



CEOCFO

Interviews & News!

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With 50% growth in the last quarter, eHealth has gone from a vision of providing access to health insurance and health benefits over the internet to now being the largest source of health insurance in the country for individuals and families who buy their own

eHealth

**Financial
Insurance Brokers
(EHTH-Nasdaq)**

eHealth, Inc.

**440 East Middlefield Road
Mountain View, CA 94043
Phone: 650-584-2700**



Gary Lauer
Chairman, President and CEO

BIO:

Gary Lauer has served as President and Chief Executive Officer since December 1999 and as Chairman of the Board of Directors since March 2002. In his current role, Lauer provides the strategic vision and day-to-day guidance necessary to grow and manage a dynamic, growing company in an ever-changing market. Since Mr. Lauer joined the company, eHealth has become the leading online

source of health insurance for individuals, families, and small businesses. He has a rich history of managing fast-growth companies in challenging markets, and is able to speak to a variety of topics surrounding the future of the health insurance industry and how change will affect consumers and their health insurance options. In his leadership role at eHealth, he has testified before Congress on policy issues and has worked with print and broadcast outlets on both the regional and national level.

Prior to joining eHealth, Mr. Lauer was the Chairman and Chief Executive Officer of MetaCreations Corporation. Prior to MetaCreations, Mr. Lauer spent more than nine years at Silicon Graphics, Inc. where he was part of a senior executive team that grew Silicon Graphics from approximately \$100 million to \$3.5 billion in revenue. Mr. Lauer started his career with IBM, where he held a variety of sales and marketing management positions. Mr. Lauer holds a B.S. degree in finance and marketing from the University of Southern California Business School. Mr. Lauer currently serves as a member of several public and private boards of directors.

Specific areas of expertise:

- Technological innovations that have transformed the way Americans buy health insurance
- Impact of legislation on health insurance and consumers
- Trends in health insurance including consumer driven health insurance initiatives
- New and emerging products in the health insurance market

Company Profile:

eHealth, Inc. is the parent company of eHealthInsurance, the leading online source of health insurance for individuals, families and small businesses. eHealthInsurance presents complex health insurance information in an objective, user-friendly format, enabling the research, analysis, comparison and purchase of health insurance products that best meet consumers' needs. eHealth and eHealthInsurance are registered trademarks of eHealthInsurance Services, Inc.

eHealth, Inc. was founded in 1997 and its technology was responsible for the nation's first Internet-based sale of a health insurance policy. eHealth is headquartered in Mountain View, California.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com**

CEOCFO: Mr. Lauer, what was your vision when you became CEO of eHealth and where are you today?

Mr. Lauer: "Seven years ago when I joined eHealth, we thought we had an opportunity to fundamentally change the way that people that are able to access health insurance and health benefits. We thought the internet was an ideal way to reduce the tremendous volume of text and data that is in the decision process people have to deal with, and to reduce it to something that is understandable and navigate-able, to help them make a good decision. That was the vision. Today we are the largest source of health insurance in the country for individuals and families who buy their own. We have grown at a fast pace. We are a public company.

We think we are beginning to realize the vision of being the resource that people can go to, to learn about these important health insurance products and be able to purchase them.”

CEOFCFO: How does eHealth work?

Mr. Lauer: “We are essentially a broker in all 50 states and we do all this on the internet. We represent all the major high-quality carriers, so companies like Aetna Inc.(NYSE:AET), UnitedHealth Group Incorporated (NYSE:UNH), Humana, Inc. (NYSE:HUM), the Blue Cross and Blue Shields; the list goes on and on. We let people come to eHealth online and essentially see all the individual products that these companies offer. Through that, they are able to have a lot of choice in terms of the different alternatives and product offerings.”

CEOFCFO: Are visitors to your site able to see clearly what the differences are between plans?

Mr. Lauer: “I think so. We have built a lot of support tools into what we do so that people can see the products, understand the different variety of benefits that are offered, the different price levels, see things like co-pays for physician visits and maternity care. We try to make this very understandable and hopefully simplify this complex process for people.”

CEOFCFO: Is it all done online or are people able to speak with you if they desire?

Mr. Lauer: “We are an online company, but we also have a very large customer-care center with full-time employees who are health insurance professionals. If someone doesn’t get everything that they need online, we encourage them to pick up the phone and call us so that we can provide them counsel answer questions and give directions, and hopefully get them to the right decision point so that they can get back online and finish the process.”

CEOFCFO: Are you customers buying individual policies?

Mr. Lauer: “These are individuals who are buying their own health insurance although we also market health insurance

to small businesses as well. Those are typically companies with fifty employees or less.”

CEOFCFO: What is the market for people buying on their own?

