

eHealth, Inc.
Form DEF 14A
April 21, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to § 240.14a-12

EHEALTH, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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(1) Title of each class of securities to which transaction applies:

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(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

440 East Middlefield Road

Mountain View, CA 94043

(650) 584-2700

April 27, 2009

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of eHealth, Inc. that will be held on June 9, 2009 at 8:30 a.m. Pacific Daylight Time at the Garden Court Hotel, located at 520 Cowper Street, Palo Alto, California 94301.

In connection with our 2009 Annual Meeting of Stockholders, we have elected to provide access to our proxy materials over the Internet to all stockholders under the Securities and Exchange Commission's new notice and access rules. We believe that our use of this process should expedite stockholders' receipt of proxy materials, lower the costs of our annual meeting and help to conserve natural resources. Hard copies of the proxy materials, including the Proxy Statement and Annual Report, will be mailed upon request.

Your vote is important. Whether or not you plan to attend the Annual Meeting, we hope you will vote as soon as possible. You may vote over the Internet, as well as by telephone or by mailing a proxy or voting instruction form. Voting over the Internet, by telephone, by written proxy or by written voting instruction form will ensure your representation at the Annual Meeting of Stockholders regardless of whether or not you attend in person. Please review the instructions on the proxy or voting instruction form regarding each of these voting options.

Also, please let us know if you plan to attend our annual meeting by marking the appropriate box on the enclosed proxy card if you requested to receive printed proxy materials or, if you vote by telephone or Internet, indicating your plans when prompted.

Thank you for your ongoing support of eHealth, Inc.

Sincerely yours,

Gary L. Lauer

Chairman of the Board of Directors, President

and Chief Executive Officer

EHEALTH, INC.

Notice of Annual Meeting of Stockholders

to be held on June 9, 2009

To the Stockholders of eHealth, Inc.:

The Annual Meeting of Stockholders of eHealth, Inc., a Delaware corporation will be held at the Garden Court Hotel, located at 520 Cowper Street, Palo Alto, California 94301, on Tuesday, June 9, 2009 at 8:30 a.m. Pacific Daylight Time for the following purposes:

1. To elect three (3) Class III directors, Gary L. Lauer, Steven M. Cakebread and Jack L. Oliver, III, to serve for terms of three years and until their respective successors are duly elected and qualified, subject to earlier resignation or removal;
2. To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2009;
3. To approve the eHealth, Inc. Performance Bonus Plan to permit the payment of cash bonuses that qualify as deductible performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended; and
4. To transact such other business as may properly come before the Annual Meeting or at any postponement or adjournment of the Annual Meeting.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice or made available over the Internet. We are not aware of any other business to come before the Annual Meeting.

Only stockholders of record as of the close of business on April 17, 2009 and their proxies are entitled to notice of and to vote at the Annual Meeting and any postponements, adjournments or continuations thereof.

All stockholders are invited to attend the Annual Meeting in person. Any stockholder attending the Annual Meeting may vote in person even if the stockholder returned a proxy. Please note, however, that if your shares are held of record by a broker, bank or other nominee and you wish to vote at the Annual Meeting, you must obtain a proxy issued in your name from the record holder giving you the right to vote the shares.

By Order of the Board of Directors,

Bruce A. Telkamp

Secretary

Mountain View, California

April 27, 2009

WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, WE ENCOURAGE YOU TO READ THIS PROXY STATEMENT AND SUBMIT YOUR PROXY OR VOTING INSTRUCTIONS AS PROMPTLY AS POSSIBLE IN ORDER TO ENSURE YOUR REPRESENTATION AT THE ANNUAL MEETING. YOU MAY SUBMIT YOUR PROXY OR VOTING INSTRUCTIONS FOR THE ANNUAL MEETING BY USING THE TELEPHONE OR THE INTERNET OR, IF YOU REQUESTED TO RECEIVE PRINTED PROXY MATERIALS, YOU MAY ALSO SUBMIT YOUR PROXY OR VOTING INSTRUCTIONS BY COMPLETING, SIGNING, DATING AND RETURNING YOUR PROXY CARD OR VOTING INSTRUCTION FORM IN THE PRE-ADDRESSED ENVELOPE PROVIDED. FOR SPECIFIC INSTRUCTIONS ON HOW TO VOTE YOUR SHARES, PLEASE REFER TO THE SECTION ENTITLED QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING IN THIS PROXY STATEMENT AND THE INSTRUCTIONS ON THE PROXY, VOTING INSTRUCTION FORM OR IMPORTANT NOTICE REGARDING AVAILABILITY OF PROXY MATERIALS. EVEN IF YOU HAVE GIVEN YOUR PROXY, YOU MAY STILL VOTE IN PERSON IF YOU ATTEND THE ANNUAL MEETING. PLEASE NOTE, HOWEVER, THAT IF YOUR SHARES ARE HELD OF RECORD BY A BROKER, BANK OR OTHER NOMINEE AND YOU WISH TO VOTE AT THE ANNUAL MEETING, YOU MUST OBTAIN A PROXY ISSUED IN YOUR NAME FROM THE RECORD HOLDER.

eHealth, Inc.

