

PROCEDURAL FINDINGS

1. On June 23, 2025, Respondent assessed a penalty against Appellant in the amount of \$4,200 for its late extension request of a Skilled Nursing Facility (“SNF”) Annual Consolidated Financial Report.²
2. Appellant appealed the penalty by submitting a Request for Administrative Hearing form dated June 25, 2025, and received by the HCAI Hearing Office on June 25, 2025.
3. Appellant submitted its appeal within the required fifteen business days from receipt of the penalty letter.³
4. Respondent submitted written exhibits to the Hearing Office and Appellant in advance of the hearing in a timely manner. Exhibits 1 through 13 were found to be authentic and relevant and were admitted to the record.
5. Appellant submitted a letter of explanation to the Hearing Office and Respondent at the time of appeal. This letter was found to be authentic and relevant and admitted to the record as Exhibit A.

FACTUAL FINDINGS

1. Appellant was required under Health and Safety Code section 128734.1 to file or request an extension for its SNF Annual Consolidated Financial Report for the Report Period Ended (“RPE”) date of December 31, 2024 by Wednesday, April 30, 2025.⁴
2. On Monday, April 21, 2025, Appellant requested and received one 60-day extension for its Long-Term Care (“LTC”) Annual Financial Disclosure Report.⁵ No extension was requested for the report at issue.
3. Respondent sent automated reminders to Appellant via email on Saturday, April 5, 2025,⁶

² Health & Saf. Code, § 128770. *See also* exhibit 11.

³ Cal. Code Regs. Tit. 22, §§ 97046.6, 97052.

⁴ Health & Saf. Code, § 128770. *See also* Cal. Code Regs. Tit. 22, § 97051.

⁵ Exhibit 3.

⁶ Exhibit 1.

Sunday, April 20, 2025,⁷ and Tuesday, April 29, 2025.⁸ A delinquent report reminder was automatically emailed to Appellant on Saturday, May 3, 2025.⁹

4. Respondent mailed Appellant a delinquency letter, dated May 13, 2025 using Global Logistics Services overnight mail.¹⁰ The letter was delivered on Wednesday, May 14, 2025 at 9:21 AM.¹¹

5. Respondent mailed Appellant a final delinquency letter, dated June 10, 2025 using Global Logistics Services overnight mail.¹² The letter was delivered on Wednesday, June 11, 2025 at 10:08 AM.¹³

6. Within an hour of the delivery of the final delinquency letter, Appellant called Respondent. Ms. Tran added the extension on behalf of Appellant following the phone call and documented it in an email.¹⁴ Penalties accrued from Thursday, May 1, 2025 until Wednesday, June 11, 2025 when the extension was requested.¹⁵

7. In accordance with Health and Safety Code section 128770, subsection (a), Respondent assessed penalties in the amount of \$100 per day for forty-two days, resulting in a penalty amount of \$4,200.¹⁶

8. Mr. Christensen further testified that several filers have experienced confusion with the SNF Annual Consolidated Financial Report and the LTC Annual Financial Disclosure Report sharing the same due date and requiring separate extensions. These facts were substantiated both by oral statements made under oath by Mr. Christensen at the hearing and written exhibits.

9. Appellant submitted exhibits with its appeal and made oral statements of facts it believes show good cause why the report at issue was not submitted in a timely manner.

10. In its written statement, Appellant stated that it believed the extension request made on

⁷ Exhibit 2.

⁸ Exhibit 4.

⁹ Exhibit 5.

¹⁰ Exhibit 6.

¹¹ Exhibit 7.

¹² Exhibit 8.

¹³ Exhibit 9.

¹⁴ Exhibit 10.

¹⁵ Exhibit 11.

¹⁶ Health & Saf. Code, § 128770. *See also* exhibits 11 and 12.

April 21, 2025 was for both reports and was unaware that the report at issue needed a separate extension request.¹⁷ In addition, the facility is located in Los Angeles County and was in a federally declared disaster area due to the fires which affected access to the information.¹⁸

11. Mr. Asif testified that he believed the automated emails were a faulty reminder because on August 2, 2024, Appellant filed the organizational chart in accordance with section 128734.1(g) which showed it was exempt from the other portions of the report. Mr. Asif stated that he believed it was a one-time requirement, and that since he had filed the extension for the LTC Annual Financial Disclosure Report, he believed the emails were a system error.

