

## SPECIAL COMMENT

# US Not-For-Profit Healthcare Rating Activity in 2012 Sets Record for Downgraded Debt

\$20 billion of downgraded healthcare debt more than triple \$6.4 billion in 2011

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**Summary**

Moody's downgraded a record \$20.0 billion in not-for-profit healthcare debt in 2012, an increase of 213% over last year's \$6.4 billion in downgraded debt and represents the highest amount of downgraded debt in one year since tracking the metric in 1995. The \$20.0 billion in debt was more than double the year's \$9.7 billion of upgraded debt. Rating activity for the not-for-profit healthcare sector in 2012 marked the seventh consecutive year in which downgrades (40) outpaced upgrades (38) for a ratio of 1.05 to 1 (Figure 1).

The downgrades in 2012 were driven by lackluster volume trends and weaker revenue growth contributing to weakening operating performance and debt service coverage. Downgrades also reflected declines in liquidity, more competition, increased debt loads that stressed leverage measures, and management and governance issues. Also, many hospitals faced elevated pension funding pressures.

Three large health systems -- Catholic Health Initiatives (CO), Dignity Health (CA) and Memorial Sloan-Kettering Cancer Center (NY) -- comprised nearly \$13 billion of the \$20 billion. Even so, the wide margin between downgraded debt and upgraded debt in not-for-profit healthcare is similar to the \$311 billion of public debt downgraded across all of Moody's public finance sectors compared to \$24 billion of debt upgraded<sup>1</sup>. When excluding 2012 healthcare rating actions prompted by consolidation activity, there were 38 downgrades compared to 30 upgrades, for a ratio of 1.27 to 1 and somewhat closer to 2011's downgrade (34) to upgrade (23) ratio of 1.50 to 1. 2011 had minimal consolidation activity.

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<sup>1</sup> See [US Public Finance Rating Revisions for 2012, including Q4: More than \\$300 Billion Downgraded, Affecting 6% of Issuers](#) (January 2013)

In addition to merger activity, the increase in rating upgrades in 2012 (38) over 2011(23) was due to hospitals' stronger financial position through expense management strategies and balance sheet improvement. Prolonged low interest rates and favorable stock market returns over most of the last several years have aided many hospitals' financial positions. Low interest rates have allowed many hospitals to refinance or issue new debt at historically low interest rates. However, for hospitals with defined benefit pension plans, lower interest rates have caused a drop in the discount rate used to measure projected benefit obligation and has often sparked higher cash contributions to the plan. We consider the low interest rates a net positive for the industry.

Looking forward, we again anticipate more downgrades than upgrades in 2013 as payer pressure accelerates. The industry remains under pressure from policymakers and the general public to reduce costs. Medicare funding, the largest single revenue source for most not-for-profit hospitals, is a main target of federal deficit reduction plans. Medicaid revenues remain under pressure, and some states have opted out of healthcare reform's expansion of Medicaid. Also, many hospitals report single-digit rate increases from commercial payers, contributing to ongoing revenue pressure. With expected flat revenue growth and many low-hanging expenses already removed from operating structures, management teams and hospital boards will seek deep process changes to reshape their model of healthcare delivery and create greater efficiencies. The major caveat to more downgrades may be increased merger or acquisition activity which could slow the rate of downgrades in 2013 and beyond if consolidations produce expected operating benefits or if the higher rated system guarantees the debt of the lower rated system, or refinances the debt. However, short-term disruptions that often accompany consolidation strategies can sometimes lead to rapid credit deterioration.

Highlights of 2012 rating activity also include:

- » There was greater rating volatility in 2012 (78 rating changes) compared to 2011 (57 rating changes), and was more in line with 2010 activity (Figure 4).
- » Affirmations (278) accounted for 79% of all rating activity (\$126.2 billion of total debt), which continues the long-standing historical trend of affirmations making up the large majority of rating activity (Figures 1B and 3). In 2011 there were 289 affirmations, comprising 84% of all rating activity.
- » Of the 278 rating affirmations, 38 (14%) had outlook changes in a positive direction and 21 (8%) in a negative direction (Figure 1).
- » As of December 31, 2012, two ratings were under review – one for possible downgrade and one with uncertain direction (Appendix 6).
- » Seventeen initial ratings were added to the portfolio in 2012, representing \$1.7 billion of newly-rated debt (Appendix 5). Four initial ratings were systems located New York, three in Florida, and two each in Indiana, Illinois and Ohio.

FIGURE 1

**2012 Rating Activity Summary**

	2011		2012	
	#	Debt Affected (\$ Millions)	#	Debt Affected (\$ Millions)
Upgrades	23	5,926,500	38	9,727,690
Downgrades	34	6,400,000	40	20,039,410
Ratio of Upgrades to Downgrades	0.7		1.0	
Ratio of Downgrades to Upgrades	1.5		1.1	
Total Affirmations	289	120,796,000	278	126,215,160
Affirmations with outlook changes in positive direction	51	21,355,000	38	12,723,005
Affirmations with outlook changes in negative direction	24	14,440,000	21	8,459,500
Ratings Under Review	4	109,800	2	760,800

FIGURE 1A

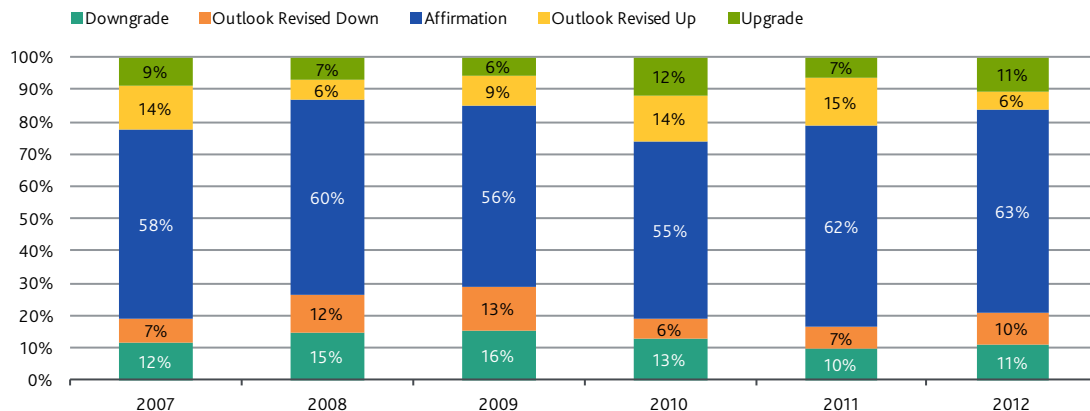
**2012 Rating Activity by Rating Category**

(based on previous rating\*)

	2011		2012	
	#	Debt Affected (\$ Millions)	#	Debt Affected (\$ Millions)
<b>UPGRADES</b>				
Aa and Above	1	1,022,000	2	1,057,000
A	11	2,148,000	19	5,172,800
Baa	6	2,365,000	14	3,332,190
Below Investment Grade	5	391,000	3	165,700
Total Debt Upgrades	23	5,926,000	38	9,727,690
<b>DOWNGRADES</b>				
Aa and Above	3	1,455,000	4	8,545,400
A	13	2,633,000	12	8,463,500
Baa	13	1,494,000	12	2,009,910
Below Investment Grade	5	818,000	12	1,020,600
Total Debt Downgrades	34	6,400,000	40	20,039,410
<b>AFFIRMATIONS</b>				
Aa and Above	54	58,847,000	62	62,450,975
A	138	47,875,000	132	50,891,570
Baa	75	12,371,000	65	10,923,215
Below Investment Grade	22	1,703,000	19	1,949,400
Total Debt Affirmations	289	120,796,000	278	126,215,160

\* 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 US 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 twice in the period covered, it is counted as one issuer upgrade, whereas the US PFG comment would report two upgrades.

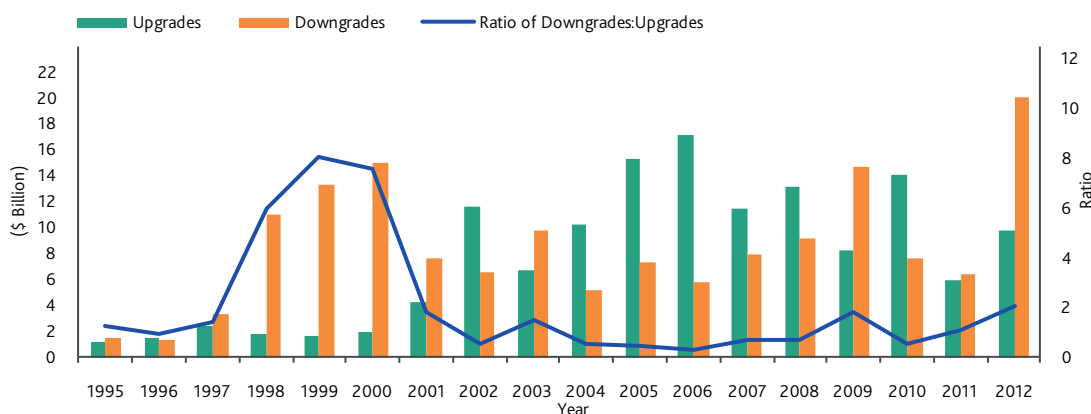
FIGURE 1B  
**Affirmations Continue to Dominate Healthcare Rating Activity**



### \$20 Billion of Downgraded Debt in 2012 Sets a Record

The \$20.0 billion of downgraded debt far exceeded the \$9.7 billion of upgraded debt (Figure 1C) and is the highest level of debt downgraded in one year since we began tracking these data in 1995. The \$20.0 billion reflects the downgrade of three large systems. Catholic Health Initiatives (CO) constituted the largest amount of downgraded debt (\$6.0 billion), followed by Dignity Health’s (CA) \$5.0 billion in downgraded debt. Memorial Sloan-Kettering Cancer Center’s (NY) downgrade affected \$1.9 billion of debt. As a result of these and the 37 other downgrades, the average debt per downgraded provider of \$500.1 million eclipsed the average debt affected by an upgrade per provider of \$262.9 million.

FIGURE 1C  
**Record Amount of Downgraded Debt in Moody's History of Not-For-Profit Healthcare Ratings**  
 Dollar Amount of Downgraded Debt in 2012 exceeds Prior Record in 2000



Catholic Health Initiatives was downgraded to Aa3/stable from Aa2/stable due to a sizable 32% increase in direct debt, weakening all debt measures, and management’s launching multiple strategic initiatives that, to succeed, will demand careful oversight. Dignity Health was downgraded to A3/stable from A2/negative and reflected a third year of poor core performance measures (excluding the state provider fee and payment), weak same-store revenue and admissions growth, and an 18%

increase in debt since fiscal year 2011. Memorial Sloan-Kettering Cancer Center was downgraded following an earlier-than-anticipated debt issuance to fund extensive complex capital plans. All three systems reported escalated pension liabilities in 2012 which was a contributing factor to the downgrades. These rating downgrades are noteworthy as even the largest systems and those with international clinical reputations are not immune from industry pressures. Furthermore, two multi-state systems in Moody's portfolio were assigned negative outlooks in 2012 (Providence Health & Services, WA and Sisters of Charity of Leavenworth Health System, KS), signaling future rating pressure.

