

eHealth, Inc.
Form 424B5
January 24, 2019

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-228862
Prospectus Supplement to Prospectus dated January 22, 2019
2,400,000 Shares

Common Stock

This is a public offering of shares of common stock of eHealth, Inc.

We are offering 2,400,000 shares of our common stock pursuant to this prospectus supplement and the accompanying prospectus.

Our common stock is listed on The NASDAQ Global Market under the symbol "EHTH." On January 23, 2019, the last reported sale price of our common stock on The NASDAQ Global Market was \$51.32 per share.

Investing in our common stock involves a high degree of risk. See "Risk Factors" beginning on page S-11 of this prospectus supplement and page 5 of the accompanying prospectus, as well as the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, before making a decision to invest in our common stock.

Neither the Securities and Exchange Commission nor any state or provincial securities commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Share	Total
Public Offering price	\$48.500	\$116,400,000
Underwriting discounts and commissions ⁽¹⁾	\$2.425	\$5,820,000
Proceeds, before offering expenses, to eHealth, Inc.	\$46.075	\$110,580,000

(1) See "Underwriting" for a description of the compensation payable to the underwriters.

We have granted the underwriters an option to purchase up to a maximum of 360,000 additional shares of common stock from us at the public offering price, less underwriting discounts and commissions, within 30 days from the date of this prospectus supplement. See "Underwriting" for more information.

The underwriters expect to deliver the shares of common stock against payment in New York, New York on or about January 28, 2019.

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CRAIG-HALLUM CAPITAL GROUP

Prospectus Supplement dated January 23, 2019

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and in any free writing prospectus that we have authorized for use in connection with this offering. This prospectus supplement has been prepared by us based on information we have obtained from sources

we believe to be reliable. Summaries of documents contained in this prospectus supplement may not be complete and are qualified in their entirety by reference to such documents. Neither we nor the underwriters represent that the information herein is complete and neither we nor the underwriters has authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. In making an investment decision, you must rely on your own examination of such documents, our business and the terms of the offering, including the merits and risks involved. You should consult your own counsel, accountant and other advisors as to legal, tax, business, financial and related aspects of an investment in the common stock. Information in this prospectus supplement is not investment, legal, tax or business advice. This offering is being made on the basis of this prospectus supplement. Any decision to purchase securities in this offering must be based on the information contained in this prospectus supplement, including information incorporated by reference herein. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. The distribution of this prospectus supplement and the offering of the common stock in certain jurisdictions may be restricted by law. Persons outside the United States who come into possession of this prospectus supplement must inform themselves about, and observe any restrictions relating to, the offering of the common stock and the distribution of this prospectus supplement outside the United States. This prospectus and any related free writing prospectus do not constitute, and may not be used in connection with, an offer to sell or the solicitation of an offer to buy any securities other than the registered securities to which they relate, nor does this prospectus supplement constitute, or is to be used in connection with, an offer to sell, or a solicitation of an offer to buy, any securities offered by this prospectus supplement by any person in any jurisdiction in which it is unlawful for such person to make such an offer or solicitation.

You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, and in any free writing prospectus that we have authorized for use in connection with this offering, is accurate only as of the date of those respective documents. Our business, financial condition, results of operations and prospects may have changed since those dates. You should read this prospectus supplement, the accompanying prospectus, the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, and any free writing prospectus that we have authorized for use in connection with this offering, in their entirety before making an investment decision. You should also read and consider the information in the documents to which we have referred you in the sections of this

prospectus supplement entitled “Where You Can Find More Information” and “Incorporation of Certain Information by Reference.”

ABOUT THIS PROSPECTUS SUPPLEMENT

As used in this prospectus supplement and the accompanying prospectus, the terms “eHealth,” “the Company,” “we,” “us” and “our” refer to eHealth, Inc., and its subsidiaries.

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this offering. Generally, when we refer to this prospectus supplement, we are referring to both parts of this document combined. In this prospectus supplement, as permitted by law, we “incorporate by reference” information from other documents that we file with the Securities and Exchange Commission, or the SEC. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus supplement and the accompanying prospectus and should be read with the same care. When we update the information contained in documents that have been incorporated by reference by making future filings with the SEC, the information included or incorporated by reference in this prospectus supplement is considered to be automatically updated and superseded. In other words, in case of a conflict or inconsistency between information contained in this prospectus supplement and information in the accompanying prospectus or incorporated by reference into this prospectus supplement, you should rely on the information contained in the document that was filed later. You should not consider any information in this prospectus supplement or the accompanying prospectus to be investment, legal or tax advice. You should consult your own counsel, accountants and other advisors for legal, tax, business, financial and related advice regarding the purchase of the common stock offered by this prospectus supplement. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in this prospectus supplement.

This prospectus supplement includes adjusted earnings before interest before interest, taxes, depreciation and amortization, or Adjusted EBITDA, which is a non-GAAP financial measure. We believe that the presentation of this non-GAAP financial measure provides important supplemental information to management and investors regarding financial and business trends relating to our financial condition and results of operations. We also believe that the use of this non-GAAP financial measure provides consistency and comparability with our past financial reports and that the items described above provides an additional measure of eHealth’s operating results and facilitates comparisons of our core operating performance against prior periods and business model objectives. This information is provided to investors in order to facilitate additional analyses of past, present and future operating performance and as a supplemental means to evaluate eHealth’s ongoing operations. We believe that this non-GAAP financial measure is useful to investors in their assessment of our operating performance.

