

# AB 186 Nursing Facility Financing Reform Accountability Sanctions Program (ASP)

June 27, 2025  
Stakeholder Webinar

# Housekeeping



In addition to the Microsoft Teams webinar, members of the public may call in to +1 279-895-6425 and enter phone conference ID: 134 273 094 #



Slides from today **will be posted on the [SNF ASP webpage](#)**.



Please **wait until all slides are presented before asking questions.**



Please visit [SNF ASP webpage](#) for meeting information and how to join upcoming meetings



Stakeholders can sign up for the AB 186 email Listserv at [AB 186 website](#).



For questions or comments, email **[SNFASP@dhcs.ca.gov](mailto:SNFASP@dhcs.ca.gov)**.

# Introduction

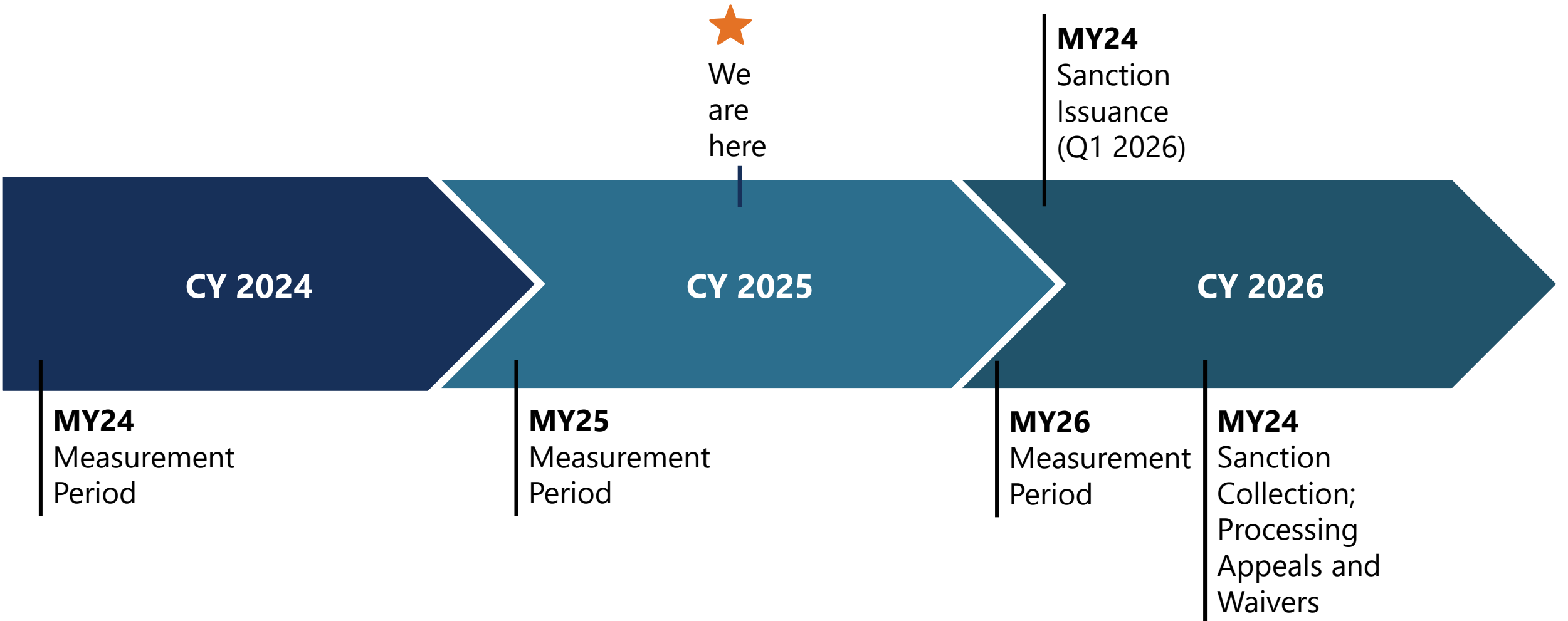
- » Sarah Lahidji-Sales, Quality & Health Equity Division Chief
- » Sural Shah, Quality & Health Equity Evaluation and Monitoring Branch Chief
- » Angelico Razon, Quality & Health Equity Measurement Monitoring Interim Section Chief
- » Irving Ling, Quality & Health Equity Measurement Monitoring, Medical Consultant I
- » Emma Wang, Quality & Health Equity Measurement Monitoring, Health Program Specialist II

# Agenda

- » ASP Progress Overview
- » MY24 ASP Sanction Implementation
- » ASP Appeals and Waivers Policy