The dollar amount of upgraded debt in 2012 totaled \$9.7 billion, nearly half the dollar amount of downgraded debt, \$20.0 billion (Figure 1), but a 64% increase over 2011, when the dollar amount of upgraded debt was \$5.9 billion. Similar to 2012, the downgraded debt in 2011 (\$6.4 billion) was higher than the upgraded debt (\$5.9 billion) although by a much narrower margin. In addition to the large downgrades in 2012 discussed above, the larger amount of upgraded debt in 2012 reflected the upgrade of a few larger systems including: The University of Colorado Hospital Authority and Poudre Valley Health Care's merger (\$1.3 billion in debt upgraded), Barnabas Health, NJ (\$899 million of debt upgraded) and Memorial Hermann Health System (TX) with \$870 million of debt upgraded. While sizable, these are regional systems with lower absolute debt levels, unlike Catholic Health Initiatives and Dignity Health, which we consider to be national systems.

### Number of Downgrades Increased in 2012 and Continued to Exceed Upgrades

The pace of downgrade activity increased during 2012 after declining in 2011 to the lowest level in over a decade. This reflects reduced or slowed reimbursement from major payers, both governmental and private, as the healthcare industry remains under pressure from policymakers and the general public to reduce costs. Supplemental payments to hospitals, including disproportionate share payments (DSH) from Medicare and Medicaid are set to be reduced significantly over the next several years and are a factor in our 2013 negative outlook on the sector<sup>2</sup>.

During 2012, there were 40 downgrades compared to 34 downgrades in 2011 and 44 in 2010 (Figures 2 and 4). The downgrades in 2012 were driven by a number of factors, including volume declines and weaker or negative revenue growth contributing to weakening operating performance and debt service coverage. Other factors included declines in liquidity, increased debt load that stresses leverage measures, increased competition, and management and governance issues.

Among the 40 downgraded providers in 2012, 25 (63%) were stand alone hospitals, seven (18%) were single-state providers, four (10%) were academic medical centers and two (5%) were multi-state systems. Of the 40 providers, 63% (25) were relatively small in size with total operating revenue of \$500 million or less (Figure 1D). This highlights some of the difficulties medium and small providers have in today's healthcare environment. Vulnerability to physician departures, lack of leverage with insurance companies, and inability to achieve savings through economies of scale has made it difficult for some smaller-sized providers to grow revenue and maintain margins. Many of the smaller providers seek larger, wealthier partners that enable a potential future upgrade upon debt guarantees if they meet our methodology. One community hospital, Lowell General Hospital, MA, (\$270.7 million operating revenues) was downgraded in 2012 to Baa2 from Baa1 after it acquired the distressed Saints Medical Center (\$146.1 million operating revenues). Saints was upgraded to Baa2 from Caa1 following the merger.

<sup>2</sup> See "[US Not-for-Profit Healthcare Outlook Remains Negative for 2013](#)" (January 2013)

Downgrade rating activity in 2012 occurred across the rating scale (Figures 1A and 6). Prior to being downgraded, four (10%) of the providers were rated in the Aa-categories (all of which were downgraded from Aa2 to Aa3), and 12 (30%) were in the A categories prior to their downgrade (five were downgraded to the Baa-rated categories). There were 12 providers (30%) that were Baa-rated prior to their downgrade (five of which were downgraded to below investment grade while the balance remained in the Baa category). Twelve providers (30%) were already below investment grade and their credit rating declined further within those categories.

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### Six Multi-Notch Downgrades in 2012; Three Occurring in Pennsylvania

Six providers were downgraded by two or more notches in 2012, of which four were downgraded deeper into speculative-grade categories and two were downgraded to speculative grade from investment grade. Three multi-notch downgrades were in Pennsylvania, including one human service provider. Pennsylvania has undergone economic difficulties with the decline in the manufacturing and steel sectors and suffers unfavorable demographic trends.

West Penn Allegheny Health System (WPAHS), PA, was downgraded three notches (to Ca/Negative from Caa1/Negative), due to the system's announcement in September to terminate the agreement with Highmark Inc. (Baa1/negative) and subsequent lawsuits between WPAHS and Highmark. Additionally, WPAHS experienced a longer-than-anticipated process to receive approval from the Pennsylvania Insurance Department, which has delayed and complicated the closing of the transaction. In January 2013, WPAHS announced a proposed debt restructuring whereby bondholders will receive less than the full value of their investment.

St. Vincent Hospital, PA, was downgraded to Ba2 from Baa3 after a marked decline in cash and material operating losses driven by declining market share and volumes following increased competition. Subsequent to the downgrade, management announced the system would be acquired by Highmark during 2013. Among human service providers, KidsPeace, Inc., PA, was downgraded to C from Caa2 following the issuer's planned request for a two-year debt service payment suspension from bondholders and pension relief from the Pension Benefit Guaranty Corporation. These extreme actions came after significant cash flow pressures stemming from fundamental operating challenges. We subsequently withdrew the KidsPeace rating due to insufficient information.

Also among multi-notch downgrades, UHHS/CSAHS-Cuyahoga, Inc. & CSAHS/UHHS-Canton (dba Mercy Medical Center) 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 showed continued large operating losses through FY 2012. Westerly Hospital, RI, was downgraded to Ca from Caa1 after it went into receivership and its debt service reserve fund was tapped to pay the January 2012 bond payment. Moody's subsequently withdrew the rating due to insufficient information. Weirton Medical Center, WV, was downgraded to Ba3 from B3 when it posted a -22.5% operating margin through seven months FY 2012 following significant negative adjustments to its contractual reserve requirement, steep volume declines, and revenue cycle impairment. Weirton redeemed its outstanding bonds through a private bank loan and the rating was subsequently withdrawn.

Currently, 10 (25%) of the 40 downgrades have negative outlooks, indicating future rating pressure. Prior to being downgraded, six of the ratings were under review for possible downgrade (Washington Township Health Care District, CA; Lowell General Hospital, MA; Crittenton Hospital Medical Center, MI; St. Vincent Hospital, PA; Erlanger Medical Center, TN; and Weirton Medical Center, WV).



Downgrades were spread across 19 states with geographic concentration in the Northeastern/Mid-Atlantic and Midwest regions. Nineteen of the downgraded providers (48%) are geographically concentrated in the Northeast/Mid-Atlantic region with nine located in Pennsylvania, three in Rhode Island, two each in New Jersey, and West Virginia, and one each in New York, New Hampshire and Massachusetts. Eleven of the downgraded providers (28%) were located in the Midwest with three each in Ohio, Illinois and Michigan, and one in each of Iowa and Minnesota. Of the 10 remaining providers downgraded in 2012, three were located in California, two in each of Washington state and Tennessee and one each in Texas, Colorado and Florida. The geographic concentration in 2012 follows the pattern seen in 2011 rating activity. Pennsylvania led the number of downgrades in 2011 with five, followed by four in Ohio and three in both Texas and California, accounting for 11 of the 34 downgrades in 2011. Providers in those states faced a combination of heightened economic pressures, weakened demographic trends, and state budget deficits.

### Increased Number of Upgrades in 2012 Reflects Consolidation Activity, Strong Management, Favorable Market Share and Operating Performance

During 2012, there were 38 rating upgrades, a marked increase from the 23 upgrades in 2011 and 21 in 2009 and more in line with the 40 upgrades during 2010 (Figures 1 and 4). The higher number of upgrades in 2012 includes nine credits that were upgraded due to consolidation, in which a lower-rated provider's debt was guaranteed by a higher-rated provider. The consolidation trend we saw in 2011 (when we upgraded two credits due to mergers) increased in 2012 and we expect this trend to continue in 2013. Many of the additional upgrades in 2012 were due to multi-year maintenance of strong financial performance, growth in liquidity, improved debt measures, favorable volume trends, strong market share, and strong management. New or continued state Medicaid provider fee programs also helped bolster some credits.

Among the 38 upgraded providers in 2012, there were 22 (58%) stand alone hospitals, 10 (26%) single-state providers and two (5%) each of children's hospitals and academic medical systems. Upgrades were evenly split between providers above and below \$500 million in revenues (Figure 1E).

During 2012, upgrade rating activity occurred across the rating scale; however, 55% of the upgraded providers were previously in the Aa or A rating category (Figures 1A and 5). Two providers were upgraded further into the Aa category and 19 were in the A category (of which two were upgraded to the Aa category). There were 14 providers in the Baa category (of which six were upgraded to the A rating category and eight were upgraded within the Baa rating category) and three providers were speculative grade (all three were upgraded to the Baa rating category).

Seven ratings were upgraded by two or more notches. Six of these multi-notch upgrades were due to mergers or acquisitions (see Appendix 7 for a list of all providers with rating changes related to mergers and acquisitions). One credit, Beebe Medical Center, DE, was upgraded due to the mitigation of a key event risk following the favorable resolution of class action litigation against the hospital.

Among the multi-notch upgrades due to acquisitions, Poudre Valley Health Care, CO, and The University of Colorado Hospital Authority, CO merged to form University of Colorado Health (UCH). In turn, UCH is entering into a long-term lease with the City of Colorado Springs to operate Memorial Hospital (A3 rating to be withdrawn due to defeasance of the bonds). The three hospitals together have a combined pro forma revenue base of over \$2.2 billion, and have over 70,000 annual admissions. Poudre was upgraded to A1 from A2 and University of Colorado Hospital Authority was upgraded to A1 from A3. Richardson Hospital Authority (RHA), TX, was upgraded to A1 from Baa2 after the announcement that Methodist Hospitals of Dallas d/b/a Methodist Health System (MHS),

purchased RHA's assets. Saints Memorial Medical Center, MA, was upgraded to Baa2 from Caa1 after its merger with Lowell General Hospital, MA. St. Peter's Hospital, NY, 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 market share resulting from the merger. Rockingham Healthcare, VA was upgraded to Aa2 from Baa1 after the change in bondholder security for Rockingham's bonds to that of Sentara Healthcare, VA. Union Regional Medical Center (d/b/a Carolinas Medical Center-Union), NC, was upgraded to Aa3 from A2 following Moody's review of the guaranty agreement by Aa3-rated Carolinas HealthCare System (CHS).

Upgrades were spread among 21 states with some regional concentration as 16 of the upgrades were located in states in the Northeastern region, six upgrades in the Southern region, four upgrades in the Midwest, and four upgrades in the Western region. California, Florida, and New Jersey had the highest number of upgrades with three each (Appendix 1). These providers were upgraded despite the challenging economic and competitive markets characteristic of these states and regions.