12. Mr. Asif further testified that when the first letter was delivered on Wednesday, May 14, 2025, the facility contacted him to inquire if the report was complete. As he believed it was, he assured them that the extension had been requested and that the letter was in error.

13. In addition, Mr. Asif testified that the facility and staff were impacted by the Los Angeles fires in January 2025. As both the facility and CPA firm are located in Los Angeles County, as well as many of the staff, the road closures and evacuation orders caused impacts to Appellant's staff, including Mr. Asif. The business office was closed for a period of time due to the fires.

14. These facts were substantiated by oral statements made under oath by Mr. Asif at the hearing as well as written exhibits.¹⁹

15. Exhibit 13 showed that Appellant filed its RPE December 31, 2023 report four days late. Mr. Christensen testified that filers were given a grace period as it was the first time to report and a penalty was not assessed. Exhibit 13 further showed that Appellant filed the report at issue prior to the extended due date. Exhibit 14 showed that Appellant has historically filed its LTC Annual Financial Disclosure Reports timely.

DISCUSSION AND LEGAL CONCLUSIONS

1. The issue here is whether Appellant had good cause, as required by Health and Safety

¹⁷ Exhibit A.

¹⁸ *Id.*

¹⁹ *Id.*

Code section 128770, for failing to file its report or request an extension by Wednesday, April 30, 2025, and whether the penalty should be waived in whole or in part.

2. Under Health and Safety Code section 128770, subsection (c), a penalty may “be reviewed on appeal, and the penalty may be reduced or waived for good cause.” In *Waters v. Superior Court*, the California Supreme Court stated that, “good cause may be equated to a good reason for a party’s failure to perform that specific requirement from which he seeks to be excused.”²⁰ Good cause must be directly related to the specific legal requirement which the party failed to perform and should be outside the reasonable control of the party.²¹ Good cause is sometimes defined as circumstances beyond the party’s control, and not related to the party’s own negligent act or failure to act. On an individual basis, courts and administrative bodies have often found that natural disaster, hospitalization, incapacitation, accident involvement, or loss or unavailability of records may constitute good cause.²² The determination of good cause in a particular context should utilize common sense based on the totality of the circumstances, including the underlying purpose of the statutory scheme.²³

3. A party’s diligence is a factor in determining good cause for an extension or a delay.²⁴ This is a newly created reporting requirement which became effective in 2023, and most facilities have only filed one previous report in 2024. Appellant submitted that report four days late but was not penalized as Respondent did not impose penalties during the first reporting period.²⁵ Here, the substantiated facts show that Appellant honestly believed that the organizational chart provided during the previous year which proved that it was not subject to the other reporting requirements under the new program was sufficient to exempt it from reporting.

²⁰ *Waters v. Super. Ct. of Los Angeles County* (1962) 58 Cal2d 885, 893 (hereafter *Waters*).

²¹ *Waters, supra*, 58 Cal.2d 885,893 and Secretary of State Political Reform Division, PRD-1 (June 2024) <https://prd.cdn.sos.ca.gov/forms/prd-1-form-with-instructions-2024.pdf> [as of September 4, 2025].

²² Cal. Code Regs., tit. 22 § 1326-10(a)(5) and Fair Political Practices Commission, Guidelines for Waiving Late Fines (Oct. 2024) <http://www.fppc.ca.gov/content/dam/fppc/NS-Documents/TAD/FilingOfficer/700FO-Folder/Late%20Fine%20Guidelines.pdf> [as of October 7, 2025]. See also *Waters, supra*, 58 Cal.2d 885, 893.

²³ *Laraway v. Sutro & Co.* (2002) 96 Cal.App.4th 266, 274.

²⁴ *People v. Financial & Surety, Inc.* (2016) 2 Cal.5th 35, 47. See also *Wang v. Unemployment Ins. Appeals Bd.* (1990) 225 Cal.App.3d 412, 420.

²⁵ Exhibit 13.

