SB 1575 -2, -3, -4 STAFF MEASURE SUMMARY

Senate Committee On Health Care

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Meeting Dates: 2/4, 2/16

WHAT THE MEASURE DOES:

Temporarily prohibits the Oregon Health Authority (OHA) from issuing new hospice licenses pending rulemaking for new licensure review requirements, to be completed within 24 months. Provides exceptions for existing licensees expanding service areas; licensed healthcare or long-term care providers adding hospice for current patients; and applicants serving underserved areas or populations. Declares emergency, takes effect upon passage.

Detailed Summary

Defines "applicant" for hospice license to include entities managed by a proposed administrator and/or medical director, and entities where the proposed owner holds an ownership interest of five percent or more. Requires applicants to disclose any license suspensions or revocations related to hospice or health care, findings or settlements related to health care fraud or abuse, and exclusions or proposed exclusions from Medicare, Medicaid, or other federal or state health care programs.

Requires OHA to establish a financial and operational capacity review process, with details to be established by rule.

- Requires criminal background checks for the proposed administrator and medical director, and anyone with an ownership interest of five percent or more.
- Specifies circumstances when OHA may deny an application for initial license, based on the severity or frequency of the applicant's negative performance history, and including when the applicant provides inaccurate information.
- Allows OHA to accept certification by a federal agency or accreditation by an accrediting organization, when specified criteria are met, as evidence of compliance with licensure requirements.
- Requires a new application when a person acquires a five percent or greater ownership interest in a privately owned hospice program.
- Specifies that license is valid for one year.

Fiscal impact: Minimal fiscal impact.
Revenue impact: No revenue impact.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

-2 Exempts from moratorium a hospice program seeking a new initial license based on a change of ownership.

-3 Replaces the measure. Temporarily prohibits the Oregon Health Authority (OHA) from issuing new hospice licenses for 24 months. Provides exceptions for existing licensees expanding service areas; licensed healthcare or long-term care providers adding hospice for current patients; and applicants serving underserved areas or populations.

-4 Replaces the measure. Includes moratorium and new licensure provisions, per the measure as introduced, with additional direction to the Oregon Health Authority (OHA) to establish by rule fees for initial and renewal license applications, not to exceed the costs of administering the program. Fee structure may be based on factors such as annual patient census, total revenue, and the cost of completing the criminal records checks.

BACKGROUND:

Hospice providers offer comprehensive, interdisciplinary support focused on comfort and quality of life for individuals with terminal illnesses. Services typically include physician and nursing care, pain and symptom management, medical equipment and supplies, physical therapy, and spiritual or grief counseling. Currently, applications for hospice licenses are reviewed by the Health Facility Licensing and Certification (HFLC) Program, housed within the Oregon Health Authority's Health Care Regulation and Quality Improvement Program, which reviews applications to ensure compliance with federal regulations, state laws, and administrative rules. Oregon's application requires basic ownership information and administrator qualifications but does not require criminal background checks at the application stage, detailed management disclosures, or financial documentation. ORS 443.850-443.869, OAR Chapter 333, Division 035.

Reports of fraud and abuse in hospice programs in other states have led to increased federal oversight. In 2023, the Centers for Medicare and Medicaid Services (CMS) imposed enhanced oversight on four states, including Arizona, California, Nevada, and Texas.*Period of Enhanced Oversight for New Hospices in Arizona, California, Nevada, & Texas* (MLN7867599). Some states have adopted their own enhanced screening measures; for example, in California, applications for hospice programs may be denied based on the history of proposed applications or for misrepresentation in the licensure application. California Code, Health and Safety Code § 1755.

Senate Bill 1575 temporarily prohibits the Oregon Health Authority from issuing new hospice licenses pending rulemaking for review of financial operations and management, with specified exceptions for existing providers and those in underserved areas.