

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

In the Matter of the Penalty Issued to:	}	
<b>CENTINELA HOSPITAL MEDICAL CENTER</b>	}	HCAI No. 21-006-HQF
Appellant.	}	
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**PROPOSED DECISION**

This matter was heard before Michelle Church-Reeves, Hearing Officer, Department of Health Care Access and Information (“HCAI”), successor to the Office of Statewide Health Planning and Development (“OSHPD”),<sup>1</sup> State of California, on Tuesday, August 17, 2021, beginning at 10:30 a.m.

HCAI was represented by Ty Christensen, Manager, Accounting and Reporting Systems Section.

Centinela Hospital Medical Center, owner and operator of Centinela Hospital Medical Center, collectively “Appellant,” represented by Paul Sennett, Chief Financial Officer, failed to appear.

Documentary evidence was received. The matter was submitted for decision and the record was closed on Tuesday, August 17, 2021, at 10:55 a.m.

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<sup>1</sup> CA LEGIS 143 (2021), 2021 Cal. Leis. Serv. Ch. 143 (A.B. 133), §§ 30, 31.

## PROCEDURAL FINDINGS

1. On March 5, 2021, HCAI assessed a penalty against Appellant in the amount of \$1,500 for the late extension request of Centinela Hospital Medical Center's Hospital Quarterly Financial Utilization Report.<sup>2</sup>
2. Appellant appealed the penalties by submitting a Request for Administrative Hearing form dated March 9, 2021 and received via e-mail by the HCAI Hearing Office on March 10, 2021.
3. Appellant submitted its appeal within the required fifteen business days from receipt of the penalty letters.<sup>3</sup>
4. On July 6, 2021, the Hearing Office transmitted the Scheduling Notice to both Appellant and HCAI's representative via e-mail. The email address used for Appellant was the email address indicated on the Request for Administrative Hearing form, which was the same email address which was used by Appellant's representative to submit the form to the Hearing Office. The hearing was scheduled to be conducted electronically using video and teleconferencing on Tuesday, August 17, 2021 beginning at 10:30 a.m.
5. HCAI submitted written exhibits to the Hearing Office and Appellant in advance of the hearing in a timely manner. Exhibits 1 through 10 were found to be authentic and relevant and admitted to the record.
6. Appellant submitted a written statement with its appeal. Appellant's written statement was found to be authentic and relevant and admitted to the record.
7. Appellant failed to appear at the scheduled hearing. The Hearing Officer and HCAI's representative were available to conduct the scheduled hearing from 10:30 a.m. until 10:55 a.m. Appellant was sent written notice via e-mail of the hearing scheduling on July 6, 2021, a reminder email during the scheduled hearing at approximately 10:38 a.m., and written notice of

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<sup>2</sup> Health & Saf. Code, § 128770.

<sup>3</sup> Health & Saf. Code, § 128775. *See also* Cal. Code Regs. tit. 22, § 97052.

the closing of the hearing record at approximately 10:57 a.m. Appellant was advised that a failure to appear could result in a decision against it.

## FACTUAL FINDINGS

1. Appellant was required under Health and Safety Code section 128740 to file Centinela Hospital Medical Center's Quarterly Financial Utilization Report by February 14, 2021.<sup>4</sup>
2. On March 1, 2021, Appellant requested the 30-day extension for the Hospital Quarterly Financial Utilization Report.<sup>5</sup> Penalties accrued from February 15, 2021 until March 1, 2021 when the extension was requested.
3. In accordance with Health and Safety Code section 128770, HCAI assessed penalties in the amount of \$100 per day for 15 days, resulting in a penalty amount of \$1,500.<sup>6</sup>
4. These facts, substantiated by written exhibits offered by HCAI, were not contested by Appellant.
5. Under Health and Safety Code section 128770, a penalty may "be reviewed on appeal, and the penalty may be reduced or waived for good cause."<sup>7</sup>
6. Appellant submitted a written statement with its appeal it believes shows good cause why its report was not submitted in a timely manner.
7. Appellant's written statement stated that its Controller "has been out sick since December 28, 2020 and no one on the Accounting Staff or Hospital Administration was aware of the February 14, 2021 deadline." For remedial action, Appellant's representative wrote that "we have requested that our new Financial Analyst and I be added to the distribution list for all OSHPD report notifications so we can ensure that future report deadlines are met."
8. These facts, taken from a written statement offered by Appellant, were not contested by HCAI.

