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BEFORE THE
THE DEPARTMENT OF HEALTH CARE ACCESS AND INFORMATION
STATE OF CALIFORNIA

In the Matter of the Penalties Issued to:

HCAI No. 25-007-HAF

**UC DAVIS REHABILITATION
HOSPITAL,**

DECISION

Facility.

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This is the decision of the California Department of Health Care Access and Information (HCAI) regarding the penalty of \$28,600.00 assessed by Respondent, HCAI’s report and penalty program staff, on or about May 27, 2025, against Appellant Sacramento Sierra Rehabilitation Hospital, LLC, regarding its facility the UC Davis Rehabilitation Hospital.¹ The penalty was assessed because Appellant filed its Hospital Annual Disclosure Report, for the report period that ended on December 31, 2023, 286 days after the deadline.

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After reviewing the record, HCAI determines that good cause was not established to reduce or waive the penalty against Appellant. For this reason, the penalty of \$28,600.00 is upheld.

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I.

PENALTY AND APPEAL BACKGROUND

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Appellant is the licensee for the UC Davis Rehabilitation Hospital which is required to file a Hospital Annual Disclosure Report (hereinafter “Annual Report”) under Health and Safety Code sections 128735, and California Code of Regulations (CCR), title 22, section 97040. Such annual

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¹ Facility and Facility Licensee information is from the California Department of Public Health (CDPH), which regulates these facilities, at CDPH’s “Cal Health Find Database,” at <https://www.cdph.ca.gov/Programs/CHCQ/LCP/CalHealthFind/Pages/SearchResult.aspx>, last accessed on 10/9/2025.

1 reports must be filed within four months after the facility’s fiscal year under Health and Safety Code
2 section 128755(b). Facilities are eligible for up to 90 days of extension if they request extensions
3 with HCAI under CCR, title 22, section 97051.

4 For Appellant’s fiscal year that ended on December 31, 2023, Appellant was required to file
5 its Annual Report on or before April 30, 2024. Appellant requested and received two extensions to
6 the filing deadline to July 29, 2024. Appellant did not file the report by this extended deadline. On
7 May 11, 2025, Appellant properly filed its Annual Report to HCAI.

8 There is a penalty of \$100 a day for each day the annual report is late “considering all
9 approved extensions”. (Health and Safety Code section 128770(a) and CCR, title 22, section
10 97045.) Since Appellant filed 286 days after its extended deadline, Respondent assessed a penalty
11 of \$28,600 to Appellant. (Respondent’s Exhibit 18.)

12 Pursuant to Health and Safety Code section 128775 and CCR, title 22, section 97052(a),
13 Appellant appealed this penalty to HCAI. (Appellants’ Requests for Administrative Hearing, dated
14 June 9, 2025.)

15 II.

16 PROCEDURAL HISTORY

17 On July 30, 2025, a hearing was held regarding the penalties. At the hearing, Appellant was
18 represented by Jessica Ramirez, Director of Finance. Respondent was represented by HCAI’s
19 employees, Ty Christensen and Tina Tran.

20 On September 22, 2025, the HCAI Hearing Officer issued the Proposed Decision in this
21 matter recommending reduction of the penalty to \$13,100.

22 On September 26, 2025, as the HCAI Director’s delegate, I issued a Notice of Rejection of
23 the Proposed Decision, rejecting the September 22, 2025 Proposed Decision. I gave the parties until
24 the end of October 6, 2025 to present written arguments about the rejection as required by CCR, title
25 22, section 97054(c)(1). As of the date of this Decision, I have not received any written arguments.

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III.

FACTUAL FINDINGS

1. The UC Davis Rehabilitation Hospital opened in 2023 with a license effective May 17, 2023. (Respondent’s Exhibit 1, HCAI Letter to Appellant, dated July 11, 2023; Respondent’s Exhibit 2, Appellant’s Email to Respondent, dated September 29, 2023.)

