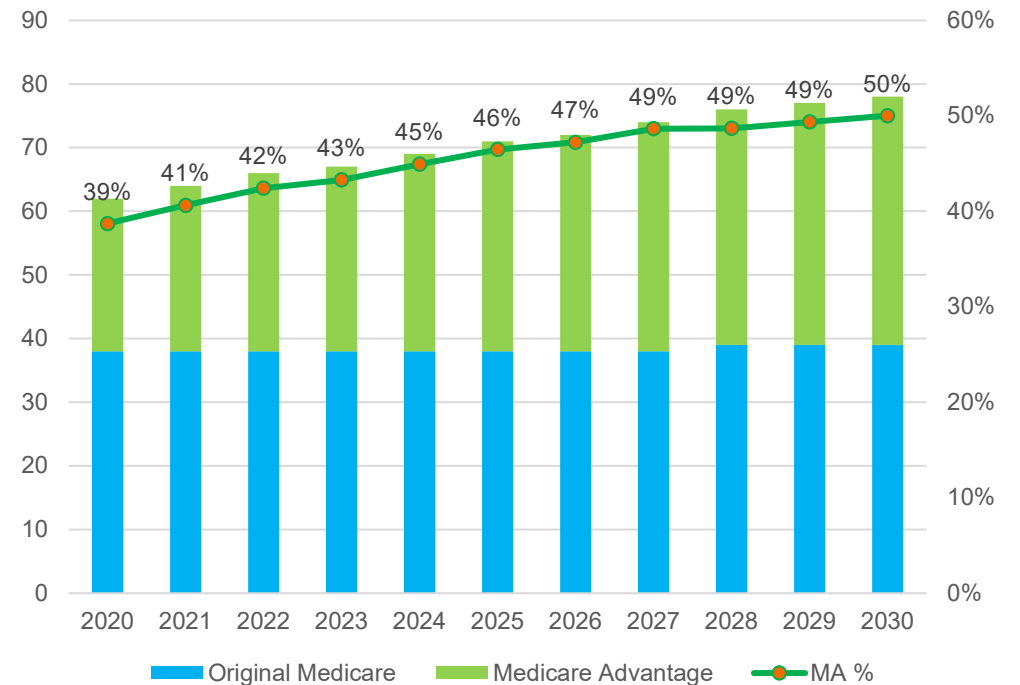
# Medicare Advantage Market Opportunity Remains Attractive; Strong Tailwinds Intact

- Increasing market penetration of MA private plans, from 31% of Medicare beneficiaries in 2016 to 51% in 2030<sup>(1)</sup>
- Medicare Advantage plan enrollment expected to grow 70% market-wide between 2020 and 2030<sup>(2)</sup>

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



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



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

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

# FY 2021 Financial Highlights

**The decline in FY 2021 revenue and profitability was driven primarily by lower telephonic conversion rates relative to FY 2020**

**Online business continued to scale, driving significant enrollment growth at attractive LTVs**

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



FY 2021 revenue declined 8% to \$538.2MM compared to FY 2020; FY 2021 GAAP net loss was \$104.4MM, impacted by impairments to our goodwill & intangible assets



FY 2021 Medicare Advantage approved members increased by 3% year-over-year



FY 2021 Medicare Advantage LTV of \$979 increased 3% year-over-year from \$952 in FY 2020



FY 2021 Adjusted EBITDA<sup>(1)</sup> of (\$22.7)MM declined from positive \$91.4 MM in FY 2020

