

Overview of SBM Funding

January 26, 2026



Multiple funding sources support SBMs

- ***Issuer Fees (Marketplace)*** are typically 2% to 4% of plan premiums or a flat per-member-per-month fee (PMPM). Could also include SHOP and small group.
- ***Issuer Fees (Broad-Based)*** are typically 0.5% to 1.5% of all plan premiums (on or off marketplace). Could also include SHOP and small group.
- ***State Appropriations (General Fund/Special Revenue)*** are highly variable by SBM and by year (earmarked taxes or fees, such as individual mandate tax penalties, cigarette taxes and employer assessments).

SBMs combine these funding sources into several models

Model	Funding Sources	Advantages	Disadvantages	State Examples
Issuer Fees (Marketplace)	Issuer fees + small grants/ fees	Self-sustaining	Sensitive to enrollment	CO, MD, MN, PA, WA
Issuer Fees (Broad-Based)	Issuer fees + individual mandate tax penalties	Stable, resilient market	Requires legislative action to create individual mandate	CA, NJ, NY
Appropriation-Supported	Issuer fees + general fund	State appropriations useful for newer/transitioning SBMs	Year-to-year appropriations can be variable	NM, NV, VA, VT
Diversified/Mixed Revenue	Issuer fees + individual mandate penalties + state funds + minor fees	Highly resilient market	Requires significant policy integration at state level	MA, RI, DC

Issuer fees vary by assessment type, fee structure, and amount.

State	Assessment	Fee Structure	Amount
CA	Marketplace	% of premium	2.25%
CO	Marketplace	% of premium	3.50%
CT	Broad-Based	% of premium	1.85%
DC	Broad-Based	% of premium	0.80%
GA	Marketplace	% of premium	2.50%
ID	Marketplace	PMPM	\$11.75
KY	Broad-Based	% of premium	1.00%
ME	Marketplace	% of premium	3.00%
MD	Broad-Based	% of premium	2.00%
MA	Marketplace	% of premium	2.50- 3.00%
MN	Marketplace	% of premium	3.50%
NV	Marketplace	% of premium	2.95%
NJ	Broad-Based	% of premium	3.50%
NM	Broad-Based	% of premium	0.30%
PA	Marketplace	% of premium	3.00%
RI	Marketplace	% of premium	3.50%
VA	Marketplace	% of premium	2.50%
WA	Broad-Based	% of premium + PMPM	2.00% + \$5.11

Source: The Commonwealth Fund, [Marketplace Type and Governance](#).

Note: Some SBMs excluded for not charging issuer fees in terms of percentage or PMPM (e.g., NY, VT).