

Medians for Healthcare

Standard & Poor's Ratings Services has recently released its not-for-profit health care median ratios for stand-alone hospitals and health care systems. The median ratios offer a snapshot of the financial profile and help in the comparison of credits across rating categories. Tracking median ratios over time also presents a clearer understanding of industrywide trends and provides a tool to better assess the sector's future credit quality.

Stand-Alone Hospital Median Ratios By Rating Category: Fiscal Year-End 2021

<u>Grade</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>Speculative</u>
Sample Size	39	108	68	31
Maximum Annual Debt Service Coverage (x) *	8.0	5.5	3.7	2.4
Operating Margin (%) *	5.1	3.8	2.5	1.5
Unrestricted Days Cash on Hand *	423.9	308.7	185.9	112.2
Long-Term Debt / Capitalization (%) *	18.0	23.7	35.3	47.0

Not-For-Profit Health Care System Medians Ratios By Rating Category: Fiscal Year-End 2021

<u>Grade</u>	<u>AA</u>	<u>A</u>	<u>BBB</u>	<u>Speculative</u>
Sample Size	67	73	12	-
Maximum Annual Debt Service Coverage (x) *	6.8	4.7	4.4	-
Operating Margin (%) *	3.7	1.9	0.3	-
Unrestricted Days Cash on Hand *	326.3	214.6	122.8	-
Long-Term Debt / Capitalization (%) *	21.4	32.1	39.4	-

***Definitions:**

Maximum Annual Debt Service Coverage (x) – net revenue available for debt service / estimated future peak principal payments and interest expense

Operating Margin (%) – (total operating revenue – total operating expenses) / total operating revenue

Unrestricted Days Cash on Hand – (unrestricted cash and investments x 365) / (total operating expenses – depreciation and amortization expenses)

Long-Term Debt / Capitalization (%) – (long-term debt + short-term debt) / (long-term debt + short-term debt + unrestricted fund balance)

(Sources: S&P Global Ratings – RatingsDirect: U.S. Not-For-Profit Health Care Stand-Alone Hospital Median Financial Ratios 2021; August 24, 2022 & U.S. Not-For-Profit Health Care System Median Financial Ratios 2021; August 24, 2022)