MOODY'S
INVESTORS SERVICE

SPECIAL COMMENT

US Not-For-Profit Healthcare Quarterly Ratings: Downgraded Debt Trumps Upgraded Debt in Second Quarter 2012, Reversing Prior Trends

Negative Sector Credit Conditions Persist

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Summary

Rating activity for the not-for-profit healthcare sector in the second quarter of 2012 saw 12 downgrades and nine upgrades for a ratio of 1.33 to 1. The increased proportion of downgrades compared to upgrades is in keeping with our negative outlook on the sector and the fact that the majority of hospital ratings under review have downgrade directionals.

In a reversal from prior quarters, however, the dollar amount of downgraded debt, $2.78 billion, exceeded the dollar amount of upgraded debt, $2.11 billion (Figure 1), for a ratio of 1.32 to 1. In eight of the past 13 quarters, total upgraded debt has exceeded downgraded debt, even with a larger number of rating downgrades, as many of the upgrades are for larger systems that carry more debt than smaller providers. During the first half of 2012, the amount of upgraded debt exceeded the amount of downgraded debt – despite more downgrades than upgrades – given the number of large systems upgraded.

The increased proportion of downgrades are driven by the continued slow economic recovery, increasing pressure on state budgets, and a large and growing federal deficit that may lead to reductions in Medicare and Medicaid which translate into weak volumes and revenue declines. Where upgrades have occurred, they have been due primarily to strong management, increased revenues from state provider taxes, and mergers.

Key rating activity for the second quarter of 2012 and through the first half of 2012 include:

» The 21 rating changes in the second quarter of 2012 indicate greater overall sector volatility when compared to the 15 rating changes (12 downgrades and three upgrades) during the second quarter of 2011.

» During the first half of 2012, there were 23 downgrades and 20 upgrades, although upgraded debt of $4.86 billion debt was greater than downgraded debt of $4.22 billion.

» In the second quarter of 2012, Moody's affirmed 84 ratings, which represented 80% of all rating activity affecting approximately $55.5 billion of debt (Figure 1) and is consistent with the longstanding historical trend of affirmations far exceeding rating changes.

» Of the 84 rating affirmations in the second quarter, five had outlook changes in the negative direction and six had outlook changes in the positive direction. Despite the increase in positive outlooks over negative outlooks, we still believe downgrades will continue to outpace upgrades.

FIGURE 1

Second Quarter 2012 Rating Activity Summary

	Q2 2011		Q2 2012	
	#	Debt Affected ($000s)	#	Debt Affected ($000s)
Upgrades	3	1,416,500	9	2,108,200
Downgrades	12	2,633,700	12	2,777,100
Ratio of Upgrades to Downgrades	0.3		0.8	
Ratio of Downgrades to Upgrades	4.0		1.3	
Total Affirmations	81	43,358,200	84	55,508,090
Affirmations with outlook changes in positive direction	9	4,972,200	6	1,883,900
Affirmations with outlook changes in negative direction	5	5,120,100	5	4,855,200
Ratings Under Review	3	284,700	4	564,700

FIGURE 1A

Second Quarter 2012 Rating Actions by Rating Category

	Q2 2011		Q2 2012	
	#	Debt Affected ($000s)	#	Debt Affected ($000s)
UPGRADES				
Aa and Above	1	1,022,000	1	762,000
A	0	0	5	967,500
Baa	1	137,000	3	378,700
Below Investment Grade	1	257,500	0	0
Total Debt Upgrades	**3**	**1,416,500**	**9**	**2,108,200**
DOWNGRADES				
Aa and Above	1	288,800	0	0
A	5	1,664,600	3	1,474,200
Baa	5	673,200	4	558,200
Below Investment Grade	1	7,100	5	744,700
Total Debt Downgrades	**12**	**2,633,700**	**12**	**2,777,100**
AFFIRMATIONS				
Aa and Above	23	24,247,400	28	31,570,600
A	42	16,739,920	40	19,579,690
Baa	12	2,178,580	12	3,470,300
Below Investment Grade	4	192,300	4	887,500
Total Debt Affirmations	**81**	**43,358,200**	**84**	**55,508,090**

Note:

* Ratings are based on previous ratings, prior to rating action.
* The number of rating actions reported in this special comment is summarized by issuer and may differ from the number of rating actions reported in Moody's U.S. Public Finance Special Comment. This comment counts multiple rating actions affecting an issuer in the same direction as one rating action, whereas the U.S. Public Finance special comment counts multiple rating actions for an issuer as multiple rating actions. For example, if the same issuer is upgraded in the period covered, it is counted as one issuer upgrade, whereas the U.S. PFG comment would report two upgrades.

Upgraded Debt Outpaces Downgraded Debt Through First Half of 2012

During the combined first and second quarters of 2012, there have been 23 downgrades ($4.22 billion debt affected) and 20 upgrades ($4.86 billion debt affected). This marks a return to the more typical relationship of upgraded debt surpassing the downgraded debt, a relationship seen in eight of the past 13 quarters beginning in the second quarter of 2009 (Figure 4). This dynamic reflects the profile of most of the upgraded providers: larger systems that carry more debt than smaller providers. Of the downgraded providers in the second quarter of 2012, 56% had total operating revenue of $500 million or less (Figure 1B) while 56% of upgraded providers with operating revenues of $500 million or less (Figure 1C). This near equal split is a departure from the typical trend of smaller providers being more susceptible to downward ratings pressure due to multiple negative factors that put them at a disadvantage relative to their larger peers.

