

2021-123 AUDIT SCOPE AND OBJECTIVES

California Departments of Public Health and Health Care Services— Hospice Licensure and Oversight

The audit by the California State Auditor will provide independently developed and verified information related to the California Department of Public Health's (Public Health) and the Department of Health Care Services' (DHCS) licensure and oversight of hospice care providers. The audit's scope will include, but not be limited to, the following activities:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Evaluate the growth of hospice providers in California over the last decade, including the potential factors that led to this growth, and determine whether other states have experienced any such growth and taken steps to address it.
3. Assess the scope of hospice fraud and abuse in California and the impact of such fraud on the Medicare and Medi-Cal programs by doing the following:
 - (a) Examine potential factors related to the growth of hospice fraud in California, including Medi-Cal fraud and abuse, and determine what types of hospice fraud are most prevalent and whether Public Health and DHCS could do more to prevent older Californians from hospice scams.
 - (b) Evaluate the impact of hospice fraud and abuse on Californians who have been victim to it.
 - (c) Evaluate the effectiveness of California's systems to identify, address, prosecute, and deter hospice fraud and whether additional resources may be needed. Identify whether the systems are effective at preventing Medi-Cal from certifying unqualified providers.
 - (d) Identify and describe annual Medi-Cal program spending on hospice care for Medi-Cal beneficiaries and how this may have changed over the last decade. To the extent possible, evaluate the financial impact of hospice fraud in the Medi-Cal system.
4. Evaluate reporting of hospice abuse and neglect in California and, to the extent possible, assess compliance with mandated reporting requirements. Determine how the State could strengthen reporting requirements and related enforcement.
5. Evaluate the State's coordination of services between nursing and assisted living facilities and hospice providers by doing the following:
 - (a) To the extent possible, assess a potential trend in California targeting residents of nursing and assisted living facilities to receive hospice care.
 - (b) To the extent possible, examine whether the residents of long-term care facilities and state and federal payers are getting full value for hospice care.
 - (c) Assess whether DHCS and Public Health have sufficient authority and resources to effectively monitor and evaluate the appropriateness, adequacy, and quality of hospice services to residents of nursing and assisted living facilities and to evaluate coordination between hospice providers and long-term care facilities.

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6. Assess the adequacy of hospice provider information presented on Public Health’s Cal Health Find website to determine whether improvements and additional information may be necessary to better serve the public.
7. Determine the percentage of state hospice providers that are for-profit providers and compare it to the rest of the nation. Evaluate the factors contributing to the prevalence of for-profit hospice providers in the State and analyze their potential impacts on hospice services and hospice fraud.
8. Evaluate the factors contributing to the prevalence of “deemed status” hospice providers in the State and, to the extent possible, analyze its impact on hospice quality, oversight, and transparency. Further, determine the number of third-party accreditation agencies operating in California and assess any potential differences in the accreditation process carried out by these third-party agencies compared to Public Health.
9. Evaluate the effectiveness and comprehensiveness of Public Health’s system to screen and license applicants for hospice licensure by doing the following:
 - (a) Determine whether Public Health considers geographic need, or lack thereof, for additional hospice providers when issuing new hospice licenses and whether Public Health denies licenses due to lack of demonstrated need.
 - (b) Evaluate the factors Public Health considers when issuing hospice licenses, such as applicant experience, education, resources, and character, and whether Public Health ever denies applicants based on these criteria.
10. Evaluate the effectiveness of Public Health’s inspection system for hospice providers by doing the following:
 - (a) Determine the frequency of hospice provider inspections and repeated violations.
 - (b) Assess whether hospice provider inspections evaluate compliance with state and federal standards.
 - (c) Evaluate the sufficiency of California’s hospice standards and potential improvements.
 - (d) To the extent possible, determine the potential effect inspections may have in deterring noncompliance.
11. Determine the effectiveness of Public Health’s system for identifying and investigating complaints against hospice providers by doing the following:
 - (a) Assess Public Health’s system for identifying, responding to, and prioritizing hospice complaints, the effectiveness of this system, and what improvements may be necessary. Identify the volume of annual complaints and whether any trends exist in their categorization.

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- (b) Determine whether Public Health has an effective process for informing hospice patients and their representatives about the complaint process and whether Public Health’s process for communicating with complainants after a hospice investigation could be improved.
 - (c) Evaluate the timeliness of complaint investigations of hospice providers, including how long complaints are open and how long investigations take, and identify whether a complaint backlog exists.
 - (d) Assess the adequacy and effectiveness of complaint investigations of hospice providers and identify whether and how Public Health evaluates and measures their effectiveness. Determine the volume of complaints that are ultimately substantiated.
 - (e) Determine what enforcement actions are taken when complaints against a hospice provider are verified and whether these measures result in corrective actions.
 - (f) Determine whether Public Health has a process for determining complainant satisfaction with its complaint investigations and findings on hospice complaints and how the process could be more effective.
12. Evaluate the effectiveness of Public Health’s system for enforcing hospice requirements by doing the following:
- (a) Identify and describe the sanctions available to Public Health to enforce hospice requirements.
 - (b) Determine how often and under what circumstances Public Health applies sanctions to hospice providers.
 - (c) To the extent possible, assess the effectiveness of Public Health sanctions against providers in deterring future violations, fraud, and abuse.
 - (d) Determine what reforms may be needed to strengthen enforcement of hospice requirements.
13. Identify statutory reforms needed in California to provide regulators with the authority and resources to screen, discipline, deny, and revoke licensure for unqualified, unscrupulous, or unnecessary hospice providers.
14. Review and assess any other issues that are significant to the audit.