



Maryland
Hospital Association

House Bill 1559 - Children in Unlicensed Settings and Pediatric Hospital Overstay Patients – Placement

Position: *Support with Amendments*

March 3, 2026

House Appropriations Committee

MHA Position

On behalf of the Maryland Hospital Association's (MHA) member hospitals and health systems, we appreciate the opportunity to comment in support of House Bill 1559 with amendments.

We are grateful to Speaker Joseline Peña-Melnyk for introducing this legislation and for her steadfast advocacy on behalf of these youth.

Hospitals as Unlicensed Out-of-Home Placements

HB 1559 prohibits placing foster youth in unlicensed settings. Maryland hospitals are not licensed by the Department of Health (MDH) or Department of Human Services (DHS) to serve as an out-of-home placement. Despite this, hospitals are serving as de-facto placements for youth who have been medically cleared for discharge. Acute care hospital beds are meant for short-term stabilization. They were never meant for long-term stays and are not appropriate or licensed for the long-term non-medical care of a child. The inappropriate use of these beds is harmful.

MHA and the hospital field propose the attached amendment to modify the definition of “unlicensed setting” and to include hospitals in the definition of unlicensed out-of-home placements for the purpose of housing children and youth in the care and custody of the state.

Generally, these youth are waiting to be placed in a residential treatment center, therapeutic foster home, or group home. Sometimes a facility has accepted these youth, but a bed is not yet available. In these circumstances, hospitals become holding sites, where children wait for an unknown amount of time for appropriate care, while frontline hospital staff do their best to meet their needs and provide a sense of normalcy.

Workgroup on Children in Unlicensed Settings and Pediatric Overstays in the State

HB 1559 includes recommendations put forward by the Workgroup on Children in Unlicensed Settings and Pediatric Overstays in the State. Many of the Workgroup recommendations are from a [2025 Chapin Hall Placement Needs Assessment](#) commissioned by DHS.

The Workgroup recommended legislative action in four categories:

- Expand behavioral health and child welfare bed and service capacity

- Ensure state agency accountability and collaboration
- Improve data tracking and sharing
- Implement previously passed legislation

Expand Behavioral Health and Child Welfare Bed and Service Capacity

One of the greatest challenges to solving and preventing pediatric hospital overstay is the lack of capacity and services across the behavioral health continuum, within child welfare, and within the purview of the Developmental Disabilities Administration. There is especially a need for beds that serve youth with developmental disabilities, Autism diagnoses, and an IQ less than 55 or between 55 and 69. The placement options are limited in the state for patients with these profiles. As such, when a bed is needed there can be long waitlists, which results in the patient having to stay in an acute setting and/or contemplate placement out of state. Additional challenges present for youth with a history of aggressive behaviors, impulse control issues, and chronic untreated or undertreated medical issues. The attached chart provides more in-depth information on patient profiles that often result in an overstay.

HB 1559 requires the established Interagency Council to complete a bed assessment of the licensed, staffed and physical beds by agency and categorization. This is critical. As a state, we do not know how many foster homes we have—both public and private, treatment and traditional. We do not know how many group homes are available. There are also bed types that helped in the past, such as respite and crisis beds, but it is unclear if these beds exist today and if so, how many. Collecting and sharing this information sits squarely within the state’s purview and it is critical to understanding what currently exists and how many more beds are needed to serve these youth.

State Accountability & Oversight

HB 1559 further builds off the organizational structures established by House Bill 962/Senate Bill 696 during the 2025 legislative session. This law requires MDH and DHS to hire a Pediatric Hospital Overstay Coordinator for each department. HB 1559 requires the Governor’s Office of Children (GOC) to hire a placement manager to oversee both coordinators. Additionally, these coordinators must report to the placement manager any instance of a pediatric hospital overstay. This requirement closes a gap in the current system by elevating the role of the GOC. One of the contributing factors and barriers to longer lengths of stay for youth involved with a state agency is the lack of clear understanding of which agency has responsibility to act in the best interest of the youth. This is especially apparent when a youth’s parent(s) or guardian(s) are no longer engaging in decisions about the youth’s care and when a youth is pending a voluntary placement agreement. In these circumstances, youth are left in limbo with no clear decision maker in their life. When this happens, the hospital is left as the only responsible party, but without any authority to make decisions on behalf of the youth.

The bill also requires the established Advisory Council to explore the New Jersey System of Care Model. The New Jersey model, which is the gold standard, prioritizes prevention and early intervention, focusing on mobile crisis response that is customized for children. When the crisis hotline receives a call, there is no evaluation of whether in-person intervention is needed, someone is dispatched to the home. The rationale is that if a parent or guardian felt compelled

enough to call a crisis hotline, then some level of support is needed immediately. The New Jersey model is also agnostic of agency-involvement and payer.