During the second quarter of 2012, downgrades outpaced upgrades at a rate of 1.33 to 1. This ratio is a departure from the equal 1.0 to 1 ratio of rating changes in first quarter 2012 (Figure 2). The amount of debt downgraded was $2.78 billion compared to $2.11 billion upgraded (Appendices 1 and 2), a reversal from the first quarter of 2012, when upgraded debt was $2.75 billion compared to $1.44 billion in downgraded debt despite an even number of downgrades and upgrades (11 each).

We expect that downgrades will continue to outpace upgrades for the full year, an expectation supported by the fact that two out of the three providers currently on review have downgrade directionals. In keeping with our negative outlook on the not-for-profit healthcare sector, we expect to see continued pressure on revenues from multiple sources that will persist [1]due to the continued slow economic recovery, increasing pressure on state budgets and a large and growing federal deficit. The upholding of the Patient Protection and Affordable Care Act by the U.S. Supreme Court in June is itself a credit neutral event for not-for-profit providers, since it has already been incorporated in the negative outlook. However, reductions and changes in Medicare and Medicaid reimbursements and funding will be negative in the long-term due to expected cuts to these programs stipulated under the Act.

Downgrades Driven by Weak Volumes, Revenue Declines, Reliance on Supplemental Income

Downgrades were most prevalent in Ohio, Illinois and Pennsylvania, which each saw two downgrades during the second quarter as they struggled to recover from the global recession. Pennsylvania's G.O. rating had a negative outlook during second quarter 2012 and was downgraded July 16 to Aa2 from Aa1 due to the commonwealth's weakened financial position, and the expectation that large and growing pension liabilities and moderate economic growth will challenge the return to structural balance, contributing to a protracted financial recovery. Illinois (G.O. rated A2) faces numerous budget challenges, including a rising unfunded pension liability, and has delayed payments to multiple healthcare providers. Ohio (G.O. rated Aa1) depleted its reserve funds and remains vulnerable to economic disruptions given its manufacturing industry exposure. The downgrades in the second quarter of 2012 were driven by a number of factors, including flattening revenues, volume declines, and reliance on supplemental revenue. Prior to being downgraded, five of the 12 providers were A or Aa-rated, five providers were Baa-rated, and two were Ba-rated.

Three of the 12 downgraded providers were taken from the key designation of investment grade to speculative grade. UHHS/CSAHS-Cuyahoga, Inc. & CSAHS/UHHS-Canton's (dba Mercy Medical Center), OH, ($272.2 million operating revenues) was downgraded to Ba2 from Baa3 due to a second consecutive year of very weak financial performance in fiscal year (FY) 2011 and a budget that shows

[1] See "Revenue Pressures Will Drive Further Hospital Consolidation, a Credit Positive for Bondholders", 21 September 2011

continued large operating losses through FY 2012. St. Vincent Hospital d/b/a St. Vincent Health Center (SVHC), PA, ($361.0 million operating revenues) was downgraded to Ba2 from Baa3 following a marked decline in cash and material operating losses driven by declining market share and admissions. Temple University Health System, PA, ($1.3 billion operating revenues) a safety net provider for the City of Philadelphia, was downgraded to Ba1 from Baa3 after several years of acuity and volume declines, disproportionate reliance on supplemental funding and inability to translate growing supplemental funding into at least a break-even level of operating performance.

Among the investment-grade providers, Central Washington Health Services Association, WA, ($189 million operating revenues) was downgraded to Baa3 from Baa2 following a third consecutive year of weaker operating performance (and, consequently, poor maximum annual debt service coverage), weaker volume measures, modest revenue growth, and ongoing reimbursement challenges. Chilton Memorial Hospital, NJ, ($166.9 million operating revenues) was downgraded to Baa2 from Baa1 after a pronounced, unexpected downturn in financial performance in FY 2011 and decline in historically stronger debt metrics, driven primarily by sizable volume declines in outpatient surgeries. Erlanger Health System, TN ($646.4 million operating revenues) was downgraded to Baa1 from A3 due to a material operating loss in FY 2012 following multiple years of low operating cash flow margins, with peak debt service coverage expected to not meet the debt service coverage ratio bond covenant in 2012. Fairview Health Services, MN, ($3.0 billion operating revenues) was downgraded to A3 from A2 following significant downturn in financial performance in FY 2011, unexpected senior management turnover, and the potential reputational risks following the state attorney general's investigation of a contract company that worked onsite at Fairview facilities. Kettering Health Network, OH, ($1.09 billion operating revenues) was downgraded to A3 from A2 following a poor operating performance in 2011, which was below budget and below levels that are necessary to support a higher debt level following a large debt increase last year. Northwest Community Hospital, IL, ($519.7 million operating revenues) was downgraded to A2 from A1 after FY 2011 marked the third consecutive year the system incurred an operating loss in the highly competitive Chicagoland marketplace. Washington Township Health Care District, CA, ($532 million operating revenues) was downgraded to Baa1 from A3 after stagnant-to-declining utilization, unfavorable changes in the mix of services provided, and a continued rise in uncompensated care.