This prospectus contains statistical data, estimates, and forecasts that are based on independent industry publications or reports or other publicly available information, as well as other information based on our internal sources. This information involves a number of assumptions and limitations, is subject to risks and uncertainties, and is subject to change based on various factors, including those discussed in the section titled “Risk Factors” in this prospectus supplement. These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-3, as amended, under the Securities Act of 1933, as amended, or the Securities Act, with respect to the common stock offered by this prospectus supplement. This prospectus supplement, filed as part of the registration statement, does not contain all the information set forth in the registration statement and its exhibits and schedules, portions of which have been omitted as permitted by the rules and regulations of the SEC. For further information about us, we refer you to the registration statement and to its exhibits and schedules.

We are subject to the reporting requirements of the Exchange Act, under which we file annual, quarterly and current reports, proxy statements, and other information with the SEC. Our SEC filings are available to the public over on the SEC's website at <http://www.sec.gov>. These documents are also available, free of charge, through the Investor Relations section of our website, which is located at www.ehealth.com. Information contained on our website is not incorporated by reference into this prospectus supplement or the accompanying prospectus and you should not consider information on our website to be part of this prospectus supplement or the accompanying prospectus.

FORWARD LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus, including the documents incorporated or deemed to be incorporated by reference into this prospectus supplement and the accompanying prospectus, may include forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act.

Our forward-looking statements include, but are not limited to, statements about:

- our expectations relating to submitted and approved health insurance applications, membership and lifetime value of commissions;
- our expectations relating to revenue, sources of revenue, cost of revenue, the collectability of our accounts receivable, operating expenses and profitability;
- our expectations regarding our strategy and investments, including our acquisition of GoMedigap, and their impact to our operating results;
- growth opportunities for our business;
- our expectations regarding the impact of future and existing healthcare laws and regulations on our business;
- our ability to enroll and plans relating to the enrollment of individuals and families into qualified health insurance plans through government health insurance exchanges;
- our belief that the Internet will be a frequently utilized channel for researching and enrolling in health insurance plans;
- the anticipated trends and market opportunity for Medicare and health insurance plans;
- our execution during the Medicare annual enrollment period;
 - the scalability of our Medicare business;
- our anticipated revenue including anticipated revenue from our Medicare segment, net income and adjusted EBITDA for the fourth quarter of 2018 and the year ended December 31, 2018;
- submitted applications for Medicare products and individual and family plan products for the fourth quarter and year ended December 31, 2018;
- our estimates regarding the constrained lifetime value of commissions per approved member;
- our expectations regarding commission rates, payment rates, conversion rates, membership retention rates and membership acquisition costs;
- our expectations regarding the supply and demand of individual and family health insurance, including short-term health insurance;
- our expectations relating to the seasonality of our business;
- our expectations relating to marketing and advertising expense and expected contributions from our marketing partner channel;
- the timing of our receipt of commission and other payments;
- our critical accounting policies and related estimates;

our belief that cash generated from operations and our current cash and cash equivalents will be sufficient to fund operations for the next twelve months; future capital requirements; expected competition from government-run health insurance exchanges and other sources; political, legislative, regulatory and legal challenges; the merits or potential impact of any lawsuits filed against us; and other statements regarding our future operations, financial condition, prospects and business strategies.

