REVITALIZING HEALTHCARE
THROUGH STRATEGIC LEASING

Leverage Section 179 Tax Deductions to Tackle the Financial Challenges from Federal Funding Cuts.

- SECTION 179 EXPENSES INCREASED TO $2.5M
- IMMEDIATE DEDUCTIONS FOR LEASED EQUIPMENT
- MAINTAIN CAPITAL & MAXIMIZE TAX EFFICIENCY
- UPGRADE TO NEW EQUIPMENT AND EXPAND CAPABILITIES

Over **68%** of Hospitals Plan to Lease or Finance Equipment This Year

What if the key to modernizing hospital infrastructure wasn't more funding—but smarter financing?

Hospitals across the country are facing mounting financial pressure as cuts to Medicaid and Medicare shrink reimbursement rates. These constraints are forcing difficult decisions: scaling back services, delaying equipment upgrades, and even reducing staff. Yet, amid these challenges, a powerful opportunity is emerging.

By strategically leveraging the expanded Section 179 tax deduction, hospital leaders can unlock new pathways to innovation—without compromising financial stability. This approach, especially when paired with equipment leasing, enables hospitals to upgrade critical technology, enhance patient outcomes, and remain competitive in a rapidly evolving healthcare landscape.

Industry Trends: The Rise of Equipment Leasing

- The U.S. medical equipment rental market is projected to grow to $5.4 billion by 2028. An increasing demand for advanced technologies and cost-effective procurement options drives this growth.
- As Medicare and Medicaid reimbursement criteria become more stringent, hospitals are increasingly turning to leasing as a strategy to manage capital constraints and adapt to rapid technological advancements.
- The transition toward value-based care, alongside the needs of an aging population, is further accelerating the demand for leased diagnostic and therapeutic equipment.
- Data Markets Insight highlights a significant trend this year: approximately 68% of hospitals in the U.S. are opting to lease or finance medical equipment instead of making outright purchases. This approach enables these institutions to manage their budgets more effectively, stay current with the latest technology, and maintain operational flexibility.

Section 179: A Key Advantage for Equipment Leasing

1. **Immediate Deduction for Leased Equipment:** The revised Section 179 guidelines enable hospitals to deduct the costs of qualifying leased equipment, such as advanced imaging systems and diagnostic platforms, within the same tax year that the equipment is placed in service. This provision allows healthcare facilities to access cutting-edge technology while maintaining liquidity and operational flexibility.
2. **Increased Deduction Limits for Larger Projects:** The legislation has raised the deduction limit to $2.5 million, with a phased-out threshold starting at $4 million. This significant increase empowers hospitals to undertake expansive projects and lease a broad spectrum of equipment, from state-of-the-art surgical suites to essential IT infrastructure, all while maximizing expense deductions.
3. **Enhanced Interest Deductions:** The bill reinstates an EBITDA-based limitation on interest deductions, allowing hospitals to deduct a considerable portion of interest associated with leased equipment. This beneficial change enhances after-tax cash flow, resulting in improved financial flexibility. With improved cash flow, hospitals can allocate more resources toward patient care and operational enhancements, making leasing an increasingly strategic option.

Case Study: Strategic Leasing in Action

A mid-sized regional hospital recently faced a familiar challenge: outdated imaging equipment was compromising diagnostic accuracy, but capital constraints—exacerbated by reduced Medicaid reimbursements—made outright purchases impossible.

Instead of postponing upgrades, the hospital's leadership chose to lease new MRI and CT systems through a strategic financing arrangement. By utilizing the expanded Section 179 tax deduction, they were able to deduct the full cost of the leased equipment—nearly $1.8 million—in the same year it was placed into service.

Results:

- **Improved Patient Care:** Diagnostic wait times dropped by 40%, and scan quality improved, leading to faster and more accurate treatment decisions.
- **Preserved Capital:** The hospital maintained its cash reserves, allowing for investments in staff development and facility improvements.
- **Tax Efficiency:** The Section 179 deduction significantly reduced taxable income, freeing up resources for future upgrades and operational needs.
- This example demonstrates how strategic leasing and effective tax planning can enable hospitals to modernize care delivery, even amid financial uncertainty.

Implications for Hospital Leadership

- **Maintain Capital:** Leasing offers a way for hospitals to bypass the significant upfront costs of acquiring advanced medical technology, conserving capital for other essential needs such as staffing and facility upgrades.
- **Accelerate Modernization:** Leasing enables the swift replacement of outdated technology and allows hospitals to expand their medical capabilities, thereby ensuring improved patient care without the delays linked to capital fundraising or bond issuance.
- **Maximize Tax Efficiency:** By leveraging the advantages of Section 179 and bonus depreciation, hospitals can substantially reduce their taxable income, resulting in significant savings that can be reinvested into their operations.
- **Enhance Adaptability:** Leasing arrangements support regular updates to equipment in alignment with technological advancements, ensuring hospitals remain competitive and responsive to the evolving demands of healthcare.

By fully embracing the opportunities offered by Section 179, hospital leadership can address the financial challenges of modernization, improve patient care quality, and maintain long-term financial stability.

Is your hospital leveraging Section 179 to its full potential? Connect with one of our Healthcare Specialists and explore how strategic leasing can support your goals.

