

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 870
Finance

(Senator A. Washington)

Maryland Department of Health - Adolescent Psychiatric Inpatient Beds -
Capacity in Prince George's County and Report

This bill requires the Maryland Department of Health (MDH), in consultation with the Prince George's County Local Behavioral Health Authority, to ensure the establishment and ongoing operation of at least 24 "adolescent psychiatric inpatient beds" in Prince George's County by (1) expanding the licensed inpatient bed capacity at an existing inpatient facility; (2) contracting with a private or nonprofit operator to establish and operate a licensed adolescent psychiatric inpatient facility; or (3) establishing a public-private partnership to finance and operate adolescent psychiatric inpatient beds. The beds must be fully operational and available for patient admission by December 31, 2028. MDH must administer a competitive grant program to establish the required beds. By October 1, 2027, and annually thereafter until 2030, MDH must report to the Governor and the General Assembly. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: MDH can consult with Prince George's County, administer a grant program, and submit the required reports with existing budgeted resources. General fund expenditures increase by an indeterminate but significant beginning in FY 2027 to ensure establishment and operation of the beds, as discussed below.

Local Effect: Prince George's County expenditures may increase (potentially significantly) to oversee the new adolescent psychiatric inpatient beds, as discussed below. Revenues are not affected.

Small Business Effect: None.

Analysis

Bill Summary: “Adolescent” means an individual at least 12 years old and younger than 17 years old. “Adolescent psychiatric inpatient bed” means a unit of licensed inpatient psychiatric capacity that provides overnight, 24-hour, facility-based psychiatric evaluation, stabilization, and treatment for adolescents.

To establish the operation of adolescent psychiatric inpatient beds in Prince George’s County, MDH must prioritize solutions that (1) reduce pediatric psychiatric emergency department (ED) boarding and inpatient overstays; (2) are reflected in and measurable through the State’s inpatient psychiatric bed registry and referral system; and (3) ensure access regardless of payer source, including Medicaid.

If, by June 30, 2027, MDH determines that expanding bed capacity will not meet the bill’s required deadline, MDH must issue a request for proposals (RFP) to establish the adolescent psychiatric inpatient beds. An RFP must be distributed to, at a minimum, private or nonprofit operators with demonstrated experience in establishing adolescent psychiatric inpatient bed capacity in the State.

Grant Program

Grant funds may be disbursed only to hospitals, psychiatric facilities, nonprofit health care providers, or public-private partnerships. Grants funds may be used only for specified capital costs associated with operating the adolescent psychiatric inpatient beds, including renovation, construction, safety or ligature upgrades, or workforce start-up expenses.

Required Report

By October 1, 2027, and annually thereafter until 2030, MDH must report on (1) the number and location of licensed adolescent psychiatric inpatient beds by county; (2) metrics for pediatric psychiatric ED boarding and overstay; (3) any barriers to staffing licensed adolescent psychiatric inpatient beds, including licensure barriers; and (4) recommendations for rate or regulatory changes needed to maintain sufficient capacity of licensed adolescent psychiatric inpatient beds.

MDH must use available data systems, including the State inpatient psychiatric registry and referral system, to generate data for the report.

Current Law: The Behavioral Health Administration within MDH is responsible for coordinating State programs to prevent, treat, and support individuals with mental illness, substance use disorders (SUD), problem gambling disorders, and co-occurring conditions. The State oversees five adult psychiatric hospitals that provide residential behavioral health treatment.

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 residential treatment center (RTC) capacity for individuals with dual diagnoses; and (3) near real-time tracking by the Department of Human Services (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 an RFP 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.

Pediatric Hospital Overstays

“Pediatric hospital overstay patient” means a patient younger than age 22 who remains in an inpatient unit or ED of a hospital for more than 48 hours after being medically cleared for discharge or transfer.

Chapters 479 and 480 of 2025 requires MDH to ensure that a “pediatric hospital overstay patient” is transferred to and treated in the least restrictive setting when clinically indicated and when possible. DHS, in coordination with MDH, must ensure that a pediatric hospital overstay patient who is a child committed to the care and custody of DHS is transferred to and treated in the least restrictive setting when clinically indicated and when possible.

If a pediatric hospital overstay patient remains in the hospital for more than 48 hours and the Maryland Mental Health and Substance Use Disorder Registry and Referral System indicates that an appropriate inpatient bed is available, the hospital must seek the transfer to maintain the clinical stability of the patient. To ensure that a pediatric hospital overstay patient is treated in the least restrictive setting, a hospital may concurrently explore in-state and out-of-state placement options.