Among speculative grade providers, Hopkins County Hospital District, TX, ($63.1 million operating revenues) was downgraded to Ba2 from Ba1 after seeing very low margins and thin debt service coverage. Hopkins' Board of Directors increased the tax rate to supplement increasing losses, however, future tax rate increases will be limited as the district nears its tax rate ceiling. Proctor Hospital, IL, ($123.4 million operating revenues) was downgraded to Ba2 from Ba1 after a decline in operating performance and balance sheet position driven by the hospital's modest market share in Peoria's highly competitive service area. Proctor maintains very limited headroom on its debt covenants, which is a cause for concern.

Currently, eight of the 12 downgrades have negative outlooks (compared to just one of nine upgrades with a positive outlook), indicating further rating pressure potential for these providers (Hopkins County Hospital District, TX, Proctor Hospital, IL, Central Washington Health Services Association, WA, UHHS/CSAHS-Cuyahoga, Inc & CSAHS/UHHS-Canton, Inc., OH, St. Vincent Hospital, PA, Washington Township Health Care District, CA, Erlanger Health System, TN, and Fairview Health Services, MN).

Strong Management, Funds from New State Provider Taxes and Mergers Drive Recent Upgrades

Three of the 9 upgrades (33%) are in Florida, a state with conservative budget practices and sizeable reserves built up prior to the recession although Medicaid cuts have been a challenge for most hospitals. Two of the upgrades (22%) are in Oklahoma, a state largely shielded from the recession; a new provider tax program was also a positive credit factor increasing revenues flowing to health systems.

During the second quarter of 2012, the nine rating upgrades were a decline from the 11 upgrades in the first quarter of 2012. Among the providers receiving upgrades in the second quarter of 2012, five were previously in the Aa and A ranges and three were in the Baa range. One provider with a speculative-grade rating received an upgrade back into investment grade. This is a departure from previous quarters, including the first quarter of 2012, when five providers were previously in the Aa and A ranges, six provider were in the Baa range and no providers were in the speculative grades.

Providers upgraded further into the Aa or A range include BayCare Health System, FL, ($2.4 billion operating revenues) upgraded to Aa2 from Aa3 following a consistently strong operating performance and rapid debt repayment led by a solid management team. Blanchard Valley Regional Health Center, OH, ($263 million operating revenues) was upgraded to A2 from A3 after a track record of strong and improving margins, even during periods of significant admissions declines. Lawrence Memorial Hospital, KS, ($185.2 million operating revenues) was upgraded to A1 from A2 following multiple years of strong operating performance and continued balance sheet strengthening bolstered by ownership by the Aa1-rated City of Lawrence. Prince William Hospital, VA, ($246.7 million operating revenues) was upgraded to A2 from A3 after three years of strong financial performance and benefits of ownership by A1-rated Novant Health. St. John Health System, OK, ($989.3 million operating revenues) was upgraded to A2 from A3 after favorable and improved operating results through six months of FY 2012, increased inpatient and outpatient volumes, and payments under the Supplemental Hospital Offset Payment Program (SHOPP), a new Oklahoma state Medicaid provider fee program through at least FY 2014. St. Peter's Hospital, NY, ($375.4 million operating revenues) was upgraded to A3 from Baa2 following its merger with Northeast Health and Seton Health System for a combined system with annualized revenue base of over $1.0 billion and increased marketshare resulting from the merger.

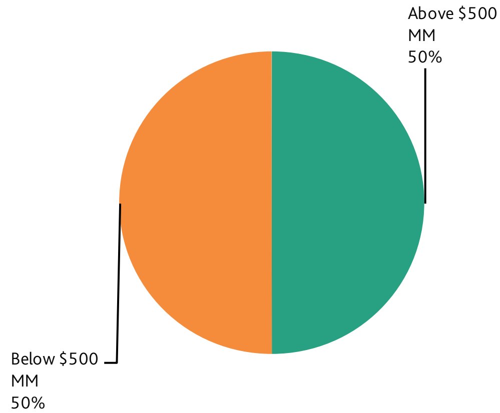
Upgraded providers now in the Baa range include Mount Sinai Medical Center, FL, ($537.8 million operating revenues), upgraded to Baa2 from Baa3, after a multi-year trend of improved financial performance from growth in cardiac and a range of diversified clinical services. Norman Regional Hospital Authority, OK, ($352.4 million operating revenues) was upgraded to Baa3 from Ba1 after multi-year improvements in operating performance and absolute cash in addition to SHOPP payments. South Lake County Hospital District, FL, ($142.1 million operating revenues) was upgraded to Baa1 from Baa2 after achieving a strong financial performance over the last three years, growth in absolute liquidity, maintenance of strong market share and strong affiliation with A2 rated Orlando Health.

Currently, only one of the nine upgrades -- Norman Regional Hospital Authority, OK -- has a positive outlook, indicating potential further rating improvement for this provider.

