

Bond Case Briefs

Municipal Finance Law Since 1971

S&P Health Care Credit Beat: \$1.9 Trillion Stimulus Package Provides Temporary Boost To The Sector

On March 11, President Joe Biden signed the \$1.9 trillion stimulus package known as the American Rescue Plan (ARP) into law. The massive package includes direct payments to households, aid to state and local government, and aid to small businesses that are intended to catalyze the nation's economic recovery and pandemic efforts.

At the same time, the ARP is also an important piece of U.S. health care legislation because it creates funding for health coverage expansion and financial assistance at a time when it is greatly needed. Overall, S&P Global Ratings views the ARP as a modestly positive credit event for the health care sector. However, we expect no direct rating actions due to the temporary nature of many of the health care provisions.

Key Takeaways

- We see the \$1.9 trillion ARP as a positive development for the health care sector, though we do not expect any direct rating actions.
- The ARP's health care provisions will improve revenue for many subsectors by expanding health coverage, aiding state Medicaid budgets, and accelerating vaccine and testing efforts.
- The ARP's focus on the pandemic means that many of its provisions are temporary, setting the stage for future policy debate on whether to make the changes permanent.
- Moreover, budget reconciliation limited the scope of health care policies that could make their way into the ARP, so sector risks such as "the public option" could resurface.

[Continue reading.](#)

17 Mar, 2021