WEEKLY HEALTH CARE REAL ESTATE BRIEFING: $69M FCA SETTLEMENT INVOLVED NON-MARKET LEASES | SNF, ASSISTED LIVING AND SENIOR HOUSING SHOW SIGNS OF REBOUND | HCRE DESIGN AND CONSTRUCTION TRENDS

1. A regional hospital system in Michigan and two physicians recently paid over $69M to settle False Claims Act allegations. Two of the major FCA allegations involved leases: One was an equipment lease from a physician-owned entity to the hospital that was not negotiated at arm's length; the other involved the hospital leasing space to a private physician who never paid rent.
2. According to a Trella Health report, Medicare fee-for-service admissions at SNFs increased 5.8% in 2022. The authors opined that staffing challenges faced in 2020 and 2021 eased somewhat in 2022. However, SNF admissions still have not rebounded to pre-pandemic levels.
3. Welltower reported strong Q1 earnings thanks to "outsized growth" in its senior housing operating portfolio, which experienced decreased expenses, including less reliance on agency labor. Assisted living continued to outperform independent living.
4. Healthcare Design published an article on four healthcare design and construction "trends to watch," including (i) an increase in health care project pauses, (ii) growth in technology to integrate the clinical and patient experience aspects of new construction, (iii) increased flexibility in where health care is delivered, including shorter assumptions on the usable life of facilities and (iv) prefabricated construction solutions.
5. The South Carolina House of Representatives unanimously voted to repeal CON regulations for most health care facilities (excluding nursing homes). The vote followed on the heels of the Senate passage of the CON repeal in February. A similar push in neighboring Georgia failed during this year's legislative session.
6. HCA Healthcare continued its strategy of focusing on outpatient facilities based on its Q1 earnings call. Total outpatient procedures and surgical volumes in hospitals and ASCs increased in the first quarter.
7. The NC Senate unanimously passed a bill that would exempt UNC Health Care System from most antitrust laws, making way for the health system to merge, partner with or acquire other hospitals or health care facilities "without regard to [the] effect on market competition" because such actions would be considered "State action" for antitrust purposes.
8. Orlando Health closed on a medical office building near its main campus in downtown Orlando, marking its second acquisition in the area this year, following another purchase in east Orlando for a new ER site earlier in 2023.
9. SSM Health announced plans to build a new ASC on its existing Sun Prairie, WI, campus. The 90,000-sf facility will offer eye care and orthopedic outpatient surgery services and is expected to open in 2025.
10. St. Luke's (Duluth, MN) has begun construction on a $58M cardiac expansion, consolidating its cardiac services into a single space and adding 82,000 sf of cardiac and intensive care inpatient rooms.

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