

Department of Legislative Services
 Maryland General Assembly
 2025 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 962 (Delegate Pena-Melnyk)
 Health and Government Operations and
 Appropriations

Public Health - Pediatric Hospital Overstay Patients

This bill requires the Maryland Department of Health (MDH), in coordination with the Department of Human Services (DHS), to ensure that a “pediatric hospital overstay patient” is transferred to and treated in the least restrictive setting possible. The bill establishes a Pediatric Hospital Overstay Coordinator in the Governor’s Office for Children (GOC). Beginning October 1, 2026, the coordinator must submit a specified annual report. MDH must review specified reimbursement rates, conduct a specified study, and, by December 1, 2025, report specified findings and recommendations. Beginning in fiscal 2027, the Governor must include an appropriation in the annual budget bill sufficient to fill all authorized positions for a regional institute for children and adolescents (RICA). The bill also specifies that the Maryland Mental Health and Substance Use Disorder Registry and Referral System includes *private and State* inpatient and outpatient mental health and substance use services and authorizes a hospital to concurrently explore in-state and out-of-state placement options for a pediatric hospital overstay patient. **The bill takes effect July 1, 2025.**

Fiscal Summary

State Effect: In FY 2026, GOC general fund expenditures increase by \$148,000 for the coordinator and MDH general fund expenditures increase by \$280,200 for staff and consultant services. MDH general fund expenditures increase by an additional \$4.6 million beginning in FY 2027 to provide funding to fill all authorized RICA positions. Revenues are not affected. **This bill establishes a mandated appropriation beginning in FY 2027.**

(in dollars)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	428,200	4,930,500	4,943,700	4,957,600	4,971,400
Net Effect	(\$428,200)	(\$4,930,500)	(\$4,943,700)	(\$4,957,600)	(\$4,971,400)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: “Pediatric hospital overstay patient” means a patient younger than age 22 who remains in an inpatient unit or emergency department (ED) of a hospital for more than 24 hours after being medically cleared for discharge or transfer.

Pediatric Hospital Overstay Coordinator

The coordinator must act in the best interest of a pediatric hospital overstay patient by coordinating between relevant State agencies and programs, including public behavioral health care coordination programs. The coordinator must also:

- work independently and impartially, while maintaining appropriate patient confidentiality, to advocate on behalf of pediatric hospital overstay patients;
- review policies and procedures of relevant State agencies and make recommendations for necessary changes to better serve pediatric hospital overstay patients; and
- maintain data on each pediatric hospital overstay patient, as specified.

By January 1, 2026, GOC and the coordinator must enter into a memorandum of understanding (MOU) with MDH, DHS, and any other relevant State agency for the sharing and storage of information and data related to pediatric hospital overstay patients. The MOU must govern the access, use, maintenance, disclosure, and redisclosure of protected health information in accordance with federal and State law.

By October 1, 2026, and annually thereafter, the coordinator must report to the Governor, the Senate Finance Committee, and the House Health and Government Operations Committee on the number of pediatric hospital overstay patients in the State and de-identified information related to action plans in place to achieve appropriate placement.

Mandated Appropriation

Beginning in fiscal 2027, the Governor must include in the annual budget bill an appropriation sufficient to fill all positions authorized for a RICA in the State. The Governor may (1) include such funding in the fiscal 2026 budget and (2) use funds designated for the Adolescent Hospital Overstay Program to fund a RICA.

Maryland Department of Health Study

MDH must (1) review the reimbursement rates paid to residential treatment centers (RTCs) and respite care facilities in the State and determine the reimbursement rate that would be necessary to cover the cost of care and prevent future bed closures in such facilities and (2) study the implementation of a prospective payment model for RTCs and respite care facilities in the State with the goal of incentivizing the expansion of RTC and respite care facility capacity in the State.

By December 1, 2025, MDH must report the findings and recommendations from the review and study to the Governor, the Senate Finance Committee, and the House Health and Government Operations Committee.

