

Economic Performance

We are pursuing sustainable, profitable growth by scaling our membership and revenue while focusing on enhancing enrollment quality and member retention.

We seek to employ cost-effective member acquisition strategies that rely on a diversified portfolio of marketing channels. In addition to our core Medicare Advantage Agency fulfillment model, which represents the largest share of our revenues, we are diversifying our business by expanding our presence in the Medicare Supplement and individual and family health insurance markets, including the emerging Individual Coverage Health Reimbursement Arrangement (ICHRA) opportunity. As part of our diversification initiative, we are assessing new products and services to further support health and wellness goals of our customers.

In 2023, we officially launched Amplify, another diversification initiative where eHealth enters into dedicated selling arrangements with carrier partners to participate in and augment their direct-to-consumer sales efforts. Under this fulfillment model eHealth answers calls generated by carriers through their marketing campaigns, advising customers on best plans within that carrier's portfolio and assisting them with enrollment.

In 2023, we completed our multi-year transformation plan to increase our effectiveness in generating and converting consumer demand, right-size our cost structure and drive future profitability. This plan incorporated a number of operational and cost savings initiatives, including a reduction in fixed costs such as vendor-related spend outside of mission-critical areas, and in our real-estate footprint as we become a remote first workplace. We made changes to variable cost management primarily related to a more responsible approach to marketing that places greater emphasis on the enrollment quality and building brand loyalty vs. pursuing volume at the expense of lasting customer relationships and profitability.

+26%

Q4 2023 total revenue increase YOY to \$247.7M

+22%

Q4 2023 Medicare Advantage approved members increase YOY to 159,595



2023 also represented a return to revenue and enrollment growth in the fourth quarter, our most important quarter of the year. Q4 2023 total revenue increased 26% year-over-year to \$247.7 million. Medicare Advantage approved members for Q4 of 2023 were 159,595, an increase of 22% year-over-year. In addition to generating fourth quarter growth, we also increased unit profitability on a year-over-year basis, driven by the marketing and sales efficiencies that were a central focus of our business transformation strategy.

We view our omnichannel online enrollment platform as a key differentiator for our business, which offers significant value to eHealth customers. We plan to continue making targeted investments to introduce new features and capabilities and make the user experience even more frictionless and intuitive. Our platform allows customers to seamlessly shift between telephonic, self-serve online, and online-assisted interactions with eHealth while researching and enrolling into plans. In 2023, we piloted one-way video chat capabilities on our online platform, allowing advisors to video conference with our customers as they are assessing plan options. This program has been successful and has been expanded year-to-date in 2024.

We are seeing seniors increasingly use omnichannel tools, including digital channels, to search for and interact with their Medicare coverage, which we believe will allow eHealth to capture a larger share of this market. This is a key competitive differentiator given that many of our competitors are not able to offer online enrollment capabilities at scale and trail eHealth in terms of technology focus and consumer-facing technology tools.

We ended 2023 in a strong liquidity position with \$122 million in cash, cash equivalents and marketable securities, which we believe is sufficient to support our business needs and objectives in 2024. This compares to \$144 million at the end of 2022. Our balance sheet at the end of 2023 also reflected combined short and long-term contract asset receivable of \$918 million, compared to \$884 million at the end of 2022. At the end of the first quarter of 2024, eHealth reached the key milestone of achieving positive operating cash flow for the trailing-twelve-month period ended March 31, 2024.



For corporate bonds and corporate debt securities, eHealth considers credit ratings, but also strives to invest in sustainable investments that are included in environmental, social, and governance indexes such as the MSCI KLD 400 Social Index and Barron's 100 Most Sustainable Companies. Additionally, eHealth's Corporate Cash Management and Investment Policy, initially adopted in June of 2021 and updated in August 2023, prohibits eHealth from investing in corporate bonds and corporate debt securities for companies that operate in the following business sectors: Tobacco, Liquor, Cannabis, Gambling, Pornography, and Weapons/Defense.

The eHealth platform has a strong positive financial impact on our customers, many of whom are retired and living on fixed incomes. With many Medicare beneficiaries living on an annual income of less than \$30,000, it's crucial that seniors have access to reliable tools that help them find the lowest cost and most comprehensive Medicare Advantage and Medicare Part D prescription drug plans for their personal needs. eHealth has published several studies describing how much a customer can save by enrolling in a plan that best fits their needs in terms of the drugs they are taking, their primary care physician and specialists, and other factors.

Outside of Medicare, connecting small business employees and non-Medicare eligibles with quality, affordable health insurance is also impactful. A single hospitalization can lead to bankruptcy for uninsured or under-insured Americans. By connecting these customers to high-quality medical insurance, including subsidy-eligible ACA plans, we help them access healthcare while minimizing their out-of-pocket expenses. Further, we extend blue chip insurance options to our employees and their families to help ensure they don't have to worry about taking care of their health or the financial consequences of medical care.

Recapping 2023, we delivered strong Medicare enrollment and revenue growth in the critical fourth quarter, and substantially improved profitability metrics compared to 2022. This was a key step in our continued goal of consistent profitable growth, including positive operating cash flow and free cash flow generation. eHealth has maintained its steadfast commitment to enrollment quality and customer experience and will continue building a distinct consumer brand as a trusted and unbiased Medicare matchmaker.

2024 Operational Priorities

Our five operational priorities for 2024 are meant to build on the success of the transformational initiatives completed in 2023 and reflect our commitment to continued improvement across all areas of operations.

The five objectives are as follows:



- 1. Grow our revenue year-over-year by gaining share in the Medicare market and continuing our push for diversification.** We also remain committed to increasing adjusted EBITDA profitability and building on 2023's cash flow achievements.



- 2. Advance our local market focused, omni-channel enrollment engine to drive higher conversions and greater LTV to CAC ratio in our Medicare choice model.** We are doing this by continuing to build a distinctive consumer brand – a major competitive advantage in a sector where no distributor enjoys strong brand awareness. We plan to continue diversifying our marketing channel mix, with emphasis on scaling our direct branded channels as well as our best performing strategic partnerships. eHealth's digital organization is also constantly exploring new ways of enhancing our beneficiaries' experience with the goal of driving greater adoption of our online unassisted and omni-channel tools.



- 3. Launch the next phase of our member loyalty & retention strategy.** This entails developing a single, unified view of the member across their full journey with eHealth. It also includes tracking all channels and interactions with our platform, through initiatives such as lead nurturing, service, support, and loyalty programs.



- 4. Drive our B2B strategy and fortify the organizational foundation that supports our strategic partners and direct-to-employer opportunities.** This includes scaling our dedicated carrier business, expanding our value proposition for strategic partners and growing our employer offering from our legacy focus on small businesses to a broader audience of employers that can benefit from our services.



- 5. Enhance eHealth's comprehensive product portfolio beyond Medicare Advantage agency business to drive year-round growth.** We plan to scale existing products and services including Medicare Supplement, Medicare ancillaries, ICHRA, and Employer & Individual plans. eHealth was originally established as an online insurance marketplace catering to individuals under the age of 65 and small businesses. However, our strategy shifted rapidly towards Medicare after the implementation of the ACA. The landscape now is rapidly evolving, presenting us with a compelling opportunity to reclaim our leadership position through our Employer and Individual business segment.