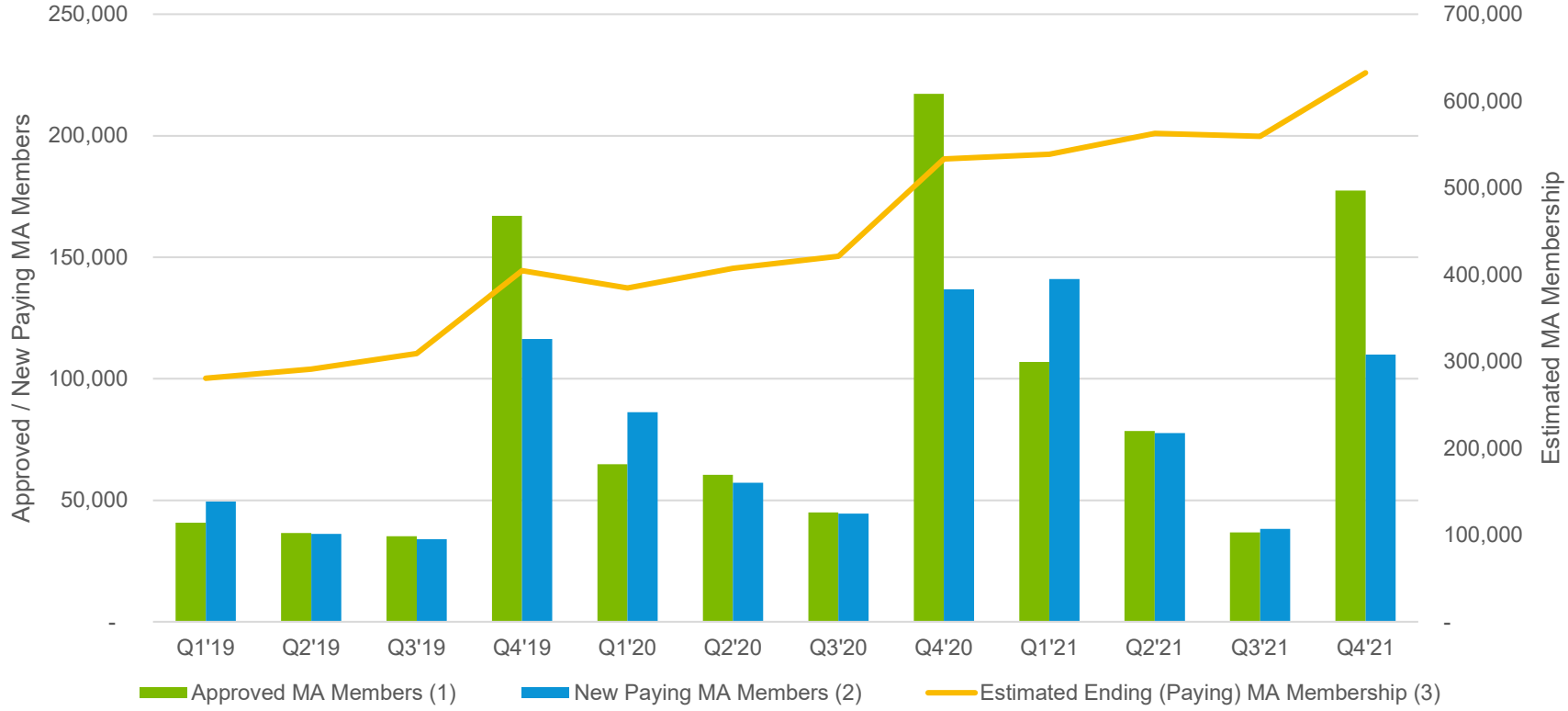


Estimated commission generating total Medicare membership of 959K grew 10% compared to year-end 2020



Fully unassisted online submissions for Major Medicare products<sup>(2)</sup> grew 60% compared to FY 2020

# eHealth MA Membership Growth



**Medicare Advantage enrollment continues to grow as the population of eligible beneficiaries increases. Ending estimated MA membership grew 19% y/y in 2021.**

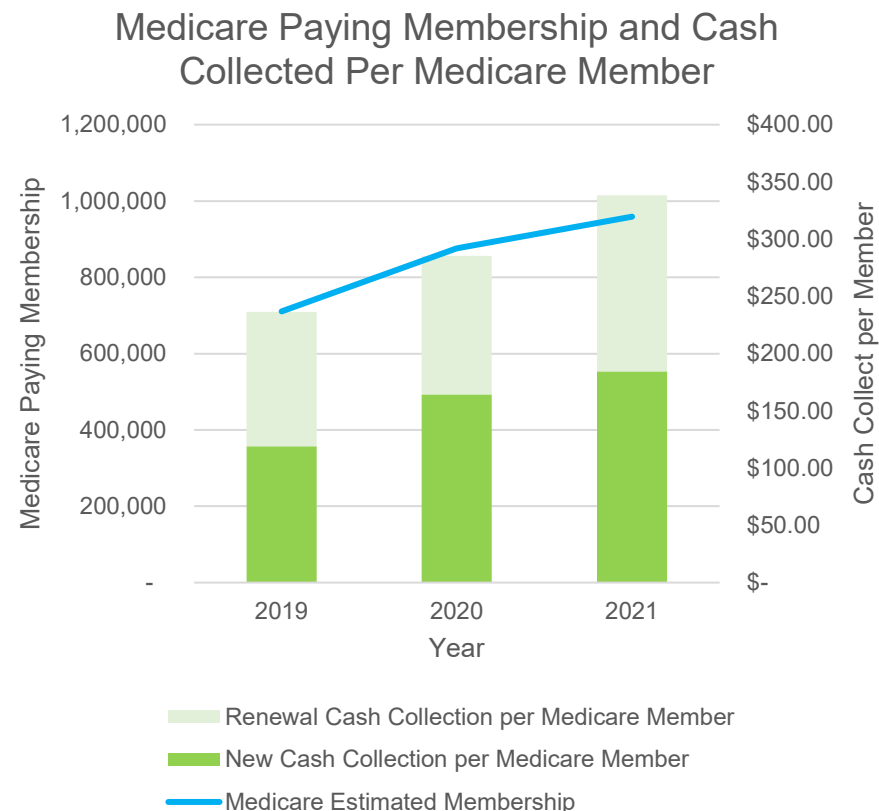
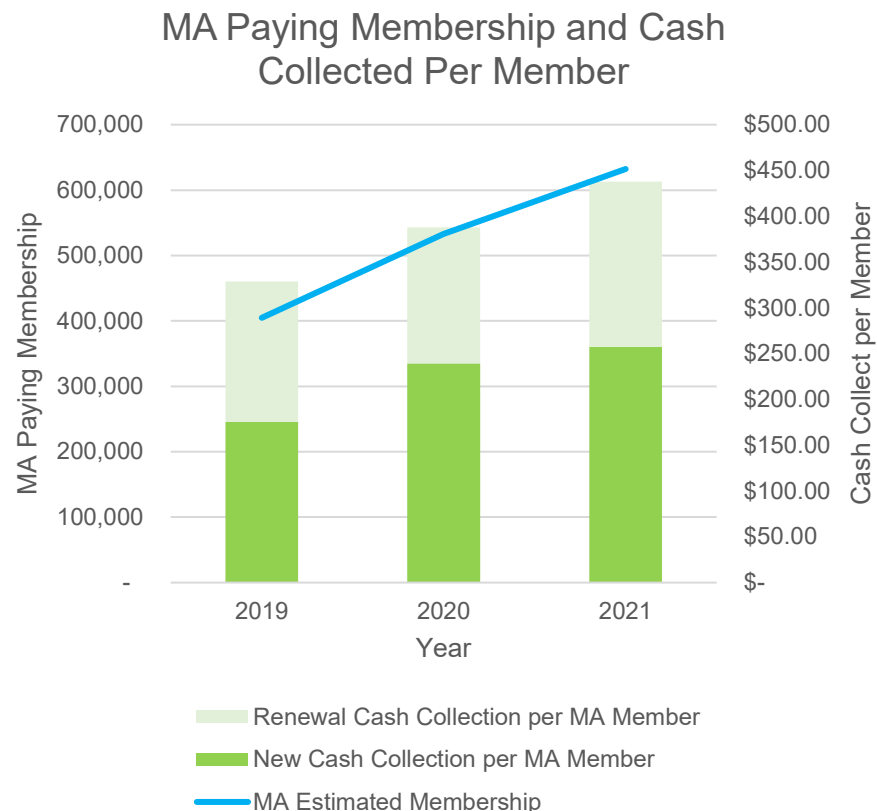