# SNF ASP Timeline Overview

# Program Timeline Overview



# MY24 Sanction Implementation

# Facility Performance Rates

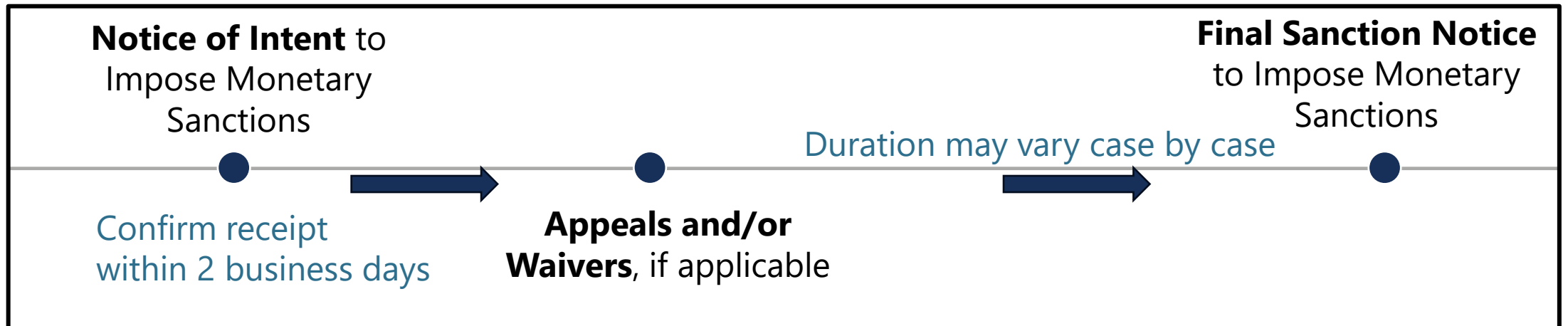
- » All Facility performance rates will be published on the Open Data Portal prior to the sanction notice issuance.
- » When performance rates are available, the link to the Open Data Portal will be shared via e-mail to the AB 186 Listserv.
- » Sanctioned Facilities will also see their rates in the sanction notice letter.



# Sanction Issuance

## » Sanction Notices

- Facilities subject to sanctions will receive two email notices as shown in the graph below:
  - Facilities may refer to the Open Data Portal to verify their sanction status
  - Sanction notices will be emailed to administrators of affected facilities using the contact information listed in the [Licensed and Certified Healthcare Facility Listing - Cal HHS Open Data Portal](#)
- Confirmation of receipt is required within two business days.
- Final Sanction Notices will be published on the [SNF ASP webpage](#)



# Sanction Collection

- » Full sanction amount specified in the Final Sanction Notice must be paid within 30 calendar days of the receipt of the Notice.
- » Sanction can be paid via ACH/wire transfer or by check made payable to DHCS.
  - Payment instructions and bank account information will be provided in the Final Sanction Notice.

# Appeals and Waivers

# Draft Policy Letter

- » [Draft Policy Letter](#) is posted on [ASP webpage](#), and an email notification was sent via ListServ on June 23.
- » Public Comment: **6/23 to 7/11**
- » Feedback must be submitted via **email** to the SNF ASP Inbox at SNFASP@dhcs.ca.gov by **close of business July 11, 2025**.

# Appeals and Waivers Application Steps

|               |   |   |  |
|---------------|---|---|--|
| <b>STEP 1</b> | DHCS Issues <b>Notice of Intent</b> To Impose Monetary Sanction   |   |  |
| <b>STEP 2</b> | Facilities to review and prepare materials for Appeals and Waivers, if applicable<br>(30 calendar days) |   |  |
| <b>STEP 3</b> | <b>Option 1</b><br><br>Facility does NOT request an Appeal OR Waiver                                    | <b>Option 2</b><br><br>Facility does NOT request an Appeal and instead requests ONLY a Waiver <ul style="list-style-type: none"> <li>No Appeal will be accepted after the Waiver process</li> </ul> | <b>Option 3</b><br><br>Facility chooses to request BOTH the Appeal and Waiver <ul style="list-style-type: none"> <li>Appeal process must be completed first</li> <li>Waiver request must be submitted within 30 days of receiving Appeal decision</li> </ul> |
| <b>STEP 4</b> | DHCS Issues <b>Final Notice</b> To Impose Monetary Sanction   |   |  |
| <b>STEP 5</b> | Facility pays the sanction within 30 calendar days<br>(Unless the Appeal or Waiver is approved)         |   |  |

