

# Proposed Regulatory Change: Out-of-State Broker Fee

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# Background (1/2)

- MHBE staff propose to **newly apply an \$80 application fee to brokers who reside outside of Maryland or a bordering state** (aka “out-of-state” or “non-resident” brokers)
- **Purpose:** 1) reduce the administrative burden on the MHBE Consumer Assistance Department and 2) Improve the quality of assistance available to Marylanders
  - 24.2% of brokers (452 out of 1,865) enrolled 0 Marylanders. Of the brokers with 0 enrollments, **88.7% (401 out of 452) have out-of-state licenses.** (2025 OE data)
  - Out-of-state brokers take **twice as long** for MHBE’s consumer assistance team to authorize and manage than their resident counterparts, estimated at 425 hours annually
- Regulations on broker applications and renewals must be amended

# Background (2/2)

## **Total Estimated Annual Labor for Non-Resident Brokers: 425 Hours**

- Initial Authorization Process: ~240 hours
- Manual Reinstatements & Portal Resets: ~85 hours
- Troubleshooting & Technical Support: ~100 hours

**Average Labor Time: ~20 minutes per non-resident broker, per year** (vs ~10 minutes for resident brokers). Of 1,865 authorized brokers, 1,294 are non-resident.

### Contributing Factors:

- Non-resident brokers are significantly more likely to let their pre-authorization period lapse and then request to reapply. This requires the team to restart the full vetting and authorization process from the beginning for the same broker.
- Non-resident brokers account for 71% of all manual suspensions and 69% of all cases requiring multiple manual interventions.

# Public Comment

- MHBE shared the proposal for a 30-day stakeholder feedback period March 13 - April 13, 2026 and received 4 comments:

Commenter	Comment	MHBE Response
Kaiser Permanente	Suggests associating the fee with a training requirement but cautions that the fee could limit the growth of ACA business. Suggests only applying fee for new applicants, not renewing.	MHBE agrees that additional training would be positive but may impose additional administrative burden. MHBE does not believe that the loss of brokers affected by this fee would lead to lost growth because most out-of-state these brokers do not currently enroll any Marylanders. The fee for renewing is critical to reduce the current high volume of inactive non-resident brokers.
Andy Baum (member of public)	Opposes, believes this will discourage non-resident brokers	MHBE's goal is to ensure Marylanders have access to engaged, well-informed brokers. MHBE believes the proposal supports this goal.
Herbert Baumgarten (broker)	Suggests stronger action: Have carriers disallow non-resident brokers from doing enrollments, or increase the app fee to \$500 so it's a more meaningful deterrent; don't make an exception for bordering states; there are enough Maryland brokers to serve the market	MHBE will monitor the effectiveness of the fee if finalized and consider whether additional measures are necessary.
Gregory Dunlap (broker)	Supports proposal. Suggests additional ways to improve quality of broker participation.	MHBE will monitor the effectiveness of the fee if finalized and consider whether additional measures are necessary.

# Summary of Proposed Changes (1/2)

## Action in COMAR: Amend 14.35.04.03 and 14.35.05.02

14.35.04 Insurance Producer Authorization to Sell Qualified Plans in the SHOP Exchange and Individual Exchange

### .03 Application Procedures.

A. In order to obtain a SHOP Exchange insurance producer authorization or Individual Exchange insurance producer authorization, the applicant shall submit to the Exchange:

(1)--(2) (text unchanged)

(3) An application fee [if permitted by law and in the manner specified by the Exchange;] *as applicable under section D of this regulation.*

(4) --(6) (text unchanged)

B.--C. (text unchanged)

#### *D. Non-resident application fee.*

(1) *Applicants with a non-resident Maryland license, as designated by the Maryland Insurance Administration, with a resident license in a state other than Delaware, Pennsylvania, Virginia, Washington D.C., or West Virginia shall include with their application materials an application fee of \$80 beginning in 2026 with annual increases consistent with the Consumer Price Index (CPI) in January of each year as established by the United States Bureau of Labor Statistics and rounded to the nearest dollar.*

