



DEPARTMENT OF HEALTH

Wes Moore, Governor · Aruna Miller, Lt. Governor · Meena Seshamani, M.D., Ph.D., Secretary

March 3, 2026

The Honorable Ben Barnes
Chair, House Appropriations Committee
120 Taylor House Office Building
Annapolis, Maryland 21401

RE: House Bill 1181—Family Law - Children in Out-of-Home Placement - Voluntary Placement Agreements—Letter of Information

Dear Chair Barnes and Committee Members:

The Maryland Department of Health (the Department) respectfully submits this letter of information for House Bill (HB) 1181—Family Law - Children in Out-of-Home Placement - Voluntary Placement Agreements. The bill would require the Department to consult with the Department of Human Services (DHS) to provide annual training for each local department, including on compliance, interagency collaboration, and trauma-informed family engagement. It would also require the Workgroup on Children in Unlicensed Settings and Pediatric Hospital Overstays to make recommendations regarding the statutory and budgetary changes necessary to transfer funding from DHS to the Department. Finally, children with special needs who have a Voluntary Placement Agreement (VPA) for psychiatric residential treatment facility services would be referred directly to local behavioral health authorities for placement.

VPAs are a binding agreement between parents or legal guardians and the State child welfare agency (here, DHS). DHS assumes custody of the child for a specified period of time to access residential treatment, typically after a family has determined that they do not have or have exhausted commercial coverage for such services. Children who are voluntarily placed and are eligible for Title IV-E automatically become eligible for Medicaid (42 CFR 435.135). Federal foster care payment (Title IV-E) for the children under voluntary placement agreements may not exceed 180 days unless there has been a judicial determination that such placement is in the best interest of the child (42 USC §§ 672(d)-(g)).

The Department is concerned about shifting responsibility for VPAs to the Department rather than DHS for children under the care and custody of the State. The Department is not a placing agency for children and youth and has limited experience navigating the administrative, judicial, and budgetary complexities for youth in child welfare.

As part of its plan to implement the Family First Prevention Services Act (FFPSA), DHS already submitted a federally approved plan which included identifying families with complex behavioral health needs as “children at imminent risk of entering foster care,” noting that

“children’s behavior is a factor in approximately 15% of entries into foster care and voluntary placements.”¹ In addition, DHS and the Department have already partnered on work to address the needs of young people with complex behavioral health needs through the Quality Services Reform Initiative (QSRI), which sought to develop new rates for residential child care, child placing agencies, and some evidence-based practices to better leverage Medicaid and Title IV-E funds for direct care and clinical services to first ameliorate and then eliminate the need for voluntary placement agreements. The Department will continue to work collaboratively with DHS and partners to implement QSRI.

In addition, the bill states that a child’s parent or legal guardian need not exhaust all home- and community-based services prior to entering an out-of-home placement. While the Department does not support “fail first” policies that require parents or caregivers to exhaust all services before being approved for intensive interventions, we are concerned about any language that may potentially increase out-of-home placement, particularly in restrictive settings, as *Olmstead v. L.C.*, 527 U.S. 581 (1999) requires treatment in the least restrictive setting; and the spirit of the FFPSA, which made significant reforms to child welfare, including enhancing federal support for services that prevent out-of-home foster care placements while limiting the use of federal funds to certain types of congregate care settings.²

If you would like to discuss this further, please do not hesitate to contact Meghan Lynch, Director of Government Affairs at meghan.lynch@maryland.gov.

Sincerely,



Meena Seshamani, M.D., Ph.D.
Secretary of Health

¹ Maryland Department of Human Services. (2020). Maryland’s Title IV-E Prevention Program. https://dhs.maryland.gov/documents/Data%20and%20Reports/SSA/MD%20Title%20IV-E%20State%20Plan/6541_Title%20IV-E%20Letter%20Prevention%20Plan_Full_v2.pdf

² Medicaid and CHIP Payment and Access Commission. (2021). Medicaid Coverage of Qualified Residential Treatment Programs for Children in Foster Care. <https://www.macpac.gov/wp-content/uploads/2021/08/Medicaid-Coverage-of-Qualified-Residential-Treatment-Programs-for-Children-in-Foster-Care.pdf>