### Rating Affirmations Continue as Dominant Rating Activity

Moody's affirmed 278 not-for-profit healthcare ratings in 2012, representing 78% of all rating actions and affecting \$126.2 billion of total debt. Of the 278 rating affirmations, 62 (22%) were within the Aa (22%) rating categories, 132 (48%) were within the A rating categories, 65 (23%) were in the Baa rating category, and 19 (7%) were in the below investment-grade categories (Figures 1A and 7).

Additionally, 59 of the rating affirmations (21%) had outlook changes in 2012 with 21 (36% of outlook changes) in the negative direction and 38 (64%) in a positive direction. This trend is consistent with 2011 when, out of 75 affirmations with outlook changes, 24 (32%) had outlook changes in the negative direction and 51 (68%) had positive outlook changes. Thirty-one or 53% percent of the outlook revisions in 2012 were in the Aa (7) and A (24) rating categories; four Aa-rated providers had positive outlook changes.

FIGURE 1D  
**Nearly Two-Thirds of Downgrades were for Providers with Total Operating Revenue below \$500 million**

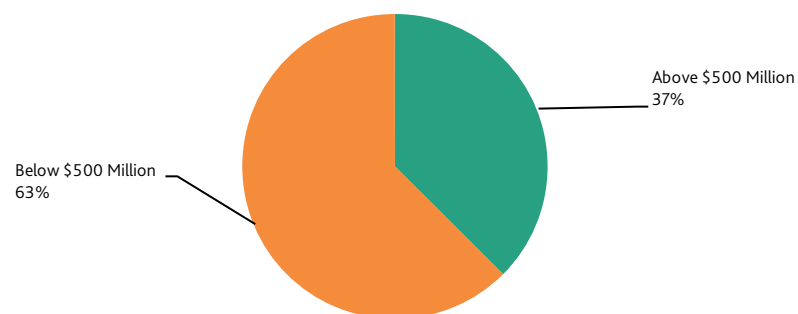




FIGURE 1E  
**Upgrades Were Evenly Split Between Providers with Total Operating Revenue above and below \$500 million**

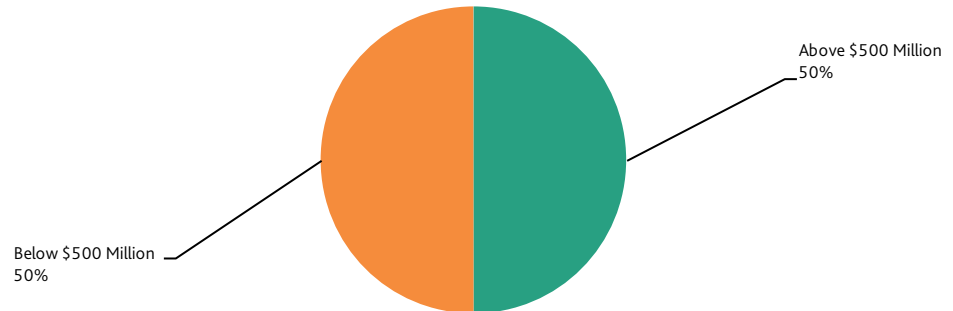


FIGURE 2  
**Quarterly Rating Downgrades to Upgrades Ratio: 2009-2012**

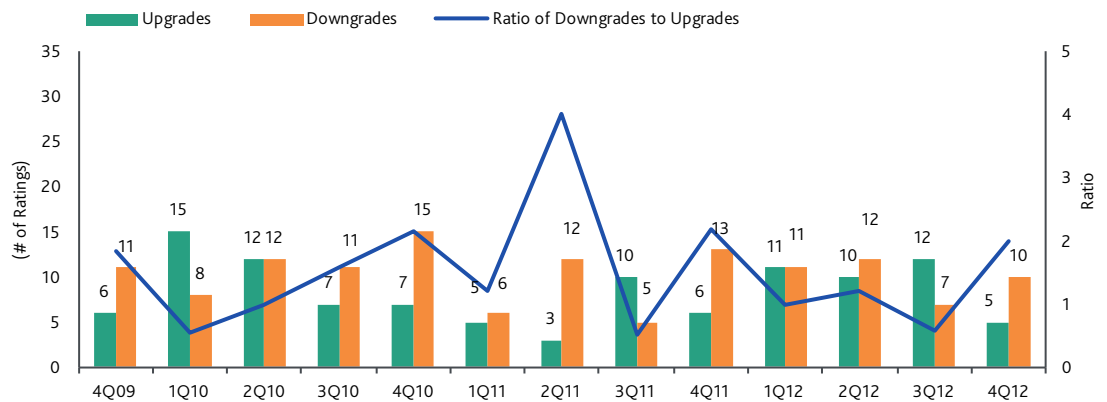


FIGURE 3  
**Affirmations Remain Majority of Rating Actions: Q4 2009 -Q4 2012**

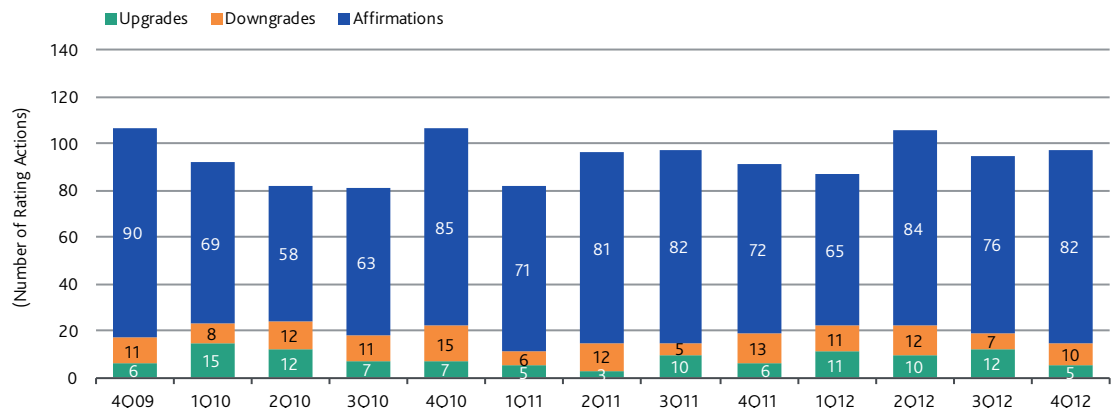


FIGURE 4  
Number of Upgrades and Downgrades, 1995 through 2012

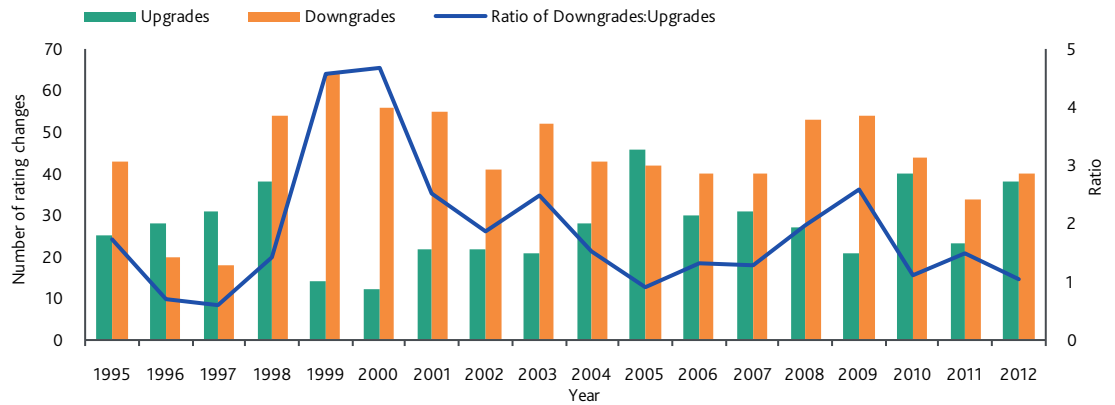


FIGURE 5  
Upgrades by Rating Category (based on previous rating)  
2011 2012

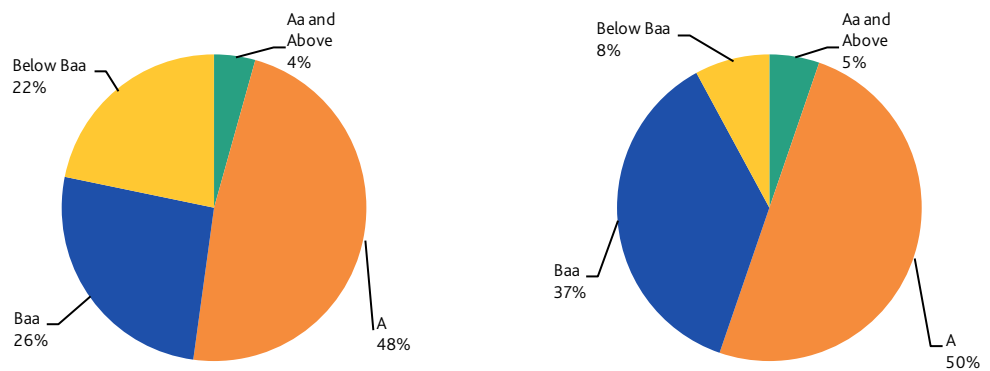


FIGURE 6  
Downgrades by Rating Category (based on previous rating)  
2011 2012

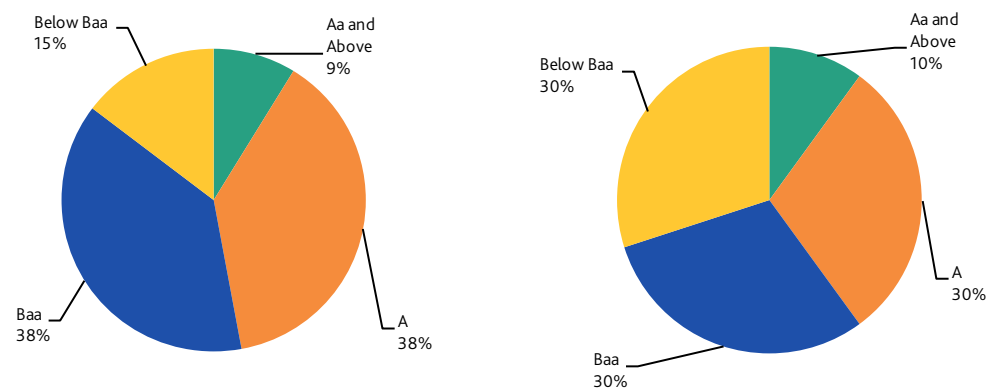
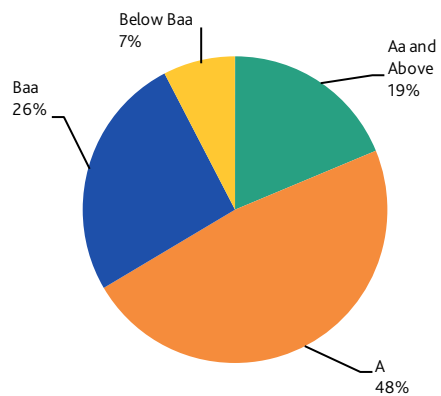
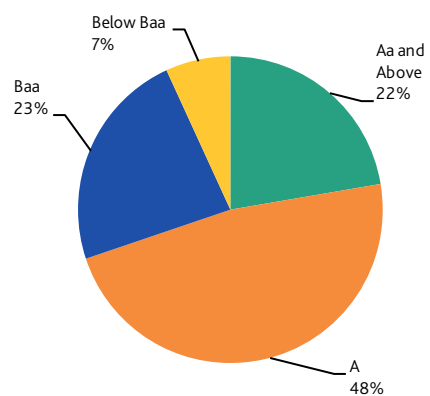