(1) Approved members consist of the number of individuals on submitted applications that were approved by the relevant insurance carrier for the identified product during the period presented. Approved members may not pay for their plan and become paying members.  
 (2) New Paying Members consist of approved members from the period presented and any periods prior to the period presented from whom we have received an initial commission payment during the period presented.  
 (3) Estimated Ending (Paying) Membership is the number of members we estimate as of the end of the period. Membership is estimated using the methodology described in our periodic filings with the Securities and Exchange Commission.

# Cash Collections Continue to Scale

Medicare estimated membership exceeded 950K, with over 630K Medicare Advantage members.

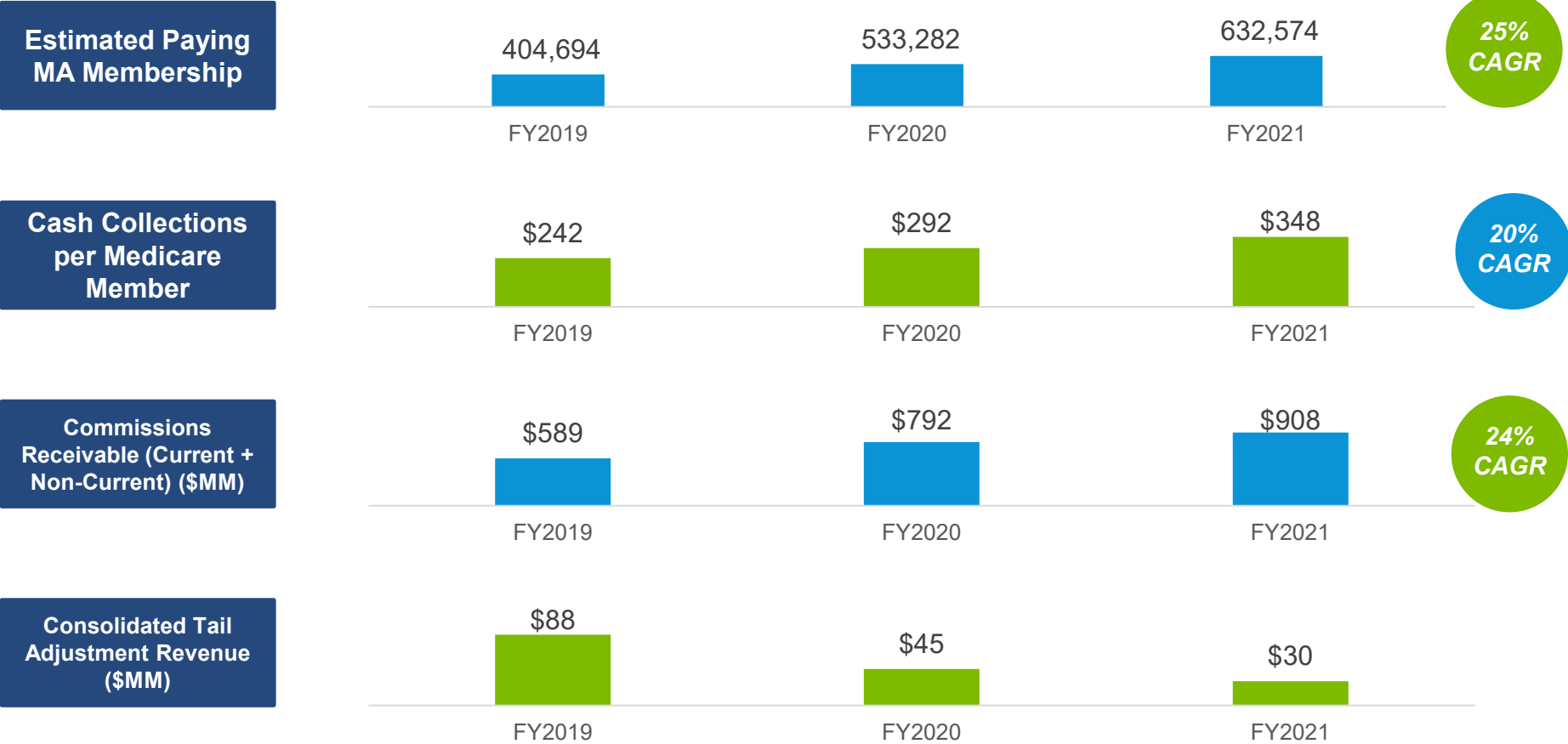
Cash collections continue to outpace membership growth for Medicare Advantage and total Medicare.