# Facilities Subject to Final Sanction Notices

| Situation   | Facility's Next Move   | Final Notices  |
|---|--|--|
| If NO sanction amount (\$0) is assessed upon the Appeal decision  | N/A  | <ul style="list-style-type: none"> <li>• OAHA will send the Appeal Decision Notice</li> <li>• ASP will NOT send a Final Sanction Notice</li> </ul>   |
| If a sanction amount (> \$0) is assessed upon the Appeal decision | <b>Option 1:</b> The Facility chooses to petition for a Waiver and submits a Waiver request within 30 calendar days of receipt of the OAHA Appeal Decision Notice. | <ul style="list-style-type: none"> <li>• OAHA will send the Appeal Decision Notice</li> <li>• ASP will send a Final Sanction Notice even if a complete waiver (100% reduction) is granted</li> </ul> |
|   | <b>Option 2:</b> The Facility chooses NOT to petition for a Waiver.  |  |

# Appeals

- » Appeal requests must be submitted to both of the following:
  - Physical mail: Office of Administrative Hearings and Appeals (OAHA)
  - Email: DHCS SNF ASP Inbox ([SNFASP@dhcs.ca.gov](mailto:SNFASP@dhcs.ca.gov))
- » Appeal requests must be submitted within 30 calendar days of the Facility's receipt of the Notice of Intent to Impose Monetary Sanction.
- » The hearing shall commence within 60 calendar days from the date of receipt by DHCS of the Facility's timely request for Appeal.
- » OAHA shall issue a decision within 120 calendar days from the date of receipt by DHCS of the Facility's timely request for Appeal.
- » The decision of the OAHA Hearing Officer, when issued, shall be the final decision.

# Appeals

- » Appeal requests must include:
  - Detailed statement describing the reason for the Appeal
  - All supporting documents directly relevant to the Facility's Appeal
- » Notice of Time
  - OAHA will provide a Notice of Hearing to the Facility and DHCS at least 10 calendar days prior to the hearing.
- » Place of Hearing
  - All hearings may be conducted virtually, at the hearing officer's discretion.



# Waivers

- » Waiver requests must be submitted:
  - Within 30 calendar days of the Facility's receipt of the Notice of Intent to Impose Monetary Sanction, **OR**
  - If applicable, within 30 calendar days of receiving the final decision on the Appeal.
- » Waiver requests must be submitted to the following:
  - Email: DHCS SNF ASP Inbox ([SNFASP@dhcs.ca.gov](mailto:SNFASP@dhcs.ca.gov))

# Waivers – Sufficient Corrective Action (SCA)

- » SCA will be determined by:
  - Whether the Facility's performance on the sanctioned measure(s) has sufficiently improved during the measurement year compared to the prior year
  - Facilities must achieve **≥10% gap closure** for performance on a measure to be considered SCA
- » The waiver factor will be determined based on the following degrees of improvement:

| Degree of Improvement              | Rate of Gap Closure | Waiver Factor | Waiver Amount |
|------------------------------------|---------------------|---------------|---------------|
| Slight Improvement                 | 10.00% - 12.49%     | 0.8           | 20%           |
| Minimal Improvement                | 12.50% - 14.99%     | 0.6           | 40%           |
| Moderate Improvement               | 15.00% - 17.49%     | 0.4           | 60%           |
| Moderately Significant Improvement | 17.50% - 19.99%     | 0.2           | 80%           |
| Significant Improvement            | ≥ 20.00%            | 0.0           | 100%          |

# Waivers – Financial Hardship (FH)

- » FH will be determined by the following point system:

| Criteria             | Sub-criteria              | Possible Points | Percent of Total Score |
|----------------------|---------------------------|-----------------|------------------------|
| Liquidity            | Days Cash on Hand         | 0-5             | 30%                    |
|                      | Current Ratio             | 0-3             | 20%                    |
|                      | Access to Working Capital | 0-1             | 20%                    |
| Profit/Loss Analysis | Operating Margin          | 0-2             | 10%                    |
|                      | Net Cash Runway           | 0-4             | 20%                    |
| Total                |                           | 0-3.5           | 100%                   |

- » Financial Hardship Score = Days Cash on Hand x 30% + Current Ratio x 20% + Access to Working Capital x 20% + Operating Margin x 10% + Net Cash Runway x 20%
- Highest possible point: 3.5
  - Lowest possible point: 0.0
  - **Threshold: 3.3**

# Public Comment Period

# Opportunity for Public Comment

- » DHCS welcomes public comment regarding the Policy Letter
- » To ensure your comments are properly received and considered, please submit them by email to: [SNFASP@dhcs.ca.gov](mailto:SNFASP@dhcs.ca.gov) by July 11, 2025

# Questions

# Questions

- » Audience members are muted until they are called on by the moderator. Please use the “raise hand” button in Microsoft Teams to be added to the speaker queue.
- » Once you are called on, you must unmute yourself in Microsoft Teams. If you are calling in, please press \*5 to raise your hand.
- » Speakers are requested to introduce themselves and their organization.