440 East Middlefield Road

Mountain View, CA 94043

(650) 584-2700

PROXY STATEMENT

The Board of Directors of eHealth, Inc., a Delaware corporation (we, us, our or the Company), is soliciting proxies in the accompanying form to be used at our Annual Meeting of Stockholders to be held at the Garden Court Hotel, located at 520 Cowper Street, Palo Alto, California 94301, on Tuesday, June 9, 2009 at 8:30 a.m. Pacific Daylight Time and for any postponement, adjournment or continuation thereof (the Annual Meeting).

This Proxy Statement and the accompanying notice and form of proxy are first being made available to stockholders on or about April 27, 2009.

QUESTIONS AND ANSWERS ABOUT

THE PROXY MATERIALS AND THE ANNUAL MEETING

What proposals will be voted on at the Annual Meeting?

Three proposals will be voted on at the Annual Meeting:

The election of three (3) Class III directors, Gary L. Lauer, Steven M. Cakebread and Jack L. Oliver, III, to serve for terms of three years and until their respective successors are duly elected and qualified, subject to earlier resignation or removal;

The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2009; and

The approval of eHealth's Performance Bonus Plan to permit the payment of cash bonuses that qualify as deductible performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended.

What are the recommendations of the board of directors?

Our board of directors unanimously recommends that you vote:

FOR election of the nominated Class III directors;

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FOR ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2009; and

FOR approval of eHealth's Performance Bonus Plan.

Will there be any other items of business on the agenda?

We do not expect any other items of business because the deadline for stockholder proposals and nominations has already passed. Nonetheless, in case there is an unforeseen need, the accompanying proxy gives discretionary authority to the persons named on the proxy with respect to any other matters that might be brought before the Annual Meeting. Those persons intend to vote that proxy in accordance with their best judgment. If for any reason any of the nominees are not available as candidates for director, the persons named as proxy holders will vote your proxy for such other candidate or candidates as may be nominated by the board of directors.

What constitutes a quorum?

As of the close of business on April 17, 2009 (the Record Date), there were 24,740,503 shares of our common stock outstanding. The presence at the Annual Meeting, in person or by proxy, of the holders of a majority of the voting power of the common stock outstanding on the Record Date will constitute a quorum. Both abstentions and broker non-votes are counted for the purpose of determining the presence of a quorum.

Who is entitled to vote?

Stockholders holding shares of eHealth common stock at the close of business on the Record Date may vote at the Annual Meeting. You may vote all shares owned by you as of the Record Date, including (i) shares held directly in your name as the stockholder of record and (ii) shares held for you as the beneficial owner in street name through a broker, bank or other nominee. Each holder of our common stock is entitled to one vote for each share of common stock held as of the Record Date.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

Stockholder of Record. If your shares are registered directly in your name with our transfer agent, Computershare Trust Company, N.A., you are considered, with respect to those shares, the stockholder of record.

Beneficial Owner. If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name. Your broker, bank or nominee is considered with respect to those shares the stockholder of record. As the beneficial owner, you have the right to direct your broker, bank or nominee how to vote your shares.

How do I vote?

You may vote using any of the following methods:

By Internet. Stockholders of record of our common stock as of the Record Date with Internet access may submit proxies by following the Internet voting instructions on the Important Notice Regarding the Availability of Proxy Materials (the Notice of Availability) or, in the case of stockholders of record who have requested to receive printed proxy materials, by accessing the website specified on the proxy cards provided by Computershare Trust Company, N.A., our transfer agent. Stockholders who hold shares beneficially in street name may provide voting instructions by accessing the website specified on the Notice of Availability or, in the case of beneficial holders of shares in street name who have requested to receive printed proxy materials, by accessing the website specified on the voting instruction forms provided by their brokers, banks or nominees. Please check the voting instruction form for Internet voting availability. Please be aware that if you submit voting instructions over the Internet, you may incur costs such as telephone and Internet access charges for which you will be responsible.

By Telephone. Stockholders of record of our common stock as of the Record Date who live in the United States or Canada may submit proxies by following the telephone voting instructions on their Notice of Availability or, in the case of stockholders of record who have requested to receive printed proxy materials, by following the telephone voting instructions specified on the proxy cards. Stockholders who hold shares beneficially in street name, live in the United States or Canada and have requested to receive printed proxy materials may provide voting instructions by telephone by calling the number specified on the voting instruction forms provided by their brokers, banks or nominees. Please check the voting instruction form for telephone voting availability.