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

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

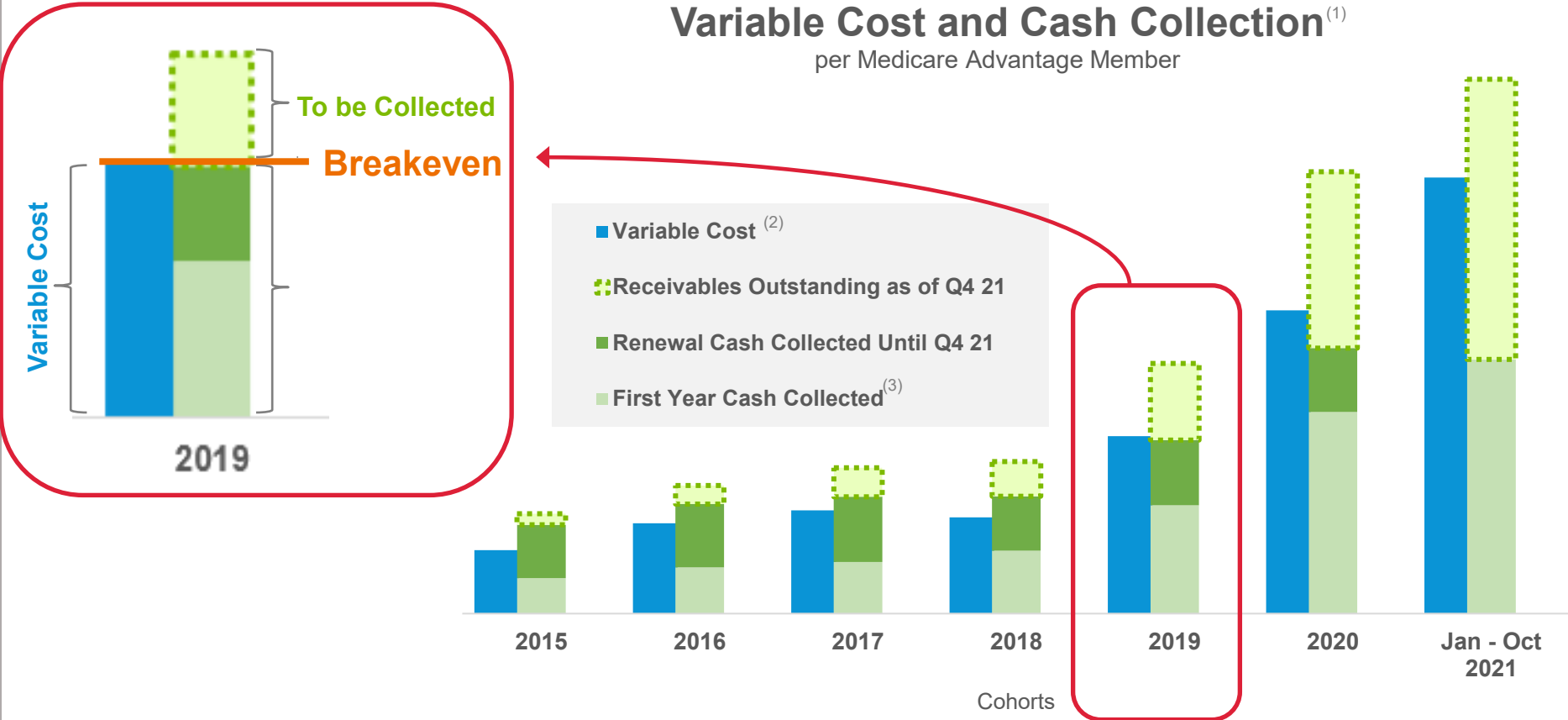
Positive “tail” or adjustment revenue, indicative of historical reliability of LTV estimates.



# Medicare Advantage Variable Cost and Cash Collection

2019 MA cohorts have achieved **break even**, i.e., the upfront variable acquisition cost compared to cash collections generated by the cohort to date.