FIGURE 7  
**Affirmations by Rating Category**  
 2011



2012



## Appendices

Note:

\*The following lists represent rating activity during calendar year 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

#### 2012 Upgrades

	State	Hospital	Current Rating	Previous Rating	Outlook	Debt Affected (\$000s)	Rating Date
1	AZ	Scottsdale Healthcare Corporation	A2	A3	Stable	332,000	29-Oct-12
2	CO	Aspen Valley Hospital District	Baa2	Baa3	Stable	11,100	7-Feb-12
3	CO	Poudre Valley Health Care <sup>[1]</sup>	A1	A2	Stable	1,250,000	13-Sep-12
4	CO	University of Colorado Hospital Authority	A1	A3	Stable	1,250,000	13-Sep-12
5	DE	Beebe Medical Center	Baa3	Ba3	Stable	53,900	17-Dec-12
6	FL	BayCare Health System	Aa2	Aa3	Stable	762,000	5-Apr-12
7	FL	Mount Sinai Medical Center	Baa2	Baa3	Stable	245,300	15-May-12
8	FL	South Lake County Hospital District	Baa1	Baa2	Stable	68,600	15-May-12
9	GA	Gwinnett Hospital System, Inc.	A2	A3	Stable	147,400	30-Aug-12
10	GA	St. Joseph's/Candler Health System	A3	Baa1	Stable	52,000	6-Mar-12
11	IL	Alexian Brothers Health System	A2	A3	Stable	162,000	26-Jul-12
12	IN	Ball Memorial Hospital	Baa2	Baa3	Positive	101,000	20-Jan-12
13	KS	Lawrence Memorial Hospital	A1	A2	Stable	59,000	13-Apr-12
14	MA	Saints Memorial Medical Center	Baa2	Caa1	Stable	47,000	17-Aug-12
15	MN	Allina Health System	Aa3	A1	Stable	653,000	6-Sep-12
16	MN	CentraCare Health System	A1	A2	Stable	370,000	7-Sep-12
17	MO	Heartland Regional Medical Center	A1	A2	Stable	160,500	16-Feb-12
18	NC	Carolinas Medical Center - Union	Aa3	A2	Stable	34,000	4-Jan-12
19	NJ	Barnabas Health	Baa1	Baa2	Stable	899,500	13-Nov-12
20	NY	New York Methodist Hospital	Baa2	Baa3	Stable	46,000	25-Jan-12
21	NY	NYU Hospitals Center	A3	Baa1	Stable	510,300	14-Feb-12
22	NY	St. Peter's Hospital	A3	Baa2	Stable	247,300	14-Jun-12
23	OH	Blanchard Valley Regional Health Center	A2	A3	Stable	108,000	29-Jun-12
24	OH	Firelands Regional Medical Center	Baa1	Baa2	Stable	79,000	28-Nov-12
25	OH	Lake Health	A3	Baa1	Stable	73,000	9-Aug-12
26	OK	Norman Regional Hospital Authority	Baa3	Ba1	Positive	64,800	16-May-12
27	OK	St. John Health System	A2	A3	Stable	478,000	2-May-12
28	OR	St. Charles Health System (formerly Cascade Healthcare Community)	A2	A3	Stable	153,000	20-Dec-12
29	TX	Cook Children's Medical Center	Aa2	Aa3	Stable	295,000	16-Aug-12
30	TX	Memorial Hermann Healthcare System	A1	A2	Stable	870,000	5-Mar-12
31	TX	Northeast Hospital Authority	A2	A3	Stable	19,900	19-Jul-12
32	TX	Richardson Hospital Authority	A1	Baa2	Stable	67,590	6-Sep-12
33	VA	Children's Hospital of the King's Daughters	A2	A3	Stable	78,000	20-Sep-12
34	VA	Prince William Hospital	A2	A3	Stable	75,200	23-Apr-12
35	VA	Rockingham Health Care, Inc. (part of Sentara Healthcare)	Aa2	Baa1	Stable	189,000	23-Apr-12

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**2012 Upgrades**

	State	Hospital	Current Rating	Previous Rating	Outlook	Debt Affected (\$000s)	Rating Date
36	VA	Virginia Hospital Center	A1	A2	Stable	137,800	23-Jan-12
37	WA	Seattle Cancer Care Alliance	A2	A3	Stable	85,000	12-Mar-12
38	WI	Wheaton Franciscan Services	Baa1	Baa2	Stable	742,500	23-Mar-12
<b>Total Debt Affected:</b>						<b>9,727,690</b>	

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[1] The \$1.2B debt affected for Poudre Valley Health Care and University of Colorado Hospital Authority is only counted once as this amount represents the debt affected of the new merged entity.

## Appendix 2

## 2012 Downgrades

	State	Hospital	Current Rating	Previous Rating	Outlook	Debt Affected (\$000s)	Rating Date
1	CA	Dignity Health (formerly Catholic Healthcare West)	A3	A2	Stable	5,000,000	3-Oct-12
2	CA	Lucile Salter Packard Children's Hospital	Aa3	Aa2	Stable	364,000	24-Feb-12
3	CA	Washington Township Health Care District	Baa1	A3	Negative	232,000	20-Jun-12
4	CO	Catholic Health Initiatives	Aa3	Aa2	Stable	6,000,000	17-Oct-12
5	FL	Citrus Memorial Hospital	Ba3	Ba2	Negative	39,400	7-Mar-12
6	IA	Keokuk Area Hospital	Caa3	Caa2	Negative	5,100	3-Feb-12
7	IL	Elmhurst Memorial Healthcare	Baa2	Baa1	Stable	497,000	24-Feb-12
8	IL	Northwest Community Hospital	A2	A1	Stable	230,200	4-Apr-12
9	IL	Proctor Hospital	Ba2	Ba1	Negative	22,500	5-Jun-12
10	MA	Lowell General Hospital	Baa2	Baa1	Stable	110,110	17-Aug-12
11	MI	Crittenton Hospital Medical Center	Baa2	Baa1	Stable	39,700	27-Aug-12
12	MI	Henry Ford Health System	A2	A1	Stable	855,000	5-Dec-12
13	MI	University of Michigan Hospitals	Aa3	Aa2	Stable	281,400	27-Nov-12
14	MN	Fairview Health Services	A3	A2	Negative	836,000	6-Jun-12
15	NH	Exeter Hospital	A3	A2	Negative	65,000	25-Jan-12
16	NJ	Chilton Memorial Hospital	Baa2	Baa1	Stable	39,200	10-May-12
17	NJ	Saint Peter's University Hospital	Ba1	Baa3	Stable	165,800	28-Sep-12
18	NY	Memorial Sloan Kettering Cancer Center	Aa3	Aa2	Stable	1,900,000	21-Nov-12
19	OH	Kettering Medical Center Network Obligated Group	A3	A2	Stable	408,000	30-Apr-12
20	OH	Robinson Memorial Hospital	Baa1	A3	Negative	5,200	8-Nov-12
21	OH	UHHS/CSAHS-Cuyahoga, Inc. & CSAHS/UHHS-Canton, Inc.	Ba2	Baa3	Negative	77,000	3-Apr-12
22	PA	Albert Einstein Healthcare Network	Baa2	Baa1	Stable	133,000	27-Sep-12
23	PA	Good Samaritan Hospital	Ba2	Ba1	Negative	64,500	30-Nov-12
24	PA	KidsPeace, Inc.	C	Caa2		53,700	31-Jan-12
25	PA	Lewistown Hospital	Ba1	Baa3	Negative	20,600	21-Nov-12
26	PA	Lower Bucks Hospital	C	Ca		24,900	13-Jan-12
27	PA	Pinnacle Health System	A3	A2	Stable	304,000	10-Jul-12
28	PA	St. Vincent Hospital	Ba2	Baa3	Negative	89,500	18-Apr-12
29	PA	Temple University Hospital	Ba1	Baa3	Stable	533,000	25-May-12
30	PA	West Penn Allegheny Health System	Ca	Caa1	Negative	726,000	13-Nov-12
31	RI	Lifespan Rhode Island Obligated Group	Baa1	A3	Stable	346,200	6-Mar-12
32	RI	St. Joseph Health Services of Rhode Island	Caa2	Caa1	Negative	18,200	3-Feb-12
33	RI	Westerly Hospital	Ca	Caa1		8,600	9-Feb-12
34	TN	Blount Memorial Hospital	Baa1	A3	Negative	9,900	16-Nov-12
35	TN	Erlanger Medical Center	Baa1	A3	Negative	172,000	23-May-12
36	TX	Hopkins County Hospital District	Ba2	Ba1	Negative	22,700	20-Jun-12



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**2012 Downgrades**

	State	Hospital	Current Rating	Previous Rating	Outlook	Debt Affected (\$000s)	Rating Date
37	WA	Central Washington Health Services Association (dba Central Washington Hospital)	Baa3	Baa2	Negative	115,000	7-May-12
38	WA	Kadlec Medical Center	Baa3	Baa2	Stable	190,000	7-Aug-12
39	WV	Davis Health System	Ba2	Ba1	Negative	14,700	17-Jul-12
40	WV	Weirton Medical Center	B3	Ba3	Negative	20,300	19-Mar-12
<b>Total Debt Affected:</b>						<b>20,039,410</b>	