By Mail. Stockholders of record of our common stock as of the Record Date who have requested paper copies of their proxy materials may submit proxies by completing, signing and dating their proxy cards and mailing them in the accompanying pre-addressed envelopes. If you return your signed proxy but do not indicate your voting preferences, your shares will be voted on your behalf FOR the election of the nominated Class III directors, FOR the ratification of Ernst & Young LLP as our independent

registered public accounting firm for our fiscal year ending December 31, 2009 and FOR the approval of eHealth's Performance Bonus Plan. Stockholders who hold shares beneficially in street name and have requested to receive printed proxy materials may provide voting instructions by mail by completing, signing and dating the voting instruction forms provided by their brokers, banks or other nominees and mailing them in the accompanying pre-addressed envelopes.

In person at the Annual Meeting. Shares held in your name as the stockholder of record may be voted in person at the Annual Meeting. Shares held beneficially in street name may be voted in person only if you obtain a legal proxy from the broker, bank or nominee that holds your shares giving you the right to vote the shares. ***Even if you plan to attend the Annual Meeting, we recommend that you also submit your proxy or voting instructions by mail, telephone, or Internet so that your vote will be counted if you later decide not to attend the Annual Meeting.***

Can I change my vote or revoke my proxy?

If you are a stockholder of record, you may revoke your proxy at any time prior to the vote at the Annual Meeting. If you submitted your proxy by mail, you must file with our Secretary a written notice of revocation or deliver, prior to the vote at the Annual Meeting, a valid, later-dated proxy. If you submitted your proxy by telephone or the Internet, you may revoke your proxy with a later telephone or Internet proxy, as the case may be. Attendance at the Annual Meeting will not have the effect of revoking a proxy unless you give written notice of revocation to the Secretary before the proxy is exercised or you vote by written ballot at the Annual Meeting. If you are a beneficial owner, you may vote by submitting new voting instructions to your broker, bank or nominee, or, if you have obtained a legal proxy from your broker, bank or nominee giving you the right to vote your shares, by attending the meeting and voting in person.

How are votes counted?

In the election of the Class III directors, you may vote FOR the nominees or your vote may be WITHHELD with respect to one or more of the nominees. With respect to the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2009 and the approval of eHealth's Performance Bonus Plan, you may vote FOR, vote AGAINST or ABSTAIN. If you ABSTAIN, the abstention has the same effect as a vote AGAINST. If you provide specific instructions, your shares will be voted as you instruct. If you sign your proxy card with no further instructions, your shares will be voted in accordance with the recommendations of the board of directors (FOR the Class III nominees to the board of directors, FOR ratification of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2009 and FOR approval of eHealth's Performance Bonus Plan, and in the discretion of the proxy holders on any other matters that properly come before the Annual Meeting).

What vote is required to approve each item?

In the election of directors, the three persons receiving the highest number of FOR votes at the Annual Meeting in person or by proxy will be elected. The ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for our fiscal year ending December 31, 2009 and the approval of eHealth's Performance Bonus Plan require the affirmative FOR vote of a majority of the votes cast at the Annual Meeting in person or by proxy.

If you hold your shares beneficially in street name and do not provide your broker or nominee with voting instructions, your shares may constitute broker non-votes. Generally, broker non-votes occur when a broker is not permitted to vote on a matter without instructions from the beneficial owner and instructions are not given. In tabulating the voting results for any particular proposal, shares that constitute broker non-votes are not considered votes cast on that proposal. Thus, other than being counted for the purpose of determining a quorum, broker non-votes will not affect the outcome of any matter being voted on at the Annual Meeting, assuming that a quorum is obtained. Abstentions are considered votes cast and thus have the same effect as votes against the matter.

Is cumulative voting permitted for the election of directors?

No. Our bylaws do not permit cumulative voting at any election of directors.

I am a stockholder, and I only received a copy of the Important Notice Regarding Availability of Proxy Materials in the mail. How may I obtain a full set of the proxy materials?

In accordance with the notice and access rules recently adopted by the Securities and Exchange Commission, we may now furnish proxy materials, including this Proxy Statement and our 2008 Annual Report, to our stockholders of record and beneficial owners of shares by providing access to such documents on the Internet instead of mailing printed copies. Stockholders will not receive printed copies of the proxy materials unless they request them. Instead, the Notice of Availability, which was mailed to all of our stockholders, will instruct you as to how you may access and review all of the proxy materials on the Internet. If you would like to receive a paper or electronic copy of our proxy materials, you should follow the instructions for requesting such materials in the Notice of Availability.

I share an address with another stockholder, and we received only one paper copy of the proxy materials. How may I obtain an additional copy of the proxy materials?