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

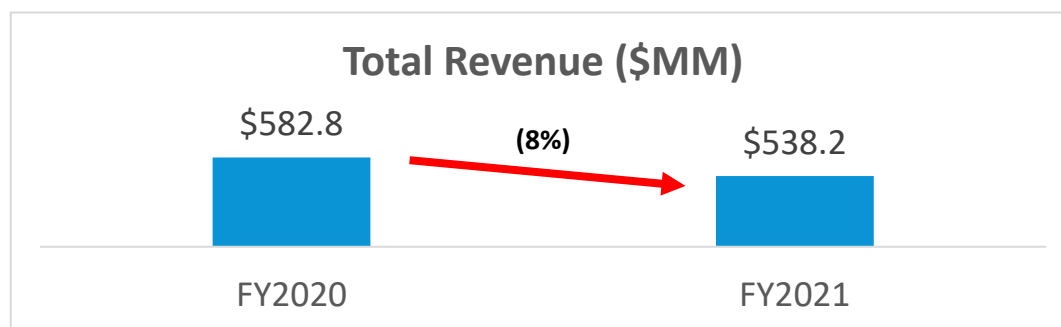
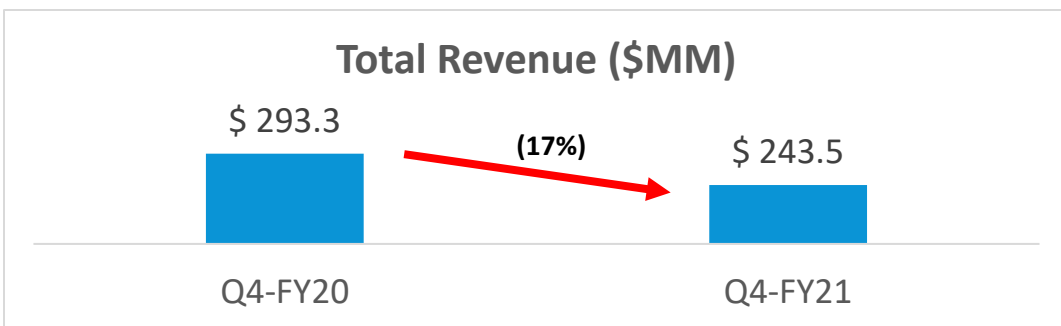


(1) Medicare Advantage (MA) variable cost and cash collections are grouped by member cohorts based on policy effective date  
 (2) Variable cost includes variable marketing and customer care & enrollment costs allocated to the MA members  
 (3) Cash collected are commissions for MA members. For the first year, it also includes non-commission revenue allocated to the MA product

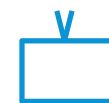


# Q4 & FY 2021 Revenue

## Total Revenue



Total revenue declined 8% on a year-over-year basis in FY 2021 due primarily to a \$17.1 million decrease in Medicare commission revenue and a \$27.5 million decrease in Medicare advertising revenue.

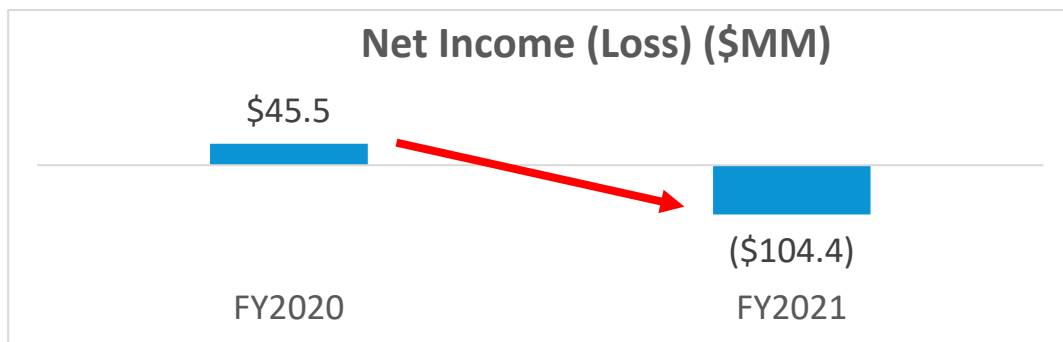
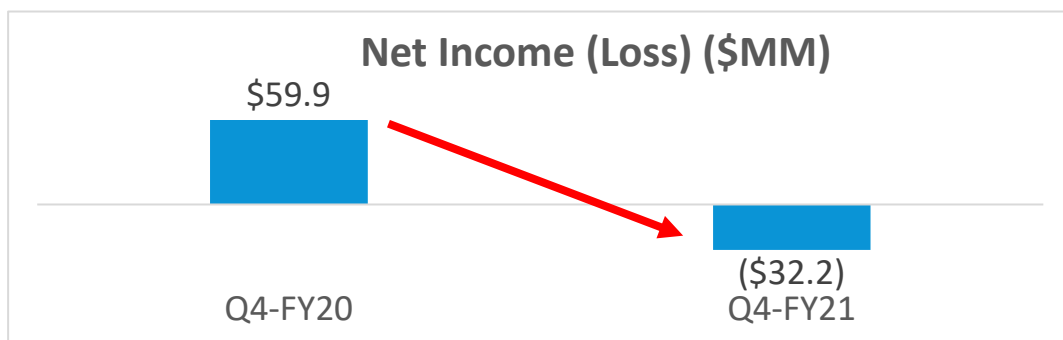


Decline in approved Medicare members during the year was partially offset by a 3% increase in FY 2021 Medicare Advantage lifetime values compared to a year ago.