2. On or about July 11, 2023, Respondent sent a letter to Appellant because UC Davis Rehabilitation Hospital was a new hospital. The letter discussed the Annual Report filing requirement, that special software required to file the Annual Report, and that Appellant would be subject to \$100 per day penalties for late reports. (Respondent’s Exhibit 1.)

3. On September 13, 2023, Respondent emailed a copy of the July 11, 2023 letter to Appellant. (Respondent’s Exhibit 1 and Exhibit 2, Email Exchange between Appellant and Respondent, September 2023; Hearing Recording, at 7:29, Testimony of Ty Christensen.)

4. On September 29, 2023, Appellant, through its Controller at the time, Bao Her, sent an email response to Respondent. Appellant acknowledged its “financial reporting requirements” and requested “any financial data requirements” from Respondent. Appellant’s email back to Respondent was also copied to another of Appellant’s staff members, Jatin Kumar, and Appellant’s Chief Executive Officer (“CEO”), Dennis Sindelar (Appellant’s Penalty Appeal Request, dated June 9, 2025, Attached “Hospital Disclosure Report General Information and Certification” [identifying Dennis Sindelar as the CEO].) (Respondent’s Exhibit 2.)

5. At some point after September 29, 2023, based on Appellant’s email on September 29, 2023, Respondent set Bao Her, Jatin Kumar and Dennis Sindelar as the contacts for Appellant in Respondent’s system. By doing this, Respondent’s system would send automated email reminders to these persons about reports. (Hearing Recording, at 7:52, Testimony of Ty Christensen.)

6. Appellant’s Controller was the staff member who was responsible for filing the Annual Report for Appellant. (Hearing Recording, at 21:30, Testimony of Jessica Ramirez.)

7. Appellant’s fiscal year ended on December 31, 2023. (*See* Respondent’s Exhibit 3, Email from Respondent to Appellant, dated April 5, 2024 [noting report period end date as December 31, 2023]; and CCR, title 22, section 97040(b) [regarding report periods].) Appellant was

1 required to file the Annual Report on or before April 30, 2024 under Health and Safety Code section
2 128755(a) and CCR, title 22, section 97040(a).

3 8. Around April 2024, the employment of Appellant’s Controller at the time, Bao Her,
4 ended and the position was vacant until Ms. Ramirez was hired. (Hearing Recording, at 21:13,
5 Testimony of Jessica Ramirez.) However, at some point, an “interim controller” was appointed to
6 handle Appellant’s Annual Report before Ms. Ramirez was hired. This interim controller was from
7 outside of California and was not familiar with HCAI or the Annual Report requirement, including
8 the requirement for special software. This interim controller did not have and was unaware of the
9 July 11, 2023 letter (Respondent’s Exhibit 1). (Hearing Recording, starting at 21:58, Testimony of
10 Jessica Ramirez.)

11 9. On April 5, 2024, Respondent sent an email to Appellant’s CEO reminding Appellant
12 of the filing deadline for the Annual Report, April 30, 2024. (Respondent’s Exhibit 3, Email from
13 Respondent to Appellant, dated April 5, 2024.)

14 10. On or about April 17, 2024, Appellant requested and received an extension to file its
15 Annual Report. The new deadline to file became June 29, 2024. (Respondent’s Exhibit 4,
16 Respondent’s Email to Appellant’s CEO, dated April 17, 2024.)

17 11. At some point after April 17, 2024, Appellant requested and received a second
18 extension to file its Annual Report. The new deadline to file became July 29, 2024. (*See*
19 Respondent’s Exhibit 6, Respondent’s Email to Appellant’s CEO, dated July 4, 2024 [noting new
20 filing deadline].) With this extension, Appellant received the maximum amount of extension
21 allowed by law, CCR, title 22, section 97051—that is, 90 days.

22 12. On July 4, 2024, Respondent sent a reminder email to Appellant’s CEO about the
23 extended filing deadline for the Annual Report. (Respondent’s Exhibit 6.)

24 13. On July 19, 2024, Respondent sent another reminder email to Appellant’s CEO about
25 the extended filing deadline for the Annual Report. (Respondent’s Exhibit 7, Respondent’s Email to
26 Appellant’s CEO, dated July 19, 2024.)

