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Hospital Finances are Deteriorating, Fitch Says.

Rising labor and supply costs will land many nonprofit hospitals in violation of debt covenants to bondholders this year, according to an analysis released Tuesday by Fitch Ratings.

Salaries for nurses are particularly competitive, with Covid-19 driving up demand. Labor costs and other inflation pressures are squeezing budgets at senior-living facilities as well.

Many hospitals are operating with slimmer margins than last year, Fitch found, with lower-rated hospitals hit particularly hard and hospitals rated triple-B, slightly higher than junk-bond status, operating with negative margins. That could lead some institutions to run afoul of promises to bondholders about how much of a financial cushion they will maintain.

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The Wall Street Journal

By Heather Gillers

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