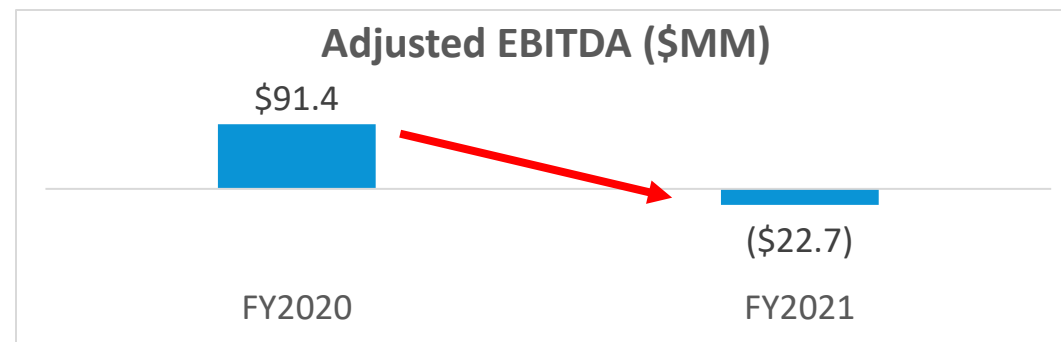
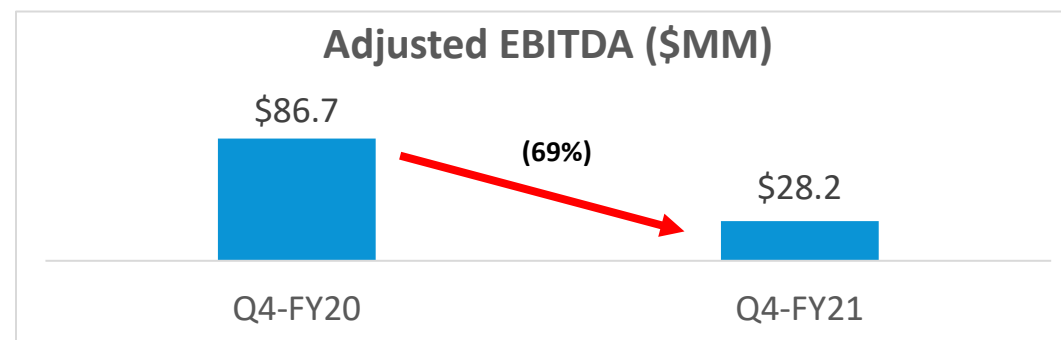
# Q4 & FY 2021 Net Loss and Adj. EBITDA<sup>(1)</sup>

Q4 & FY 2021 net loss was impacted by impairments to our goodwill and intangible assets, combining to \$46.3 million and reflecting eHealth's market capitalization dropping below our Shareholders Equity. These charges were excluded for the purpose of calculating Q4 and FY 2021 Adjusted EBITDA.

## Net Income (Loss)



## Adjusted EBITDA

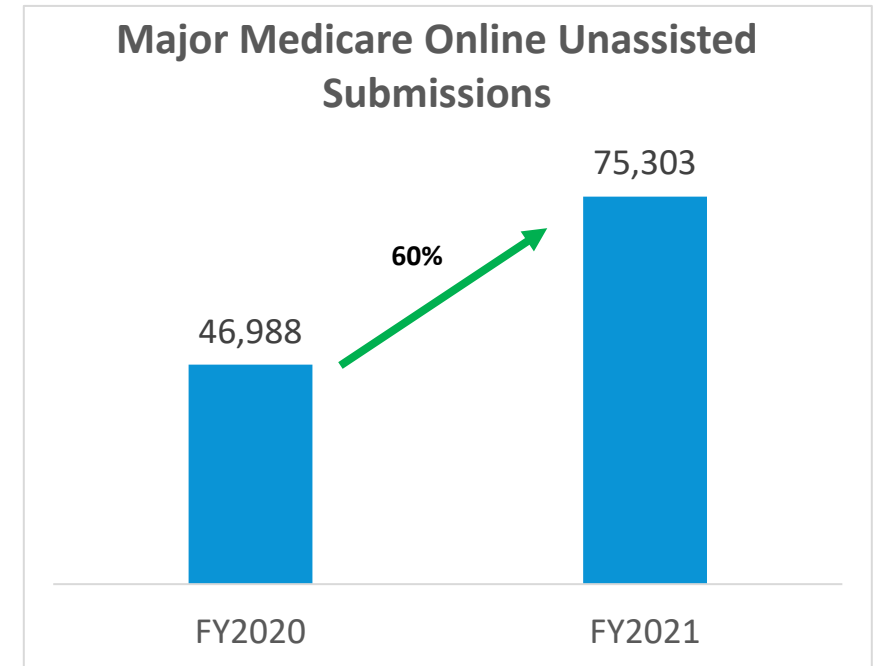
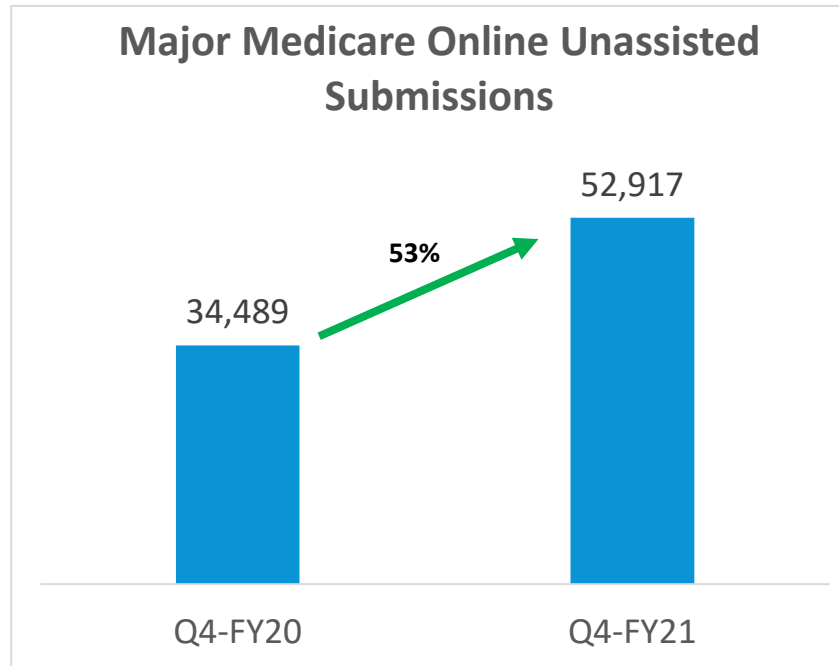


# Q4 & FY 2021 Major Medicare Online Applications

Online business continues to generate strong growth. Unassisted online applications for major Medicare<sup>(1)</sup> products grew 60% year-over-year in FY 2021.

