

## WEEKLY HEALTH CARE REAL ESTATE BRIEFING: CMS PROPOSES NEW POST-ACUTE PAYMENT MODEL | REPORT ON NONPROFIT CHARITY CONTRIBUTIONS | LEASE ACCOUNTING GUIDANCE

Last week, CMS issued a proposal that would change how post-acute providers are paid for their services. The proposal drew negative feedback from trade associations. A number of prominent physician organizations issued a call to action urging payers and policy providers to increase funding and training offered to primary care providers so they can effectively provide behavioral health services. A new report from a think tank looked at the amount of charity care and community benefit provided by nonprofit hospitals. Finally, a number of new hospital projects were announced.

Friends - Here is my Monday morning health care real estate briefing:

1. CMS issued a proposal to overhaul the payment system for post-acute care providers (IRFs, LTACHs, SNFs and home health agencies). Payments under the plan would be based on the cost of care and patient needs per **Fierce Healthcare**.
2. Several physician organizations issued a call to action urging employers, health plans and payers to support the integration of behavioral health care services within primary care practices. The groups are asking for expanded behavioral health coverage, increased payments for behavioral services and more training in this area per **South Florida Hospital News**.
3. A new report from the Lown Institute found that 82% of nonprofit hospitals spent less on charity care and community investment than the value of their estimated tax exemptions in 2019. The report argues that nonprofit hospitals should use the tax savings to address a variety of public health issues like homelessness per **STAT**.
4. **Placer.ai** published a white paper on population migration during the pandemic. Key takeaways include: 1) Most migration patterns were already in motion before the pandemic; 2) Those who did move ended up moving to a nearby suburb of a major metro area; 3) Arizona, Florida and Texas experienced an increase in population by 2% to 4%; and 4) California and New York experienced population declines by 1% to 2%.
5. Hall Render attorney Danielle Bergner and Hall Render Advisory Services principal advisor John Marshall published an article in **Healthcare Facilities Today** on strategies that health care providers can use to mitigate development risk in new projects.
6. **Deloitte** published an article on lease accounting guidance (ASC 842) with charts and best practices. The article notes that companies are abandoning properties, subleasing space and entering into sale-and-leaseback transactions to generate cash.
7. Senior housing occupancy has increased month over month and is now at 81.4% nationwide. The markets with the highest occupancy were Boston (86.3%), Minneapolis (85.1%) and Portland (85.0%) per **GlobeSt.com** and **Senior Housing News**.
8. Ensign Services acquired 5 SNFs in Texas through its captive REIT. Ensign has acquired a total of 21 SNFs this year and now has a total of 258 facilities per **Skilled Nursing News**.
9. Howard University may receive \$150M in federal funding in fiscal year 2023 for its new hospital campus in D.C. Howard has already secured \$107M in funding for the hospital per the **Washington Business Journal**.
10. UCSF Benioff Children's Hospitals is considering a new lease of 150,000 to 175,000 sf of office space in Oakland. The lease will be 15 to 20 years per **San Francisco Business Times**.
11. Columbus Community Hospital in Nebraska received a \$12.6M economic development grant to build a new \$54M sports complex per **Columbus Telegram**.

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