27 14. On July 28, 2024, Respondent sent another reminder email to Appellant’s CEO about
28 the extended filing deadline for the Annual Report. (Respondent’s Exhibit 8, Respondent’s Email to

1 Appellant’s CEO, dated July 28, 2024.)

2 15. On or about July 29, 2024, Appellant hired Jessica Ramirez as Controller for the UC
3 Davis Rehabilitation Hospital. (Hearing Recording, at 20:42, Testimony of Jessica Ramirez.) Ms.
4 Ramirez, like the interim controller, did not know about the July 11, 2023 letter (Respondent’s
5 Exhibit 1) and was unfamiliar with the Annual Report requirement. Ms. Ramirez began working
6 with the interim controller once she was hired to file the Annual Report. (Hearing Recording, at
7 22:46, Testimony of Jessica Ramirez.)

8 16. On August 1, 2024, Respondent sent an email to Appellant’s CEO that Appellant’s
9 Annual Report was past due and that the \$100 per day penalty would accrue. (Respondent’s Exhibit
10 9, Respondent’s Email to Appellant’s CEO, dated August 1, 2024.)

11 17. On August 7, 2024, Ms. Ramirez emailed Respondent stating Appellant was
12 attempting to file the Annual Report but was receiving an error message. Specifically, that
13 Appellant’s report format was Excel, which Respondent’s system would not accept. (Respondent’s
14 Exhibit 10, Email Exchange between Respondent and Appellant, August 7 to 8, 2024.)

15 18. On August 7, 2024, Respondent responded to Ms. Ramirez by email that Appellant
16 could not file the Annual Report in Excel format and that Appellant needed to use special software
17 to file. Ms. Ramirez responded to Respondent stating that Appellant’s report was “complete and
18 ready for submission” but that Appellant needed time to obtain the special software. Ms. Ramirez
19 asked that Respondent note that Appellant’s report was complete as of August 7, 2024 to stop the
20 accrual of penalties. Respondent responded that although they “understood”, Appellant could file a
21 penalty appeal once its Annual Report was properly submitted. (Respondent’s Exhibit 10.)

22 19. Around this time, Ms. Ramirez may have also called Respondent, and Respondent
23 stated to her that Appellant could request a one-time exception to submit the Annual Report in Excel
24 format. (Hearing Recording, at 23:22, Testimony of Jessica Ramirez.)

25 20. After communicating with Respondent, Ms. Ramirez started the process for Appellant
26 and its “corporate office” to obtain the special software. The process to obtain the special software
27 involved a quarterly committee that reviews all IT requests, which requires a case presentation and
28 approval from this committee. After the committee, Appellant would have to come to an agreement

1 with the software vendor and then time would be needed for installation. (Hearing Recording, at
2 24:11, Testimony of Jessica Ramirez.)

3 21. On August 26, 2024, Ms. Ramirez again emailed Respondent. She asked that
4 Respondent accept their fiscal year 2023 Annual Report in Excel format. Ms. Ramirez stated that
5 she looked into acquiring the special software and that it would take time for Appellant to obtain the
6 software. She discussed Appellant's process to obtain the software and why it would take some time
7 to obtain the software. She stated that Appellant was ready to upload its Annual Report on August 6,
8 2024 before realizing that it could not be submitted in Excel format. (Respondent's Exhibit 13, Ms.
9 Ramirez's Email to Respondent, dated August 26, 2024.)

10 22. On August 26, 2024, Respondent responded by email to Ms. Ramirez's email and
11 stated that Ms. Ramirez's request was being forwarded for review. Respondent asked Ms. Ramirez
12 to complete a certification form, which was a requirement for the Annual Report. Ms. Ramirez
13 responded with the completed certification. (Appellant's Exhibit B, Email Exchange between
14 Appellant and Respondent, dated August 26, 2024; and *see* CCR, title 22, section 97043
15 [certification requirement for reports].)