Rating Affirmations Dominate Rating Activity; Downgrades in 2012 More Likely than Upgrades

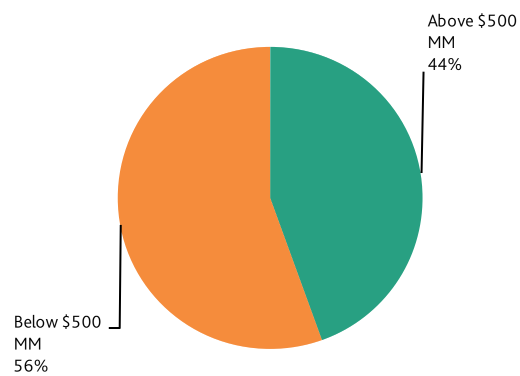
During second quarter 2012, Moody's affirmed 84 ratings, representing 80% of all rating actions and affecting $55.5 billion of total debt. Of the 84rating affirmations in the second quarter, five had outlook changes in the negative direction and six had outlook changes in the positive direction. This trend is consistent with the second quarter of 2011 when five out of 81 affirmations had outlook changes in the negative direction and nine affirmations had outlook changes in the positive direction. Despite the increase in positive outlooks relative to negative outlooks, we still believe downgrades will continue to outpace upgrades.

FIGURE 1B
2Q 2012 Downgrades by Operating Revenues



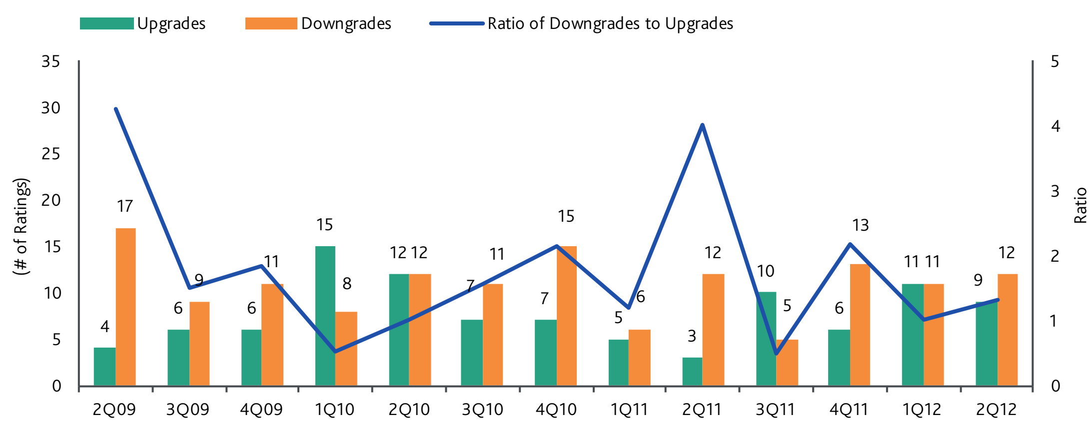
Source: Moodys.com

FIGURE 1C