We have adopted a procedure called householding, which the Securities and Exchange Commission has approved. Under this procedure, we deliver a single copy of the Notice of Availability and, if applicable, the proxy materials and the 2008 Annual Report to multiple stockholders who share the same address unless we received contrary instructions from one or more of the stockholders. This procedure reduces our printing costs, mailing costs and fees. Stockholders who participate in householding will continue to be able to access and receive separate proxy cards. Upon written or oral request, we will deliver promptly a separate copy of the Notice of Availability and, if applicable, the proxy materials and the 2008 Annual Report to any stockholder at a shared address to which we delivered a single copy of any of these documents. To receive a separate copy of the Notice of Availability and, if applicable, these proxy materials or the 2008 Annual Report, stockholders may contact us at the following address and telephone number:

Investor Relations

eHealth, Inc.

440 East Middlefield Road

Mountain View, CA 94043

(650) 584-2700

Stockholders who hold shares in street name (as described above) may contact their brokerage firm, bank, broker-dealer or other similar organization to request information about householding.

How are proxies solicited?

The costs and expenses of soliciting the proxy accompanying this Proxy Statement from stockholders will be borne by us. Our employees, officers and directors may solicit proxies in person, by telephone or by electronic communication. None of these individuals will receive any additional or special compensation for doing this, but they may be reimbursed for reasonable out-of-pocket expenses. In addition, we may reimburse brokerage houses and other custodians, nominees and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation material to the beneficial owners of common stock.

Who will serve as inspector of elections?

Our officers are authorized to designate an inspector of elections for the meeting. It is anticipated that the inspector of elections will be a representative from Computershare Trust Company, N.A.

Date of Our Fiscal Year End.

This Proxy Statement provides information about the matters to be voted on at the Annual Meeting and additional information about us and our executive officers and directors. Some of the information is provided as of the end of our 2008 fiscal year and some information is provided as of a more current date. Our fiscal year ends on December 31.

PROPOSAL 1
ELECTION OF DIRECTORS**General**

Our board of directors currently consists of seven directors. Our certificate of incorporation provides a classified board of directors consisting of three classes of directors, each serving staggered three-year terms. As a result, a portion of our board of directors will be elected each year.

Our Class III directors, whose terms will expire at the Annual Meeting, are Mr. Gary L. Lauer, our chairman, president and chief executive officer, Mr. Steven M. Cakebread and Mr. Jack L. Oliver, III. If elected, Messrs. Lauer, Cakebread and Oliver will serve as directors until the Annual Meeting of Stockholders in 2012 and until their respective successors are elected and qualified, subject to earlier resignation or removal.

The names and certain information about the continuing directors in each of the three classes of the board of directors are set forth below. There are no family relationships among any of our directors or executive officers.

It is intended that the proxy will be voted, unless otherwise indicated, for the election of the nominees for election as Class III directors. If any of the nominees should for any reason be unable or unwilling to serve at any time prior to the Annual Meeting, the proxies will be voted for the election of such other person(s) as substitute nominee(s) as the board of directors may designate in place of such nominee(s).

Nominees for Class III Directors

The names of the nominees for Class III directors and certain biographical information about them as of the Record Date are set forth below:

Name	Age	Position and Offices Held with the Company	Director Since
Gary L. Lauer(1)	56	Chairman of the Board of Directors, President and Chief Executive Officer	1999
Steven M. Cakebread(2)	57	Director	2006
Jack L. Oliver, III(3)	40	Director	2005

- (1) Member of the Equity Incentive Committee
- (2) Chairperson of the Audit Committee
- (3) Chairperson of the Nominating and Corporate Governance Committee

Gary L. Lauer. Chairman of the Board of Directors, President and Chief Executive Officer. Gary Lauer has served as our president and chief executive officer since December 1999, and as chairman of our board of directors since March 2002. Prior to joining us, 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., a computing technology company, where he was a member of the senior executive team. Mr. Lauer started his career at IBM in sales and marketing management. Mr. Lauer holds a B.S. degree in finance and marketing from the University of Southern California Business School.

Steven M. Cakebread. Director. Steven Cakebread has served as a director since June 2006. Since February 2009, Mr. Cakebread has served as the chief financial and administrative officer of Xactly Corporation, a provider of on-demand sales performance management software. Mr. Cakebread also served as the president and chief strategy officer of salesforce.com, a customer relationship management service provider, from February 2008 to January 2009 and as salesforce.com's executive vice president and chief financial officer from May 2002 to February 2008. From April 1997 until April 2002, Mr. Cakebread served as senior vice president and chief financial officer at Autodesk, a software company. From April 1992 until April 1997, Mr. Cakebread was vice president of finance for Silicon Graphics World Trade. Mr. Cakebread holds a B.S. in business from the University of California at Berkeley and an M.B.A. from Indiana University.