16 23. After Ms. Ramirez's request for the Excel Annual Report to be accepted, Respondent,
17 to decide whether to grant a one-time exception², manually reviewed Appellant's Excel Annual
18 Report, which contains over 18,000 data elements (Hearing Recording, at 31:49, Testimony of Ty
19 Christensen). Respondent could not accept the Excel Annual Report because it had numerous
20 problems. The special software for Annual Reports checks reports for "fatal errors" and if a report
21 has a fatal error, the software will not allow the report to be submitted to Respondent. Appellant's
22 Excel Annual Report had fatal errors. (Hearing Recording, at 14:05 and 32:46, Testimony of Ty
23 Christensen; and Respondent's Exhibit 14, Respondent Email to Appellant, dated August 30, 2024
24 [listing errors in the Annual Report].)

25 24. On August 30, 2024, Respondent emailed Ms. Ramirez and told her that before
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27 ² Respondent believed it had this ability under Health & Safety Code section 128760(b).
28 (Hearing Recording, at 14:05, Testimony of Ty Christensen.) However, this is unclear as section
128760(b) and its related regulation, CCR, title 22, section 97050, do not appear to apply to the
special software requirement.

1 Respondent could consider a one-time approval for the Excel Annual Report, Appellant needed to
2 correct several errors in the report. Respondent listed 14 errors to fix. (Respondent’s Exhibit 14.)

3 25. Ms. Ramirez attempted to correct the errors in the Excel Annual Report, but she could
4 not do it. Instead, Appellant hired a contractor to fix the report and this contractor “basically just
5 start[ed] from scratch” to complete the Annual Report. (Hearing Recording, at 25:14 and 30:16,
6 Testimony of Jessica Ramirez.)

7 26. On May 11, 2025, Appellant filed its Annual Report for the fiscal year 2023. This
8 was 286 days after the extended filing deadline. (Respondent’s Exhibit 17, Respondent’s Email to
9 Appellant’s Contractor, dated May 11, 2024; Hearing Recording, at 16:22, Testimony of Ty
10 Christensen.)

11 IV.

12 ISSUES AND ANALYSIS

13 A. Appellant’s Arguments for Penalty Reduction

14 Appellant argues that the penalty of \$28,600.00 should be reduced because penalties should
15 have stopped on August 26, 2024 when it submitted the Excel Annual Report. (Appellant’s Penalty
16 Appeal Request, dated June 9, 2025.) Appellant also argued that partial reduction should occur
17 because of Appellant’s efforts in August 2024. (Hearing Recording, at 27:02, Testimony of Jessica
18 Ramirez.) Appellant also seems to argue that reduction is warranted because it was a new hospital
19 and did not understand its legal obligations. (Hearing Recording, at 26:47, Testimony of Jessica
20 Ramirez.) Also, Appellant seems to argue that the special software requirement and additionally, the
21 “turnover” of Appellant’s controller position warrants penalty reduction. (Hearing Recording, at
22 26:15, Testimony of Jessica Ramirez.) After reviewing the record and facts, HCAI concludes that
23 these do not establish good cause for penalty reduction.

24 B. Legal Standard

25 Health and Safety Code section 128770(c) allows HCAI to reduce or waive the penalty
26 against Appellant “for good cause.” “Good cause” is just “a good reason for a party’s failure to
27 perform that specific requirement from which he seeks to be excused.” (*Waters v. Superior Court of*
28 *Los Angeles County* (1962) 58 Cal.2d 885, 893.) The “essential ingredients” of good cause are

1 “reasonable grounds and good faith”—objective and subjective components. (*People v. Accredited*
2 *Surety Casualty Co.* (2014) 230 Cal.App.4th 548, 559-560.) Thus, even if a party was in good faith
3 regarding their actions, it is not good cause unless also objectively reasonable. In general, in
4 “determining the meaning of ‘good cause’ in a particular context, the courts utilize common sense
5 based upon the totality of the circumstances.” (*Laraway v. Sutro & Co.* (2002) 96 Cal.App.4th 266,
6 274.) Based on this standard, Appellant did not establish good cause for a reduction of its penalty.