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## Appendix 3

## 2012 Affirmations

	State	Hospital	Current Rating	Outlook	Debt Affected (\$000s)	Rating Date
1	AL	Huntsville Health Care Authority	A1	Stable	148,000	16-Feb-12
2	AL	Children's Hospital of Alabama	A2	Positive	160,000	12-Dec-12
3	AL	Cullman Regional Medical Center	Ba1	Negative	66,000	19-Nov-12
4	AL	Jackson Hospital and Clinic	Baa2	Stable	103,000	18-Jul-12
5	AL	University of Alabama Hospital at Birmingham	A1	Stable	470,300	20-Jul-12
6	AR	Arkansas Children's Hospital	A1	Stable	159,000	21-Sep-12
7	AR	Baxter County Regional Hospital	Baa2	Stable	44,800	25-Sep-12
8	AR	Washington Regional Medical Center	Baa1	Stable	101,000	19-Dec-12
9	AZ	University Medical Center Corporation	Baa1	Negative	310,000	4-Oct-12
10	AZ	Yavapai Regional Medical Center	Baa2	Positive	69,000	22-Aug-12
11	CA	Antelope Valley Healthcare District	Baa3	Negative	111,000	9-Nov-12
12	CA	Cedars-Sinai Medical Center	A2	Positive	1,100,000	14-Dec-12
13	CA	Children's Hospital Los Angeles	Baa2	Stable	494,000	17-Jul-12
14	CA	Citrus Valley Health Partners	Ba2	Stable	69,300	5-Nov-12
15	CA	City of Hope National Medical Center	A1	Positive	343,290	23-Oct-12
16	CA	Community Hospitals of Central California (dba Community Medical Centers)	Baa2	Positive	520,000	29-Jun-12
17	CA	Community Memorial Health System	Ba2	Stable	350,000	13-Jul-12
18	CA	Dignity Health (formerly Catholic Healthcare West)	A2	Negative	4,500,000	12-Jun-12
19	CA	Eisenhower Medical Center	Baa2	Stable	401,000	2-Nov-12
20	CA	Good Samaritan Hospital	B1	Stable	60,900	14-Nov-12
21	CA	Hoag Memorial Hospital Presbyterian	Aa3	Stable	565,000	24-Jan-12
22	CA	John Muir Health	A1	Stable	330,000	11-Jul-12
23	CA	Kaweah Delta Health Care District	A3	Stable	155,000	11-Jun-12
24	CA	San Antonio Community Hospital	A3	Stable	124,600	2-May-12
25	CA	Scripps Health	Aa3	Stable	890,000	9-Jan-12
26	CA	Sharp Healthcare	A2	Positive	51,890	8-Jan-12
27	CA	Stanford Hospital and Clinics	Aa3	Stable	1,300,000	1-May-12
28	CA	Sutter Health	Aa3	Stable	3,000,000	8-Jun-12
29	CA	Torrance Memorial Medical Center	A2	Stable	288,000	14-Sep-12
30	CA	Washington Township Health Care District	Baa1	Negative	229,000	21-Nov-12
31	CO	Aspen Valley Hospital District	Baa2	Stable	22,000	13-Jul-12
32(a)	CO	Boulder Community Hospital	A2	Stable	125,000	5-Mar-12
32(b)	CO	Boulder Community Hospital	A2	Stable	155,000	7-Aug-12
33(a)	CO	Catholic Health Initiatives	Aa2	Stable	4,520,000	9-Mar-12
33(b)	CO	Catholic Health Initiatives	Aa2	Stable	127,000	18-Oct-12
34	CO	Children's Hospital Colorado (formerly The Children's Hospital Association)	A1	Stable	360,000	22-Oct-12
35	CO	Longmont United Hospital	Baa2	Stable	53,300	2-Nov-12
36	CO	Memorial Health System	A3	Negative	244,000	15-Mar-12

## 2012 Affirmations

	State	Hospital	Current Rating	Outlook	Debt Affected (\$000s)	Rating Date
37(a)	CO	Parkview Medical Center	A3	Stable	96,000	23-Feb-12
37(b)	CO	Parkview Medical Center	A3	Stable	122,000	18-Sep-12
38	CO	University of Colorado Hospital Authority	A1	Stable	1,250,000	28-Sep-12
39	CT	Middlesex Hospital	A2	Stable	72,400	17-Aug-12
40	CT	St. Mary's Hospital	Ba2	Stable	24,900	25-Apr-12
41	CT	Yale-New Haven Hospital	Aa3	Stable	462,000	17-Dec-12
42	DE	Beebe Medical Center	Ba3	Negative	56,600	26-Mar-12
43	DE	Christiana Care Health Services	Aa3	Positive	274,000	30-Jul-12
44(a)	FL	Adventist Health System-Sunbelt Obligated Group	Aa3	Positive	2,100,000	17-Jul-12
44(b)	FL	Adventist Health System-Sunbelt Obligated Group	Aa3	Positive	2,200,000	19-Oct-12
45(a)	FL	Baptist Hospital, Inc. & The Baptist Manor, Inc.	Baa1	Stable	176,000	12-Jan-12
45(b)	FL	Baptist Hospital, Inc. & The Baptist Manor, Inc.	Baa1	Positive	150,800	19-Dec-12
46	FL	BayCare Health System	Aa2	Stable	762,000	18-Apr-12
47	FL	Bethesda Healthcare System	A3	Stable	130,000	21-Mar-12
48	FL	Central Florida Health Alliance	Baa1	Stable	59,300	27-Jul-12
49	FL	H. Lee Moffitt Cancer Center	A3	Stable	154,000	25-Oct-12
50(a)	FL	Health First	A3	Stable	328,000	21-Apr-12
50(b)	FL	Health First	A3	Negative	327,300	20-Dec-12
51	FL	Lee Memorial Hospital	A2	Stable	420,400	18-Jun-12
52	FL	Martin Memorial Medical Center	Baa1	Stable	157,500	12-Oct-12
53	FL	Mount Sinai Medical Center	Baa2	Stable	221,000	2-Aug-12
54	FL	NCH Healthcare	A2	Stable	102,100	3-Jul-12
55	FL	North Broward Hospital District	A2	Stable	256,200	13-Jun-12
56	FL	Orlando Health, Inc.	A2	Stable	656,000	24-Apr-12
57	FL	Sarasota Memorial Hospital	A1	Stable	436,000	27-Aug-12
58	FL	South Broward Hospital District	Aa3	Stable	545,800	18-Jan-12
59(a)	FL	Tampa General Hospital	A3	Negative	370,000	9-Jul-12
59(b)	FL	Tampa General Hospital	A3	Stable	390,300	11-Dec-12
60	GA	Central Georgia Health System Obligated Group	Aa3	Stable	83,600	31-Oct-12
61	GA	Children's Healthcare of Atlanta	Aa2	Stable	467,000	20-Dec-12
62	GA	Houston Healthcare	A2	Stable	71,900	24-Jul-12
63	GA	MCG Health, Inc.	A2	Stable	135,000	7-Mar-12
64(a)	GA	Phoebe Putney Memorial Hospital	Aa3	Stable	119,500	13-Jul-12
64(b)	GA	Phoebe Putney Memorial Hospital	Aa3	Stable	229,600	13-Nov-12
65(a)	GA	Piedmont Healthcare	Aa3	Stable	308,000	6-Jan-12
65(b)	GA	Piedmont Healthcare	Aa3	Stable	308,000	20-Nov-12
66	GA	Southeast Georgia Health System	A2	Stable	166,000	29-Mar-12
67	GA	University Health	A1	Stable	150,100	22-Oct-12
68(a)	GA	Wellstar Health System	Aa3	Stable	483,000	8-Jun-12
68(b)	GA	Wellstar Health System	Aa3	Stable	469,000	26-Sep-12
69	HI	Hawaii Pacific Health	A3	Positive	264,000	23-Aug-12

## 2012 Affirmations

	State	Hospital	Current Rating	Outlook	Debt Affected (\$000s)	Rating Date
70(a)	IA	Mercy Medical Center (Cedar Rapids)	A2	Stable	82,000	31-Jan-12
70(b)	IA	Mercy Medical Center (Cedar Rapids)	A2	Stable	124,000	26-Nov-12
71	IA	University of Iowa Hospitals & Clinics	Aa2	Stable	341,000	23-Aug-12
72	ID	St. Luke's Health System	A2	Stable	676,000	15-Jun-12
73(a)	IL	Advocate Health Care Network	Aa2	Stable	1,100,000	19-Jul-12
73(b)	IL	Advocate Health Care Network	Aa2	Stable	1,100,000	29-Oct-12
74	IL	Blessing Hospital	A3	Stable	37,000	28-Sep-12
75	IL	Memorial Health System	A1	Stable	149,000	20-Jan-12
76	IL	NorthShore University Health System	Aa2	Stable	317,000	11-Sep-12
77	IL	Northwestern Memorial Hospital	Aa2	Stable	841,000	25-Jun-12
78	IL	OSF Healthcare System	A3	Positive	749,000	15-Aug-12
79	IL	Provena Health	Baa1	Stable	554,000	16-Mar-12
80	IL	Resurrection Health Care System	Baa1	Stable	531,600	16-Mar-12
81	IL	Riverside Health System	A2	Stable	151,000	11-Sep-12
82	IL	Rush University Medical Center Obligated Group	A2	Stable	558,000	28-Feb-12
83	IL	Sherman Hospital	Baa2	Stable	284,600	30-Mar-12
84	IL	University of Chicago Medical Center	Aa3	Stable	756,000	8-Jun-12
85	IN	Community Health Network	A2	Positive	381,100	9-Oct-12
86	IN	Elkhart General Hospital	A2	Positive	84,500	9-Nov-12
87	IN	Indiana University Health (formerly Clarian Health Partners)	A1	Stable	1,400,000	1-Aug-12
88	IN	King's Daughters' Hospital & Health Services	Baa2	Negative	100,000	14-Sep-12
89	IN	Parkview Health System	A1	Stable	561,000	4-May-12
90	IN	Riverview Hospital	Baa1	Negative	22,500	13-Jan-12
91	KS	Hays Medical Center	A2	Stable	78,000	24-Oct-12
92	KS	Salina Regional Health Center	A1	Stable	62,000	23-Jan-12
93	KS	Sisters of Charity of Leavenworth Health System	Aa3	Negative	1,200,000	25-Oct-12
94	KY	King's Daughters' Medical Center	A1	Stable	244,900	6-Dec-12
95	LA	Franciscan Missionaries of Our Lady Health System	A2	Stable	553,300	9-Oct-12
96	LA	Lafayette General Medical Center	A3	Stable	84,800	27-Jun-12
97	LA	Terrebonne General Medical Center	A2	Stable	56,200	25-Sep-12
98	LA	West Jefferson Medical Center	Baa2	Stable	144,200	10-Sep-12
99	LA	Woman's Hospital Foundation	A3	Stable	319,500	29-Feb-12
100	MA	Baystate Medical Center	A2	Stable	256,000	13-Sep-12
101(a)	MA	Boston Medical Center	Baa1	Stable	365,000	12-Mar-12
101(b)	MA	Boston Medical Center	Baa1	Stable	362,000	10-May-12
102	MA	CareGroup	A3	Positive	506,000	20-Jul-12
103	MA	Children's Hospital (Boston)	Aa2	Stable	667,700	17-May-12
104	MA	Dana-Farber Cancer Institute	A1	Stable	283,600	7-Jun-12
105	MA	Harvard Pilgrim Health Care	Baa3	Stable	77,000	6-Dec-12
106	MA	Holyoke Hospital	Ba3	Negative	5,900	24-Jul-12
107	MA	Massachusetts Eye & Ear Infirmary	Baa3	Stable	63,700	12-Mar-12