Current Law:

Adolescent Hospital Overstay Program

The Maryland Children’s Cabinet established a [three-year plan](#) for 2021-2023 for (1) identifying children in crisis and meeting their needs; (2) developing RTC capacity for individuals with dual diagnoses; and (3) near-real time tracking by DHS of youth with behavioral health needs who are in hospitals. The Children’s Cabinet had a special interest in reducing the number of children placed out-of-state. To address out-of-state placements, the plan expressed the need for reestablishing interagency collaboration and development of quality educational, treatment, and residential services in Maryland, and the establishment of a workgroup to study and develop recommendations to address adolescent hospital overstays.

In response, MDH established the Adolescent Hospital Overstay Grant Program. In 2021, MDH announced a request for proposals for \$5.0 million in grant funds to expand RTC capacity. The focus of the grants is to provide care to children and adolescents who are the hardest to move out of hospitals, resulting in hospital overstays. By expanding bed capacity in RTCs for adolescents, the program aims to free up inpatient hospital beds that would otherwise be occupied by patients who are ready to be discharged for another setting. The increased availability of inpatient and RTC beds helps reduce ED wait time for adolescents who need those services.

Residential Treatment Centers

A “residential treatment center” means a psychiatric institution that provides campus-based intensive and extensive evaluation and treatment of children and adolescents with severe and chronic emotional disturbances who require a self-contained therapeutic, educational, and recreational program in a residential setting.

MDH oversees two RICAs in the State. RICA-Baltimore is a mental health residential treatment facility located in Baltimore City that provides treatment and educational programs for adolescents (aged 11 to 18) who are experiencing emotional, behavioral and learning difficulties. Program services include psychiatric evaluation and treatment; 24-hour nursing/residential services; individual, group, and family therapy; crisis intervention; special education; extended-year education program; alternative learning; rehabilitation services; and community reintegration.

The John L. Gildner Regional Institute (JLG) RICA is a residential and day treatment center in Rockville providing mental health treatment, education, and rehabilitative services to children and adolescents and their families.

Respite Care

“Respite care” means care that is made available for an individual with an intellectual disability in a State residential center to provide relief for the person with whom the individual ordinarily lives. Under regulations, each State RTC must reserve between 2% and 4% of its total beds for respite care. Respite care may not exceed 45 days within any one-year period or 28 consecutive days. Generally, a respite care facility offers short-term, temporary care respite care for individuals with developmental or functional disabilities.

The Respite Care Program in DHS offers financial reimbursement for short-term temporary care in order to provide a period of rest and renewal to family caregivers by temporarily relieving them of the demands and stresses of caregiving responsibilities.

Respite services are State-funded, with the exception of Medicaid § 1915(i) respite services. There is no federal match for these services. Respite service rates for children are currently set at \$276.31 per day for out-of-home respite care and \$5.52 per 15 minutes for in-home respite care.

Maryland Mental Health and Substance Use Disorder and Registry and Referral System

The Maryland Mental Health and Substance Use Disorder Registry and Referral System provides a statewide system through which health care providers can identify and access available inpatient and outpatient mental health and substance use services for patients. Subject to the availability of funds, MDH must develop and implement the registry and referral system, in collaboration with the State-designated health information exchange. The registry and referral system must include (1) a searchable inventory of any provider of mental health and substance use disorder (SUD) services; (2) the capability to allow a provider to update registry information including the real-time availability of services; and

(3) an electronic referral system that is available to any health care provider in the State to facilitate electronic referrals to mental health and SUD providers.

Each hospital must ensure the availability of staff to identify appropriate and available services for patients in the hospital who are in need of mental health or SUD services and to assist the patient in accessing the services.

State Fiscal Effect:

Pediatric Hospital Overstay Coordinator

GOC general fund expenditures increase by \$147,914 in fiscal 2026, which accounts for the bill's July 1, 2025 effective date. This estimate reflects the cost of hiring the Pediatric Hospital Overstay Coordinator to coordinate between relevant State agencies and programs, advocate on behalf of pediatric hospital overstay patients, review policies and procedures and make recommendations for necessary changes to better serve pediatric hospital overstay patients and maintain data on each pediatric hospital overstay patient. It includes a salary, fringe benefits, one-time start-up costs, and ongoing operating expenses.