7 **C. Submission of the August 26, 2024 Report Does Establish Good Cause for Reduction**

8 Appellant requested a reduction of the penalty based on the date it submitted the Excel
9 Annual Report on August 26, 2024. Appellant appears to be making the argument that it
10 substantially complied with the filing requirement on August 26, 2024. Appellant seemingly argues
11 that since its Annual Report was ready to be filed except for the lack of special software, penalties
12 should have stopped on that date.

13 The doctrine of substantial compliance is:

14 “Where a reasonable attempt has been made to comply with a statute in good
15 faith, ... the doctrine of substantial compliance holds that the statute may be
16 deemed satisfied. ...’ ... ‘Substantial compliance means “actual compliance in
17 respect to the substance essential to every reasonable objective of the statute,’ as
distinguished from ‘mere technical imperfections of form.’”” (*Burton v.*
Campbell (2024) 106 Cal.App.5th 953, 965 [internal citations omitted].)

18 Based on this standard, Appellant did not substantially comply with the Annual Report filing
19 requirement and thus, did not establish good cause to reduce the penalty.

20 The Excel Annual Report contained numerous fatal errors that would have prevented it from
21 being filed with Respondent. (Factual Finding No. 23.) Even if Appellant submitted the Excel
22 Annual Report in good faith, it was not a reasonable attempt at submission because the report did not
23 meet Respondent’s minimum acceptance requirements for an Annual Report. As noted by
24 Respondent, if Respondent accepted the Excel Annual Report with the fatal errors, Respondent
25 would have allowed Appellant to do something that no other hospital was allowed to do. (Hearing
26 Recording, at 14:52, Testimony of Ty Christensen.) Furthermore, Ms. Ramirez could not fix the
27 errors in the Excel Annual Report and Appellant had to hire a contractor that “basically start[ed]
28 from scratch”. (Factual Finding No. 25.) This shows that the Excel Annual Report was in no

1 condition to be submitted to Respondent on August 26, 2024.

2 Since the Excel Annual Report was so flawed, Appellant did not substantially comply with
3 the Annual Report requirement on August 26, 2024, and good cause was not established to reduce
4 the penalty.³

5 **D. Appellant’s Other Arguments Do Not Establish Good Cause for Reduction**

6 Good cause was also not established based on Appellant’s other arguments for reduction of
7 the penalty.

8 **1. Appellant’s Efforts in August 2024 Do Not Establish Good Cause for Penalty
Reduction**

9 Appellant argued that partial reduction should occur because of Appellant’s efforts in August
10 2024. (Hearing Recording, at 27:02, Testimony of Jessica Ramirez.) Appellant seems to argue that
11 once it learned of the special software requirement, Appellant began to diligently work to obtain the
12 special software in August 2024, but could not obtain the software fast enough because of
13 Appellant’s internal process (Factual Finding No. 20 and No. 21). This does not establish good
14 cause.

15 Appellant had notice of the Annual Report requirement, including the need for special
16 software, since the end of September 2023. (Factual Finding No. 4.) In other words, Appellant had
17 at least ten months before the extended filing deadline to obtain the special software. Ms. Ramirez
18 may have been diligent regarding the Annual Report in August 2024 (*see* Factual Findings Nos. 15,
19 and 17-22 [regarding Ms. Ramirez’s actions]), but this does not excuse Appellant’s apparent inaction
20 for ten months before the extended filing deadline and before Ms. Ramirez was hired. Since
21 Appellant did not sufficiently explain what occurred during this time period, good cause was not
22 established.

23 Appellant seems to justify its inaction during the ten months because of turnover in
24 Appellant’s controller position (Hearing Recording, at 26:15) and because of its status as a new
25 facility and ignorance of its Annual Report requirements (Hearing Recording, at 26:47). These
26 circumstances are insufficient to establish good cause as discussed below.

27 ³ Although not relied on in this Decision, it could be argued that use of the special software
28 requirement is not just a technical requirement and is “essential to [a] reasonable objective” of
regulations.