Jack L. Oliver, III, Director. Jack Oliver has served as a director since December 2005. Since March 2005, Mr. Oliver has been an officer and senior advisor of Bryan Cave Strategies LLC, an affiliate of the law firm Bryan Cave LLP. Mr. Oliver also has served as a senior advisor for Barclay's PLC since March 2009. From August 2005 to 2008, Mr. Oliver served as a senior advisor for Lehman Brothers with a focus on Lehman Brothers' global client relationship management and private management businesses. Prior to his work at Bryan Cave Strategies, Mr. Oliver served on various political campaigns, including those for the candidacies of Senator Jack Danforth, Senator Kit Bond, Senator John Ashcroft and Congressman Jim Talent. He is also a former deputy chairman of the Republican National Committee and was national finance director for President George Walker Bush's presidential campaign. Mr. Oliver holds a B.A. degree in political science and communications from Vanderbilt University and a J.D. from the University of Missouri School of Law.

Required Vote and Board of Directors Recommendation

The three candidates receiving the highest number of affirmative votes of the shares of our common stock entitled to vote at the Annual Meeting will be elected as directors to serve until their respective successors have been duly elected and qualified, subject to earlier resignation or removal.

The board of directors recommends a vote FOR election as directors of each of the nominees set forth above.

Directors Not Standing for Election

The following table sets forth certain information as of the Record Date about the continuing members of our board of directors who are not standing for election at the Annual Meeting. Director service terms expire at the Annual Meeting in the years set forth below.

Name	Age	Position with the Company	Class	Year Term Expires
Scott N. Flanders(1)(2)(3)	52	Director	I	2010
Michael D. Goldberg(4)	51	Director	I	2010
Lawrence M. Higby(5)	63	Director	II	2011
Randall S. Livingston(1)	55	Director	II	2011

- (1) Member of Audit Committee
- (2) Chairperson of Compensation Committee
- (3) Member of Equity Incentive Committee
- (4) Member of Nominating and Corporate Governance Committee
- (5) Member of Compensation Committee

Scott N. Flanders, Director. Scott Flanders has served as a director since February 2008. Mr. Flanders has served as the president and chief executive officer of Freedom Communications, Inc., a privately-owned media company, since January 2006 and as a member of its board of directors since 2001. From 1999 to December 2005, Mr. Flanders served as the chairman and chief executive officer of Columbia House Company, a direct marketer of music and video products, which was acquired by Bertelsmann AG in July 2005. Mr. Flanders holds a B.A. degree from the University of Colorado and J.D. from Indiana University. He is also a certified public accountant.

Michael D. Goldberg, Director. Michael Goldberg has served as a director since June 1999. In January 2005, Mr. Goldberg joined Mohr Davidow Ventures, a venture capital firm, as a general partner. From October 2000 to December 2004, Mr. Goldberg served as a managing director of Jasper Capital, a management and financial consultancy business. In 1995, Mr. Goldberg founded OnCare, Inc., an oncology practice management company, and served as its chairman until August 2001 and as its chief executive officer until March 1999. Mr. Goldberg previously served as president and chief executive officer of Axion, Inc., a cancer-focused healthcare service company. Mr. Goldberg holds a B.A. in philosophy from Brandeis University and an M.B.A. from the Stanford Graduate School of Business.

Lawrence M. Higby. Director. Lawrence Higby has served as a director since September 2008. From February 2002 to October 2008, Mr. Higby served as president and chief executive officer of Apria Healthcare Group Inc., a national provider of home healthcare products and services. From 1997 until his appointment as chief executive officer in February 2002, Mr. Higby served as Apria's president and chief operating officer. Mr. Higby also served as Apria's chief executive officer on an interim basis from January through May 1998. Prior to joining Apria, Mr. Higby served as president and chief operating officer of Unocal's 76 Products Company and group vice president of Unocal Corporation from 1994 to 1997. From 1986 to 1994, Mr. Higby held various positions with the Times Mirror Company, including serving as executive vice president of the Los Angeles Times and chairman of the Orange County Edition. In 1986 Mr. Higby served as president and chief operating officer of America's Pharmacy, Inc., a division of Caremark, Inc. Prior to that he was at PepsiCo for 10 years in various sales and marketing positions, including vice president of marketing for Pepsi Cola in the United States. Mr. Higby is also a director of the Automobile Club of Southern California and Herbalife Ltd. Mr. Higby holds a B.S. degree in political science from the University of California and attended UCLA's graduate school of business.

Randall S. Livingston. Director. Randall Livingston has served as a director since December 2008. Mr. Livingston is the vice president for business affairs and chief financial officer of Stanford University and has served in this role since 2001. From 1999 to 2001, Mr. Livingston served as executive vice president and chief financial officer of OpenTV Corp., a provider of interactive television software and services. Mr. Livingston serves as a member of the board of directors of Genomic Health. Mr. Livingston received a B.S. in mechanical engineering from Stanford University and an M.B.A. from the Stanford Graduate School of Business.

