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## **Fitch: US Election Largely Credit-Neutral to Healthcare Sectors**

Fitch Ratings-New York-17 November 2020: US election results are neutral to the credit profiles of corporate, not-for-profit and insurance issuers in the healthcare sector but legislative uncertainty remains, says Fitch Ratings. A divided Congress, due to a presumptive Republican-controlled Senate will translate into legislative gridlock but there is potential for some compromise, given President-Elect Joseph Biden's long career in the Senate. The fate of the Affordable Care Act (ACA) and support for Biden's healthcare proposals in the Senate are key credit-related items to watch.

Prior to the election, Fitch's U.S. corporates, not-for-profit and health insurance analysts studied the credit implications of three electoral outcomes. The scenarios were the status quo, reflecting a Donald Trump victory and a Republican-controlled Senate; a Democratic-party sweep, where Biden wins and Democrats control Congress; and a divided government, where the Presidency and Congress are controlled by different political parties. The Republicans currently hold a 52-48 majority in the Senate. If Democrats, which already control the House of Representatives, win the two Senate seats in the January runoff, they would also control the Senate due to Democratic Vice-President-Elect Kamala Harris' ability to cast tiebreaking votes.

Healthcare policy proposals outlined by Biden aim to build upon the ACA, which is being challenged before the Supreme Court of the United States (SCOTUS), but some proposals may still be viable even if the ACA does not survive. A decision on whether to strike down or uphold the law is anticipated by mid-2021.

Biden's proposals include expanding coverage, lowering healthcare and prescription drug costs and ending surprise billing. Bipartisan support on some less controversial proposals, including curbs on surprise billing and lowering drug prices, may be possible. The addition of a public insurance option and lowering Medicare's age eligibility seem less likely, given the pandemic's negative impact on the federal budget.

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