These forward-looking statements are subject to a number of risks, uncertainties, and assumptions, including but not limited to: the impact of future and existing healthcare laws and regulations; our ability to retain existing members and enroll a large number of new members during the annual healthcare reform open enrollment period and Medicare annual enrollment period; the impact of annual enrollment period for the purchase of individual and family health insurance and its timing on our recognition of revenue; our ability to sell qualified health insurance plans to subsidy-eligible individuals and to enroll subsidy eligible individuals through government-run health insurance exchanges; the success of our sale of short-term health insurance and benefit packages; our ability to comply with Centers for Medicare & Medicaid Services guidance and its impact on conversion rates as a result of the federal exchange changes to enrollment; competition, including competition from government-run health insurance exchanges; seasonality of our business and the fluctuation of our operating results; our ability to retain existing members and limit member turnover; changes in consumer behaviors and their selection of individual and family health insurance products, including the selection of products for which we receive lower commissions; product offerings among carriers and the resulting impact on our commission revenue; carriers exiting the market of selling individual and family health insurance and the resulting impact on our supply and commission revenue; our ability to execute on our growth strategy in the Medicare and small business health insurance markets; the impact of increased health insurance costs on demand; our ability to timely receive and accurately predict the amount of commission payments from health insurance carriers; medical loss ratio requirements; delays in our receipt of items required to recognize Medicare revenue; changes in member conversion rates; our ability to accurately estimate membership and lifetime value of commissions; our relationships with health insurance carriers; customer concentration and consolidation of the health insurance industry; our success in marketing and selling health insurance plans and our unit cost of acquisition; our ability to hire, train and retain licensed health insurance agents and other employees; the need for health insurance carrier and regulatory approvals in connection with the marketing of Medicare-related insurance products; costs of acquiring new members; scalability of the Medicare business; lack of membership growth and retention rates; consumer satisfaction of our service; our ability to attract and to convert online visitors into paying members; changes in products offered on our ecommerce platform; changes in commission rates; our ability to maintain and enhance our brand identity; our ability to derive desired benefits from investments in our business, including membership growth initiatives; dependence on acceptance of the internet as a marketplace for the purchase and sale of health insurance; reliance on marketing partners; the impact of our direct-to-consumer email, telephone and television marketing efforts; timing of receipt and accuracy of commission reports; payment practices of health insurance carriers; our ability to successfully make and integrate acquisitions; dependence on our operations in China; the restrictions in our debt obligations; changes in laws and regulations, including in connection with future and existing healthcare laws and regulations and/or with respect to the marketing and sale of Medicare plans; compliance with insurance and other laws and regulations; exposure to security risks and our ability to safeguard sensitive data; and the performance, reliability and availability of our ecommerce platform and underlying network infrastructure. The words “believe,” “may,” “might,” “will,” “potentially,” “estimate,” “continue,” “anticipate,” “intend,” “could,” “would,” “predict,” “expect” and the negative and plural forms of these words and similar expressions are intended to identify forward-looking statements, but are not the exclusive means of identifying such statements. Those statements appear in this prospectus supplement and the accompanying prospectus, including the documents incorporated or deemed to be incorporated by reference into this prospectus supplement and the accompanying prospectus, particularly in the sections titled “Prospectus Summary,” “Risk Factors,” “Management's Discussion and Analysis of Financial Condition and Results of Operations” and “Business,” and include statements regarding the intent, belief or current expectations of the Company and management that are subject to known and unknown risks, uncertainties and assumptions.

This prospectus supplement and the accompanying prospectus, including the documents incorporated or deemed to be incorporated by reference into this prospectus supplement and the accompanying prospectus also contain statements that are based on the current expectations of our Company and management. You are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors.

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In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based upon information available to us as of the date of this prospectus supplement, and although we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted a thorough inquiry into, or review of, all potentially available relevant information.

Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements. Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the SEC, we do not plan to publicly update or revise any forward-looking statements contained herein after we distribute this prospectus supplement, whether as a result of any new information, future events or otherwise.

Although we believe that the assumptions underlying our forward-looking statements are reasonable, any of the assumptions could be inaccurate, and therefore there can be no assurance that such statements will be accurate. In light of the significant uncertainties inherent in our forward-looking statements, the inclusion of such information should not be regarded as a representation by us or any other person that the results or conditions described in such statements or our objectives and plans will be achieved. Furthermore, past performance in operations and share price is not necessarily indicative of future performance. You are advised to consult any additional disclosures we have made or will make in reports to the SEC on Forms 10-K, 10-Q and 8-K.

Prospectus Supplement Summary

This summary highlights selected information contained elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary does not contain all the information you should consider before investing in our common stock. You should read and consider carefully the more detailed information in this prospectus supplement and the accompanying prospectus, including the factors described under the heading “Risk Factors” in this prospectus supplement and the financial and other information incorporated by reference in this prospectus supplement and the accompanying prospectus, as well as the information included in any free writing prospectus that we have authorized for use in connection with this offering, before making a decision to invest in our common stock.

Company Overview

We are a leading health insurance marketplace with a technology and service platform that provides consumer engagement, education and enrollment solutions. Our platform integrates proprietary and third-party developed educational content regarding health insurance plans with decision support tools to aid consumers in what has traditionally been a confusing and opaque purchasing process and to help them obtain the optimal health insurance product that meets their individual health and economic needs. Our omni-channel consumer engagement platform enables consumers to use our services online, through interactive chat, or by telephone with a licensed insurance agent. We have created a marketplace that offers consumers a broad choice of insurance products that includes tens of thousands of Medicare Advantage, Medicare Supplement, Medicare Part D prescription drug plans, individual and family health insurance and other ancillary health products from over 170 health insurance carriers. We strive to be a trusted partner to the consumer and are licensed to sell health insurance products in all fifty states and the District of Columbia.

Over the last three years, we have increasingly shifted our focus towards Medicare products and deemphasized individual and family health insurance products. This shift has enabled us to capitalize on (1) the strong demographic trends, with 10,000 people on average turning 65 every day for the next 11 years, driving a large and growing segment of the population eligible for Medicare across the United States, (2) the increasing proportion of the Medicare eligible population that is choosing commercial insurance solutions, and (3) the growing consumer demand for online tools to compare and enroll in Medicare insurance plans. The shift towards Medicare has enabled us to mitigate the impact on our business of the Affordable Care Act, which established competing government exchanges that offer certain non-Medicare, Affordable Care Act-compliant individual and family health insurance plans.

