
HOSPICE NEWS SPOTLIGHT

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Special Supplemental Update for Hospice News Network

A Service of State Hospice Organizations

NATIONWIDE, MEDIA FOCUS ON HOSPICE FRAUD

Investigations by journalists and regulators have uncovered a troubling pattern in California’s hospice industry: an explosion of providers in certain areas, questionable business locations, and allegations that some operators are exploiting Medicare’s hospice benefit. The issue has drawn national attention, sparked political disputes, and prompted a sweeping crackdown by state and federal authorities. The issue is now receiving considerable nationwide coverage.

In California—especially Los Angeles County—the number of hospice providers has grown far beyond what experts say would be expected based on the population of seriously ill patients. Investigations have found an extraordinary concentration of hospice agencies clustered within a small geographic area. In some parts of Los Angeles, hundreds of providers appear to operate within only a few miles of each other, raising questions about whether the services reflect legitimate patient need or an opportunity to bill Medicare.

A new major investigation by *CBS News* reports that many licensed hospice companies appear tied to addresses that do not resemble functioning healthcare offices. In some cases, reporters found vacant suites, rundown storefronts, or offices that appeared to house dozens of medical companies simultaneously.

One building in the Van Nuys neighborhood became emblematic of the problem. According to reporting by *NBC Los Angeles*, nearly 200 medical businesses—including dozens of hospice companies—were registered to a single address. The building itself showed little evidence that large numbers of healthcare operations were actually functioning there.

Authorities say hospice fraud can take several forms, but many schemes follow a similar pattern: operators establish hospice companies and bill Medicare for services that are unnecessary, exaggerated, or never provided.

One method involves enrolling patients who are not actually terminally ill. Because hospice care is designed for patients nearing death, enrollment usually requires a physician to certify a terminal prognosis. In fraudulent schemes, investigators say that certification can be manipulated or obtained through cooperative doctors or minimal documentation. Once enrolled, patients generate ongoing payments from Medicare for hospice care. Some companies have been accused

of collecting these payments for months or even years for individuals who were never eligible for hospice in the first place.

Fraudulent enrollment can harm patients as well as taxpayers. When someone enters hospice, Medicare often stops covering treatments aimed at curing their illness. If a patient is placed in hospice improperly, they may lose access to medical care that could otherwise help them.

The structure of the Medicare hospice benefit has long been considered vulnerable to exploitation and abuse. Providers receive daily payments for each patient, creating an incentive for companies to enroll as many patients as possible and keep them enrolled as long as possible. Most hospice providers operate ethically, but investigators say the payment system can be attractive to bad actors because it allows billing for ongoing care without the intensive documentation required for hospital procedures or specialized treatments.

Journalistic investigations have found patterns that raise red flags for regulators: clusters of hospice providers at the same addresses, unusually high numbers of patients relative to staff, and business networks in which owners are connected to multiple hospice companies.

As the scope of the problem became clearer, state and federal authorities began taking action. California's Governor Gavin Newsom imposed a moratorium on new hospice licenses in 2021. The move was an effort to halt the rapid growth of providers while regulators strengthened oversight.

State officials say they have revoked hundreds of hospice licenses and brought criminal charges against dozens of individuals involved in fraudulent operations. Federal prosecutors have also pursued cases involving Medicare fraud tied to hospice companies.

The enforcement effort reflects a growing concern that portions of the hospice market—particularly in Los Angeles County—may have been infiltrated by fraudulent operators.

The investigations have also ignited political controversy. Reporting by *Newsweek* described a growing dispute over who bears responsibility for allowing the industry to expand so rapidly. Critics argue that California regulators failed to detect suspicious growth earlier, while state officials say the licensing moratorium and enforcement actions demonstrate that the problem is being addressed.

The debate has unfolded against the backdrop of broader national concerns about healthcare fraud, which costs federal programs billions of dollars each year.

Beyond the financial losses, experts say the crisis threatens trust in hospice care itself. Hospice is meant to provide comfort, dignity, and support to patients and families during the final stages of life. When fraudulent operators exploit the system, they risk undermining confidence in a service that many families rely on during profoundly difficult moments.

Regulators now face a difficult challenge: rooting out fraud while preserving access to legitimate hospice care. That effort will likely require stronger licensing standards, improved data monitoring, and closer coordination between state and federal authorities.

The investigations have revealed how quickly a compassionate healthcare benefit can be distorted by financial incentives. Whether the current crackdown succeeds may determine not only the future of California's hospice industry but also how the federal government safeguards one of the most sensitive programs in American healthcare. (*CBS News, Hospice Fraud in California Investigation*, 3/10, <https://www.cbsnews.com/projects/2026/hospice-fraud/>; *NBC Los Angeles, Van Nuys Address Raises Questions in Hospice Fraud Investigation*, 3/11, <https://www.nbclosangeles.com/news/local/van-nuys-address-hospice-fraud/3860321/>; *Newsweek, California Hospice Fraud: What to Know as Blame Game Erupts*, 3/12, <https://www.newsweek.com/california-hospice-fraud-what-to-know-as-blame-game-erupts-11658334>)

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