Board Independence

The board of directors has determined that each of its current directors, except Gary L. Lauer, is independent within the meaning of the NASDAQ Global Market director independence standards, as currently in effect. The board of directors appointed Mr. Cakebread as lead independent director in March 2009.

Board of Directors Meetings

The board of directors held five meetings during 2008. Each of our directors serving on the board of directors during 2008 attended at least 75% of the meetings held by the board of directors and by the committees on which such director served during 2008. The independent members of our board of directors meet in executive session without management present on a regular basis.

Committees of the Board of Directors

Our board of directors has an audit committee, a compensation committee, a nominating and corporate governance committee and an equity incentive committee, each of which has the composition and responsibilities described below. Each committee acts pursuant to written charters approved by the board of directors. The charters for the audit committee, compensation committee and nominating and corporate governance committee are available in the Investor Relations section of our corporate website at www.ehealth.com.

Audit Committee. The members of our audit committee are Messrs. Cakebread, Flanders and Livingston. Mr. Cakebread is the chairperson of the audit committee. Christopher Schaepe resigned from our board of directors and from service on our audit committee and Mr. Flanders was appointed as a member of the audit committee in September 2008. Michael Goldberg resigned from service on our audit committee and Mr. Livingston was appointed as a member of the audit committee in December 2008. Our board of directors has determined that each member of our audit committee meets the requirements for independence of the NASDAQ Global Market and the Securities and Exchange Commission. Our board of directors has also determined that Mr. Cakebread is an audit committee financial expert as defined in Securities and Exchange Commission rules. The audit committee held ten meetings during 2008.

Among other duties, our audit committee:

appoints a firm to serve as independent accountant to audit our financial statements;

discusses the scope and results of the audit with the independent accountant and reviews with management and the independent accountant our interim and year-end operating results;

considers the adequacy of our internal accounting controls and audit procedures;

approves (or, as permitted, pre-approves) all audit and non-audit services to be performed by the independent accountant; and

issues the report that the Securities and Exchange Commission requires in our annual proxy statement.

The audit committee has the sole and direct responsibility for appointing, evaluating and retaining our independent auditors and for overseeing their work. All audit services and all non-audit services, other than de minimis non-audit services, to be provided to us by our independent auditors are approved in advance by our audit committee.

Compensation Committee. The current members of our compensation committee are Messrs. Flanders and Higby. Sheryl Sandberg resigned from our board of directors and from service on our compensation committee and Mr. Higby was appointed as a member of the compensation committee in December 2008. Mr. Flanders replaced Ms. Sandberg as chairperson of the compensation committee in connection with this change. Our board of directors has determined that each member of our compensation committee meets the applicable requirements for independence of the NASDAQ Global Market. The purpose of our compensation committee is to assist our board of directors in determining the compensation of our executive officers and directors. The compensation committee held eight meetings during 2008.

Among other duties, our compensation committee:

approves the compensation of our executive officers and reviews and recommends approval of the compensation of our directors;

administers our equity incentive plans;

reviews and makes recommendations to our board of directors with respect to incentive compensation and equity plans; and

reviews and discusses with management the compensation discussion and analysis to be included in our proxy statement or annual report and issues any report required by the Securities and Exchange Commission to be included in our proxy statement or annual report.

Nominating and Corporate Governance Committee. The members of our nominating and corporate governance committee are Messrs. Goldberg and Oliver. Mr. Schaepe resigned from our board of directors and from service on our nominating and corporate governance committee and Mr. Goldberg was appointed as a member of the nominating and corporate governance committee in September 2008. Mr. Oliver replaced Mr. Schaepe as the chairperson of the nominating and corporate governance committee in connection with this change. Our board of directors has determined that each member of our nominating and corporate governance committee meets the applicable requirements for independence of the NASDAQ Global Market. The nominating and corporate governance committee held five meetings during 2008.

Among other duties, our nominating and corporate governance committee:

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identifies, evaluates and recommends nominees to our board of directors and committees of our board of directors;

conducts searches for appropriate members of the board of directors and oversees the evaluation of the performance of our board of directors and of individual directors; and

reviews developments in corporate governance practices and makes recommendations to the board of directors concerning corporate governance matters.

Equity Incentive Committee. The members of our equity incentive committee are Messrs. Flanders and Lauer. Ms. Sandberg resigned from service on our equity incentive committee in December 2008 and Mr. Flanders was appointed as her replacement. The equity incentive committee has the authority to grant equity-based awards within certain guidelines approved by the board of directors to employees and consultants who are not our executive officers or directors. Equity awards are granted by the equity incentive committee in accordance with the terms and conditions of the committee's charter and the Equity Award Policy (see description below) adopted by our board of directors. The equity incentive committee held no meetings during 2008.