## 2012 Affirmations

	State	Hospital	Current Rating	Outlook	Debt Affected (\$000s)	Rating Date
108	MA	Saints Memorial Medical Center	Caa1	Negative	45,000	31-Jan-12
109	MA	SouthCoast Health System	A2	Stable	103,000	28-Aug-12
110	MA	UMass Memorial HealthCare	Baa1	Positive	321,000	8-Mar-12
111(a)	MA	Vinfen Corporation	Baa3	Negative	12,300	22-Feb-12
111(b)	MA	Vinfen Corporation	Baa3	Stable	11,900	20-Nov-12
112(a)	MD	Anne Arundel Health System	A3	Stable	348,200	23-May-12
112(b)	MD	Anne Arundel Health System	A3	Stable	335,800	3-Oct-12
113	MD	Bon Secours Health System	A3	Stable	900,000	11-Dec-12
114	MD	Calvert Memorial Hospital	A3	Stable	53,800	26-Jul-12
115	MD	Carroll Hospital Center	A3	Stable	104,500	1-Apr-12
116	MD	Dimensions Health Corporation	B3	Stable	57,000	2-Aug-12
117	MD	Doctors Community Hospital	Baa3	Stable	151,000	9-Oct-12
118	MD	Frederick Memorial Hospital	Baa1	Stable	100,510	1-Oct-12
119	MD	Greater Baltimore Medical Center	A2	Negative	115,000	9-Mar-12
120(a)	MD	Johns Hopkins Health System	Aa3	Stable	986,000	10-Feb-12
120(b)	MD	Johns Hopkins Health System	Aa3	Stable	1,080,000	4-Apr-12
120(c)	MD	Johns Hopkins Health System	Aa3	Stable	1,080,000	25-Jun-12
121	MD	LifeBridge Health	A2	Stable	328,600	22-Jun-12
122	MD	Mercy Health Services	Baa2	Stable	313,800	13-Mar-12
123	MD	Peninsula Regional Medical Center	A2	Stable	130,000	5-Nov-12
124	MD	Union Hospital Of Cecil County	A3	Stable	33,700	19-Nov-12
125	MD	University of Maryland Medical System	A2	Stable	994,600	30-Jan-12
126	MD	Upper Chesapeake Health System	Baa1	Stable	53,000	3-Oct-12
127	ME	Maine Health & Higher Educ. Facs. Auth. (Reserve Fund Resolution)	A1	Stable	40,055	8-Jun-12
128	ME	MaineGeneral Medical Center	Baa3	Stable	270,000	11-Jul-12
129	MI	Crittenton Hospital Medical Center	Baa2	Stable	106,855	11-Oct-12
130	MI	Garden City Hospital	Ba3	Negative	6,200	3-Feb-12
131	MI	Henry Ford Health System	A1	Stable	854,900	25-Jan-12
132	MI	Holland Community Hospital	A2	Stable	43,100	10-Feb-12
133	MI	Hurley Medical Center	Ba1	Stable	88,000	8-May-12
134	MI	Marquette General Hospital	Baa3	Stable	24,000	9-Apr-12
135	MI	McLaren Healthcare Corporation	Aa3	Stable	562,000	11-May-12
136	MI	Memorial Healthcare	Baa3	Positive	8,950	11-Jan-12
137	MI	MidMichigan Health	A1	Stable	212,000	2-Nov-12
138	MI	Oakwood Obligated Group	A2	Stable	324,100	9-Apr-12
139	MI	Sparrow Obligated Group	A1	Stable	318,000	31-Jul-12
140	MI	Trinity Health	Aa2	Stable	2,950,000	13-Apr-12
141	MI	University of Michigan Hospitals	Aa2	Stable	296,000	2-Mar-12
142	MI	William Beaumont Hospital	A1	Stable	919,000	9-Jan-12
143(a)	MN	Mayo Clinic	Aa2	Stable	1,900,000	26-Mar-12
143(b)	MN	Mayo Clinic	Aa2	Stable	2,400,000	20-Aug-12

## 2012 Affirmations

	State	Hospital	Current Rating	Outlook	Debt Affected (\$000s)	Rating Date
144(a)	MN	North Memorial Health Care	Baa1	Stable	54,000	15-Mar-12
144(b)	MN	Maple Grove Hospital	Baa1	Stable	143,600	15-Mar-12
145	MO	Ascension Health Alliance	Aa1	Negative	4,600,000	13-Apr-12
146	MO	BJC Health System	Aa2	Stable	793,400	26-Jul-12
147	MO	Boone Hospital Center	A3	Stable	110,000	26-Jun-12
148	MO	Capital Region Medical Center	A3	Stable	32,800	10-Dec-12
149	MO	Heartland Regional Medical Center	A1	Stable	210,500	24-Aug-12
150	MO	Jefferson Regional Medical Center	Baa2	Positive	32,000	17-Aug-12
151	MO	Mercy Health (formerly Sisters of Mercy Health System)	Aa3	Stable	635,000	14-Nov-12
152	MO	Saint Luke's Health System, Inc.	A1	Stable	384,000	18-Sep-12
153	MS	Forrest County General Hospital	A2	Stable	112,500	13-Aug-12
154	MS	North Mississippi Health Services	Aa3	Stable	192,600	25-Apr-12
155	MT	Community Medical Center	Baa2	Stable	24,900	28-Nov-12
156	MT	Northern Montana Health Care	Baa3	Stable	3,000	20-Dec-12
157	NC	Blue Ridge Healthcare System	A3	Stable	83,800	21-Aug-12
158	NC	CaroMont Health	A1	Stable	213,000	20-Dec-12
159	NC	Charlotte-Mecklenburg Hospital Authority (d/b/a Carolinas Healthcare System)	Aa3	Stable	1,700,000	18-Apr-12
160	NC	Cumberland County Health System (d/b/a Cape Fear Valley Health System)	A3	Stable	280,000	13-Nov-12
161	NC	Duke University Health System	Aa2	Stable	869,000	23-May-12
162	NC	FirstHealth of the Carolinas	Aa3	Stable	170,000	27-Mar-12
163	NC	Halifax Regional Medical Center	Ba3	Negative	15,000	10-Oct-12
164	NC	Mission Health	Aa3	Stable	569,000	24-Aug-12
165	NC	New Hanover Regional Medical Center	A1	Stable	318,000	19-Oct-12
166	NC	Northern Hospital District of Surry County	Baa3	Stable	38,100	12-Nov-12
167	NC	Novant Health	A1	Stable	1,500,000	28-Sep-12
168	NC	Rex Healthcare	A1	Stable	125,000	11-Jan-12
169	NC	University of North Carolina Hospitals	Aa3	Stable	297,000	12-Jan-12
170	NC	Vidant Health (formerly University Health Systems of Eastern Carolina)	A1	Stable	550,000	4-Apr-12
171(a)	NC	Wake Forest University Health Sciences	Aa3	Stable	182,300	1-Jun-12
171(a)	NC	North Carolina Baptist Hospitals	Aa3	Stable	315,100	1-Jun-12
171(c)	NC	Wake Forest Baptist	Aa3	Stable	535,800	17-Oct-12
171(d)	NC	Wake Forest Baptist	Aa3	Stable	536,000	9-Nov-12
172	NC	WakeMed	A1	Stable	460,000	7-Jun-12
173	ND	Altru Health System	Baa1	Stable	215,000	18-Apr-12
174	NE	Regional West Medical Center	Baa1	Stable	23,300	17-Feb-12
175	NH	Catholic Medical Center	Baa1	Stable	68,000	15-Nov-12
176	NH	Concord Hospital	A2	Stable	117,200	3-Apr-12
177	NH	Memorial Hospital at North Conway	Baa3	Stable	19,100	20-Dec-12
178	NJ	Atlantic Health System	A1	Stable	476,600	14-Jun-12



## 2012 Affirmations

	State	Hospital	Current Rating	Outlook	Debt Affected (\$000s)	Rating Date
179	NJ	AtlantiCare Regional Medical Center (formerly Atlantic City Medical Center)	A1	Stable	169,400	23-Mar-12
180	NJ	Deborah Heart & Lung Center	B1	Negative	20,100	2-Jul-12
181	NJ	Holy Name Hospital	Baa2	Stable	113,800	13-Jun-12
182	NJ	Kennedy Memorial Hospital University Medical Center	A3	Stable	67,135	8-Jun-12
183	NJ	Palisades Medical Center, Inc	Ba2	Positive	37,600	20-Jun-12
184	NJ	Robert Wood Johnson University Hospital	A2	Stable	122,000	17-Aug-12
185	NJ	Robert Wood Johnson University Hospital at Rahway	Ba3	Positive	8,000	21-Sep-12
186	NJ	St. Joseph's Healthcare System	Ba1	Stable	238,500	4-Dec-12
187	NJ	South Jersey Hospital System	A2	Stable	150,500	30-Mar-12
188(a)	NM	Presbyterian Healthcare Services	Aa3	Stable	524,000	2-Feb-12
188(b)	NM	Presbyterian Healthcare Services	Aa3	Stable	641,000	1-Aug-12
189	NM	San Juan Regional Medical Center	A3	Stable	47,700	12-Dec-12
190	NV	Renown Health	A3	Stable	556,000	14-Mar-12
191	NV	Washoe Barton Medical Center (guaranteed by Barton Healthcare System)	Baa2	Stable	6,800	21-Dec-12
192	NY	Health Quest Systems	A3	Stable	161,800	29-Oct-12
193	NY	Memorial Sloan-Kettering Cancer Center	Aa2	Stable	1,600,000	20-Jan-12
194(a)	NY	North Shore-Long Island Jewish Health System	A3	Stable	1,200,000	23-Mar-12
194(b)	NY	North Shore-Long Island Jewish Health System	A3	Stable	1,400,000	6-Sep-12
195	NY	NYU Hospitals Center	A3	Stable	760,000	20-Jul-12
196	OH	Adena Health System	A2	Stable	141,600	4-Jun-12
197	OH	Catholic Health Partners	A1	Positive	1,600,000	18-Apr-12
198	OH	Children's Hospital Medical Center of Akron	A1	Stable	127,300	20-Apr-12
199	OH	Cleveland Clinic Health System	Aa2	Stable	2,400,000	18-Apr-12
200	OH	Lakewood Hospital Association	Baa2	Stable	11,000	20-Nov-12
201	OH	Miami Valley Hospital	Aa3	Stable	419,000	17-Aug-12
202	OH	Nationwide Children's Hospital	Aa2	Stable	443,000	24-Apr-12
203	OH	Southwest General Health Center	A2	Stable	115,400	25-Oct-12
204	OH	Summa Health System	Baa1	Negative	322,000	19-Dec-12
205	OH	Trinity Health System	A3	Stable	41,000	18-Dec-12
206(a)	OH	University Hospitals Health System	A2	Stable	831,000	18-Apr-12
206(b)	OH	University Hospitals Health System	A2	Stable	832,000	29-Aug-12
207	OK	Saint Francis Health System	Aa2	Stable	215,000	17-Feb-12
208	OK	Stillwater Medical Center	Baa1	Stable	15,200	13-Sep-12
209(a)	OR	Oregon Health and Science University	A1	Stable	827,000	19-Apr-12
209(b)	OR	Oregon Health and Science University	A1	Stable	800,000	29-Nov-12
210	PA	Butler Health System	Baa1	Stable	76,000	27-Jun-12
211(a)	PA	Catholic Health East	A2	Stable	896,000	1-Jun-12
211(b)	PA	Catholic Health East	A2	Stable	735,000	5-Dec-12
212	PA	Children's Hospital of Philadelphia	Aa2	Stable	784,000	20-Jul-12

