

Congress of the United States
Washington, DC 20515

September 6, 2022

The Honorable Gene Dodaro
Comptroller General of the United States
United States Government Accountability Office
441 G Street NW
Washington, D.C. 20548

Dear Mr. Dodaro:

We are writing to request the Government Accountability Office's (GAO) assistance in evaluating the Department of Housing and Urban Development's (HUD) administration of the Section 242 of the National Housing Act (12 U.S.C. 1715z-7) program to provide mortgage insurance to acute care hospitals.

In 1968, Congress amended the National Housing Act to include the Section 242 program.¹ Congress created the program specifically "*to assist the provision of urgently needed hospitals for the care and treatment of persons who are acutely ill or who otherwise require medical care and related services of the kind customarily furnished only (or most effectively) by hospitals.*"² In creating the program, Congress intended to limit HUD's ability to offer mortgage insurance to those hospitals, which among other conditions, have "*not more than 50 per centum of the total patient days of which during any year are customarily assignable to the categories of chronic convalescent and rest, drug and alcoholic, epileptic, mentally deficient, mental, nervous and mental, and tuberculosis...*"³ This 50 percent patient-days restriction is still in effect today.

Recent legislation introduced by Rep. Tom Emmer, H.R. 8179, the *Securing Facilities for Mental Health Services Act*, proposes to strike the 50 percent patient-days restriction from the definition of an eligible hospital under Section 242. One effect of this change would be to expand Section 242 eligibility to facilities that focus more than half of their patient-days on the treatment of mental health disorders.

The Committee would like to better understand the impact of such a change on the Section 242 program. To that end, we request that GAO evaluate the program, including HUD's ability to

¹ P.L. 90-448

² 12 USC 1715z-7(a)

³ 12 USC 1715z-7(b)(1)(B)


support those hospitals Congress currently eligible under Section 242. A program evaluation should focus on the following questions:

- 1) How many eligible hospitals are currently participating in the Section 242 program?
- 2) How does the current number of participating hospitals compare to the historic average number of participating hospitals since the inception of the Section 242 program?
- 3) How many additional hospitals might become potentially eligible for participation in the Section 242 program should Congress strike the 50 percent patient-days restriction in subparagraph (b)(1)(B) from the definition of an eligible hospital?
- 4) What might be the effects, intended or unintended, of striking the 50 percent patient-days restriction in subparagraph (b)(1)(B) on the Section 242 program and on the availability of financing for such other types of health care facilities?


We appreciate your prompt attention to this request. Please provide a response no later than December 31, 2022.

If you have questions regarding this request, please contact Ed Skala (Edward.Skala@mail.house.gov) and Connor Dunn (Connor.Dunn@mail.house.gov) with the House Financial Services minority staff or Lizzy Fallon (Lizzy.Fallon@mail.house.gov) and Liz Stinebaugh (Elizabeth.Stinebaugh@mail.house.gov) with Rep. Emmer's office.

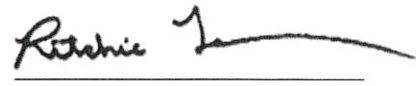
Sincerely,



Patrick McHenry
Ranking Member



Tom Emmer
Ranking Member on the
Subcommittee on Oversight
and Investigations



Ritchie Torres
Member of Congress