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Fitch U.S. Not-For-Profit Hospitals and Health Systems Criteria Revision.

Fitch Ratings has revised its US Not-For-Profit Hospitals and Health Systems rating criteria to enhance its traditional, through-the-cycle, analytical assessment of a provider's key strategic direction, operating performance and financial characteristics. Notable benefits of the revised criteria include:

Anticipated Rating Impact Limited

Fitch expects criteria-driven rating changes to affect less than 15% of the portfolio, with a roughly equal mix of upgrades and downgrades. Upgrades are likely for issuers with enhanced revenue defensibility characteristics or less volatility in Fitch's through-the-cycle analysis, while downgrades are likely for issuers with elevated operating risk and leverage, which expose them to greater volatility in a through-the-cycle analysis.

Rating Changes More Predictable

In a sector characterized by low default risk, insight into an issuer's vulnerability to adverse conditions and credit deterioration is of paramount importance. The revised criteria more clearly define and communicate Fitch's expectations of the range of performance within which a rating is expected to be stable, versus conditions which could prompt a rating change.

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