S&P Global Ratings

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CommonSpirit Health, Illinois Virginia Mason Medical Center, Washington; Hospital; System

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CommonSpirit Health, Illinois
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CommonSpirit Health taxable fixed rate rev bnds ser 2019 due 07/01/2049		
Long Term Rating	A-/Stable	Upgraded
CommonSpirit Health (AGM)		
Unenhanced Rating	A-(SPUR)/Stable	Upgraded
Virginia Mason Med Ctr taxable rev bnds		
Long Term Rating	BBB+/Stable	Upgraded
Virginia Mason Med Ctr (AGM) (SEC MKT)		
Unenhanced Rating	BBB+(SPUR)/Stable	Upgraded

Rating Action

S&P Global Ratings raised to 'A-' from 'BBB+' its long-term rating on CommonSpirit Health, Ill.'s various taxable fixed-rate bonds and its long-term rating and underlying rating (SPUR) on all debt outstanding secured under CommonSpirit Health's master trust indenture (MTI), including bonds previously issued by multiple issuers for the legacy Dignity Health and Catholic Health Initiatives (CHI).

At the same time, we raised the long-term rating to 'BBB+' from 'BBB-' on the Washington Health Care Facilities Authority's series 2017 tax-exempt fixed-rate bonds and series 2013 taxable fixed-rate bonds issued for Virginia Mason Medical Center (VMMC) and raised the SPUR to 'BBB+' from 'BBB-' on an insured portion of the authority's series 2013 bonds also issued for VMMC, applying our group rating methodology criteria, published July 1, 2019, and designating VMMC as highly strategic to CommonSpirit given its integration with the strategically important Franciscan Health system as well as management's intention to refinance VMMC's debt when costs are more in line. As a "highly strategic" entity, the VMMC debt rating will remain one notch below the CommonSpirit debt rating. CommonSpirit finalized the affiliation with Virginia Mason on Jan. 1, 2021, and is now part of a new nonprofit entity, Virginia Mason Franciscan Health, which resulted from the consolidation of Virginia Mason and its entities along with CommonSpirit's Franciscan Health assets.

In addition, S&P Global Ratings raised the long-term component of its dual rating ('A-/A-2') to 'A-' from 'BBB+' on certain series of CommonSpirit's variable-rate demand bonds. The long-term component is based on CommonSpirit, while the short-term component is based on self-liquidity. Finally, S&P Global Ratings affirmed its 'A-2' short-term rating on CommonSpirit's commercial paper. S&P Global Ratings monitors the self-liquidity program on a monthly basis.

The outlook, where applicable, is stable.

Credit overview

The rating action reflects our view of the successful execution of several aspects of CommonSpirit's initial strategies in stemming losses and setting the system up for stability as well as a significantly strengthened balance sheet that provides the organization some cushion for operations that we expect to be at or near break-even in fiscal 2022. We also view CommonSpirit's improved financial performance in fiscal 2021, albeit with support from CARES Act funds, as an indication that the organization has had traction in achieving synergies and is moving away from the sizable losses of 2019 and earlier years. Since its formation in 2019, CommonSpirit has successfully simplified and de-risked its debt portfolio, restructured its leadership model (including transitioning to a single CEO at the end of fiscal 2020), consolidated its investment portfolio, evaluated its presence across its markets (including exiting certain service areas, while making strategic acquisitions in others), and generated operating efficiencies as it continues to establish synergies between the two legacy systems. We believe this work is ongoing and will continue to provide benefits to the organization over the outlook period.

More specifically, the rating on CommonSpirit's debt reflects a very strong enterprise profile offset by a financial profile that we still consider adequate but that has improved meaningfully over the past year, particularly the balance sheet. The very strong enterprise profile reflects our view of CommonSpirit's exceptionally broad geographic and financial dispersion, with 140 hospitals and more than 1,500 clinical sites across 21 states, making it one of the largest health systems in the country. While the system is large in scale and has improved unrestricted reserves, we believe elevated leverage and the system's historical operating losses temper these strengths, although we note improvement in fiscal 2021.

CommonSpirit has weathered the pandemic challenges well by leveraging technology and its scale to care for COVID-19 patients, and has improved its financial performance in fiscal 2021 with the receipt of CARES Act funds and ongoing supplemental funds, volume recovery, and synergies and performance improvement initiatives (approximately $500 million). The organization has hit many of its financial targets around the balance sheet ahead of its forecast, and we view this favorably. Management continues to find additional synergies (CommonSpirit was established on Feb. 1, 2019, when CHI and Dignity Health came together) to reach its $2 billion target. Certain regional markets continue to be particularly challenged, although management has plans for performance improvement in each of those markets. Other recent enhancements include the acquisition of two meaningful assets--one in Arizona (Yavapai Regional Medical Center) and the other in Seattle (Virginia Mason Health System). We expect other potential acquisitions and divestitures to further strengthen the system as a whole, although none that are currently being contemplated are significantly large in size.