2Q 2012 Upgrades by Operating Revenues



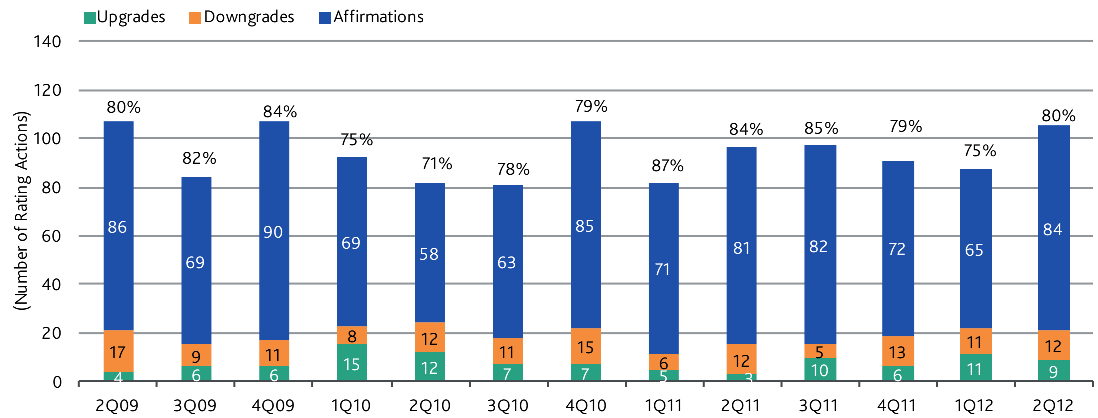
Source: Moodys.com

FIGURE 2
Quarterly Rating Downgrades to Upgrades Ratio: Q2 2009 – Q2 2012



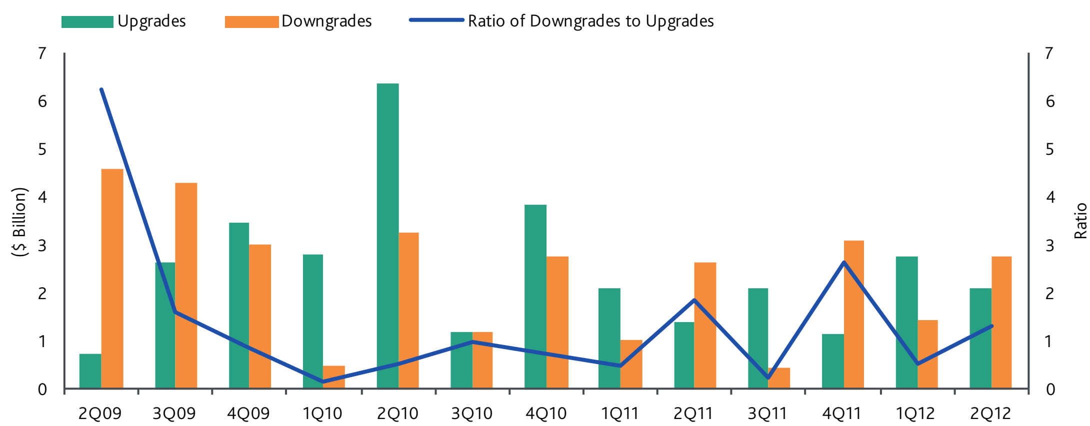
Source: Moodys.com

FIGURE 3
Total Debt Affected of Upgrades and Downgrades, 2Q 2009 – 2Q 2012



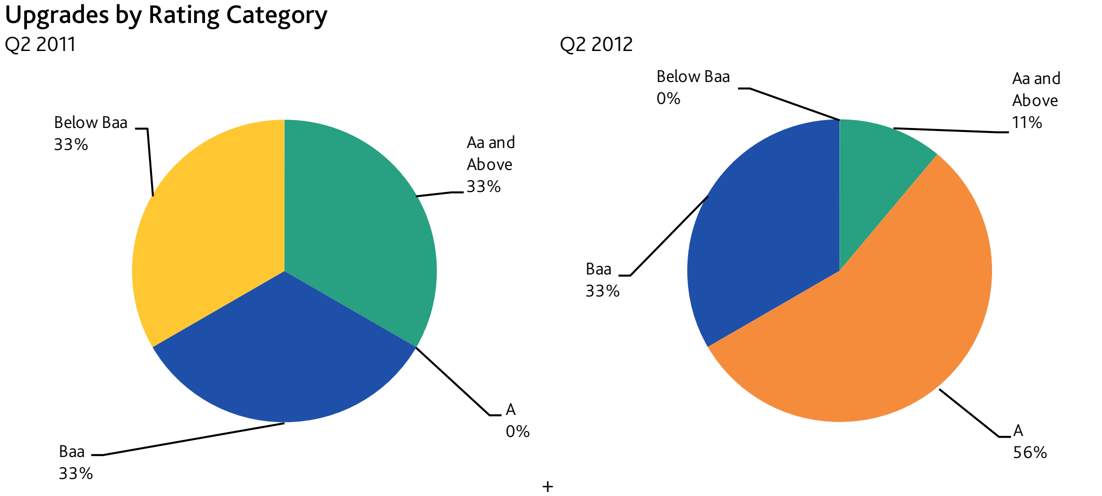
Source: Moodys.com

FIGURE 4
Total Debt Affected of Upgrades and Downgrades, 2Q 2009 - 2Q 2012



Source: Moodys.com

FIGURE 5
Upgrades by Rating Category

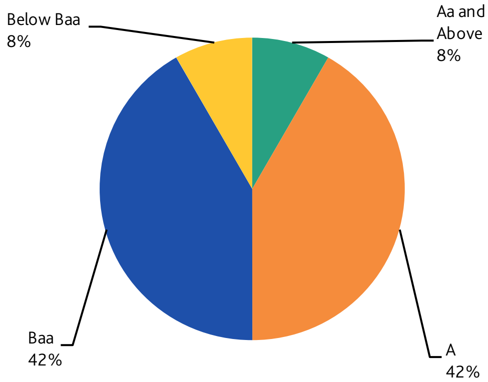


Source: Moodys.com

FIGURE 6

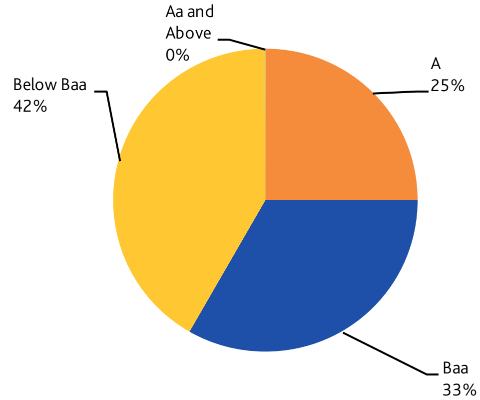
Downgrades by Rating Category

Q2 2011



Source: Moodys.com

Q2 2012

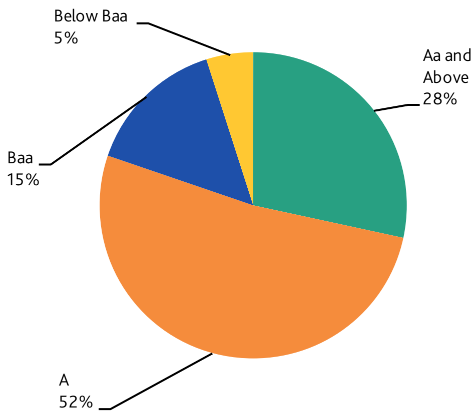


Source: Moodys.com

FIGURE 7

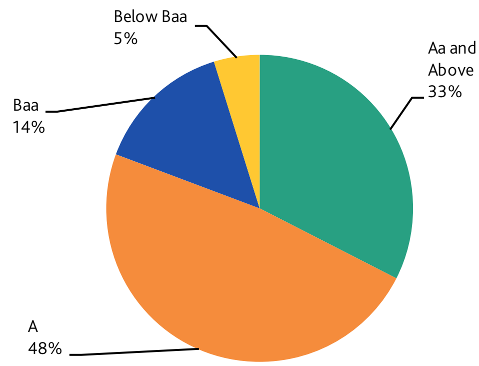
Affirmations by Rating Category

Q2 2011



Source: Moodys.com

Q2 2012



Source: Moodys.com

Appendix

Note:

