

CONFERENCE BRIEF

Conference: OHP - LEAN Conference
Location: Chicago, Illinois
Date: September 13 through 15, 2011



The Office of Healthcare Programs (OHP) conducted LEAN Training in delightful Chicago, within walking distance of Grant Park and the Navy Pier. Too bad most of us did not have the time to enjoy the sights, as we were enthralled with the topics of discussion. The conference was very well attended, and kudos to the Eastern Lenders Association (ELA) for organizing the event. The following were the dominant topics of discussion:

- The “Queue”
- Office of Healthcare Programs (OHP) policy updates, and the pending Section 232 Guide
- Accounts receivable financing and master lease transactions
- Section A7 issues and processing
- 3rd Party updates (Appraisal, Valuation, Environmental and AEC)

Most of the buzz revolved around the forthcoming Section 232 Guide. Based upon gleaned bits and pieces, the new Guide is believed to be formatted very similar to the existing MAP Guide, and will integrate all information from LEAN thinking and past Q&A’s. Conference participants also came away with confirmation that the queue is getting steadily reduced as OHP increases staff, reduces redundant procedures, and outsources greater processing. In attendance at the conference was Summit Consulting (www.summitllc.us), which has been awarded the contract to support underwriting efforts and assist in reducing the queue. I found discussions with members of the Summit team insightful relative to the challenges, learning curve and timely manner of their process. More so, I found their enthusiasm and “can-do attitude” refreshing, and look at this relationship as something to observe, to see if it would fit with the multifamily markets and their processing speed (but here I digress, as this is a totally different topic for another day!).

Specific to the environmental, engineering, and architectural industries, the following revelations were made at the LEAN training in Chicago:

- Sprinkler Requirements and the “Sprinkler Loan”
HUD is rolling out a Section 232(i) Program to provide funds for an existing facility to install sprinkler/fire suppression provisions to comply with the requirements of the “*Medicare and Medicaid Programs; Fire Safety Requirements for Long Term Care Facilities, Automatic Sprinkler Systems*”. Pursuant to the Federal Register (73 FR 47075), the Department of Health and Human Services automatic sprinkler system safety law goes into effect on August 13, 2013. To prepare for this, all PCNA reports must address compliance, and facilities in non-compliance may have the ability to apply for a supplemental loan to fund retrofitting.
- Emergency Call Systems
OHP has reversed their previous stance on pendant/wireless emergency call systems. For years, D3G and the industry have advocated use of wireless pendant systems in elderly care facilities. Wireless is not only the current industry standard, but also the only practical method

to replace defunct call systems in many older structures. This is great news that OHP now allows for wireless pendant systems to be HUD compliant due to “*advances in technology and changes in healthcare philosophy.*”

- Environmental Update: Railroad Proximity (within 100’ of Structures)

The proximity of railroads to Section 232 structures is to be considered not only from a Noise perspective. Structures located within 100 feet of railroad tracks are also required to be evaluated for potential concerns relative to ground vibration, environmental conditions, and transportation safety. Post-conference, questions to LEAN Thinking were quickly addressed, with the following clarification by OHP:

“Buildings closer than 100 feet to a railroad track are often subject to excessive vibration transmitted through the ground. New construction at such sites is discouraged. For existing properties, the structure should be examined for damage caused by vibrations. A railroad vibration study may be required. For new construction applications, a noise study for the tracks should be projected out to 10 years to cover increase usage of the railway tracks. A rail line may not bisect a property, nor should a rail line’s right-of-way generally encroach upon the site. Whenever rail lines are closer than 100 feet to facilities, prior approval should be obtained before application submission.”

Should a property be situated within the 100’ setback from railroad tracks, then the following items should be addressed and discussed with OHP:

1. Vibration – OHP requires a visual inspection of the building, and may require a vibration study depending on factors such as train speed, distance, building condition, switching activity, etc.
2. Environmental Conditions – OHP considers the tracks themselves and years of train operations as a recognized environmental condition (REC) and may require soil tests along the properties boundaries.
3. Safety – Access to track and train accidents are of concern. Distance from tracks, barriers, fencing, and train frequency and speed will be considered when assessing this risk.
4. Noise – Noise will be considered even with existing structures, but only as it applies to marketability. New construction is subject to existing noise rules and will require site specific noise calculations.

Please contact us if you would like access to the conference presentations.