

ON-CAMPUS MEDICAL OFFICE BUILDINGS: IS A PREMIUM WARRANTED? IF SO, WHEN AND WHY?

Health care real estate assets are often referred to as being located "on-campus" or "off-campus." While real estate market participants may differ in their criteria for referring to a property as on- or off-campus, the Centers for Medicare & Medicaid Services ("CMS") defines a hospital campus in the provider-based regulations at 42 C.F.R. § 413.65(a)(2) as follows:

Campus means the physical area immediately adjacent to the provider's main buildings, other areas and structures that are not strictly contiguous to the main buildings but are located within 250 yards of the main buildings, and any other areas determined on an individual case basis, by the CMS regional office, to be part of the provider's campus.

Attorneys, health care providers and valuation professionals have grappled with whether it is permissible from a compliance perspective to adjust pricing (for lease or for sale) for an on-campus location. Similarly, the real estate investment community has analyzed the potential value impact of on-campus locations, with increased recent interest driven by health care's continued shift to outpatient settings. A variety of regulatory and analytical issues arise when evaluating the potential impact of a property's location on- or off-campus on fair market value ("FMV"). This article examines the on- versus off-campus FMV issue from a regulatory perspective, a sale perspective and a leasing perspective.

The full article can be found [here](#).

Copyright 2016, American Health Law Association, Washington, DC. Reprint permission granted.