

Hospice Leaders: Brace for Impact from Medicare Advantage Reform and Expanded Audits

Source: MAC Legacy

A new piece of federal legislation is generating significant concern across the hospice industry. The **Medicare Advantage Reform Act (H.R. 3467)**, introduced by Rep. David Schweikert (R-Ariz.), proposes major changes to the Medicare Advantage (MA) program including a requirement that MA plans cover hospice care directly.

Currently, when a Medicare Advantage enrollee elects the hospice benefit, coverage shifts to traditional Medicare. This transition preserves hospice as a distinct, interdisciplinary benefit designed specifically for those at the end of life. The new bill would eliminate that shift and require hospice services to be administered within the managed care structure of MA.

What the Bill Proposes

If enacted, H.R. 3467 would do more than shift hospice into Medicare Advantage. It also proposes broader reforms such as:

- Implementation of capitated payment models;
- Changes to risk adjustment methodologies;
- Creation of exemptions for physician self-referrals.

However, the inclusion of hospice care within MA plans is the most pressing concern for hospice providers. Without careful guardrails, this shift could significantly disrupt patient access and service delivery.

Potential Risks for Hospice Providers

Hospice leaders should closely evaluate how this proposal could affect operations and patient care.

Key concerns include:

- **Delays in care:** Prior authorization and additional plan-level approvals could delay timely access to hospice services, which are often needed urgently.
- **Narrow networks:** Patients may have fewer hospice provider options, reducing continuity of care and patient choice.

- Diluted interdisciplinary services: The hallmark of hospice care is its holistic, team-based approach. Integrating into MA may jeopardize the ability to provide this holistic approach to care under tighter reimbursement or administrative burdens.
- Financial strain on families: MA cost-sharing structures could lead to unexpected out-of-pocket costs for hospice patients and their families.

Previous efforts to integrate hospice into MA, including the Value-Based Insurance Design (VBID) demonstration that ended in December 2024, faced significant operational challenges. These included limited hospice participation, inadequate data for evaluation, and unresolved issues between plans, providers, and CMS. Lessons from that experience are notably absent from the proposed legislation.

Simultaneous Expansion of Medicare Advantage Audits

Adding to the landscape of change, the Centers for Medicare & Medicaid Services (CMS) recently announced a major expansion of audits targeting Medicare Advantage plans.

Starting immediately, CMS will:

- Audit all eligible MA contracts in new audits going forward;
- Expand the audit workforce from 40 to 2,000 medical coders by September 1, 2025;
- Deploy advanced technology to review medical records and flag unsupported diagnoses;
- Review up to 200 records per plan, depending on plan size, to ensure accurate diagnosis coding;
- Work with HHS-OIG to recover uncollected overpayments identified in previous audits.

This strategy is aimed at addressing long-standing concerns about overpayments to MA plans. Estimates suggest that MA plans may overbill the Medicare program by \$17 to \$43 billion annually. The audits will focus on Risk Adjustment Data Validation (RADV), verifying that diagnoses used for payment are properly documented in medical records.

What Hospice Leaders Need to Watch

While hospice care has not yet been fully integrated into Medicare Advantage, the potential ripple effects of these policy changes could be significant. Hospices currently serving Medicare Advantage beneficiaries through referrals or palliative care programs may already be encountering evolving expectations around documentation, timeliness, and care coordination.

For hospice organizations, these developments underscore two critical trends:

1. Potential integration into Medicare Advantage could reshape access, reimbursement, and operational models. Leaders must prepare for tighter utilization management, contracting hurdles, and documentation requirements if the legislation gains traction.
2. Escalated MA audits signal a growing federal appetite for accountability. Even if hospice is not yet fully folded into MA, partnerships and referrals from MA plans may come under greater scrutiny. Any hospice working closely with MA providers should anticipate increased oversight on coding accuracy and documentation.

The Bottom Line

H.R. 3467 and CMS's intensified audit efforts represent two interconnected forces driving change. One proposing structural reform; the other strengthening enforcement of existing rules. For hospice leaders, the message is clear: Stay vigilant. Stay informed. And advocate fiercely for policies that safeguard the dignity, access, and integrity of end-of-life care.

Now more than ever, hospice leaders must engage in the national dialogue whether through advocacy groups, industry coalitions, or direct communication with lawmakers. The future of hospice care depends on the clarity and strength of our collective voice.

In this pivotal moment of transformation, hospice organizations must act with both foresight and strategy to protect the core values of end-of-life care. By doing so, we ensure that patients continue to receive timely, compassionate, and comprehensive support in life's most vulnerable season.

Reference: [Text – H.R.3467 – 119th Congress \(2025-2026\): To amend title XVIII to reform the Medicare Advantage program. | Congress.gov | Library of Congress](#)