Maryland Association of
Resources for Families & Youth

March 31, 2026

Senate Finance Committee

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

Position: Support

Chair Beidle, Vice Chair Hayes, and Members of the Committee:

On behalf of the Maryland Association of Resources for Families and Youth (MARFY), we respectfully submit this testimony in support of House Bill 1559.

MARFY represents licensed child placement agencies and community-based providers across Maryland that serve children and families through foster care, kinship care, residential treatment, and permanency programs. Our members operate across the continuum of care for youth with complex behavioral health, developmental, and trauma-related needs. We strongly support efforts to strengthen Maryland's system of care and improve placement stability for children experiencing behavioral health crises or requiring intensive services.

House Bill 1559 addresses one of the most pressing challenges facing Maryland's child-serving systems: the growing number of children who cannot access appropriate placements and instead experience hospital overstays or placement in unlicensed settings. Prohibiting the use of unlicensed placements while simultaneously strengthening system coordination is an important step toward ensuring children receive care in safe, therapeutic environments that meet their needs.

A strong continuum of care is essential for positive outcomes. Children require access to a full range of services — including community-based supports, mobile crisis intervention, therapeutic foster care, residential treatment, and step-down services — so that interventions can occur at the least restrictive level possible while still ensuring safety and stability. Gaps anywhere along this continuum create system bottlenecks that can lead to crisis escalation, hospitalization, and placement disruptions.

Mobile crisis services are particularly critical. When children and families can access rapid behavioral health intervention in their homes or communities, crises can often be stabilized without emergency department visits or inpatient admissions. These services reduce trauma for youth, preserve family connections, and decrease strain on hospital systems. Strengthening coordination across agencies to support mobile crisis response is therefore a key component of a functioning continuum of care.

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Equally important is continuity between local departments of social services, behavioral health systems, and State agencies. Families and providers frequently navigate multiple systems with different eligibility requirements, funding streams, and decision-making processes. Improved interagency coordination — as contemplated in House Bill 1559 through new councils and oversight structures — can reduce fragmentation and improve outcomes for youth who require services from multiple systems simultaneously.

However, system improvements must also be accompanied by adequate funding and provider capacity. Providers across Maryland have experienced significant financial strain due to workforce shortages, rising operational costs, and reimbursement rates that have not kept pace with the complexity of care required for today's youth. Increasing provider rates and stabilizing the workforce are essential to expanding placement capacity and preventing the need for unlicensed settings.

Families also need resources and supports to prevent crises from escalating to the point where placement becomes necessary. Early intervention, respite services, care coordination, and behavioral health supports can help maintain children safely in their homes and communities whenever possible.

House Bill 1559 represents an important opportunity to strengthen Maryland's child-serving infrastructure, improve coordination across agencies, and ensure children receive care in appropriate, licensed environments. By addressing system gaps and supporting a comprehensive continuum of care, this legislation has the potential to improve outcomes for youth, reduce hospital utilization, and strengthen permanency and family stability.

For these reasons, MARFY respectfully urges the Committee to issue a favorable report on House Bill 1559. Thank you for your consideration.

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