(2) *The non-resident application fee does not apply to applicants with resident licenses in Maryland, Delaware, Pennsylvania, Virginia, Washington D.C., or West Virginia.*

(3) *The fee will be collected via electronic payment method at the time of application submission.*

# Summary of Proposed Changes (2/2)

## Action in COMAR: Amend 14.35.04.03 and 14.35.05.02

14.35.05 Insurance Producer Authorization — Renewal, Reinstatement, and Suspension or Revocation of Authorization

### .02 Renewal.

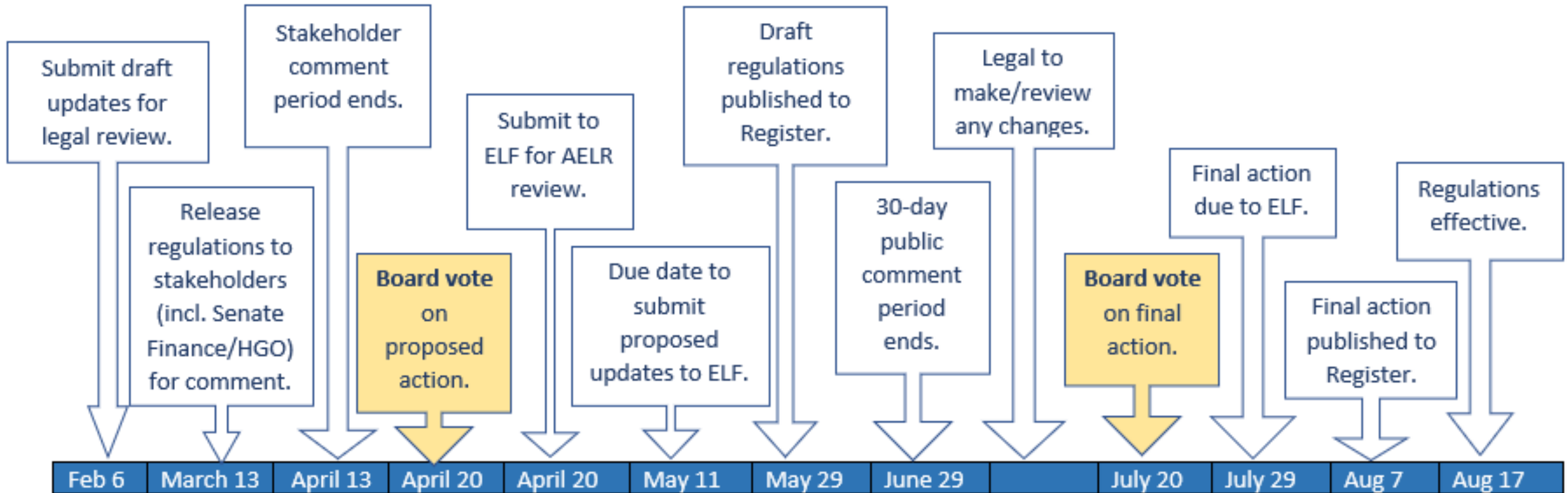
A. (text unchanged)

B. Eligibility for Renewal. An insurance producer authorization may be renewed for an additional 2-year term if the holder:

- (1) Is otherwise entitled to receive insurance producer authorization, in accordance with the eligibility requirements set forth in COMAR 14.35.04.02;
- (2) Files a renewal application on the form provided by the Exchange before the expiration of the authorization;
- (3) Pays to the Exchange a renewal *application* fee [if permitted by law and in the manner specified by the Exchange] as applicable under and in the manner specified at 14.35.04.03D;
- (4) Completes the annual training requirements set forth in COMAR 14.35.04.04; and
- (5) Is not denied by the Exchange for reasons set forth under §E of this regulation.

*[Remainder of regulation unchanged]*

# Timeline



# Request for Approval of Proposed Regulations and Authorization to Submit to AELR and DSD

MOTION: I move to [approve/defer/reject] the proposed regulations as presented, and authorize MHBE to submit them to the Joint Committee on Administrative, Executive, and Legislative Review for review and to the Division of State Documents for publication in the Maryland Register [as presented/as amended].