

# **Bond Case Briefs**

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## **Bond Interest Rates Dropped for Public Hospitals Under ACA, Study Finds.**

Public hospital borrowing costs significantly decreased under the ACA, according to a study cited by Yahoo Finance.

The [study](#), released by University of Illinois at Chicago's Government Finance Research Center, found that short and medium-term yields on municipal hospital bonds have dipped 39 basis points [relative to a control group of nonhospital bonds] since the U.S. Supreme Court upheld the federal health law in 2012, the Yahoo report stated. This means public hospitals saved \$3 million per bond issue on interest rates.

Dermot Murphy, co-author of the study and a UIC associate professor of finance, told Yahoo Finance investors originally were skeptical.

"For all they knew, the ACA might be repealed next month," he said. "After the Supreme Court ruling in 2012, however, investors got a shot of confidence that the [legislation] was more likely to remain the law of the land."

After the 2012 ACA decision, investors were more confident, leading to lower interest rates for municipal hospital bonds, the study found. According to Yahoo Finance, the study also found that bond yields dropped another 17 basis points in states that expanded Medicaid under the ACA.

"Political uncertainty surrounding the ACA still remains a concern for municipal bond investors in the long run, even if legal uncertainty was significantly reduced following the Supreme Court ruling," Mr. Murphy said.

### **Becker's Hospital Review**

by Kelly Gooch

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