

**California Department of Health Care Services
Proposed Trailer Bill Legislation**

Prior Authorization of Hospice

FACT SHEET

Issue Title: Prior Authorization for Hospice. The Department of Health Care Services (DHCS) proposes to strengthen utilization management (UM) for outpatient hospice services in the Medi-Cal program.

Background: DHCS oversees Medi-Cal hospice services, which provide palliative care for terminally ill Medi-Cal members for whom a physician has certified as having six months or less to live, prioritizing comfort, dignity, and quality of life. Hospice care is frequently delivered at home, when possible, and addresses the full spectrum of Medi-Cal member and family needs—physical, emotional, social, and spiritual. Medi-Cal hospice providers must be Medicare-certified and enrolled with Medi-Cal. Eligible entities include hospitals, skilled nursing facilities, intermediate care facilities, home health agencies, and other licensed providers. Hospice services are delivered in distinct benefit periods: two initial 90-day periods, which are followed by unlimited 60-day periods. Each period requires physician certification, with face-to-face recertification starting before the third period. Medi-Cal members who are dually eligible for Medicare and Medi-Cal receive hospice primarily as a Medicare benefit, since Medi-Cal is the payor of last resort. Currently, existing law prohibits UM controls for outpatient hospice services and permits UM controls for inpatient hospice services (Welfare and Institutions (W&I) Code section 14133.85).

Justification for the Change: DHCS proposes to strengthen the ability for DHCS and Medi-Cal managed care plans (MCPs) to conduct appropriate UM in the Medi-Cal program by removing the existing prohibition of prior authorization for outpatient hospice services.

DHCS proposes to clarify that the Medi-Cal hospice benefit aligns with Medicare requirements, is subject to utilization controls, and may be implemented through bulletins, plan letters, and other guidance (W&I Code section 14132(w)). By making this clarification, DHCS preserves its flexibility to manage utilization and ensure that medical necessity standards remain consistent with evolving clinical and operational standards.

Permitting expanded UM controls, including prior authorization requirements, will play a critical role in verifying clinical appropriateness for Medi-Cal members receiving hospice—ensuring that they have been certified by a physician as having a life expectancy of six months or less, have a terminal condition, have completed the hospice election form, and the required election form was submitted within five days of being signed. These UM controls would also help to

prevent inappropriate use of the hospice benefit, including services charged for Medi-Cal members who did not elect to receive hospice, and support program integrity work by ensuring services align with both federal and state requirements. A number of other state Medicaid programs have prior authorization requirements for all types of hospice care, including Nevada, North Carolina, New York, Louisiana, Wisconsin, and others. Therefore, DHCS proposes to remove the prohibition of prior authorization, as specified, for hospice services (W&I Code section 14133.85).

Estimate Issue # and Title: PC 219: Prior Authorization for Hospice