We operate our business in two segments: (1) Medicare, and (2) Individual, Family and Small Business. Our Medicare segment represents the majority of our business and constituted approximately 84% of our revenue in 2018, based on our preliminary estimates for our year end results. We derive the majority of our revenues from commission payments paid to us by health insurance carriers related to insurance plans that have been purchased by members who used our service. Our platform and services are free to the consumer, and we are not responsible for the payment of consumer health insurance claims. We estimate that our Medicare business generated revenue between \$210 million to \$211 million in 2018, which represents an increase of 47% to 48% over 2017. The number of Medicare plan applications submitted by consumers on our platform in 2018 grew 39% compared to 2017. The number of Individual & Family Plan submitted applications declined 56% in 2018 compared to 2017.

Our Competitive Strengths

Focus on the Consumer

We provide a consumer-centric engagement platform that offers a broad choice among products and insurance carriers for our customers to help them find the insurance solutions that best fit their specific needs. Our platform combines proprietary and third-party educational resources, vast product and carrier choices, plan recommendation tools, a user-friendly online interface and access to licensed and trained customer service agents. We offer tens of thousands of plans on our platform, in contrast to traditional brokers that typically offer plans from a limited number of carriers. As a result of our consumer focus, we expect to benefit from overall market growth regardless of market share gains or losses by individual health insurance carriers. We believe we are a trusted resource to consumers as evidenced by our industry-leading Net Promoter Score, or NPS, which

measures the willingness of consumers to recommend our services to others, of 91 within our core Medicare business, as of June 2018.

Strong Relationships with Insurance Carriers

We have strong relationships with over 170 insurance carriers in the United States, including the top five Medicare Supplement carriers and the top 10 Medicare Advantage carriers, in each case as measured by the number of members, which covers members in all 50 states and all major markets where Medicare products are sold. These carriers value our strategic relationship, because we can help them accelerate growth in membership for them and, through our integrated technology platform, are able to provide valuable insights into consumer preferences to assist them in optimizing and marketing their plan offerings. Our omni-channel platform has generated Medicare enrollment growth at rates above market rates for the past several years.

Platform to Support Omni-Channel Engagement

Through a combination of online, mobile and contact center engagement, we enable consumers to research and enroll in health insurance at their convenience, from any location and at any time. Our consumers can move between online and telephonic environments depending on their preference and online proficiency. We believe that over time consumers will increasingly choose to engage with our platform online, which will require less call center support. In our core Medicare business, the percentage of online submitted applications in major medical Medicare products, including Medicare Advantage and Medicare Supplement plans, increased from 10% of total submitted applications in 2017 to an estimated 16% in 2018 (based on our preliminary year end 2018 results), which reduced customer acquisition costs for us and improved our profitability.

Sophisticated Decision Support Tools and Services

We have made significant technology investments to develop a sophisticated decision support and enrollment interface that is easy for our consumers to use. Our solution integrates vast amounts of data from over 170 carriers and tens of thousands of plans and facilitates a standardized objective comparison across the key relevant metrics important to consumers choosing a health insurance plan. These metrics inform consumers of plan differences including premiums, co-pays and deductibles, in-network coverage of physicians and hospitals, preferred pharmacies, prescription drug coverage and Medicare plans star ratings, among other things.

Effective Go-to-Market Capabilities

We employ a multi-channel customer acquisition strategy that includes digital marketing, direct-to-consumer marketing and strategic relationships. In digital marketing, we have achieved top organic search rankings for many of the most important search terms used when consumers search for health insurance. We also source leads to our platform through paid search advertising strategies, display advertising and an emerging social media presence. We have built significant experience in direct-to-consumer marketing through direct response television and direct mail marketing, and have decreased our reliance on third-party lead generation channels. For instance, the percentage of our submitted applications for Medicare Advantage and Medicare Supplement plans generated from direct channels including direct mail, television, search engine optimization, paid search advertising and other unattributed transactions has increased from 32% in the fourth quarter of 2016 to 71% in the fourth quarter of 2018. At the same time, the volume of Medicare Advantage and Medicare Supplement plan submitted applications generated through the purchase of customer leads from third-party lead generation sources, excluding strategic business development relationships, decreased from 48% in the fourth quarter of 2016 to 14% in the fourth quarter of 2018. We have also enhanced our marketing strategy by partnering with leading pharmacies, health systems, physician networks and insurance companies to expand our consumer reach and offer extensive tools such as quoting, online applications, a doctor finder tool that allows health plan searches by doctor and a prescription drug tool that allows health plan searches for prescription drug coverage that can be extended into application program interfaces for our carriers. We deploy predictive and real-time analytics to identify marketing leads. Effective deployment of our multi-channel marketing strategy has allowed us to significantly reduce our marketing costs per approved member and increase customer awareness of our platform. In 2017 and for the first nine months of 2018, our

Medicare variable marketing cost per approved Medicare member, which is a metric we track to measure our cost of customer acquisition, declined 9% and 19%, respectively, while we continued to grow the number of total approved members.

