



OFFICE OF HEALTHCARE PROGRAMS



Office of Hospital Facilities Lender Training

Virtual Presentation

September 22, 2020

Opening Remarks

2

- Welcome to 2020 OHF Lender Training
- Opening remarks by:

Roger Lukoff

Deputy Assistant Secretary for the Office of Healthcare Programs

Geoffrey Papsco

Director, Office of Hospital Facilities



OFFICE OF HEALTHCARE PROGRAMS





Overview of the 242 Portfolio

Mr. Geoffrey Papsco
Director
Office of Hospital Facilities



OFFICE OF HEALTHCARE PROGRAMS



Overview

4

- **Office of Healthcare Programs (OHP) consists of:**
 - Office of Hospital Facilities
 - Office of Residential Care Facilities
 - Office of Architecture and Engineering (support office)
- **OHP's mortgage insurance programs enable affordable financing of healthcare facilities:**
 - Section 242 Mortgage Insurance for Hospitals
 - Section 232 Mortgage Insurance for Nursing Homes, Assisted Living Facilities, Board & Care Homes



**Buffalo grazing outside Rio Grande Hospital
Del Norte, CO**

History of FHA's Office of Healthcare Programs

5



Hollywood Presbyterian
Medical Center
Los Angeles, CA

- Section 242 of the National Housing Act was enacted by Congress in 1968:
 - To support capital financing for urgently-needed hospitals and encourage lending for needed hospital projects.
- Section 232 of the National Housing Act was established by Congress in 1959:
 - To support the critical care needs of a vulnerable aging population in residential care facilities across the country.

Role of FHA in Helping Private Lenders Serve the Healthcare Market

6

- FHA facilitates the construction and refinancing of healthcare facilities through private lenders
- Without FHA mortgage insurance, lenders would not lend to most of the facilities that have FHA loans, or would only do so at prohibitively high interest rates
- Without FHA, results would be:
 - Fewer facilities built, modernized, or refinanced, limiting access to hospital care
 - Higher operating costs for facilities that chose high rates



OFFICE OF HEALTHCARE PROGRAMS



Office of Healthcare Programs: What We Do

7

- Enable the affordable financing of needed healthcare facilities
- Strengthen communities - healthcare facilities are economic engines
 - Nationwide, hospitals employ approx. **7.0 million people** and generate a total revenue of over **one trillion U.S. dollars.**

*Statistics based on data as of 11/8/18, <https://www.statista.com/topics/1074/hospitals/>



OFFICE OF HEALTHCARE PROGRAMS



Office of Hospital Facilities Highly Specialized Staff

- **An office of 27 professionals with expertise in and a single focus on the financing and operations of hospital facilities**

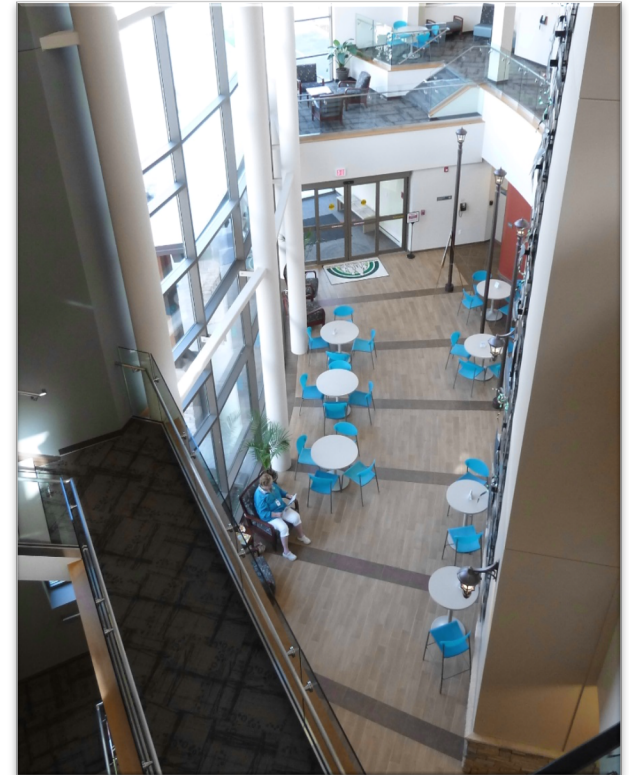


University of New Mexico Hospital
Albuquerque, NM

Qualifications of OHF Program Staff

9

- Former Health Care Executives
- Former Business (Lending, Finance, etc.) Executives
- Professional Society Fellows
- Former State Finance Authority Executives
- Majority of Staff Possess Graduate Degrees, including:
 - PhDs, Juris Doctors, MBAs, MHAs
- Certified Public Accountants
- Registered/Licensed Nurses



Interior of Coquille Valley Hospital
Coquille, OR

➤ Comprised of two divisions:

- Underwriting Division
 - Functions include all underwriting activities involved in the review and processing of Section 242 mortgage insurance applications, client assistance, and staff training.
- Asset Management Division
 - Functions include portfolio management, client assistance, default prevention, and risk management.



Baton Rouge General Hospital
Baton Rouge, LA

Hospitals that Use FHA

11

➤ **FHA serves all types of hospitals nationwide**



Matagorda Regional Medical Center
Bay City, TX

- Acute care hospitals
- Rural and Critical Access Hospitals (CAHs)
- Large urban teaching hospitals
- University hospitals
- Not-for-profit, for-profit, and government-owned hospitals

➤ **Enables urgently-needed hospitals underserved by the private capital market to obtain access to capital.**

Attractive Program Features

12



New York-Presbyterian
New York, NY

- No maximum loan amount
- Loan-to-value up to 90%
- Loan term up to 25 years
- Fixed annual premiums
- Section 241 supplemental loans
- 223(a)7 and 223(f) refinancing options for hospitals

Current 242 Portfolio

13

- 65 hospitals presently in the insured 242 portfolio, totaling 87 active loans*
- \$6.0 billion in unpaid principal balances (UPB) in the current 242 portfolio*
- Facilities located in 29 states and Puerto Rico*



Kirby Medical Center
Monticello, IL

*Statistics based on data as of 6/30/20



OFFICE OF HEALTHCARE PROGRAMS