1 **2. Turnover in Appellant’s Controller Position Does Not Establish Good Cause**
2 **for Penalty Reduction**

3 Appellant’s explanation regarding its inaction during the ten-month time period seems to
4 revolve around the former controller’s employment ending in April 2024. (Factual Finding No. 8.)
5 Appellant had assigned its controller the responsibility to file the Annual Report. (Factual Finding
6 No. 6.) However, at the time the former controller’s employment ended in April 2024, Appellant
7 had been aware of and knew of its Annual Filing obligation for at least six months. (Factual
8 Findings No. 4 and No. 8.) Appellant did not explain why it did not prepare for the filing
9 requirement during this time, including obtaining the special software.

10 Furthermore, the former controller was not the only staff member involved in complying
11 with the Annual Report requirement for Appellant. At least one other staff member and also
12 Appellant’s CEO were copied on Appellant’s response to Respondent’s September 2023 notice of
13 the Annual Report requirement. (Factual Finding No. 4.) More importantly, Appellant’s CEO was a
14 contact person for the Annual Report requirement and Appellant’s CEO received reminder emails
15 about the Annual Report requirement. (Factual Finding No. 5 and Nos. 9-14, and 16.) Appellant did
16 not explain why other staff members did not act on the Annual Filing requirement when the former
17 controller’s employment ended.

18 Lastly, Appellant replaced the former controller with an “interim controller.” (Factual
19 Finding No. 8.) It is unknown when this occurred, but this interim controller was working on the
20 Annual Report requirement. (*Id.*) Other than stating that this interim controller was ignorant of the
21 specific requirements for the Annual Report (discussed below), Appellant did not explain why this
22 interim controller did not timely and sufficiently file the Annual Report.

23 As Appellant failed to sufficiently explain what occurred after receiving the September 2023
24 notice of the Annual Report requirement, good cause was not shown to reduce penalties because of
25 turnover in Appellant’s controller position.

26 **3. Being a New Facility and Ignorance of the Annual Report Requirements Do**
27 **Not Establish Good Cause for Penalty Reduction**

28 Appellant being a new facility does not establish good cause for a penalty reduction.
Although a new facility, Appellant received notice of the Annual Report requirement, including the

1 need for special software, in September 2023. (Factual Finding Nos. 1-4.) Appellant’s CEO also
2 received reminder emails about the Annual Report requirement before the extended deadline.
3 (Factual Finding Nos. 9, 10, and 12-14.) Because it was a new facility, Respondent made sure to
4 notify Appellant about the Annual Report requirements and this occurred ten months before the
5 extended deadline. (Factual Finding Nos. 2 and 3.) Thus, having received notice of the Annual
6 Report Requirement and the need for special software, being a new facility alone does not constitute
7 good cause for a penalty reduction.

8 Appellant seems to argue that with the end of the former controller’s employment, Appellant
9 reasonably “forgot” about Respondent’s September 2023 notice. (*See* Factual Finding No. 8 and 15
10 [the interim controller and Ms. Ramirez did not know about the September 2023 notice].) In other
11 words, that with the former controller gone, Appellant lost the knowledge of the September 2023
12 notice and it could not be forwarded to the future controllers. Without any explanation or facts, it
13 seems Appellant was negligent if it somehow lost the September 2023 notice. In general, Appellant
14 is responsible for the actions of its staff, such as its former controller, and if its staff forgot, ignored,
15 did not properly file, or misplaced the September 2023 notice or the information stated in the notice,
16 Appellant is ultimately responsible for such actions. Appellant received notice of the report
17 requirements even if Ms. Ramirez specifically did not and, without explanation or additional facts,
18 Appellant appears not to have acted reasonably after the notice.

