

# **Bond Case Briefs**

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## **S&P: U.S. Budget Bill Is Negative For Health Care Services Although Financial Impact Will Likely Unfold Over Time And Vary By State And Issuer**

### **Key Takeaways**

- The recently passed U.S. tax and spending bill's provisions, largely targeting the Medicaid program, are generally negative for health care service providers, although the financial effects will occur over time.
- The most impactful changes for the sector are likely reduced individual insurance coverage and cuts to supplemental payments.
- Not-for-profit acute health care providers could be more affected by the changes, but the legislation will create headwinds for all health care service companies to varying degrees.

### **Overview**

S&P Global Ratings believes the recently passed U.S. tax and spending bill, particularly provisions tied to Medicaid (the joint state- and federal-funded program for low-income individuals that is managed largely at the state level), will have more impact on the not-for-profit acute health care sector compared with for-profit health care services because a greater percentage of the issuers are exposed to a higher Medicaid revenue mix.

We view not-for-profit health care organizations that could be more exposed to changes from the recent bill to include safety-net providers, district hospitals, children's hospitals, and smaller stand-alone providers. However, there could be pockets of exposure for other not-for-profit acute health care organizations, as well as specific for-profit health care service providers that incorporate a more diverse set of health care service organizations beyond acute-care hospitals.

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