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Fitch: Upgrades Outpacing Downgrades So Far for U.S. Not-For-Profit Hospitals.

Fitch Ratings-Austin-16 April 2018: Affirmations, not surprisingly, are encompassing a majority of rating actions Fitch Ratings has taken on its rated U.S. not-for-profit hospitals since launching its new criteria earlier this year, though a new report from Fitch is showing another somewhat surprising result.

Approximately 60% of the rating actions to date have been affirmations. However, since the criteria launch in January, rating upgrades are commandingly ahead of downgrades (27% to 13%) among the hospitals Fitch had placed on Rating Watch. A closer look shows, perhaps more surprisingly, that Fitch has upgraded five of eight hospitals it placed on Rating Watch Positive thus far while downgrading only two of six hospitals it placed on Rating Watch Negative.

‘Considering the challenges not-for-profit hospitals were set to face at the start of the year, most are showing robust resiliency as the assorted headwinds are not affecting operating performance thus far,’ said Senior Director and sector head Kevin Holloran.

Stronger not-for-profit health care providers are responding with alacrity in maintaining strong balance sheets and keeping debt levels manageable during periods of financial stress or transformation. The hospitals Fitch has taken negative rating on thus far, in contrast, are having more difficulty withstanding financial pressures and stabilizing their balance sheets.

‘The wave of rating activity is likely to subside over time with fewer rating changes likely over the next several months,’ said Holloran.

‘U.S. Not-for-Profit Hospitals and Health Systems Rating Criteria Update: The First 90 Days’ is available at ‘www.fitchratings.com’ or by clicking on the link above.

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