Our Market Opportunity

Medicare is a federal program that provides persons sixty-five years of age and over, and some persons under the age of sixty-five who meet certain conditions, with hospital and medical insurance benefits. Medicare beneficiaries choose between Medicare Fee-For-Service and Medicare Advantage plans. Medicare Fee-For-Service is a government plan where the consumer is responsible for select health care related payments with no limit on out-of-pocket expenses. To increase coverage, Medicare Fee-For-Service beneficiaries can purchase commercially offered Medicare Supplement plans. Medicare Advantage is an alternative to Medicare Fee-For-Service. The U.S. Centers for Medicare and Medicaid Services, or CMS, contracts with private health insurance carriers under Medicare Advantage and Medicare Part D prescription drug plans. Under these programs, the government pays insurers a fixed amount of money each year per enrollee to cover health care expenses rather than making payments directly to providers under Medicare Fee-For-Service. Medicare Advantage plans are required to cover the same services as Medicare Fee-For-Service and usually cover a variety of other health services and include a cap on out-of-pocket spending for the consumer. Medicare Advantage has also been recognized by CMS as an effective way to control medical costs and improve outcomes, resulting in a favorable regulatory and reimbursement environment for these plans.

In 2016, there were approximately 57 million Medicare beneficiaries according to the CMS and this number is expected to grow to 72 million by 2025, representing an annual growth rate of 3%. Due to the attractive benefits of Medicare Advantage, Medicare beneficiaries are increasingly choosing to enroll in these plans. In 2017, there are approximately 20 million Medicare Advantage members and this number is expected to grow to 28 million by 2025, representing an annual growth rate of 4%. CMS also forecasts Medicare Advantage enrollment to grow 11.5% in 2019.

Choosing a health insurance plan is an important decision for a consumer and can have significant financial and quality of care consequences. Historically, selecting health insurance has been a complex, time-consuming and paper-intensive process. Complexity and choice is increasing, as evidenced by the 14% growth in Medicare Advantage plans from 2,034 in 2017 to 2,317 in 2018. This complexity often makes it difficult for consumers to make an informed health insurance decision that meets their individual needs. Our internal studies also show that fewer than one in 10 Medicare Advantage or Medicare Part D prescription drug plan beneficiaries is on the optimal plan, based on their prescription drug needs.

The Internet's convenient, information-rich and interactive nature offers the opportunity to provide consumers with more organized and transparent information, a broader choice of plans and a more efficient process than has typically been available from traditional health insurance distribution channels. As individuals age into Medicare, the online proficiency of the average beneficiary is increasing. We believe that the Internet is rapidly becoming a more important and frequently utilized channel for researching and enrolling in health insurance coverage, bringing transparency and simplifying the comparison process, similar to many other consumer-focused industries.

Commercial Medicare insurance plans, including Medicare Advantage, Medicare Supplement and Medicare Part D prescription drug plans, are usually marketed and sold by insurance carriers through a combination of dedicated internal sales representatives and licensed independent brokers and agents who typically offer limited plan choice and a labor intensive, paper-based process for enrollment. Although CMS also offers plan information, comparison tools, call centers and basic online enrollment for Medicare Advantage and Medicare Part D prescription drug plans, it lacks the decision support capabilities to help consumers determine the optimal commercial Medicare insurance product based on price, health and lifestyle circumstances.

Individual and family products are typically purchased by consumers under 65 years of age that do not have coverage through their employer. Small business group health insurance addresses the health insurance needs of businesses with 100 or fewer employees, although we have chosen to focus on employer groups of 20 or fewer employees. Individual, family and small business health insurance has historically been sold by independent insurance agents and, to a lesser degree, directly by insurance companies. Many of these agents are self-employed or part of small agencies, and they typically service only their local communities. In addition, many of these agents sell health insurance from a limited

number of insurance carriers (in some cases only one), resulting in a reduced selection of plans for the consumer.

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Based on our average annual commission rates and the number of current insurance plan enrollees in each of our addressable markets, we estimate our total addressable market opportunity is approximately \$25.3 billion as of December 2018, which consists of approximately \$16.8 billion in our core Medicare business, approximately \$4.2 billion in our individual and family business, and approximately \$4.3 billion in our small business.

Our Growth Strategy

We believe our consumer engagement platform and approach to bringing value to consumers is unique in the health insurance market and creates significant opportunities for growth in our core Medicare business and in other areas of the health insurance market. We intend to pursue the following strategies to further advance our business.

Increase Medicare Membership and Commissions

We intend to enroll additional Medicare Advantage, Medicare Supplement, and Medicare Part D prescription drug plan members for our commercial carrier partners. In addition to capitalizing on the existing market opportunity, there is a significant unmet need represented by consumers that have insufficient coverage and a suboptimal plan. Market data indicates that as many as 40% of Medicare-eligible individuals do not purchase supplemental insurance coverage beyond Medicare benefits offered by the federal government even though they may benefit from doing so. Moreover, our internal studies indicate that fewer than one in 10 Medicare Advantage or Medicare Part D prescription drug plan beneficiaries is on the optimal plan, based on prescription drug needs. We believe that our platform of proprietary content, decision support tools and enrollment solutions and go-to-market strategies in direct-to-consumer and partner channels, can allow us to reach a large proportion of this underserved market and grow our membership and revenues more rapidly than the overall Medicare market.