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<sup>4</sup> See also Cal. Code Regs. tit. 22, § 97051.

<sup>5</sup> Cal. Code Regs. tit. 22, § 97051.

<sup>6</sup> Health & Saf. Code, § 128770(a).

<sup>7</sup> Health & Saf. Code, § 128770(c).

9. This decision is based solely on the documentary evidence as Appellant failed to appear for its scheduled hearing or request a continuance.

10. HCAI's exhibit 12 shows that Appellant does have a history of filing required reports on time. Furthermore, Appellant's filing history shows that they filed the report at issue prior to the expiration of the extension.

## DISCUSSION AND LEGAL CONCLUSIONS

1. The issue here is whether Appellant had good cause, as required by Health and Safety Code section 128770, for failing to request the extension for the Hospital Quarterly Financial Utilization Report for Centinela Hospital Medical Center by February 14, 2021, and whether the penalties should be waived in whole or in part.

2. 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."<sup>8</sup> 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.<sup>9</sup> 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 hospitalization, incapacitation, accident involvement, or loss or unavailability of records may constitute good cause.<sup>10</sup> The determination of good cause in a

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<sup>8</sup> *Waters v. Super. Ct. of Los Angeles County* (1962) 58 Cal2d 885, 893 (hereafter *Waters*).

<sup>9</sup> *Waters, supra*, 58 Cal.2d 885,893 and Secretary of State, "Good Cause" Reasons for Waiving Late Campaign & Lobbying Filing Fees <https://www.sos.ca.gov/campaign-lobbying/good-cause-reasons-waiving-late-campaign-lobbying-filing-fees/> [as of December 4, 2019].

<sup>10</sup> Fair Political Practices Commission, Guidelines for Waiving Late Fines (Nov. 2017) <http://www.fppc.ca.gov/content/dam/fppc/NS-Documents/TAD/FilingOfficer/700FO-Folder/Late%20Fine%20Guidelines.pdf> [as of December 4, 2019]. See also *Waters, supra*, 58 Cal.2d 885, 893.

particular context should utilize common sense based on the totality of the circumstances, including the underlying purpose of the statutory scheme.<sup>11</sup>

3. Appellant alleged that its primary responsible party was hospitalized during the time the report at issue came due and an extension was not requested in a timely fashion because no one else on staff was aware of the deadline. While hospitalization typically constitutes good cause, in the case of a business, the hospitalization of one individual is not sufficient to demonstrate good cause without additional facts showing why other staff members were unable to meet the statutory filing requirement. While no documentary evidence refuted this assertion, Appellant's representative did not appear to provide testimony to evaluate the credibility of the assertion or additional details.

4. A party's diligence is a factor in determining good cause for an extension or a delay.<sup>12</sup> Here, Appellant failed to request an extension timely. On the other hand, Appellant had previously submitted its reports timely, and submitted the report at issue prior to the expiration of the extension. These facts demonstrate Appellant's historical commitment to fulfilling its statutory obligations in a timely manner, but do not demonstrate good cause for the late extension request.

5. These facts do not demonstrate that circumstances outside of Appellant's control contributed to the late extension request, nor that Appellant acted with due diligence under the circumstances. Therefore, the substantiated facts do not show good cause for waiver of the penalties.

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<sup>11</sup> *Laraway v. Sutro & Co.* (2002) 96 Cal.App.4th 266, 274.

<sup>12</sup> *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.

PROPOSED ORDER

The assessed penalty is upheld.

Dated: October 22, 2021

//original signed//

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

**DECISION**

Pursuant to Health and Safety Code section 128775 and California Code of Regulations, title 22, section 97054, after due consideration of the record, the Proposed Decision is:

Accepted

Rejected

Dated: 11/3/2021

//original signed//

ELIZABETH A. LANDSBERG  
Director  
Department of Health Care Access and Information