Written Testimony

House Bill 1181 – Family Law – Children in Out-of-Home Placement – Voluntary Placement Agreements

Senate Judicial Proceedings Committee

April 3, 2026

On behalf of Sheppard Pratt, the nation's largest private nonprofit behavioral health system, serving more than 80,000 patients and their families annually, thank you for the opportunity to submit testimony in strong support of House Bill 1181, as amended.

As we shared in our original testimony, Maryland's current Voluntary Placement Agreement (VPA) process is one of the primary drivers of pediatric psychiatric hospital overstays. At Sheppard Pratt, approximately 75% of pediatric overstay cases are delayed due to the VPA process, leaving children in hospital settings long after they are clinically ready for discharge.

The amended version of HB1181 preserves the bill's core purpose, removing systemic barriers and improving timeliness, while incorporating important clarifications that strengthen implementation and address stakeholder concerns.

Why Reform is Urgently Necessary

- **The current VPA process is a systemic bottleneck.**
    - LCT/FTDM meetings routinely take weeks to schedule and often add no meaningful information. They do not approve or deny VPAs and frequently block progression by insisting families exhaust PRP, TCM, or other lower-level services, even for children who have been hospitalized for months or exhibit unsafe behaviors that make community-based treatment clinically inappropriate.
    - Meanwhile, children remain in inpatient psychiatric care, an environment that is not designed or staffed for long-term stabilization.
- **There are no enforceable timelines.**
    - The lack of statutory deadlines allows steps in the VPA process to drift for weeks or months.

    - DSS offices interpret eligibility differently: some send residential referral packets before VPA completion; others refuse to begin any step until all paperwork is finalized, further prolonging hospital stays.
- **Families face unnecessary custody and child support barriers.**
    - Families often fear signing a VPA because it requires full transfer of physical custody, even when only temporary placement, not guardianship, is needed.
    - Families are routinely assessed $800–$1,800 per month in child support, amounts that are unaffordable and push families to abandon the VPA process altogether.
- **A 2022 legislative fix was never implemented.**
    - Maryland already passed legislation allowing Local Behavioral Health Authorities (LBHAs) to authorize education funding for Medicaid-eligible children entering RTCs. That reform should have eliminated VPAs for many children, but DHS never executed it.
    - As a result, families still enter child welfare solely so the state will pay for education, even when Medicaid covers treatment.

How the Amendments Strengthen HB1181 and the System

HB1181 implements targeted, practical reforms that providers, families, and agencies have been calling for.

- **Clarifies the role of Local Care Teams (LCTs)**
    - The original bill removed the requirement that cases be presented to the LCT, which had become a major bottleneck.
    - The amended bill strikes the LCT as a mandatory gatekeeper while explicitly preserving its ability to:
        - Provide alternative or interim services, and
        - Support families where appropriate
    - This is a critical balance. It ensures that LCTs no longer delay access to needed residential treatment while still allowing care coordination when it is clinically appropriate.
    - This matters because, in practice, required LCT meetings often delay placement by weeks without changing the clinical outcome. The amendment removes that barrier while maintaining flexibility for supportive use.
- **Establishes enforceable timelines and accountability.**
    - HB1181 requires DSS to schedule assessment meetings, issue eligibility determinations, and report delays on a set timeline.

- This gives families, hospitals, and state agencies a process that is predictable, trackable, and enforceable, and reflects what is already intended in policy but rarely followed in practice.
- Today, the absence of enforceable timelines allows the process to stretch for 60–90+ days, directly contributing to extended hospital stays and ED boarding.

- **Corrects misuse of the "exhaust all services" standard.**
  - HB1181 codifies the correct legal requirement: families must make "reasonable efforts," not "exhaust all possible services." (This is already the standard in COMAR, but counties apply an incorrect "exhaustion" test.)
  - This protects children from being denied needed residential treatment simply because they have not tried PRP or TCM while inpatient.
  - Counties have historically applied an incorrect "exhaustion" standard, delaying access to appropriate residential treatment for children who are already unsafe or unstable in the community.
- **Removes Child Support as a Barrier to Care**
  - One of the most significant amendments addresses child support:
    - Local departments may not refer VPA cases to the Child Support Enforcement Administration
    - The State is required to modify existing child support orders associated with VPAs
  - Based on discussions with DHS, approximately:
    - $1.7 million in child support was assessed on families last year
    - Around $1.1 million remains uncollected
  - This matters because child support obligations, often $800–$1,800 per month, are one of the strongest deterrents preventing families from accessing care.
  - The amendment reflects the clear legislative intent to:
    - Eliminate child support obligations for both current and future VPAs, and
    - Remove financial penalties for families seeking medically necessary treatment
  - This is a major policy correction that aligns the system with its original purpose: supporting families, not penalizing them.
- **Preserves Family Rights and Prevents Unnecessary Custody Transfer**
  - The bill will:
    - Ensure parents retain legal and educational decision-making rights, and
    - Prohibit requiring custody relinquishment to access services
  - This matters because families should not have to enter the child welfare system or risk losing custody simply to access behavioral health treatment.
- **Requires statewide reporting, oversight, and training.**

    - The amended bill maintains robust reporting requirements, including:
        - VPA timelines
        - Denials and delays
        - Placement duration
    - It also establishes annual DHS-MDH training to ensure consistency across counties.
- **Aligns with Broader System Reform**
    - Importantly, the amended version focuses on actionable process improvements while still aligning with broader system reform efforts through:
        - The Pediatric Overstay Workgroup, and
        - Future funding alignment discussions between DHS and MDH
    - The bill remains implementable now, while supporting longer-term structural reforms.

Clinical Impact: What HB1181 Means for Children

From our inpatient units:

- Children wait months for VPA paperwork, even when psychiatrists agree they no longer need inpatient care.
- Children receive no school, lose structure, watch peers come and go, and deteriorate emotionally.
- Some children break doors, assault staff, or regress behaviorally out of fear, abandonment, and uncertainty.

HB1181 does not solve the entire pediatric continuum, but it removes one of the largest, most fixable barriers currently keeping children hospitalized when they do not need to be.

Conclusion

House Bill 1181, as amended, is a thoughtful, targeted, urgently necessary reform. It does not expand government authority, create expensive new programs, or invoke contentious debates. It simply:

- Removes duplicative barriers,
- Ensures predictable timelines,
- Remove financial and procedural barriers for families, and
- Gets children into the right level of care faster.

For these reasons, Sheppard Pratt respectfully urges a favorable report on House Bill 1181, as amended.

Thank you for your consideration.