

# New California Law Imposes Moratorium on New Hospice Licenses

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On October 4, 2021, California Governor Gavin Newsom signed California bill [SB-664](#) “Hospice licensure: moratorium on new licenses” (the “[Bill](#)”) into law. The Bill, which passed the California Assembly on September 8, 2021 and the California Senate on September 9, 2021, imposes a moratorium on the California Department of Public Health (the “[Department](#)”) issuing new hospice licenses on or after January 1, 2022. Under the [California Hospice Licensure Act](#) of 1990, a person, political subdivision of the state, or other governmental agency must obtain a license from the Department to provide hospice services to an individual who is experiencing the last phase of life due to a terminal disease. The moratorium will end either three hundred and sixty five (365) days from the date the California State Auditor publishes a report on hospice licensure or when the provisions of the Bill are repealed on January 1, 2027, whichever is sooner. The Department may grant an exception to the moratorium upon making a written finding that an applicant for a new license, or with a license application pending on January 1, 2022, has shown a ‘demonstrable need’ for hospice services in the area. However, the Bill does not affect the Department’s ability to renew existing licenses.

The Bill was drafted by California State Senator Ben Allen in response to investigations that highlighted troubling issues in the hospice industry and aims to identify deficiencies and recommend improvements to the hospice licensure and oversight process in California. According the legislative history of the Bill, in December of 2020, the *Los Angeles Times* published an [investigative series](#) on the hospice industry. The series found that over the past decade, the number of hospice centers in Los Angeles County multiplied sixfold, making up half of the authorized providers in California. The *Los Angeles Times* tied the intense competition for new patients, who generate \$154 to \$1432 a day in Medicare payments, to the spawn of “a cottage industry of illegal practices, including kickbacks to crooked doctors and recruiters who zero in on prospective patients.” In addition, a 2019 [investigation](#) by the *Sacramento Bee* stated that California’s hospice system was “marred by lax oversight and an inability of regulators to take meaningful action against hospices that may have violated rules and jeopardized the health of patients.”

According the legislative history, supporters of the Bill include California Advocates for Nursing Home Reform (“[CANHR](#)”). CANHR stated that “lax oversight and lucrative Medicare payments are an

invitation for fraud and abuse” in the hospice industry and a “pause” will allow the state some time to create a more efficient screening system. Hospice and Palliative Care Association stated it takes a neutral position on the bill: on one hand, it agrees with the principles of the bill, but on the other hand, it notes that it bears concerns about its implementation.

The Bill is one of many pieces of legislation signed into law by Governor Newsom that aims to protect older Californians. Newsom also signed legislation that aims to increase transparency of skilled nursing home finances, legislation that provides more access for seniors to receive annual cognitive health assessments, and legislation that boosts access to video conferencing for people residing at residential care facilities for the elderly, among others.

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National Law Review, Volume XI, Number 279

Source URL: <https://natlawreview.com/article/new-california-law-imposes-moratorium-new-hospice-licenses>