Non-Employee Director Compensation

For their service in 2008, our non-employee directors received cash compensation of \$12,000, paid in equal quarterly installments, and \$2,500 per meeting of our board of directors attended. The chairperson of our audit committee received \$12,000 for his service as audit committee chairperson, paid in quarterly installments, and the chairpersons of our compensation committee and our nominating and corporate governance committee each received \$5,000 for their service on each such committee, paid in equal quarterly installments. In addition, the non-chairperson members of the audit committee receive an annual retainer for their service on the audit committee of \$6,000, paid in equal quarterly installments, and the non-chairperson members of each of the compensation committee and the nominating and corporate governance committee receive an annual retainer for their service on each such committee of \$2,500, paid in equal quarterly installments.

Our non-employee directors are entitled to reimbursement of business, travel and other related expenses incurred in connection with their attendance at board of directors and board of directors committee meetings. Our non-employee directors also receive an initial grant of equity awards and annual grants of equity awards to purchase or receive shares of our common stock pursuant to the automatic equity grant program under our 2006 Equity Incentive Plan. See *Equity Benefit Plans 2006 Equity Incentive Plan Automatic Equity Grant Program* for additional information.

In September 2008, the compensation committee of our board of directors engaged Compensia, a compensation consulting firm, to review our director compensation practices. Compensia benchmarked our director compensation against the director compensation practices of companies determined to be our peer group companies at the time of Compensia's analysis, which was completed in November 2008. The peer companies included in Compensia's analysis were the same as those used in connection with Compensia's benchmarking of our executive officer compensation in January 2009. See *Executive Compensation Compensation Discussion and Analysis Competitive Positioning 2009 Peer Group* for additional information.

In November 2008, our board of directors approved changes to our director compensation program based on Compensia's analysis. Effective January 1, 2009, the annual retainer for non-employee directors was increased from \$12,000 to \$15,000, the retainer for the audit committee chairperson was increased from \$12,000 to \$18,000, and the retainer for the chairperson of the compensation committee was increased from \$5,000 to \$7,500, each payable in equal quarterly installments. Our board of directors also approved changes to the initial and annual automatic equity grants to non-employee directors. See *Equity Benefit Plans 2006 Equity Incentive Plan Automatic Equity Grant Program* for additional information.

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The following table summarizes compensation that our directors earned during 2008 for service on our board of directors and any applicable committee(s) thereof:

Name	Fees Earned or Paid in Cash	Option Awards(1)	Stock Awards(1)	Total
Gary L. Lauer(2)	\$	\$	\$	\$
Steven M. Cakebread(3)	\$ 36,500	\$ 116,080	\$	\$ 152,580
Scott N. Flanders(4)	\$ 26,083	\$ 70,391	\$	\$ 96,474
Michael D. Goldberg(5)	\$ 30,875	\$ 61,577	\$	\$ 92,452
Lawrence M. Higby(6)	\$ 11,500	\$ 15,981	\$	\$ 27,481
Joseph S. Lacob(7)	\$ 3,000	\$	\$	\$ 3,000
Randall S. Livingston(8)	\$ 3,000	\$ 675	\$ 594	\$ 4,269
Jack L. Oliver, III(9)	\$ 27,000	\$ 91,073	\$ 18,529	\$ 136,602
Sheryl Sandberg(10)	\$ 23,875	\$ 113,089	\$	\$ 136,964
Christopher J. Schaepe(11)	\$ 24,750	\$ 57,024	\$	\$ 81,774