*The following lists represents all rating actions during second quarter 2012 and may not reflect the current rating and/or outlook

**Multiple rating actions for an issuer are counted as one rating action

APPENDIX 1

Second Quarter 2012 Upgrades

	State	Hospital	Current Rating	Previous Rating	Outlook	Debt Affected ($000s)	Rating Date
1	FL	BayCare Health System	Aa2	Aa3	Stable	762,000	5-Apr-12
2	FL	Mount Sinai Medical Center	Baa2	Baa3	Stable	245,300	15-May-12
3	FL	South Lake County Hospital District	Baa1	Baa2	Stable	68,600	15-May-12
4	KS	Lawrence Memorial Hospital	A1	A2	Stable	59,000	13-Apr-12
5	NY	St. Peter's Hospital	A3	Baa2	Stable	247,300	14-Jun-12
6	OH	Blanchard Valley Regional Health Center	A2	A3	Stable	108,000	29-Jun-12
7	OK	Norman Regional Hospital Authority	Baa3	Ba1	Positive	64,800	16-May-12
8	OK	St. John Health System	A2	A3	Stable	478,000	2-May-12
9	VA	Prince William Hospital	A2	A3	Stable	75,200	23-Apr-12
				Total Debt Affected:		**2,108,200**	

APPENDIX 2

Second Quarter 2012 Downgrades

	State	Hospital	Current Rating	Previous Rating	Outlook	Debt Affected ($000s)	Rating Date
1	CA	Washington Township Health Care District	Baa1	A3	Negative	232,000	20-Jun-12
2	IL	Northwest Community Hospital	A2	A1	Stable	230,200	4-Apr-12
3	IL	Proctor Hospital	Ba2	Ba1	Negative	22,500	5-Jun-12
4	MN	Fairview Health Services	A3	A2	Negative	836,000	6-Jun-12
5	NJ	Chilton Memorial Hospital	Baa2	Baa1	Stable	39,200	10-May-12
6	OH	Kettering Health Network	A3	A2	Stable	408,000	30-Apr-12
7	OH	UHHS/CSAHS-Cuyahoga, Inc. & CSAHS/UHHS-Canton, Inc.	Ba2	Baa3	Negative	77,000	3-Apr-12
8	PA	St. Vincent Hospital	Ba2	Baa3	Negative	89,500	18-Apr-12
9	PA	Temple University Hospital	Ba1	Baa3	Stable	533,000	25-May-12
10	TN	Erlanger Health System	Baa1	A3	Negative	172,000	23-May-12
11	TX	Hopkins County Hospital District	Ba2	Ba1	Negative	22,700	20-Jun-12
12	WA	Central Washington Health Services Association	Baa3	Baa2	Negative	115,000	7-May-12
				Total Debt Affected:		**2,777,100**	

