



Michael S. Tilden, CPA Acting State Auditor

CONTACT: Public Affairs Office | (916) 445-0255

California Hospice Licensure and Oversight

The State's Weak Oversight of Hospice Agencies Has Created Opportunities for Large-Scale Fraud and Abuse

Background

Hospice agencies provide palliative and end-of-life care for terminally ill patients, and they may provide this care in a patient's home or in other appropriate settings. As of January 2022, there were more than 2,800 hospice agencies licensed to operate in California. The California Department of Public Health (Public Health) is responsible for licensing hospice agencies and for investigating complaints. Other federal and state entities, such as the California Department of Health Care Services (Health Care Services), oversee other components of hospice care. In 2020 Medicare paid more than \$3 billion for hospice services provided to 162,000 patients in California, but the State also pays for these services through Medi Cal, the Medicaid program administered by Health Care Services, which generally serves low income individuals.

Key Findings

- Numerous indicators suggest large-scale hospice fraud and abuse is likely occurring in Los Angeles County:
 - » A rapid increase in the number of hospice agencies with no clear correlation to increased need.
 - » Excessive geographic clustering of hospices with sometimes dozens of separately licensed agencies located in the same building.
 - » Unusually long durations of hospice services provided to individual patients.
 - » Abnormally high rates of still-living patients discharged from hospice care.
 - » Hospice agencies using possibly stolen identities of medical personnel.
- Public Health has failed to provide the level of oversight necessary to prevent fraud and abuse by hospice agencies.
- State agencies have not adequately coordinated their fraud prevention efforts or developed meaningful enforcement measures.

Key Recommendations

The Legislature should require Public Health, Health Care Services, the California Department of Justice (DOJ), and the Department of Social Services to immediately convene a taskforce to identify, investigate, and prosecute fraud and abuse by hospice agencies in Los Angeles County.

The Legislature should maintain the general moratorium on new hospice licenses until Public Health issues emergency regulations to, among other things, establish patient-to-staff ratios, enhance inspections and compliance verification, and institute experience requirements for hospices agencies key management personnel.

The Legislature should revise state law to require that new hospice agencies demonstrate an unmet need for their services in the area they wish to operate, and it should ensure that the number of hospice agencies in a given geographic region closely aligns with established measures of the need for such services.

DOJ should ensure that Public Health provides it with the information it needs to fully investigate referred complaints of possible fraud and abuse.

Federal and State Entities Have Identified Various Indicators of Hospice-Related Fraud and Abuse



Proliferation of New Providers



Clusters of Providers



Stolen Identities



Long Lengths of Service



High Live Discharge Rates