Position	1.0
Salary and Fringe Benefits	\$140,269
Operating Expenses	<u>7,645</u>
Total FY 2026 GOC State Expenditures	\$147,914

Future year expenditures reflect a full salary with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

Maryland Department of Health

MDH general fund expenditures increase by \$280,248 in fiscal 2026, which accounts for the bill's July 1, 2025 effective date. This estimate reflects the cost of hiring (1) one program manager to coordinate with the Pediatric Hospital Overstay Coordinator in GOC, ensure pediatric overstay patients are transferred to and treated in the least restrictive setting possible, and complete specified reports and (2) one part-time data analyst to assess reimbursement rates. It includes salaries, fringe benefits, one-time start-up costs, ongoing operating expenses, and consultant services (described below).

Positions	1.5
Salaries and Fringe Benefits	\$164,399
Consultant Services	101,111
Operating Expenses	<u>14,738</u>
Total FY 2026 MDH State Expenditures	\$280,248

Future year expenditures reflect full salaries with annual increases and employee turnover as well as annual increases in ongoing operating expenses.

The bill requires MDH to review the reimbursement rates paid to RTCs and respite care facilities and study the implementation of a prospective payment model for such facilities with the goal of incentivizing expansion. MDH advises that a current consultant services contract could be amended to include this study at a cost of \$101,111 in general fund expenditures in fiscal 2026 only, as reflected above.

Mandatory Appropriation

Beginning in fiscal 2027, the Governor must include in the annual budget bill an appropriation sufficient to fill all positions authorized for a RICA. The Governor may use funds designated for the Adolescent Hospital Overstay Program for this purpose.

Although authorized under the bill, this analysis assumes that discretionary funds are not provided in fiscal 2026. Thus, general fund expenditures increase by an estimated \$4.6 million beginning in fiscal 2027 to provide sufficient funding to fill all vacancies at both Maryland RICAs. As actual expenditures will depend on the number of vacancies in fiscal 2027 and the salary for those positions, this estimate is based on current vacancies assumed in fiscal 2026, as shown in **Exhibit 1** and does not account for growth in the out-years. To the extent that the number of vacancies (or the salaries associated with such vacancies) increases or decreases, the amount of funding needed changes accordingly. Furthermore, to the extent the Governor elects to use funding from the Adolescent Hospital Overstay Program to fund a RICA, the amount of new general funds required is reduced.

Exhibit 1
Staffing Data for Maryland RICAs
Fiscal 2026

	<u>Vacancy Rate</u>	<u>Filled Positions</u>	<u>Vacant Positions</u>	<u>Cost of Filled Positions</u>	<u>Cost of Vacant Positions</u>
RICA-Baltimore	13.7%	178	22	\$19.6 million	\$1.6 million
JLG RICA	19.9%	235	47	\$26.2 million	\$3.0 million
Total	16.7%	413	69	\$45.7 million	\$4.6 million

Note: Numbers may not sum to total due to rounding.

JLG RICA: John L. Gildner Regional Institute RICA
RICA: Regional Institute for Children and Adolescents

Source: Governor’s Budget Books, Fiscal 2026; Department of Legislative Services

Additional Comments: Pediatric hospital overstay patients may remain in an inpatient hospital unit or ED for more than 24 hours after being medically cleared for discharge or transfer for several reasons, including aggressive behaviors, developmental disabilities or autism with psychiatric features, sexually reactive behaviors, or because they are too young or too old for available [out-of-home placements](#). As such, in-state placements are not always possible, particularly due to medical service needs or geographic location.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 696 (Senator Beidle) - Finance.

Information Source(s): Governor's Office; Department of Budget and Management; Maryland Department of Health; Department of Human Services; Department of Legislative Services

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caw/jc

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