24% of Q4 2021 total major Medicare submitted applications were online unassisted, compared to 13% for Q4 2020.

## Major Medicare Online Unassisted Submissions

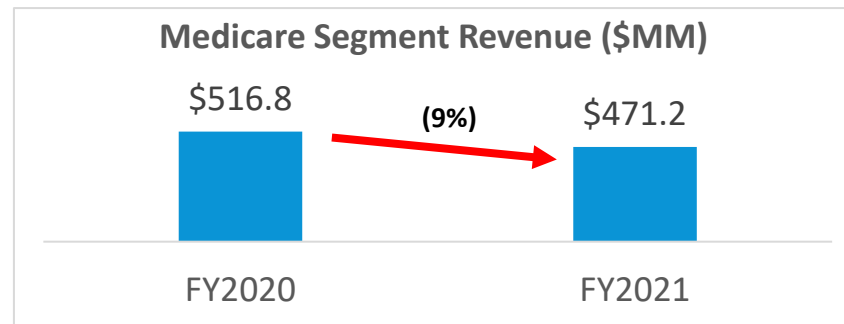
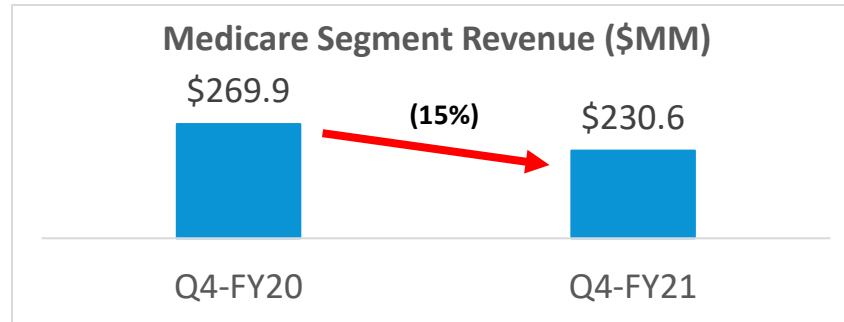


# Q4 & FY 2021 Medicare Segment Revenue and Profit (Loss)

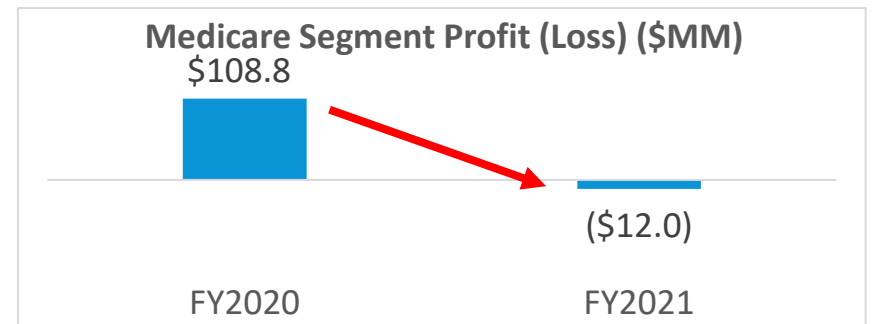
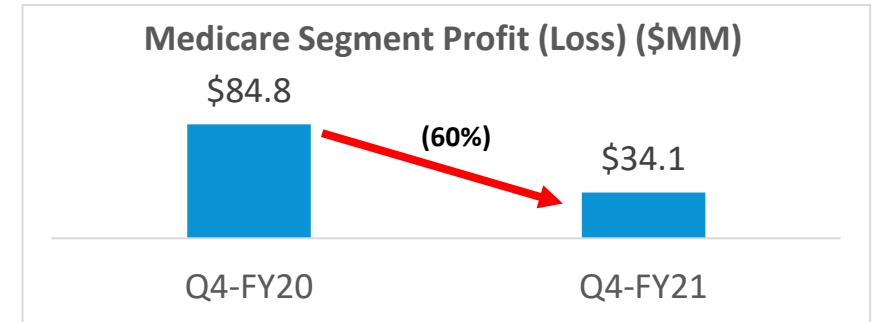
Q4 and FY 2021 Medicare segment results were impacted by lower telephonic conversion rates as well as lower carrier advertising revenue.

Medicare segment profit inflected to loss for FY 2021 due to these headwinds.