19 Regardless of the former controller leaving, Appellant’s ignorance of the special software
20 requirement cannot be excused based on the facts available in this matter. The requirement for
21 special software to file the Annual Report is from California law. CCR, title 22, section 97041(a)
22 requires the use of special software to file the Annual Report. Appellant is essentially arguing that it
23 was ignorant of the law and this ignorance of law establishes good cause. However, this is not
24 reasonable because:

25 “Ignorance of the law is no excuse. This maxim is so long standing and so well
26 established that it is part of the very fabric of our legal system.... A closely related
27 corollary is that citizens have a ‘duty of inquiry to determine’ ‘whether a
28 contemplated course of conduct is within a statutory prohibition.’... Together, they
establish the principle that ‘ “[i]gnorance of the law, at least where coupled with
negligence in failing to look it up, will not justify a trial court in granting relief ...
.” ’ ” (*Diaz v. Grill Concepts Services, Inc.* (2018) 23 Cal.App.5th 859, 869

1 [internal citations omitted].)

2 Besides the controller and the September 2023 notice, Appellant had notice of the Annual
3 Report requirement from the reminder emails that Respondent sent to Appellant's CEO. (Factual
4 Finding Nos. 9, 10, and 12.) Also, Appellant's interim controller knew of the Annual Report
5 requirement and was working on the Annual Reports before Ms. Ramirez (Factual Finding No. 8).
6 Even if the special software requirement was not mentioned in the reminder emails and was unusual,
7 Appellant, knowing it had to file the Annual Report, should have investigated what the specific
8 requirements were to file the Annual Report. Even though Appellant had months to do this,
9 Appellant seems to have properly looked into this on August 7, 2024, more than a week after the
10 filing deadline. (Factual Finding No. 17). Without more explanation or facts, this does not appear
11 reasonable.

12 Additionally, the reminder emails (and the September 2023 notice) notified Appellant that
13 Appellant could contact Respondent about the required reports. The reminder emails provided a
14 phone number and an email address for Appellant to use for "further assistance" regarding the
15 Annual Reports. (Respondent's Exhibits 3 to 9.) Apparently using this contact information, Ms.
16 Ramirez emailed Respondent on August 7, 2024 about Appellant's problems submitting the report
17 and Respondent told Ms. Ramirez about the software requirement. (Factual Finding No. 17). This
18 shows that Appellant could easily have investigated the Annual Report requirements long before the
19 filing deadline, but it does not appear that they did so and no facts were presented showing that
20 Appellant acted reasonably in this regard.

21 In sum, Respondent provided Appellant with notice of the Annual Report requirement and
22 the need for special software. Despite this notice, Appellant seems to have failed to reasonably
23 prepare for the Annual Report requirement until after the extended filing deadline.

24 **4. Time to Procure the Special Software Does Not Establish Good Cause for**
25 **Penalty Reduction**

26 Appellant made the argument that there was good cause to reduce the penalty based on the
27 time it would take Appellant to go through its procurement process to obtain the special software in
28 August 2024. (Hearing Recording, at 23:48, Testimony of Jessica Ramirez; Appellant's Exhibit B.)

1 As discussed above, Appellant received notice of the report requirement in September 2023 and
2 received reminder emails about the Annual Report. Without more explanation or facts, Appellant
3 appears to have had sufficient time to research its Annual Report obligations and to obtain the
4 special software.

5 **E. Conclusion**

6 The August 26, 2024 Excel Annual Report was not a reasonable attempt to file because it had
7 fatal errors and thus, does not establish good cause to reduce the penalty. Furthermore, Respondent
8 notified Appellant ten months before the extended filing deadline about the Annual Report
9 requirement, including the need for special software. Even if there was staff turnover during the ten-
10 month period, Appellant still knew about the Annual Report requirement because of Respondent's
11 reminders, but failed to sufficiently investigate its legal obligations to submit the Annual Report and
12 only did so after the filing deadline. For these reasons, Appellant failed to establish good cause to
13 reduce the penalty.

14 **V.**
15 **ORDER**

16 For the reasons discussed above, HCAI upholds the \$28,600.00 penalty assessed on or about
17 May 27, 2025.

18 Dated: October 14, 2025

IT IS SO ORDERED.

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20 //original signed//

21 JAMES YI, Attorney IV
22 FOR ELIZABETH A. LANDSBERG, Director
23 Department of Health Care Access and Information
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