Bond Case Briefs

Municipal Finance Law Since 1971

Fitch Places 33 USPF Not-for-Profit Healthcare Ratings on Watch Upon Criteria Exposure Draft Release.

Link to Fitch Ratings' Report: Fitch Places 33 USPF Not-for-Profit Healthcare Credits on Ratings on Watch Upon; Criteria Exposure Draft Release

Fitch Ratings-Austin-08 September 2017: Fitch Ratings has taken action on 33 not-for-profit hospital and healthcare systems following the release of its 'Exposure Draft: U.S. Not-for-Profit Hospitals and Health Systems Rating Criteria' on Sept. 6, 2017. A total of 16 ratings have been placed on Rating Watch Positive and 17 on Rating Watch Negative. These actions impact approximately $16.7 billion of total debt outstanding.

In a related action, Fitch has also placed the 'A' rating assigned to Northwell Health on Rating Watch Negative. Please refer to Fitch's press release dated Sept. 8, 2017 for more details.

KEY RATING DRIVERS
CHANGE IN CRITERIA: The Rating Watches reflect those ratings with the greatest risk of transition under the upcoming criteria update. Following a six-week comment period, Fitch expects to publish final criteria on or about Nov. 6, 2017.

IDENTIFYING RATING WATCH CREDITS: The placement of the ratings on Watch reflects a preliminary, largely metric-based assessment of each hospital and health system's operating profile (revenue defensibility and operating risk) against its current financial profile (leverage and liquidity) to identify issuers whose ratings have a greater risk of transition once reviewed under the new criteria. Credits that significantly deviate from the net leverage expectations for their current rating category as outlined in the rating positioning table in the exposure draft are most subject to transition.

POSITIVE WATCHES: Rating upgrades will likely be tied to issuers that have been identified with midrange revenue defensibility characteristics and low relative leverage profiles.

NEGATIVE WATCHES: Likely downgrades will be associated with issuers demonstrating elevated leverage profiles, including pension liabilities, in the context of their operating profiles.

ADDITIONAL AFFECTED CREDITS: Fitch's regulatory policy requires all affected credits be reviewed within six-months of publication of final criteria. To this end, Fitch will review credits beyond the rating watch list that may have leverage profiles potentially inconsistent with their current rating given their operating profile.

FORWARD LOOKING & ASSYMTERIC RISK: Fitch's review to determine the affected credits, including those on Rating Watch, did not incorporate forward-looking base and rating case analysis presented in the Fitch Analytical Sensitivity Tool (FAST) or assessments of asymmetric risk factors, both of which will be key to determining the final rating outcome under the new criteria.

RATING SENSITIVITIES

RATING CHANGES RESOLVED WITHIN SIX MONTHS: Rating Watches will be resolved and affected credits reviewed within six months of the final publication and implementation of the 'Not-for-Profit Health Care Criteria'. The full rating review will be forward-looking and may reveal asymmetric risk factors or other characteristics supporting a different outcome for the key rating factor assessments (revenue defensibility, operating risk, and financial profile) and/or the ultimate rating than indicated by the Rating Watch.

For more information visit: https://www.fitchratings.com/site/uspf/comment

Contact:

Primary Analyst
Kevin Holloran
Senior Director
+1-512-813-5700
Fitch Ratings, Inc.
111 Congress Avenue, Suite 2010
Austin, TX 78701

Secondary Analyst
Olga Beck
Director
+1-212-908-0772

Committee Chairperson
Jessalynn Moro
Managing Director
+1-212-908-0608

Media Relations: Benjamin Rippey, New York, Tel: +1 646 582 4588, Email: benjamin.rippey@fitchratings.com.

Additional information is available on www.fitchratings.com

Copyright © 2026 Bond Case Briefs | bondcasebriefs.com