## Medicare Segment Revenue



## Medicare Segment Profit (Loss) <sup>(1)</sup>



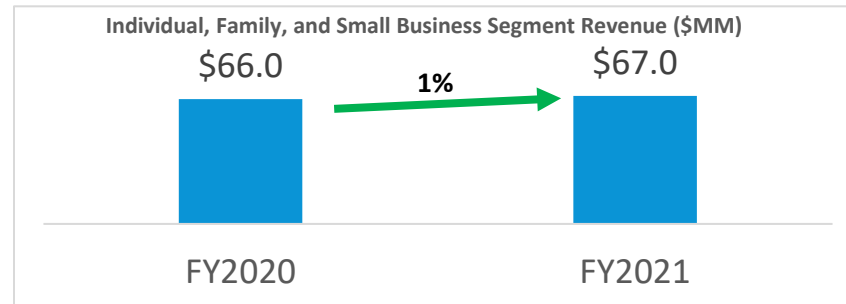
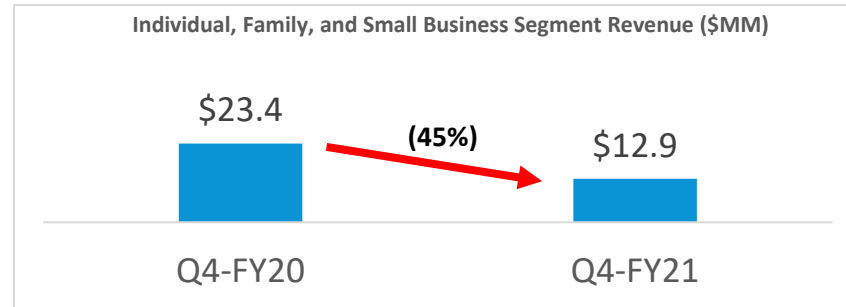
# Q4 & FY 2021 IFP Segment Revenue and Profit

IFP Segment Revenue and Profit increased in FY 2021 on a y/y basis.

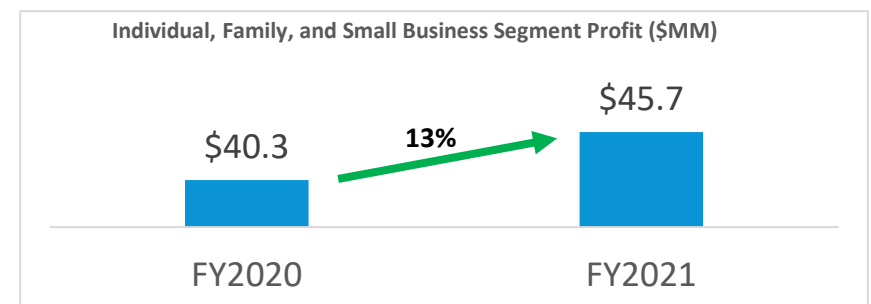
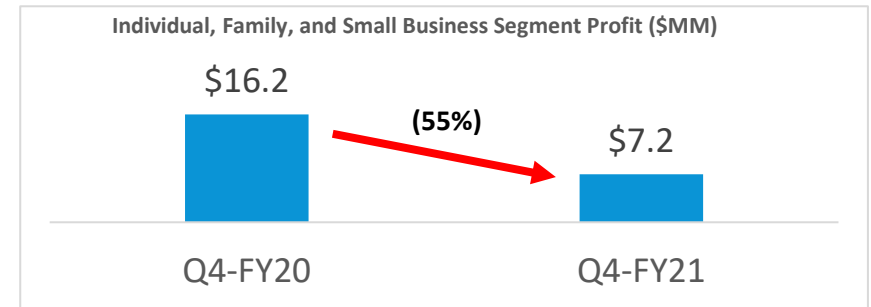
2021 IFP approved members increased 28% compared to FY 2020.

Tail revenue within our IFP segment increased by 7% for the year.

## IFP Segment Revenue



## IFP Segment Profit <sup>(1)</sup>



# Medicare Advantage Plan Member Turnover Trend Since Q4 2018

MA	Q4'18	Q1'19	Q2'19	Q3'19	Q4'19	Q1'20	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21
Approved Members (1)	83,376	40,741	36,576	35,171	167,073	64,898	60,477	44,999	217,278	106,884	78,569	36,836	177,469
Estimated Beginning (Paying) Membership <sup>(2)</sup>	235,268	276,357	280,763	291,171	309,180	404,694	384,513	407,243	421,237	533,282	538,716	562,905	559,235
New Paying Members <sup>(2)</sup>	62,817	49,531	36,122	33,974	116,351	86,299	57,232	44,528	136,857	140,997	77,710	38,193	109,927
Estimated Ending (Paying) Membership <sup>(3)</sup>	276,357	280,763	291,171	309,180	404,694	384,513	407,243	421,237	533,282	538,716	562,905	559,235	632,574
<b>Medicare Advantage Plan Member Turnover<sup>(5)</sup></b>	<b>21,728</b>	<b>45,125</b>	<b>25,714</b>	<b>15,965</b>	<b>20,837</b>	<b>106,480</b>	<b>34,502</b>	<b>30,534</b>	<b>24,812</b>	<b>135,563</b>	<b>53,521</b>	<b>41,863</b>	<b>36,588</b>
Trailing Twelve Month Member Turnover <sup>(6)</sup>	95,065	89,357	102,403	108,532	107,641	168,996	177,783	192,353	196,328	225,411	244,430	255,759	267,535

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

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- (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.

# FY 2022 Priorities

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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 conventional telephonic enrollment growth, pivot to more overflow telesales carrier arrangements which requires less investment in lead generation and execute a local market-centric telesales model.

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

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

# Appendix

# Net Income (Loss) to Adjusted EBITDA Reconciliation

(In thousands)

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

# FY 2022 Guidance Net Loss to Adjusted EBITDA Reconciliation

(In millions)

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