APPENDIX 3

Second Quarter 2012 Affirmations

	State	Hospital	Current Rating	Outlook	Debt Affected ($000s)	Rating Date
1	CA	Dignity Health (formerly: Catholic Healthcare West)	A2	Negative	4,500,000	12-Jun-12
2	CA	Community Hospitals of Central California	Baa2	Positive	520,000	29-Jun-12
3	CA	Kaweah Delta Health Care District	A3	Stable	155,000	11-Jun-12
4	CA	San Antonio Community Hospital	A3	Stable	124,600	2-May-12
5	CA	Stanford Hospital and Clinics	Aa3	Stable	1,300,000	1-May-12
6	CA	Sutter Health	Aa3	Stable	3,000,000	8-Jun-12
7	CT	St. Mary's Hospital	Ba2	Stable	24,900	25-Apr-12
8	FL	BayCare Health System	Aa2	Stable	762,000	18-Apr-12
9	FL	Health First	A3	Stable	328,000	23-Apr-12
10	FL	Lee Memorial Health System	A2	Stable	420,400	18-Jun-12
11	FL	North Broward Hospital District	A2	Stable	256,200	13-Jun-12
12	FL	Orlando Health, Inc.	A2	Stable	656,000	24-Apr-12
13	GA	Wellstar Health System	Aa3	Stable	483,000	8-Jun-12
14	ID	St. Luke's Health System	A2	Stable	676,000	15-Jun-12
15	IL	Northwestern Memorial Hospital	Aa2	Stable	841,000	25-Jun-12
16	IL	The University of Chicago Medical Center	Aa3	Stable	756,000	8-Jun-12
17	IN	Parkview Health System	A1	Stable	561,000	4-May-12
18	LA	Lafayette General Medical Center	A3	Stable	84,800	27-Jun-12
19	MA	Boston Medical Center	Baa1	Stable	362,000	10-May-12
20	MA	Children's Hospital (Boston)	Aa2	Stable	667,700	17-May-12
21	MA	Dana-Farber Cancer Institute	A1	Stable	283,600	7-Jun-12
22	MD	Anne Arundel Health System	A3	Stable	348,200	23-May-12
23	MD	Carroll Hospital Center	A3	Stable	104,500	1-Apr-12
24a	MD	Johns Hopkins Health System	Aa3	Stable	1,080,000	4-Apr-12
24b	MD	Johns Hopkins Health System	Aa3	Stable	1,080,000	25-Jun-12
25	MD	LifeBridge Health	A2	Stable	328,600	22-Jun-12
26	ME	Maine Health & Higher Educ. Facs. Auth. (Reserve Fund Resolution)	A1	Stable	40,055	8-Jun-12
27	MI	Hurley Medical Center	Ba1	Stable	88,000	8-May-12
28	MI	Marquette General Hospital	Baa3	Stable	24,000	9-Apr-12
29	MI	McLaren Healthcare Corporation	Aa3	Stable	562,000	11-May-12
30	MI	Oakwood Hospital	A2	Stable	324,100	9-Apr-12
31	MI	Trinity Health	Aa2	Stable	2,950,000	13-Apr-12
32	MO	Ascension Health Alliance	Aa1	Negative	4,600,000	13-Apr-12
33	MO	Boone Hospital Center	A3	Stable	110,000	26-Jun-12
34	MS	North Mississippi Health Services	Aa3	Stable	192,600	25-Apr-12
35	NC	Charlotte-Mecklenburg Hospital Authority (d/b/a Carolinas Healthcare System)	Aa3	Stable	1,700,000	18-Apr-12
36	NC	Duke University Health System	Aa2	Stable	869,000	23-May-12

APPENDIX 3

Second Quarter 2012 Affirmations

	State	Hospital	Current Rating	Outlook	Debt Affected ($000s)	Rating Date
37	NC	North Carolina Baptist Hospital	Aa3	Stable	315,100	1-Jun-12
38	NC	Vidant Health (formerly: University Health Systems of E. Carolina)	A1	Stable	550,000	4-Apr-12
39	NC	WakeMed	A1	Stable	460,000	7-Jun-12
40	NC	Wake Forest University Health Sciences	Aa3	Stable	182,300	1-Jun-12
41	ND	Altru Health System	Baa1	Stable	215,000	18-Apr-12
42	NH	Concord Hospital	A2	Stable	117,200	3-Apr-12
43	NJ	Atlantic Health System	A1	Stable	476,600	14-Jun-12
44	NJ	Holy Name Hospital	Baa2	Stable	113,800	13-Jun-12
45	NJ	Kennedy Memorial Hospital University Medical Center	A3	Stable	67,135	8-Jun-12
46	NJ	Palisades Medical Center	Ba2	Positive	37,600	20-Jun-12
47	OH	Adena Health System	A2	Stable	141,600	4-Jun-12
48	OH	Catholic Health Partners	A1	Positive	1,600,000	18-Apr-12
49	OH	Children's Hospital Medical Center of Akron	A1	Stable	127,300	20-Apr-12
50	OH	Cleveland Clinic Health System	Aa2	Stable	2,400,000	18-Apr-12
51	OH	Nationwide Children's Hospital	Aa2	Stable	443,000	24-Apr-12
52	OH	University Hospitals Health System	A2	Stable	831,000	18-Apr-12
53	OR	Oregon Health and Science University	A1	Stable	827,000	19-Apr-12
54	PA	Butler Health System	Baa1	Stable	76,000	27-Jun-12
55	PA	Catholic Health East	A2	Stable	896,000	1-Jun-12
56	PA	Crozer-Chester Medical Center	Baa3	Negative	153,200	9-Apr-12
57	PA	Jefferson Health System	Aa3	Stable	560,000	30-May-12
58	PA	Jefferson Regional Medical Center	Baa2	Stable	114,000	2-Apr-12
59	PA	Lancaster General Hospital	Aa3	Stable	191,100	1-Jun-12
60	PA	The Reading Hospital and Medical Center	Aa3	Stable	377,100	31-May-12
61	PA	Summit Health	A2	Stable	125,000	1-May-12
62	PA	The Washington Hospital	Baa2	Stable	96,300	26-Jun-12
63	PA	West Penn Allegheny Health System	Caa1	Negative	737,000	15-Jun-12
64	SC	Greenville Hospital System	A1	Stable	522,000	2-May-12
65	SC	Palmetto Health	Baa1	Stable	573,000	21-Jun-12
66	SC	Spartanburg Regional Health Services District	A1	Stable	220,000	20-Jun-12
67	SD	Evangelical Lutheran Good Samaritan Society	A3	Negative	500,000	20-Apr-12
68	TN	Methodist Le Bonheur Healthcare	A2	Stable	606,800	19-Apr-12
69	TN	Mountain States Health Alliance	Baa1	Stable	1,030,000	26-Apr-12
70	TX	Baylor Health Care System	Aa2	Negative	603,000	27-Apr-12
71	TX	Children's Medical Center of Dallas	Aa3	Stable	395,000	3-May-12
72	TX	Good Shepherd Health System	Baa2	Stable	193,000	29-Jun-12
73	TX	Scott & White Healthcare	A1	Stable	684,000	16-Apr-12
74	TX	Texas Children's Hospital	Aa2	Stable	701,700	12-Apr-12