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About First Financial

- We are a privately held lender with a strong specialization in acquiring healthcare, IT solutions, and services. Our adaptive process is designed to effectively meet the demands of the ever-evolving healthcare industry.
- For over 20 years, we have provided financing solutions designed to conserve capital and offer affordable access to often expensive yet increasingly critical, advanced technologies and equipment.
- Part of a global network and the JA Mitsui Leasing family of companies. JA Mitsui is a joint venture of Mitsui & Co. (2022 revenue $96B) and Norinchukin Bank (2022 assets totaling $1.05 Trillion).
- Well-equipped to finance projects from $100K to over $50MM.

Benefits of Financing with First Financial

- Leasing conserves capital and provides 100% financing with no down payment required.
- Easy access to cutting-edge medical technology with minimal upfront costs.
- Bundle equipment and services, maintenance, extended warranty, and insurance in one payment.
- Eliminates the expensive inconvenience of managing outdated equipment.

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MEDICAL EQUIPMENT LEASING & FINANCING

Leasing new equipment can boost revenue and achieves a speedy return on investment

- Leasing medical equipment can offer you more financial flexibility, save money, and provide significant cost savings.
- Upgrading your outdated assets can boost your profits, manage your growth, and reduce risks.
- Maintain a competitive edge in attracting and serving patients by investing in the newest technology.
- Leasing medical equipment is an effective way to easily adapt to changes in the healthcare industry.

BENEFITS OF LEASING MEDICAL EQUIPMENT

100% Financing
Acquire the equipment you need without a major initial cash outlay.

Conserve Working Capital
Stabilizes cash flow and preserves lines of credit for other operational needs, investments, or unforeseen expenditures.

Accelerate ROI
Rather than paying one lump sum for your equipment, you make smaller payments while the equipment is working for you.

Avoid Obsolescence
Upgrade outdated equipment and stay on top of the latest advances in equipment and technology.

Bundle Soft Costs
Ability to bundle all project costs like engineering, software, services, freight, and installation into one monthly payment.

Flexibility
Options at the end of term to easily purchase, replace, upgrade or add additional equipment.

First Financial Equipment Leasing equips an array of medical facilities including:

- Ambulatory Surgical Centers
- Critical Access Hospitals
- Outpatient Diagnostic Centers
- Skilled Nursing Facilities

IMAGING:
MRI Machines, CT Scanners, X-Ray Machines, Nuclear Imaging, Ultrasound, Mammography
Pharmacy Automation & Inventory Management

LABORATORY EQUIPMENT:
Microscopes, Chemistry Analyzers, Mass Spectrometers, Sterile Processing

PATIENT ROOM & LIFE CARE SOLUTIONS:

- Anesthesia Delivery, Infusion Pumps, Patient Monitoring and Ventilators
- Patient Comfort: Hospital Beds, Stretchers and Surgical Tables
- Telehealth & Patient Record Management Technology

RADIO SURGERY/CANCER CARE:

- Gamma Knife, Linear Accelerator and Proton Beam Therapy
- Operating Room: Surgical Robots and Operating Room Technology
- Endoscopy and Surgical Tools

HEALTHCARE IT EQUIPMENT:

- Laptops, Servers, Networking, Storage, Printers, EHR System, Mobile Computer Carts, Nurse Calling, Telephony
- Sterilization Equipment
- Energy Management and
- Recapture: Solar, Regeneration

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FIRST FINANCIAL
HEALTHCARE

Full Service Leasing Solutions

Our customized lease programs give you access to the latest healthcare equipment so you can focus on what matters most - improving patient care.

Advantages of Leasing Medical Equipment

- 100% Financing with No Down Payment Required
- No Large Capital Outlay
- Converts a Large Cash Sale Price into a Low, Affordable, Tax Deductible Monthly Payment
- Retain Cash for Current Needs or Other Investment Opportunities
- Replacing Obsolete Equipment Can Improve Patient Outcomes
- Can also Include Software, Services and Soft Costs Can into One Lease Payment

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FIRST FINANCIAL HEALTHCARE IS WELL POSITIONED TO PROVIDE HEALTHCARE ORGANIZATIONS OF ALL SIZES ACCESS TO LIQUIDITY AND RAPID FINANCING SOLUTIONS

We realize as you scramble to do everything possible to prepare and upgrade your facilities for the threat of COVID-19, you are becoming financially squeezed. While revenues are shrinking, expenses are skyrocketing. Considering the tremendous financial pressure you are under, we understand the hard decisions you are facing.

Over the last several weeks, we have answered the call from our customers in the healthcare industry needing immediate access to capital to procure critical care equipment and medical supplies. With many lenders and service providers pulling back, we are stepping forward with 20 years of success and a strong financial backing – all to provide you with access to liquidity and rapid financing solutions.

Whatever your budget or equipment needs, we have programs available for varying levels of credit with approvals being grated on an expedited basis. We are also offering 100% financing with zero down, and a 90-day deferral on payments so you can retain your cash for emergency situations. We anticipate that as vendor lessors and banks continue to shrink away from this market, credit markets could continue to contract and become more challenging. Because we are backed by institutional investors and not a bank, we are well-positioned to finance all your procurement needs.

At First Financial Healthcare, we stand ready to take care of you so that you can focus on the care of your patients.

Contact me today for additional information: Dave Sanborne, 480-363-7554 or dsanborne@ffequipmentleasing.com.Hello, world