## 2012 Affirmations

	State	Hospital	Current Rating	Outlook	Debt Affected (\$000s)	Rating Date
213	PA	Crozer-Chester Medical Center	Baa3	Negative	153,200	9-Apr-12
214	PA	Doylestown Hospital	Baa2	Stable	135,700	14-Dec-12
215	PA	Excelsa Health	A3	Stable	90,900	27-Aug-12
216	PA	Geisinger Health System	Aa2	Stable	727,900	13-Dec-12
217(a)	PA	Jefferson Health System	Aa3	Stable	365,000	8-Feb-12
217(b)	PA	Jefferson Health System	Aa3	Stable	560,000	30-May-12
218	PA	Jefferson Regional Medical Center	Baa2	Stable	114,000	2-Apr-12
219	PA	Lancaster General Hospital	Aa3	Stable	191,100	1-Jun-12
220(a)	PA	Lehigh Valley Health Network	A1	Positive	422,600	9-Aug-12
220(b)	PA	Lehigh Valley Health Network	A1	Positive	509,000	12-Nov-12
221	PA	Memorial Medical Center	Baa1	Stable	199,200	6-Dec-12
222	PA	Ohio Valley General Hospital	Ba2	Negative	26,000	13-Feb-12
223	PA	Reading Hospital And Medical Center	Aa3	Stable	377,100	31-May-12
224	PA	St. Luke's Hospital and Health Network	A3	Stable	367,800	27-Aug-12
225	PA	Summit Health	A2	Stable	125,000	1-May-12
226	PA	The Washington Hospital	Baa2	Stable	96,300	26-Jun-12
227	PA	University of Pennsylvania Health System	Aa3	Stable	946,000	28-Mar-12
228	PA	University of Pittsburgh Medical Center	Aa3	Positive	2,900,000	16-Jul-12
229	PA	WellSpan Health	Aa3	Stable	174,800	21-Nov-12
230	PA	West Penn Allegheny Health System	Caa1	Negative	737,000	15-Jun-12
231	RI	South County Hospital	Ba1	Positive	37,400	13-Dec-12
232	SC	CareAlliance Health Services	A3	Negative	92,000	17-Oct-12
233	SC	Conway Medical Center	A3	Stable	63,000	5-Oct-12
234	SC	Greenville Hospital System	A1	Stable	522,000	2-May-12
235	SC	Palmetto Health Alliance	Baa1	Stable	573,000	21-Jun-12
236	SC	Self Regional Healthcare	A1	Stable	147,000	23-Mar-12
237(a)	SC	Spartanburg Regional Healthcare System	A1	Stable	210,000	9-Feb-12
237(b)	SC	Spartanburg Regional Healthcare System	A1	Stable	220,000	20-Jun-12
238	SD	Avera Health	A1	Stable	187,000	30-Mar-12
239	SD	Evangelical Lutheran Good Samaritan Society	A3	Negative	500,000	20-Apr-12
240	SD	Sanford Health	A1	Stable	808,000	1-Oct-12
241	TN	East Tennessee Children's Hospital	Baa1	Stable	43,900	3-Feb-12
242	TN	Methodist Le Bonheur Healthcare	A2	Stable	606,800	19-Apr-12
243(a)	TN	Mountain States Health Alliance	Baa1	Stable	1,030,000	26-Apr-12
243(b)	TN	Mountain States Health Alliance	Baa1	Stable	1,070,000	15-Aug-12
244	TX	Baylor Health Care System	Aa2	Negative	603,000	27-Apr-12
245	TX	Children's Medical Center of Dallas	Aa3	Stable	395,000	3-May-12
246	TX	CHRISTUS Health	A1	Stable	1,050,000	24-Jul-12
247	TX	Good Shepherd Medical Center	Baa2	Stable	193,000	29-Jun-12
248	TX	Hunt Memorial Hospital District	Baa1	Stable	8,600	24-Sep-12
249	TX	Memorial Health System of East Texas	Baa3	Stable	111,000	6-Jul-12

## 2012 Affirmations

	State	Hospital	Current Rating	Outlook	Debt Affected (\$000s)	Rating Date
250	TX	Mission Hospital	Baa2	Stable	34,900	20-Dec-12
251	TX	Mother Frances Hospital Regional Health Care Center	Baa1	Stable	160,900	1-Oct-12
252	TX	Scott & White Healthcare	A1	Stable	684,000	16-Apr-12
253(a)	TX	Tarrant County Hospital District (dba JPS Health Network)	Aa3	Negative	31,400	22-Feb-12
253(b)	TX	Tarrant County Hospital District (dba JPS Health Network)	Aa3	Negative	24,675	2-Aug-12
254	TX	Texas Children's Hospital	Aa2	Stable	701,700	12-Apr-12
255	TX	Texas Health Resources	Aa3	Stable	1,150,000	7-Sep-12
256(a)	UT	IHC Health Services, Inc.	Aa1	Stable	106,000	8-Oct-12
256(b)	UT	IHC Health Services, Inc.	Aa1	Stable	1,200,000	20-Dec-12
257	VA	Augusta Health Care, Inc.	A1	Stable	33,000	8-Aug-12
258	VA	Carilion Clinic Obligated Group	A1	Stable	600,000	20-Jan-12
259	VA	Centra Health	A2	Stable	167,600	29-Jun-12
260	VA	Chesapeake Regional Medical Center	A2	Stable	30,500	1-Aug-12
261(a)	VA	Inova Health System	Aa2	Stable	1,420,000	20-Jul-12
261(b)	VA	Inova Health System	Aa2	Stable	1,410,000	7-Dec-12
262	VA	Johnston Memorial Hospital	A3	Stable	25,000	5-Jun-12
263	VA	Martha Jefferson Hospital & MJH Foundation	A3	Positive	229,000	12-Jan-12
264(a)	VA	Sentara Healthcare	Aa2	Stable	1,200,000	23-Apr-12
264(b)	VA	Sentara Healthcare	Aa2	Stable	1,300,000	5-Jun-12
265	VT	Fletcher Allen Health Care	Baa1	Positive	330,000	29-Nov-12
266	WA	Kadlec Hospital	Baa2	Negative	130,000	29-Feb-12
267(a)	WA	MultiCare Health System	A1	Stable	777,000	25-May-12
267(b)	WA	MultiCare Health System	A1	Positive	913,000	18-Oct-12
268	WA	Providence Health & Services	Aa2	Negative	3,500,000	15-Jun-12
269	WA	Seattle Children's Hospital	Aa3	Positive	555,000	15-May-12
270	WI	Aurora Health Care, Inc.	A3	Stable	1,400,000	3-Jan-12
271	WI	Children's Hospital and Health System, Inc.	Aa3	Stable	284,000	7-Jun-12
272	WI	Gundersen Lutheran	A1	Stable	272,000	16-Aug-12
273	WI	Mercy Health System Corporation of Janesville	A2	Stable	215,700	9-May-12
274	WI	Meriter Hospital	A1	Negative	99,000	19-Jun-12
275(a)	WI	ProHealth Care, Inc.	A1	Stable	422,000	24-Feb-12
275(b)	WI	ProHealth Care, Inc.	A1	Stable	422,000	30-Mar-12
276	WI	ThedaCare, Inc.	A1	Stable	242,700	14-Jun-12
277	WV	Charleston Area Medical Center	A3	Stable	301,500	14-Sep-12
278	WV	West Virginia United Health System	A2	Stable	350,000	3-Dec-12
<b>Total Debt Affected:</b>					<b>126,215,160</b>	

## Appendix 4

## 2012 Affirmations with Outlook Revisions

	State	Hospital	Current Rating	Current Outlook	Previous Outlook	Debt Affected (\$000s)	Rating Date
1	AZ	Yavapai Regional Medical Center	Baa2	Positive	Stable	69,000	22-Aug-12
2	CA	Antelope Valley Healthcare District	Baa3	Negative	Stable	111,000	9-Nov-12
3	CA	Citrus Valley Health Partners	Ba2	Stable	Negative	69,300	5-Nov-12
4	CA	City of Hope National Medical Center	A1	Positive	Stable	343,290	23-Oct-12
5	CA	Community Hospitals of Central California (dba Community Medical Centers)	Baa2	Positive	Stable	520,000	29-Jun-12
6	CA	Eisenhower Medical Center	Baa2	Stable	Negative	401,000	2-Nov-12
7	CA	Good Samaritan Hospital	B1	Stable	Positive	60,900	14-Nov-12
8	CA	Sharp Healthcare	A2	Positive	Stable	51,890	8-Jan-12
9	CA	Washington Township Health Care District	Baa1	Negative	Rating Under Review	229,000	21-Nov-12
10	CO	Children's Hospital Colorado (formerly The Children's Hospital Association)	A1	Stable	Positive	360,000	22-Oct-12
11	CO	Memorial Health System	A3	Negative	Stable	244,000	15-Mar-12
12(a)	FL	Adventist Health System-Sunbelt Obligated Group	Aa3	Positive	Stable	2,100,000	17-Jul-12
12(b)	FL	Adventist Health System-Sunbelt Obligated Group	Aa3	Positive	Positive	2,200,000	19-Oct-12
13(a)	FL	Baptist Hospital, Inc. & The Baptist Manor, Inc.	Baa1	Stable	Stable	176,000	12-Jan-12
13(b)	FL	Baptist Hospital, Inc. & The Baptist Manor, Inc.	Baa1	Positive	Stable	150,800	19-Dec-12
14(a)	FL	Health First	A3	Stable	Stable	328,000	21-Apr-12
14(b)	FL	Health First	A3	Negative	Stable	327,300	20-Dec-12
15(a)	FL	Tampa General Hospital	A3	Negative	Rating Under Review	370,000	6-Jul-12
15(b)	FL	Tampa General Hospital	A3	Stable	Negative	390,300	11-Dec-12
16	HI	Hawaii Pacific Health	A3	Positive	Stable	264,000	23-Aug-12
17	IL	OSF Healthcare System	A3	Positive	Stable	749,000	15-Aug-12
18	IN	Elkhart General Hospital	A2	Positive	Stable	84,500	9-Nov-12
19	IN	Parkview Health System	A1	Stable	Negative	561,000	4-May-12
20	IN	Riverview Hospital	Baa1	Negative	Stable	22,500	13-Jan-12
21	KS	Hays Medical Center	A2	Stable	Negative	78,000	24-Oct-12
22	KS	Sisters of Charity of Leavenworth Health System	Aa3	Negative	Stable	1,200,000	25-Oct-12
23(a)	MA	Boston Medical Center	Baa1	Stable	Negative	365,000	12-Mar-12
23(b)	MA	Boston Medical Center	Baa1	Stable	Stable	362,000	10-May-12
24	MA	Saints Medical Center	Caa1	Negative	Rating Under Review	45,000	31-Jan-12
25(a)	MA	Vinfen Corporation	Baa3	Stable	Negative	11,900	20-Nov-12
25(b)	MA	Vinfen Corporation	Baa3	Negative	Negative	12,300	22-Feb-12
26	MD	Greater Baltimore Medical Center	A2	Negative	Stable	115,000	9-Mar-12