APPENDIX 3

Second Quarter 2012 Affirmations

	State	Hospital	Current Rating	Outlook	Debt Affected ($000s)	Rating Date
75	VA	Centra Health	A2	Stable	167,600	29-Jun-12
76	VA	Johnston Memorial Hospital	A3	Stable	25,000	5-Jun-12
77a	VA	Sentara Healthcare	Aa2	Stable	1,200,000	23-Apr-12
77b	VA	Sentara Healthcare	Aa2	Stable	1,300,000	5-Jun-12
78	WA	MultiCare Health System	A1	Stable	777,000	25-May-12
79	WA	Providence Health & Services	Aa2	Negative	3,500,000	15-Jun-12
80	WA	Seattle Children's Hospital	Aa3	Positive	555,000	15-May-12
81	WI	Children's Hospital and Health System, Inc.	Aa3	Stable	284,000	7-Jun-12
82	WI	Mercy Alliance	A2	Stable	215,700	9-May-12
83	WI	Meriter Hospital	A1	Negative	99,000	19-Jun-12
84	WI	ThedaCare Inc.	A1	Stable	242,700	14-Jun-12
			Total Debt Affected:*		55,508,090	

*Debt of Johns Hopkins and Sentara are only counted once.

APPENDIX 4

Second Quarter 2012 Affirmations with Outlook Revisions

	State	Hospital	Current Rating	Current Outlook	Previous Outlook	Debt Affected ($000s)	Rating Date
1	CA	Community Hospitals of Central California	Baa2	Positive	Stable	520,000	29-Jun-12
2	IN	Parkview Health System	A1	Stable	Negative	561,000	4-May-12
3	NJ	Palisades Medical Center	Ba2	Positive	Stable	37,600	20-Jun-12
4	PA	Crozer-Chester Medical Center	Baa3	Negative	Stable	153,200	9-Apr-12
5	PA	Jefferson Regional Medical Center	Baa2	Stable	Negative	114,000	2-Apr-12
6	PA	The Washington Hospital	Baa2	Stable	Negative	96,300	26-Jun-12
7	SD	Evangelical Lutheran Good Samaritan Society	A3	Negative	Stable	500,000	20-Apr-12
8	TX	Baylor Health Care System	Aa2	Negative	Stable	603,000	27-Apr-12
9	WA	Providence Health & Services	Aa2	Negative	Stable	3,500,000	15-Jun-12
10	WA	Seattle Children's Hospital	Aa3	Positive	Stable	555,000	15-May-12
11	WI	Meriter Hospital	A1	Negative	Stable	99,000	19-Jun-12
			Total Debt Affected:			6,739,100	

APPENDIX 5

Second Quarter 2012 Initial Ratings

	State	Hospital	Current Rating	Current Outlook	Debt Affected ($000s)	Rating Date
1	CT	Bridgeport Hospital	A3	Stable	38,200	24-Apr-12
2	MA	Berkshire Health System	A3	Stable	91,000	25-Apr-12
3	NY	Catholic Health System	Baa1	Stable	17,000	1-Jun-12
4	OH	The Christ Hospital	Baa1	Stable	315,000	23-May-12
5	SC	Georgetown Hospital System	A3	Stable	35,505	1-May-12
			Total Debt Affected:		**496,705**	

APPENDIX 6

Ratings Under Review (as of 6/30/12)

	State	Hospital	Current Rating	Debt Affected ($000s)	Review Direction	Rating Date
1	FL	Tampa General Hospital*	A3	370,000	WD	3-Apr-12
2	MA	Lowell General Hospital	Baa1	110,000	WD	13-Mar-12
3	MA	Saints Memorial Medical Center	Caa1	45,000	WU	13-Mar-12
4	MI	Crittenton Hospital Medical Center	Baa1	39,700	WD	22-Jun-12
			Total Debt Affected:	**564,700**		

* Tampa General Hospital, FL has been removed from Ratings Under Review and confirmed at A3 rating with a Negative outlook as of July 9, 2012.

Moody's Related Research

Outlooks:

» U.S. Not-For-Profit Healthcare Outlook Remains Negative for 2012, January 2012 (139377)

» U.S. Not-for-Profit Hospital Medians Show Resiliency Against Industry Headwinds But Challenges Still Support Negative Outlook, August 2011 (135387)

Special Comments:

» U.S. Not-For-Profit Healthcare Ratings in 2011: Volatility Declined but Downgrades Still Exceeded Upgrades, February 2012 (139232)

» U.S. Not-For-Profit Healthcare Quarterly Ratings Monitor, October 2011 (136272)

» U.S. Not-For-Profit Healthcare Quarterly Ratings Monitor, July 2011 (134156)

» U.S. Not-For-Profit Healthcare 2011 Quarterly Ratings Monitor, April 2011 (132384)

» US Not-For-Profit Healthcare Quarterly Ratings: Upgrades Match Downgrades in First Quarter 2012

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Report Number: 141129

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