- (1) Amounts shown do not reflect compensation actually received. Amounts shown reflect the compensation cost recognized in fiscal year 2008 for financial statement reporting purposes of the stock options and restricted stock units granted during and prior to 2008, computed in accordance with Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123(R) (SFAS 123R), disregarding any estimates of future forfeitures. The grant date fair value computed in accordance with SFAS 123R of the option and stock awards granted in 2008 to the directors are disclosed in the footnotes below. Our accounting policies regarding equity compensation and the assumptions used to compute the fair value of our equity awards are set forth in Notes 1 and 4 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2008.
- (2) Mr. Lauer does not receive any compensation for his services as a member of our board of directors.
- (3) Mr. Cakebread earned \$12,000 related to his annual retainer as a non-employee member of the board of directors, \$12,500 in meeting attendance fees and \$12,000 related to his position as chairperson of the audit committee. The grant date fair value computed in accordance with SFAS 123R of the stock option award granted in 2008 to Mr. Cakebread was \$77,929.
- (4) Mr. Flanders earned \$10,000 related to his annual retainer as a non-employee member of the board of directors, \$12,500 in meeting attendance fees, \$1,500 related to his position as a member of the audit committee and \$2,083 related to his position as a member of the compensation committee. The grant date fair value computed in accordance with SFAS 123R of the stock option award granted in 2008 to Mr. Flanders was \$336,083.
- (5) Mr. Goldberg earned \$12,000 related to his annual retainer as a non-employee member of the board of directors, \$12,500 in meeting attendance fees, \$4,500 related to his position as a member of the audit committee, \$1,250 related to his position as the chairperson of compensation committee, and \$625 related to his position as a member of the nominating and corporate governance committee. The grant date fair value computed in accordance with SFAS 123R of the stock option award granted in 2008 to Mr. Goldberg was \$77,929.
- (6) Mr. Higby earned \$4,000 related to his annual retainer as a non-employee member of the board of directors and \$7,500 in meeting attendance fees. The grant date fair value computed in accordance with SFAS 123R of the stock option award granted in 2008 to Mr. Higby was \$210,348.
- (7) Mr. Lacob earned \$3,000 related to his annual retainer as a non-employee member of the board of directors. Mr. Lacob resigned from our board in February 2008.
- (8) Mr. Livingston earned \$500 related to his annual retainer as a non-employee member of the board of directors and \$2,500 in meeting attendance fees. The grant date fair value computed in accordance with SFAS 123R of the stock option award granted in 2008 to Mr. Livingston was \$70,457. The grant date fair value computed in accordance with SFAS 123R of the restricted stock unit award granted in 2008 to Mr. Livingston was \$62,000.
- (9) Mr. Oliver earned \$12,000 related to his annual retainer as a non-employee member of the board of directors, \$12,500 in meeting attendance fees and \$2,500 related to his position as a member of the nominating and corporate governance committee. The grant date fair value computed in accordance with SFAS 123R of the stock option award granted in 2008 to Mr. Oliver was \$77,929.

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- (10) Ms. Sandberg earned \$12,000 related to her annual retainer as a non-employee member of the board of directors, \$7,500 in meeting attendance fees and \$4,375 related to her position as a member and chairperson of the compensation committee prior to her resignation in December 2008. The grant date fair value computed in accordance with SFAS 123R of the stock option award granted in 2008 to Ms. Sandberg was \$77,929. Ms. Sandberg resigned from our board in December 2008 and the option award was forfeited in connection with her resignation.
- (11) Mr. Schaepe earned \$9,000 related to his annual retainer as a non-employee member of the board of directors, \$7,500 in meeting attendance fees, \$4,500 related to his position as a member of the audit committee and \$3,750 related to his position as the chairperson of the nominating and corporate governance committee. Mr. Schaepe resigned from our board of directors in September 2008. The grant date fair value computed in accordance with SFAS 123R of the stock option award granted in 2008 to Mr. Schaepe was \$77,929. Mr. Schaepe resigned from our board in September 2008 and the option award was forfeited in connection with his resignation.

Certain of our non-employee directors have received options to purchase shares of our common stock and restricted stock units under our 1998 Stock Plan, 2005 Stock Plan and 2006 Equity Incentive Plan in connection with their service as members of our board of directors, as summarized in the table below:

Director	Grant Date	Type of Award(1)	Shares Granted	Number of Securities Underlying Equity Awards		Option Exercise Price
				Shares Subject to Unexercised Options Outstanding and Unreleased Restricted Stock Units as of December 31, 2008		
Steven M. Cakebread	8/03/06	Stock Option	25,000	25,000		\$ 13.00
	6/06/07	Stock Option	6,250	6,250		\$ 19.25
	6/10/08	Stock Option(2)	6,250	6,250		\$ 23.49
Scott N. Flanders	2/29/08	Stock Option	25,000	25,000		\$ 24.49
Michael D. Goldberg	6/08/99	Stock Option	37,500	37,500		\$ 0.50
	9/24/03	Stock Option	37,500	6,250		\$ 2.00
	6/06/07	Stock Option	6,250	6,250		\$ 19.25
	6/10/08	Stock Option(2)	6,250			\$ 23.49
Lawrence M. Higby	9/11/08	Stock Option	25,000	25,000		\$ 14.76
Joseph S. Lacob*	6/06/07	Stock Option	6,250			\$ 19.25
Randall S. Livingston	12/17/08	Stock Option	10,000	10,000		\$ 12.40
	12/17/08	Restricted Stock Unit(3)	5,000	5,000		\$
Jack L. Oliver, III	12/14/05	Stock Option	25,000	25,000		\$ 8.80
	3/20/07	Stock Option	6,250	6,250		\$ 25.08
	4/17/07	Restricted Stock Unit(4)	2,529	1,264		\$
	6/06/07	Stock Option	6,250			\$ 19.25
	6/10/08	Stock Option(2)	6,250	6,250		\$ 23.49

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