## 2012 Affirmations with Outlook Revisions

	State	Hospital	Current Rating	Current Outlook	Previous Outlook	Debt Affected (\$000s)	Rating Date
27	MI	Memorial Healthcare	Baa3	Positive	Stable	8,950	11-Jan-12
28	MI	William Beaumont Hospital	A1	Stable	Negative	919,000	9-Jan-12
29(a)	MN	North Memorial Health Care	Baa1	Stable	Negative	54,000	15-Mar-12
29(b)	MN	Maple Grove Hospital	Baa1	Stable	Negative	143,600	15-Mar-12
30	MS	Forrest County General Hospital	A2	Stable	Positive	112,500	13-Aug-12
31	NC	CaroMont Health	A1	Stable	Positive	213,000	20-Dec-12
32	NJ	Deborah Heart & Lung Center	B1	Negative	Stable	20,100	2-Jul-12
33	NJ	Palisades Medical Center	Ba2	Positive	Stable	37,600	20-Jun-12
34	NJ	Robert Wood Johnson University Hospital at Rahway	Ba3	Positive	Stable	8,000	21-Sep-12
35	NV	Renown Health	A3	Stable	Negative	556,000	14-Mar-12
36	OH	Lakewood Hospital Association	Baa2	Stable	Negative	11,000	20-Nov-12
37	OH	Summa Health System	Baa1	Negative	Stable	322,000	19-Dec-12
38	PA	Crozer-Chester Medical Center	Baa3	Negative	Stable	153,200	9-Apr-12
39	PA	Doylestown Hospital	Baa2	Stable	Negative	135,700	14-Dec-12
40	PA	Jefferson Regional Medical Center	Baa2	Stable	Negative	114,000	2-Apr-12
41(a)	PA	Lehigh Valley Health Network	A1	Positive	Stable	422,600	9-Aug-12
41(b)	PA	Lehigh Valley Health Network	A1	Positive	Positive	509,000	12-Nov-12
42	PA	The Washington Hospital	Baa2	Stable	Negative	96,300	26-Jun-12
43	RI	South County Hospital	Ba1	Positive	Stable	37,400	13-Dec-12
44	SC	CareAlliance Health Services	A3	Negative	Stable	92,000	17-Oct-12
45	SD	Evangelical Lutheran Good Samaritan Society	A3	Negative	Stable	500,000	20-Apr-12
46	TN	East Tennessee Children's Hospital	Baa1	Stable	Negative	43,900	3-Feb-12
47	TX	Baylor Health Care System	Aa2	Negative	Stable	603,000	27-Apr-12
48	TX	Memorial Health System of East Texas	Baa3	Stable	Negative	111,000	6-Jul-12
49(a)	TX	Tarrant County Hospital District (dba JPS Health Network)	Aa3	Negative	Stable	31,400	22-Feb-12
49(b)	TX	Tarrant County Hospital District (dba JPS Health Network)	Aa3	Negative	Negative	24,675	2-Aug-12
50	TX	Texas Health Resources	Aa3	Stable	Negative	1,150,000	7-Sep-12
51	VA	Martha Jefferson Hospital & MJH Foundation	A3	Positive	Stable	229,000	12-Jan-12
52	VT	Fletcher Allen Health Care	Baa1	Positive	Stable	330,000	29-Nov-12
53	WA	Kadlec Regional Medical Center	Baa2	Negative	Stable	130,000	29-Feb-12
54(a)	WA	MultiCare Health System	A1	Stable	Stable	777,000	25-May-12
54(b)	WA	MultiCare Health System	A1	Positive	Stable	913,000	18-Oct-12
55	WA	Providence Health & Services	Aa2	Negative	Stable	3,500,000	15-Jun-12
56	WA	Seattle Children's Hospital	Aa3	Positive	Stable	555,000	15-May-12
57	WI	Gundersen Lutheran	A1	Stable	Negative	272,000	16-Aug-12
58	WI	Meriter Hospital	A1	Negative	Stable	99,000	19-Jun-12
59	WV	Charleston Area Medical Center	A3	Stable	Negative	301,500	14-Sep-12
<b>Total Debt Affected:</b>						<b>21,182,505</b>	

## Appendix 5

### 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	FL	Flagler Healthcare System [1]	A3	Stable	0	19-Oct-12
3	FL	Madison County Hospital Health System [2]	MIG 2		22,540	21-Sep-12
4	FL	Martin Memorial Medical Center	Baa1	Stable	136,900	5-Jan-12
5	IL	Ingalls Health System	Baa1	Stable	70,300	28-Dec-12
6	IL	Presence Health [1]	Baa1	Stable	0	28-Nov-12
7	IN	Community Health Network, Inc.	A2	Positive	381,100	28-Sep-12
8	IN	Good Samaritan Hospital	A3	Stable	80,000	15-Mar-12
9	KY	Appalachian Regional Healthcare Project [2]	MIG 1		25,000	29-Nov-12
10	MA	Berkshire Health System	A3	Stable	124,000	25-Apr-12
11	NY	Catholic Health System	Baa1	Stable	17,000	1-Jun-12
12	NY	South Nassau Communities Hospital	A3	Stable	92,065	3-Oct-12
13	NY	St. Joseph's Hospital Health Center	Ba1	Stable	143,415	28-Aug-12
14	NY	Winthrop-University Hospital Association	Baa1	Stable	132,000	26-Sep-12
15	OH	The Christ Hospital	Baa1	Stable	315,000	23-May-12
16	OH	Wood County Hospital Association	Baa2	Stable	53,000	29-Oct-12
17	SC	Georgetown Hospital System	A3	Stable	35,505	1-May-12
<b>Total Debt Affected:</b>					<b>\$1,666,025</b>	

[1] Issuer rating

[2] Outlooks are not assigned to MIG ratings



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**Appendix 6**


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**Ratings Under Review (as of 12/31/12)**


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	State	Hospital	Current Rating	Debt Affected (\$000s)	Review Direction	Rating Date
1	MI	Memorial Healthcare	Baa3	7,800	RUR/DU	18-Oct-12
2	NY	NYU Hospitals Center	A3	753,000	RUR/D	20-Nov-12
<b>Total Debt Affected:</b>				<b>\$760,800</b>		

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## Appendix 7

## 2012 Rating Actions Due to Mergers

	State	Hospital	Current Rating	Previous Rating	Outlook	Debt Affected (\$000s)	Rating Date	Rational For Upgrade
1	CO	Poudre Valley Health Care <sup>[1]</sup>	A1	A2	Stable	1,250,000	13-Sep-12	Merged with UCHA to form University of Colorado Health
2	CO	University of Colorado Hospital Authority	A1	A3	Stable	1,250,000	13-Sep-12	Merged with PVHC to form University of Colorado Health
3	IL	Alexian Brothers Health System	A2	A3	Stable	162,000	26-Jul-12	Acquired by Ascension
4	MA	Lowell General Hospital	Baa2	Baa1	Stable	110,110	17-Aug-12	Merged with Saints Medical Center
5	MA	Saints Memorial Medical Center	Baa2	Caa1	Stable	47,000	17-Aug-12	Merged with Lowell General Hospital
6	NC	Carolinas Medical Center - Union	Aa3	A2	Stable	34,000	4-Jan-12	Debt was guaranteed by Carolinas Healthcare System (Aa3)
7	NY	St. Peter's Hospital	A3	Baa2	Stable	247,300	14-Jun-12	Merged with Northeast Health and Seton Health System
8	PA	Temple University Health System	Ba1	Baa3	Stable	533,000	25-May-12	Affiliation with Fox Chase Cancer Center
9	TX	Richardson Hospital Authority	A1	Baa2	Stable	67,590	6-Sep-12	Assets acquired by MHSR Med Ctr
10	VA	Rockingham Health Care, Inc. (part of Sentara Healthcare)	Aa2	Baa1	Stable	189,000	23-Apr-12	Acquired by Sentara Healthcare
<b>Total Debt Affected:</b>						<b>2,640,000</b>		

[1] The \$1.2B debt affected for Poudre Valley Health Care and University of Colorado Hospital Authority is only counted once as this amount represents the debt affected of the new merged entity.

## Moody's Related Research

### Special Comments:

- » [Children's Hospital Medians Indicate Growing Revenue Challenges, December 2012 \(147893\)](#)
- » [New Forces Driving Rise in Not-for-Profit Hospital Consolidation, March 2012 \(140181\)](#)
- » [The Fiscal Cliff and Sequestration: Myriad Risks for Public Finance Credits, December 2012 \(148553\)](#)

### Sector Comment:

- » [Proposed Health Systems' Mega Merger Is Positive for the Not-for-Profit Healthcare Sector, October 2012 \(146784\)](#)

### Median:

- » [U.S. Not-for-Profit Hospital Medians Show Operating Stability Despite Flat Inpatient Volumes and Shift to Government Payers, August 2012 \(144785\)](#)

### Outlook:

- » [US Not-for-Profit Outlook Remains Negative for 2013 \(149056\)](#)

### Quarterly Activity Special Comments:

- » [US Not-For-Profit Healthcare Quarterly Ratings: Upgrades Match Downgrades in First Quarter 2012, April 2012 \(141129\)](#)
- » [US Not-For-Profit Healthcare Quarterly Ratings: Downgraded Debt Trumps Upgraded Debt in Second Quarter 2012, Reversing Prior Trends, August 2012 \(143886\)](#)
- » [US Not-For-Profit Healthcare Quarterly Ratings: Driven by M&A Activity, Upgrades Surpass Downgrades in Third Quarter 2012, October 2012 \(146639\)](#)

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.

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 Report Number: 149815
 

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