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CMS Expands Enhanced Oversight of Hospice Providers: Prepayment Review, Heightened Risk, and Rising Revocations

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The Centers for Medicare & Medicaid Services (CMS) continues to intensify its enforcement focus on hospice providers through the expansion of its Provisional Period of Enhanced Oversight (PPEO)^[1] and related Expanded Prepayment Review (EPR) initiatives. Originally limited to a handful of states, these oversight measures now apply to hospice providers in Georgia and Ohio, joining Arizona, California, Nevada, and Texas. As CMS broadens this enforcement footprint, providers are experiencing a noticeable uptick in Medicare enrollment revocations and billing privilege terminations, reflecting the increasingly unforgiving nature of the enhanced oversight framework.

The Rationale Behind CMS' Enhanced Oversight Priority

CMS has stated^[2] that PPEO and EPR are designed to combat fraud, waste, and abuse within the hospice benefit, particularly in markets that have seen rapid provider growth. In these states, CMS identified a significant increase in hospice enrollments without a corresponding increase in eligible patient populations—raising concerns about market oversaturation and inappropriate billing practices.

The agency has emphasized that these measures are part of a broader program integrity strategy, not a temporary enforcement experiment. The expansion to Georgia and Ohio in January 2026 signals CMS' intent to continue deploying enhanced oversight wherever similar risk indicators emerge.

Understanding PPEO and Expanded Prepayment Review

Under PPEO, certain hospice providers are placed into a provisional oversight period lasting 30 days to one year, during which CMS and its Medicare Administrative Contractors (MACs) conduct heightened scrutiny of claims and operations. PPEO most commonly applies to:

- Hospices newly enrolling in Medicare
- Providers undergoing certain changes of ownership
- Entities completing 100% ownership changes
- Hospices reactivating billing privileges after deactivation

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During this period, CMS frequently pairs PPEO with Expanded Prepayment Review, meaning Medicare claims may be held and reviewed before payment is issued. MACs issue additional documentation requests (ADRs) and will not release payment unless the documentation supports coverage and billing requirements. CMS has made clear that failure to timely or adequately respond to ADRs can result in claim denials, extended review, or revocation of Medicare enrollment.

Unfortunately, pre-payment review can have a significant financial impact on hospice providers—waiting for years for reimbursement is not sustainable for new and newly acquired providers who do not have years of capital to support their enterprises.

Why Revocations Are Increasing Under Enhanced Oversight

The rise in revocations is not incidental—it is a direct consequence of how PPEO and EPR are structured and enforced. Unlike traditional post-payment audits, enhanced oversight front-loads enforcement risk. Providers are evaluated intensively at the earliest stages of enrollment or ownership transition, when operational systems may still be stabilizing.

According to CMS-reported data referenced by industry and legal commentators, hundreds of hospices have been placed under PPEO, and a meaningful subset have already had their Medicare enrollments revoked.^[3] These revocations often stem from:

- Failure to respond to ADRs within short timeframes
- Documentation deemed insufficient to support hospice eligibility
- Elevated error rates during initial medical review
- Operational deficiencies identified early in oversight

Importantly, CMS does not guarantee providers an opportunity for education or corrective action during PPEO. While some MACs may permit limited resubmissions or feedback, the program functions largely as a screening mechanism, allowing CMS to remove providers it views as high risk before they become fully embedded in the Medicare program.

The Added Impact of Prepayment Review on Operations

Prepayment review significantly magnifies financial and operational pressure on hospices. Claims subject to EPR are suspended until review is complete, which can delay cash flow for weeks or months. For new or transitioning providers, these delays can quickly become existential.

Moreover, elevated denial rates during prepayment review may trigger expanded oversight or additional administrative actions, including revocation. CMS has explicitly

warned that noncompliance during enhanced oversight can result in termination of Medicare billing privileges or enrollment altogether.

What the Expansion Means for Georgia and Ohio Providers

For hospice providers in Georgia and Ohio, the expansion of PPEO and EPR means that new enrollments and ownership changes now carry heightened regulatory risk. Providers entering or restructuring in these states should expect the same level of scrutiny already experienced in the original PPEO states.

Legal and compliance analyses emphasize that CMS' oversight tools are applied inconsistently across MACs, but the consequences of failure are uniformly severe. Providers may receive little advance warning before claims are placed on prepayment review, and revocation decisions can follow quickly if CMS determines that documentation or compliance standards are not met.

Key Takeaways for Hospice Providers

The expansion of enhanced oversight underscores several critical realities for hospice operators:

1. PPEO and EPR are now central enforcement tools, not exceptional measures. Providers should assume these programs may expand further.
2. Documentation readiness is essential from day one. Hospices must be prepared to demonstrate hospice eligibility, care planning, and compliance with Medicare conditions of participation under intense scrutiny.
3. Ownership changes and reactivations are high-risk events. Transactions that once seemed routine may now trigger the same oversight as a brand-new enrollment.
4. The increasing number of revocations reflects CMS' willingness to remove providers early and decisively when compliance concerns arise.

Conclusion

CMS' expanded enhanced oversight regime represents a fundamental shift in how hospice providers are evaluated and regulated. The combination of PPEO and prepayment review has led to a documented increase in enrollment revocations, particularly among providers unable to withstand early, intensive scrutiny.

For hospices operating in PPEO states—or considering entry into those markets—the message is clear: enhanced oversight is now a gatekeeping mechanism for Medicare participation, and the margin for error has narrowed considerably.

[1] 42 C.F.R. § 424.527 - Provisional period of enhanced oversight.

[2] MLN7867599 - Period of Enhanced Oversight for New Hospices in Arizona, California, Nevada, Texas, Georgia & Ohio, <https://www.cms.gov/files/document/mln7867599-period-enhanced-oversight-new-hospices-arizona-california-nevada-texas-georgia-ohio.pdf>.

[3] CMS, *Hospice Fast Facts*, <https://www.cms.gov/files/document/cpi-hospice-fast-facts.pdf>.