Improve data collection and tracking

To the best of our knowledge, according to MDH, DHS and MHA, as of Jan. 31, 2026, there were 33 children across Maryland experiencing a pediatric hospital overstay—13 girls and 20 boys. Of these youth, seven were in the care and custody of DHS, 17 were pending a voluntary placement agreement, and five of the youth and their families were working with DHS. These data provide a reference point for understanding the scope of the problem and identifying these children and youth. However, this is a manual process for the state and for Maryland hospitals. MHA will continue to work with the state to improve data tracking. However, without a dedicated system that compiles this data in one place, this process will remain manual and fraught with errors. It is incredibly challenging to know on a given day how many children and youth are in an overstay status, their length of stay, the bed type they need, the number of beds available to meet their needs, the location and availability of these beds, etc. State intervention and collaboration is needed to develop a systematic process with live data. MHA has collected data, but these are point-in-time estimates that are impossible to keep up to date. HB 1559 engages the right stakeholders to discuss this issue, identify an action plan, and implement it.

Conclusion

Pediatric hospital overstays and the placement of foster youth in unlicensed settings is, unfortunately, a long-standing problem. However, Maryland has solved this problem before and can do so again. Additionally, with the right structure and accountability in place, the state can prevent this problem from impacting children and youth in the future.

Again, we thank the Speaker for introducing this bill and continuing to push us towards a comprehensive system of care for the state's children, youth, and families.

For these reasons, we request a favorable report on HB 1559 with amendments.

For more information, please contact:

Andrew Nicklas, Senior Vice President, Government Affairs & Policy and General Counsel
Anicklas@mhaonline.org

MHA Proposed Amendment to House Bill 1559:

Amendment No. 1.

(3) (I) “UNLICENSED SETTING **OUT OF HOME PLACEMENT**” MEANS ~~A SETTING FOR~~ **AN OUT-OF-HOME PLACEMENT** THAT IS NOT LICENSED **BY THE DEPARTMENT OF HUMAN SERVICES OR DEPARTMENT OF HEALTH FOR CUSTODY, PLACEMENT, WELFARE, AND HOUSING OF CHILDREN.**

Amendment No. 2.

(II) “UNLICENSED SETTING **OUT OF HOME PLACEMENT**” INCLUDES:

1. A HOTEL, MOTEL, OR SHORT-TERM RENTAL;
2. A SHELTER DESIGNATED TO MEET THE NEEDS OF A CHILD WHO HAS RUN AWAY OR WHO IS HOMELESS; **AND**
3. AN OFFICE BUILDING OR OTHER NONRESIDENTIAL ENVIRONMENT; **AND**
- 4. A HOSPITAL AS DEFINED IN HEALTH GENERAL 19-301 AND A FREESTANDING MEDICAL FACILITY AS DEFINED IN HEALTH GENERAL 19-3A-01.**

Amendment No. 3.

(c) (1) [In] **EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**

SUBSECTION, IN establishing the out-of-home placement program the

Administration: **(1)** shall:

[(1)] **(I)** provide time-limited family reunification services to a child placed in an out-of-home placement and to the parents or guardian of the child, in order to facilitate the child’s safe and appropriate reunification within a timely manner;

[(2)] **(II)** concurrently develop and implement a permanency plan that is in the best interests of the child; and

[(3)] **(III)** provide training on an annual basis for the staff at each local department who administer requests for voluntary placement agreements for children with developmental disabilities or mental illnesses under subsection (b) of this section; **AND**

(2) THE OUT OF HOME PLACEMENT PROGRAM ESTABLISHED BY THE ADMINISTRATION SHALL PROHIBIT THE PLACEMENT OF A CHILD IN AN UNLICENSED SETTING **OUT OF HOME PLACEMENT.**

Amendment No. 4

B) (1) “CHILD IN AN UNLICENSED ~~SETTING~~ **OUT OF HOME PLACEMENT**” MEANS AN INDIVIDUAL UNDER THE AGE OF 22 YEARS: (I) IN AN OUT-OF-HOME PLACEMENT WHO IS RESIDING IN A HOTEL, AN OFFICE BUILDING, A SHELTER, OR ANY OTHER UNLICENSED SETTING; ~~OR (II) WHO IS A PEDIATRIC OVERSTAY PATIENT.~~

(2) “CHILD IN AN UNLICENSED ~~SETTING~~ **OUT OF HOME PLACEMENT**” DOES NOT INCLUDE AN INDIVIDUAL UNDER THE AGE OF 22 YEARS WHO IS RECEIVING A SELF-INDEPENDENT LIVING STIPEND, LIVING WITH KIN AWAITING APPROVAL FOR PLACEMENT, OR ON AFTERCARE WITH A PARENT.

Amendment No. 5

In all places where the phrase, “unlicensed setting” is used, insert “unlicensed out of home placement.”