Expand Consumer Relationship and Increase Policy Duration

We continually invest in our consumer engagement platform to add products and services that enhance user experience and build lasting relationships with our members. We believe adding products and services improves consumer engagement and increases our revenue opportunity. We also believe that increased consumer engagement and our active retention programs will increase policy duration. Higher retention rates will increase the lifetime value of our members, which would generate additional revenue and long-term cash flow.

Increase Online Enrollment to Improve Margins and Enhance Operating Leverage

We view our consumer engagement platform as unique in the Medicare market and as attractive to the growing number of Medicare beneficiaries who prefer to research, compare and purchase health insurance online. The percentage of members who submit applications for Medicare Advantage and Medicare Supplement products online through our platform has substantially increased from 10% in 2017 to 16% in 2018. We are able to scale growth more rapidly and at an incrementally lower cost basis through our online platform, which significantly reduces our reliance on and financial and managerial resources associated with our contact center operations. We have successfully reduced our variable marketing cost per approved Medicare member by 9% and 19% in 2017 and for the first nine months of 2018, respectively.

Expand Our Strategic Relationships

The value of our consumer engagement and enrollment solution platform allows us to work closely with strategic partners in the health care market to leverage their relationships with consumers. In 2018, we had strategic relationships with each of the top five retail pharmacies in the United States, with 20 leading hospital systems in the United States and with select financial and affinity marketing organizations to expand the availability of our platform to more consumers. Through greater data integration, co-branding and further investments to improve the customer experience with our platform, we believe that we can create significant value for each of our partners and further expand our partner relationships.

Selectively Grow our Consumer Engagement Platform Outside of the Medicare Market

Our current focus is to operate our individual and family plan business profitably and grow the small business portion of our business. We believe that our engagement, education and enrollment platform provides high-value solutions for consumers in these markets. To capitalize on our small business opportunity, we established a dedicated small business unit in 2016.

Acquire Capabilities that Leverage our Consumer Engagement Platform

We intend to pursue strategic relationships or acquisitions that expand our platform, provide additional capabilities or enable us to access adjacent markets within the broader health insurance and related customer facing segments of the healthcare industry. We acquired GoMedigap in January 2018 to help us expand our presence and engagement capabilities in the Medicare Supplement market.

Recent Developments

Three Months Ended December 31, 2018 and Fiscal Year Ended December 31, 2018 Preliminary Financial and Operating Results

We have provided a range, rather than a specific amount, for the preliminary financial results and key metrics presented below, primarily because our financial closing procedures for the year ended December 31, 2018 are not yet complete and, as a result, our final results upon completion of our closing procedures may vary from the preliminary estimates within the ranges as described below. This preliminary financial information has been prepared by management, and our independent accountants have not completed an audit or review of such financial information. There can be no assurance that our actual results for the periods presented herein will not differ from the preliminary ranges presented herein and such changes could be material. This preliminary financial data should not be viewed as a substitute for full financial statements prepared in accordance with accounting principles generally accepted in the United States, or GAAP, and is not necessarily indicative of the results to be achieved for any future periods. Revenue for the fourth quarter of 2018 is expected to be in the range of \$133.5 million to \$135.5 million, which represents an increase of 61% to 63% over the fourth quarter of 2017. Medicare segment revenue for the fourth quarter is expected to be in the range of \$121.0 million to \$122.0 million, which represents an increase of 73% to 75% over the fourth quarter of 2017. For the year ended December 31, 2018, we anticipate revenue to be in the range of \$250 million to \$252 million, which represents an increase of 31% to 32% over 2017. Revenue from our Medicare segment for the full year 2018 is expected to be in the range of \$210 million to \$211 million, which represents an increase of 47% to 48% over 2017.

Submitted applications for all of our Medicare products grew 64% during the fourth quarter of 2018 compared to the fourth quarter of 2017. For the full year 2018, submitted Medicare applications grew 39% compared to the full year 2017. Of major Medicare applications submitted during the fourth quarter and the full year 2018 22% and 16%, respectively, were submitted online. Major Medicare plans include Medicare Advantage and Medicare Supplement plans.

Submitted applications for individual and family plans declined 45% during the fourth quarter of 2018 compared to the fourth quarter of 2017. For the full year 2018, submitted individual and family plan applications declined 56% compared to 2017. The decline in individual and family plan applications reflects continuing declines in the individual and family health insurance market as well as our decision to shift our marketing spend towards our Medicare segment.

GAAP

Net income for the fourth quarter of 2018 is expected to be in the range of \$24.3 million to \$27.3 million. For the year ended December 31, 2018, we anticipate net income (loss) to be in the range of \$(1.5) million to \$1.5 million. Net income for the year ended December 31, 2018 includes a non-cash charge of approximately \$12 million related to an increase in fair value of the earnout liability assumed in connection with our acquisition of GoMedigap. The increase is driven primarily by our share price appreciation since the transaction closed in January of 2018. The share price appreciation has increased the value of the equity-based portion of the earnout consideration owed to the former holders of GoMedigap equity interests.

Non-GAAP

Adjusted EBITDA for the fourth quarter of 2018 is expected to be in the range of \$51.7 million to \$52.7 million. For the full year ended December 31, 2018, we anticipate Adjusted EBITDA to be in the range of \$33.5 million to \$34.5 million.