Workgroup on Children in Unlicensed Settings and Pediatric Hospital Overstays

Chapters 479 and 480 also established the Workgroup on Children in Unlicensed Settings and Pediatric Hospital Overstays to:

- complete an assessment of the number, type, and cost of the additional beds and supportive services needed to place all children in pediatric overstays and other unlicensed settings in the least restrictive settings;
- develop a comprehensive and sustainable resource development plan designed to increase the number of licensed settings and end the use of pediatric overstays and unlicensed settings;
- develop an implementation plan with comprehensive data to inform the plan; and
- determine the anticipated timeline for when the practice of placing children in unlicensed settings will cease.

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 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.

Certificate of Need

The Certificate of Need (CON) program, located within the Maryland Health Care Commission (MHCC), is intended to ensure that new health care facilities and services are developed only as needed and that, if determined to be needed, they (1) are the most cost-effective approach to meeting identified needs; (2) are of high quality; (3) are geographically and financially accessible; (4) are financially viable; and (5) will not have a significant negative impact on the cost, quality, or viability of other health care facilities and services.

The CON program requires review and approval of certain types of proposed health care facility and service projects by MHCC. With certain exceptions, a CON is required to (1) build, develop, or establish a new health care facility; (2) move an existing health care facility to another site; (3) change the type or scope of any health care service offered by a health care facility; (4) change the bed capacity of a health care facility; or (5) make a health care facility capital expenditure that exceeds a specified threshold.

A CON is required before the type or scope of any health care service is changed if the health care service (1) is offered by a health care facility, in space that is leased from a health care facility, or in space that is on land leased from a health care facility or (2) results in a change in operating room capacity in a hospital, a freestanding medical facility, or an ambulatory surgical facility. This requirement does not apply under several specified circumstances including if the proposed change would establish, increase, or decrease a health care service and would not result in the expansion of a comprehensive care, extended care, intermediate care, residential treatment, psychiatry, or rehabilitation medical service, as specified.

State Fiscal Effect: The bill requires MDH, in consultation with the Prince George's County Local Behavioral Health Authority, to ensure the establishment and ongoing operation of at least 24 adolescent psychiatric inpatient beds in Prince George's County. The beds must be fully operational by December 31, 2028. If MDH determines it cannot meet this deadline by June 30, 2027, it must issue a specified RFP to establish the beds. MDH must administer a competitive grant program to establish the beds and submit an annual report regarding adolescent psychiatric inpatient beds in 2027 through 2030.

MDH can consult with Prince George's County, administer the grant program, issue an RFP (if necessary), and submit the required reports using existing budgeted resources.

MDH general fund expenditures increase by an indeterminate but significant amount beginning in fiscal 2027 to fund efforts to establish and operate the beds, which must include providing grants for specified capital costs, as well as (1) expanding existing bed capacity at an existing facility, (2) contracting with an operator to establish or operate a facility, or (3) establishing a public-private partnership to finance and operate beds. The amount of such expenditures cannot be reliably estimated without knowing the methods that will be employed.

To the extent that private funds are available to establish, finance, or operate adolescent psychiatric inpatient beds, fewer general funds will be required. It is unclear at this time if such funds will be available for this purpose, or if MDH will have the opportunity to establish a public-private partnership under the bill.

Local Fiscal Effect: The bill requires MDH, in consultation with the Prince George’s County Local Behavioral Health Authority, to ensure the establishment and ongoing operation of at least 24 adolescent psychiatric inpatient beds in the county. This analysis assumes that the county can consult with MDH using existing budgeted resources.

Prince George’s County advises that expanding existing county behavioral health services to include an adolescent inpatient program creates additional compliance responsibilities that cannot be absorbed by existing personnel. Thus, four permanent staff positions are required beginning in fiscal 2027, including a program monitor, contract monitor, ombudsmen, and community developer, at a total cost of \$724,724.

The Department of Legislative Services (DLS) notes that the adolescent psychiatric inpatient beds are not likely to be operational until the bill’s deadline of December 31, 2028 (fiscal 2029); thus, should any additional resources be required, they would not be needed until that time. DLS also notes that the bill does not require the local behavioral health authority to maintain oversight of the adolescent psychiatric inpatient beds in the county, although additional resources may be necessary to coordinate services once the beds are operational.

Additional Information

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

Designated Cross File: HB 1092 (Delegate Martinez, *et al.*) - Health.

Information Source(s): Prince George’s County; Maryland Department of Health; Department of Legislative Services

Fiscal Note History: First Reader - March 4, 2026
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