Mr. Lauer: “It is a state-by-state business, because it is regulated state-by-state and in most states it is a vibrant market with a significant product variety and selection and with prices typically much less than people would think. On average across the United States, an individual in their 30’s may be able to get a very robust health insurance product for around \$125.00 a month. A family of four with two adults in their mid-30’s and two elementary school age children is typically less than \$300.00 a month and those prices typically surprise people in being much less than anticipated.”

CEOFCFO: How do you reach your potential customer?

Mr. Lauer: “People find us a number of

“There are ways to apply technology to the area of health that can dramatically change things and we are doing that with the online delivery of health benefits. There is a huge market out there of individual products; people should know that. Health insurance products are a great natural internet application.” - Gary Lauer

ways; first through word-of-mouth, secondly through frankly a lot of media attention. Thirdly, they will go online and do a search. Then we have a large group of partners that work closely with us; hundreds of them, companies like the Bank of America Corporation (NYSE:BAC), Cargill, Wells Fargo & Company (NYSE:WFC), the list goes on. All of whom are looking to provide good quality health insurance offerings to their individual consumers and through us they do that. We really find people through a multitude of avenues.”

CEOFCFO: Is there a typical customer for you?

Mr. Lauer: “No there is not. For example, from an age standpoint, the age distribution of our customer or member base is a bell curve that roughly approximates the age distribution of the United States population.”

CEOFCFO: What is your retention rate?

Mr. Lauer: “It is pretty much the industry average. On average an individual holds one of these products for over two years and many of the people that buy products through us will move from one product to another inside of eHealth, because prices change and they want another benefit and something of that nature.”

CEOFCFO: How many customers have you had over time?

Mr. Lauer: “There are over a million people who have purchased health insurance through us in the history of the company.”

CEOFCFO: How do you go to two million?

Mr. Lauer: “In the last quarter we just grew our revenue over 50%, so we are running at a nice pace. This area continues to get more attention, that is the individual market to a lot of public policy

work and discussion that goes on. We continue to work hard online with our search partners. We continue to add more partners. We think there is more word-of-mouth and we think our brand-name is becoming better known. I think all of those things contribute to more people being able to find us readily and easily.”

CEOFCFO: Are there products that you do not offer now in the health field that you would like to offer?

Mr. Lauer: “We have been looking at the Medicare area for some time for people over 65 years of age. We have not done anything there yet and we are growing more interested in it.”

CEOFCFO: Are there additional products and services that build on what you have done?

Mr. Lauer: “We are very interested in building a platform here with people that really is a portal where individuals would not just come in to buy health insurance products, but they would manage all their health finances. They would be able to look at all the banking they use for health expenditures, have an eHealth debit card; things of that nature we are enthusiastic

about. We are looking for ways to expand the usefulness of what we do for people. However, we will always stay focused on health; we are not interested in other categories like automotive, Life or homeowners insurance. Those are highly commoditized, very competitive and just not an area we are interested in.”

CEOCFO: Is there much competition for you online?

Mr. Lauer: “There is really not. It is estimated that we have the lion’s share of what is sold online. It is not an easy thing to do, we have been at it for some time and we have become well established. We do not see many others marketing and selling directly the way that we do to consumers.”

CEOCFO: What is the financial picture like for eHealth?

Mr. Lauer: “We took the company public last year and had a successful public offering. For a profitable company, we are growing quickly. We generate cash. Our margins are high and our revenues are recurring in nature, which seems to

be attractive to some investors. From a financial standpoint, we feel we are in good stead. We are always looking to improve.”

CEOCFO: What are the challenges you see to continue on the path?

Mr. Lauer: “I think there is a challenge of awareness and visibility. We need more people to know that there is a vibrant individual market that exists and the products are affordable and accessible. That is our biggest challenge. We need to continue to evolve and develop our offerings so that this becomes easier and a better way for people to procure health insurance. We believe this is the natural internet application, where a tremendous volume of text and data is reduced to something that is understandable, we think that is a big difference maker.”

CEOCFO: Why should potential investors be interested in eHealth, and what might someone miss when they first look at the company?

Mr. Lauer: “We address a huge market and the market is growing. It is a market that has not had much technology applied. I think we are significantly changing the way health insurance is marketed and distributed. The health insurance market itself is growing and we are the leader there. Our revenues are recurring, our margins and profits are high and growing and as a result, I think potential investors may want to consider those; they may be some of the characteristics that some investors are looking for.”

CEOCFO: What should people remember about this interview?

Mr. Lauer: “There are ways to apply technology to the area of health that can dramatically change things and we are doing that with the online delivery of health benefits. There is a huge market out there of individual products; people should know that. Health insurance products are a great natural internet application.”

The logo for eHealth, featuring the word "eHealth" in a bold, blue, sans-serif font. The "e" is lowercase and the "Health" is uppercase. A small registered trademark symbol (®) is located to the upper right of the "h".

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