GAAP Reconciliations

Non-GAAP financial measures used in this prospectus supplement have limitations in that they do not reflect all of the revenue and costs associated with the operations of our business and do not reflect income tax as determined in accordance with GAAP. As a result, these measures should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP.

Adjusted EBITDA is calculated by adding stock-based compensation expense, depreciation and amortization expense, acquisition and restructuring costs, amortization/impairment of intangible assets, other income (expense), net and provision (benefit) for income taxes to GAAP net income (loss).

In millions	Three		Year Ended	
	Months	Year Ended	December	December
	Ended	December	31, 2018	31, 2018
	December	31, 2018	Low	High
Net income (loss)	\$24.3	\$27.3	\$(1.5)	\$1.5
Stock-based compensation	3.1	3.1	12.4	12.4
Depreciation and amortization expense	0.6	0.6	2.5	2.5
Acquisition and restructuring costs	0	0	1.9	1.9
Amortization/impairment of intangible assets	3.2	0.2	4.7	1.7
Change in fair value of earn out liability	6.0	6.0	12.3	12.3
Other income (expense), net	0.0	0.0	(0.8)	(0.8)
Provision (benefit) for income taxes	14.5	15.5	2.0	3.0
Adjusted EBITDA	\$51.7	\$52.7	\$33.5	\$34.5

The factors that are most likely to significantly determine our actual revenue, adjusted EBITDA and net income (loss) within those ranges include estimates and assumptions made by management used in preparing our consolidated financial statements as described in Note 1 - Summary of Business and Significant Accounting Policies in the Notes to Condensed Consolidated Financial Statements of our Quarterly Report on Form 10-Q for the period ended September 30, 2018, incorporated herein by reference. In particular, we have not yet finalized the determination of our provision (benefit) for income taxes, the assessment of our amortization/impairment of intangible assets, and the estimate of the constrained lifetime value of commissions per approved member.

Constrained lifetime value of commissions per approved member represents commissions estimated to be collected over the estimated life of an approved member's policy after applying constraints in accordance with our revenue recognition policy. It is based on a number of assumptions, which include, but are not limited to, estimates of the conversion rates of approved members into paying members, forecasted member churn and forecasted commission amounts we expect to receive per approved member. These estimates and forecasts determine how much upfront revenue we recognize from a given approved application for a plan. These factors may result in varying values from period to period, and if our assumptions or forecasts about these factors are incorrect, it could lead to material amounts of revenue recognized improperly. For additional information regarding the uncertainties related to our constrained lifetime value of commissions per approved member, please see the section titled "Risk Factors-Our operating results will be impacted by factors that impact our estimate of the constrained lifetime value of commissions per approved member."

As of December 31, 2018, we had \$5.0 million outstanding principal amount under our revolving credit facility, which was repaid in full in January 2019.

Risks Associated with Our Business

Our business and ability to execute our strategy are subject to many risks that you should be aware of before you buy our common stock. We describe these risks more fully in this prospectus supplement section captioned "Risk Factors" beginning on page S-11. These risks include, among others:

- changes and developments in the health insurance industry or in the health insurance system in the United States as a result of health care reform could harm our business;
- if we do not retain our existing members and enroll a large number of individuals and families into health insurance plans during enrollment periods, our business will be harmed;
- if investments we make in enrollment periods do not result in a significant number of approved and paying members, our business, operating results and financial condition would be harmed;
- our business may be harmed if we do not enroll subsidy-eligible individuals through government-run health insurance exchanges efficiently;
- our business may be harmed if we lose our relationship with health insurance carriers or our relationship with health insurance carriers is modified;
- if we are unable to safeguard the security and privacy of confidential data, including personal health information, our business will be harmed; and
- if we fail to comply with the numerous federal and state laws and regulations that are applicable to the sale of health insurance, our business and operating results could be harmed.

Corporate Information

We were incorporated in the State of Delaware in November 1997. Our principal executive offices are located at 2625 Augustine Drive, Second Floor, Santa Clara, California 95054, and our telephone number is (650) 584-2700. Our website is www.ehealth.com. Information contained on, or that can be accessed through, our website is not incorporated by reference into this prospectus supplement, and you should not consider information on our website to be part of this prospectus supplement.

eHealth and eHealthInsurance are registered trademarks of eHealth in the United States. This prospectus supplement and the documents incorporated by reference herein also include other registered and unregistered trademarks of eHealth and other persons.

The Offering

Common stock offered by us 2,400,000 shares (or 2,760,000 shares if the underwriters exercise their option to purchase additional shares from us in full).

Common Stock to be outstanding immediately after this offering 21,836,989 shares (or 22,196,989 shares if the underwriters exercise their option to purchase additional shares from us in full).

We expect to receive net proceeds from this offering of approximately \$109.6 million (or approximately \$126.2 million if the underwriters exercise their option to purchase additional shares from us in full) after deducting the underwriting discounts and commissions and our estimated offering expenses.