However, reminder emails and delinquency letters were sent to Appellant and Appellant failed to contact Respondent. In addition, the testimony vacillates between believing an extension had been requested and believing the report at issue was not required after the 2024 filing. While this may support Appellant's testimony that it was confused over the reporting requirement and was also confusing the two types of reports as they share a due date, mere ignorance is not a strong showing of good cause.²⁶ While the confusion experienced by facilities over the same due date and extensions not applying to both reports was further substantiated by Mr. Christensen's testimony, this is insufficient by itself to show that Appellant was impacted by circumstances outside the reasonable control of the party as Appellant could have contacted Respondent prior to the deadline to inquire why reminders were being sent.

4. However, the substantiated facts also show that Appellant was located in Los Angeles County and affected by the Los Angeles fires in January of 2025. Both a state emergency declaration and a federal Major Disaster Declaration were issued.²⁷ The federal Major Disaster Declaration covered the period of January 7 to January 31, 2025, or 24 days. The California Franchise Tax Board²⁸ and the Internal Revenue Service all extended filing deadlines for residents and those with principal places of business within Los Angeles County. California Department of Public Health, California Department of Social Services, and Department of Health Care Services ("DHCS") were given explicit authority to waive licensing requirements and some reporting and staffing requirements in order to allow hospitals, clinics, and other health facilities to remain open during the disaster.²⁹ Deadlines for many administrative appeals were extended by 30 days.³⁰ In addition, DHCS deadlines for cost reports were extended by 90 days.³¹ Governor Newsom continued to issue orders related to the emergency through July 7, 2025 as the impacts were still being assessed.³²

²⁶ *Tsingaris v. State of California* (1979) 91 Cal.App.3d 312, 314.

²⁷ Federal Emergency Management Agency, California Wildfires and Straight-Line Winds <https://www.fema.gov/disaster/4856> [as of September 1, 2025].

²⁸ Franchise Tax Board, Los Angeles County Fires <https://www.ftb.ca.gov/file/when-to-file/los-angeles-county-fires.html> [as of September 1, 2025].

²⁹ Governor's Exec. Order No. N-2-25 (January 8, 2025).

³⁰ Governor's Exec. Order No. N-15-25 (January 29, 2025).

³¹ Governor's Exec. Order No. N-17-25 (February 4, 2025).

³² Governor's Exec. Order No. N-29-25 (July 7, 2025).

5. DHCS cost report deadlines were also extended during the COVID-19 pandemic.³³ As Respondent's Long-Term Care Annual Financial Disclosure Reports are reports filed with HCAI which contain the Medi-Cal Cost Report filed with DHCS, those deadlines were also extended during the COVID-19 pandemic. However, as the report at issue does not contain any elements which the Governor granted a 90-day extension for, Appellant does not qualify to receive a full waiver based on the executive orders for the Los Angeles fires.

6. However, unrebutted testimony demonstrated that both Appellant's facility and staff were impacted by road closures and evacuation orders issued due to fires in the area, affecting staff ability to access administrative paperwork and impacting staffing levels. It is reasonable that staff focused available resources on patient care rather than upcoming reporting during the 24-day period when the fires were adversely and directly affecting Appellant's facility and staff, including its CPA firm. Given that this testimony was unrebutted and Mr. Asif's testimony was credible, the substantiated facts show that Appellant was directly impacted by a natural disaster during the report preparation period. Therefore, the natural disaster constitutes good cause for a reduction of the penalty assessed.

7. The substantiated facts demonstrate that Appellant was impacted by fires constituting a recognized natural disaster outside its control during the report preparation period. Therefore, the substantiated facts show good cause for reduction of the penalty assessed by 24 days or \$2,400. The remaining \$1,800 is upheld.

//
//
//
//
//
//
//

³³ Governor's Exec. Order No. N-55-20 (April 22, 2020). These extended deadlines were reset to the normal statutory period as of June 30, 2021, by Governor's Exec. Order No. N-08-21 (June 11, 2021).

PROPOSED ORDER

The assessed penalty is reduced for good cause. \$1,800 is upheld.

Dated: October 7, 2025

//original signed//

MICHELLE CHURCH-REEVES
Hearing Officer
Department of Health Care Access and Information

DECISION

Pursuant to Health and Safety Code section 128775, after due consideration of the record,
the Proposed Decision is:

Accepted

Rejected

Dated: October 22, 2025

//original signed//

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