Use of proceeds

We expect to use the net proceeds from the sale of the common stock offered in this offering for general corporate purposes, including working capital. We may also use a portion of the net proceeds to acquire or invest in complementary or strategic businesses, products, services or technologies. Our management team has in the past regularly reviewed acquisition and investment opportunities, and we expect to continue to do so in the future. However, we do not have any agreements or commitments for any acquisitions or investments at this time. See "Use of Proceeds."

NASDAQ Global Market Listing

Our common stock is listed on The NASDAQ Global Market under the symbol "EHTH."

Risk factors

Investing in our securities involves a high degree of risk. See "Risk Factors" beginning on page S-11 of this prospectus supplement, beginning on page 5 of the accompanying prospectus and beginning on page 58 of our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2018, which Reports are incorporated herein by reference.

Transfer agent and registrar

Computershare Trust Company, N.A

The number of shares of common stock to be outstanding immediately after this offering is based on 19,436,989 shares outstanding as of December 31, 2018 and excludes as of such date:

- 1,005,447 shares of common stock issuable upon the exercise of stock options outstanding as of December 31, 2018 with a weighted average exercise price of \$18.34 per share

- 1,869,444 shares of common stock issuable upon the vesting of restricted stock units outstanding as of December 31, 2018;

- 500,857 shares of common stock reserved for future issuance under our 2014 Equity Incentive Plan (the "2014 Plan") as of December 31, 2018; and

- 294,608 shares of common stock to be issued in 2019 as part of the earnout payment agreed to in connection with our acquisition of GoMedigap.

Except as otherwise indicated, all information in this prospectus supplement assumes no exercise by the underwriters of their option to purchase additional shares of common stock from us.

Summary Consolidated Financial Data

We have derived the summary consolidated statement of operations data for the years ended December 31, 2015, December 31, 2016 and December 31, 2017, which have been adjusted to reflect the adoption of the Financial Accounting Standard Board's Accounting Standards Codification Topic 606, "Revenue from Contracts with Customers," from our audited consolidated financial statements incorporated by reference in this prospectus supplement and the accompanying prospectus. We have derived the summary consolidated balance sheet data as of September 30, 2018 from our unaudited condensed consolidated financial statements incorporated by reference in this prospectus supplement and the accompanying prospectus. Our historical results are not necessarily indicative of the results that may be expected in the future, and results from interim periods are not necessarily indicative of results that may be expected for the entire year. The following summary consolidated financial data should be read in conjunction with

“Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our consolidated financial statements and related notes incorporated by reference in this prospectus supplement and the accompanying prospectus, including our Current Report on Form 8-K filed with the SEC on December 17, 2018, which supersedes certain portions of our Annual Report on Form 10-K, each as incorporated by reference herein.

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Year Ended December 31,
2015 2016 2017

(in thousands, except per share
amounts)

Consolidated Statement of Operations Data:

Revenue:

Commission	\$ 184,933	\$ 177,234	\$ 176,883
Other	18,414	16,090	13,823
Total revenue	203,347	193,324	190,706

Operating costs and expenses:

Cost of revenue	1,947	862	582
Marketing and advertising ⁽¹⁾	75,571	72,213	65,874
Customer care and enrollment ⁽¹⁾	43,159	48,718	59,183
Technology and content ⁽¹⁾	36,351	32,749	32,889
General and administrative ⁽¹⁾	30,239	35,216	39,969
Acquisition costs	0	0	621
Restructuring ⁽¹⁾	4,541	(297)	0
Amortization of intangible assets	1,153	1,040	1,040
Total operating costs and expenses	192,961	190,501	200,158
Income (loss) from operations	10,386	2,823	(9,452)
Other income net	1,285	1,149	1,182
Income (loss) before provision (benefit) for income taxes	11,671	3,972	(8,270)
Provision (benefit) for income taxes	7,707	3,668	(33,696)
Net income	\$3,964	\$304	\$25,426
Net income per share:			
Basic	\$0.22	\$0.02	\$1.37
Diluted	\$0.22	\$0.02	\$1.33
Weighted average number of shares used in per share amounts:			
Basic	18,008	18,272	18,512
Diluted	18,086	18,314	19,047
Other Financial Information:			
Adjusted EBITDA ⁽²⁾	\$27,230	\$14,371	\$4,740

(1) Includes stock-based compensation as follows:

	Year Ended		
	December 31,		
	2015	2016	2017
Marketing and advertising	\$1,950	\$1,950	\$1,950
Customer care and enrollment	477	497	418
Technology and content	1,728	1,836	1,410
General and administrative	2,734	3,696	6,833
Restructuring	113	0	0
Total	\$7,002	\$7,266	\$9,694

(2) The following table presents a reconciliation of net income to adjusted EBITDA:

	Year Ended December 31,		
	2015	2016	2017
	(in thousands)		
Net income	\$3,964	\$ 304	\$ 25,426
Stock-based compensation	7,002	7,266	9,694
Depreciation and amortization expense	4,148	3,539	2,837
Acquisition and restructuring costs	4,541	(297)	621
Amortization of intangible assets	1,153	1,040	1,040
Other income (expense) net	(1,285)	(1,149)	(1,182)
Provision (benefit) for income taxes	7,707	3,668	(33,696)
Adjusted EBITDA	\$		