CommonSpirit created its first strategic plan as a combined organization that focuses on areas such as value-based reimbursement, consumerism, growth and diversification, and investment in employees and operations to ensure that the system can deliver on strategies and maintain quality care. The organization's partnerships and investment in data, technology, and emerging care models, should help support strategic goals. Given the implementation of strategies coupled with synergies and cost savings initiatives, we expect CommonSpirit to maintain break-even performance, but we note that the industry challenges, particularly around staffing and wages, could make that more difficult. Management has a few larger multiyear capital projects, but we believe the team could slow down spending if cash flow attenuates. We expect no material changes to the balance sheet and expect that CommonSpirit will manage cash

flow and spending while maintaining the balance sheet strength.

CEO Lloyd Dean announced his plans to retire in summer 2022. The organization is conducting a national search as well as reviewing internal candidates. The team has good breadth and depth across a variety of functions to help maintain the momentum, but we note that the new CEO will be critical given CommonSpirit's ambitious strategies and the need to execute in a complex environment.

The 'A-' rating further reflects our view of CommonSpirit's:

- Significant scale and leverage opportunities as one of the largest health care systems in the country, with 140 hospitals and more than 1,500 clinical sites in 21 states generating more than $30 billion in annual revenue;
- Healthy cash on hand at more than 200 days that we expect will be maintained;
- Strong and stable management team that has made significant progress toward obtaining synergies, developing a strong operating culture, and de-risking the debt portfolio;
- Ongoing operational improvements that have yielded close to break-even operations in fiscal 2021 albeit with support from CARES Act funds and that we expect will remain around break-even; and
- Adequate maximum annual debt service (MADS) coverage that has improved in 2021 and has been supported by healthy but potentially volatile nonoperating income.

Partly offsetting the above strengths, in our view, are CommonSpirit's:

- Limited track record of sustained improved performance, although we note that the management team is mostly legacy Dignity Health leadership, who maintained solid performance and led a turnaround at that organization;
- Persistent, sizable losses in Texas, despite favorable demographics;
- High debt to capitalization; and
- Heavy reliance on special funding sources including disproportionate share hospital and state provider fees.

The stable outlook reflects our expectation that CommonSpirit will continue to execute on financial improvement plans and maintain break-even performance with support from investment income helping to generate solid MADS coverage consistently closer to 3x. The outlook also reflects our expectation of stability in the system's healthy balance sheet profile. We believe CommonSpirit has capacity to absorb modest debt over the next year given the balance sheet improvement and assuming operating performance and cash flow remain in line with our expectations. The outlook also incorporates our favorable view of management's work toward its comprehensive plan of improvement and integration, which has made progress over the past two years despite the challenges of the pandemic.

Environmental, social, and governance (ESG) factors

We analyzed CommonSpirit's environmental risk as elevated relative to that of industry peers given the location of a substantial portion of hospital assets in areas prone to earthquakes, wildfires, areas of drought, and, to a more limited extent, hurricanes--especially in Houston. Despite these risks, we do believe the diversity of the system's assets in a wide range of locations and improved reserves help mitigate the risks. We also recognize that CommonSpirit has steadily invested in seismic retrofits and rebuilds to adhere to California's seismic regulations.

We view CommonSpirit's social risk as lower than that of industry peers, given its large and broad service area, which includes multiple distinct markets across 21 states. COVID-19 has exposed the sector to increased social risk, but management has navigated that successfully thus far. As with all health care providers, social risks tied to higher staffing costs related to recruitment and retention have affected CommonSpirit, but programs that the team is offering to its staff coupled with technology solutions slightly offset this. However, we expect this to remain a challenge for the next couple of years. Just over half of legacy Dignity Health participate in collective bargaining agreements with a much smaller percentage at legacy CHI. Most of the large contracts are in place for the next few years, so we see less immediate risk tied to these contracts.

We evaluated CommonSpirit's governance risk relative to economic fundamentals, market position, and management and governance, and the corresponding effects on its financial profile, and determined it to be in line with the industry as a whole.

Stable Outlook

Downside scenario

We believe that CommonSpirit has some cushion at the rating to withstand a certain amount of challenges given its strengthened balance sheet. However, a return to higher losses or coverage that is closer to 2x could also result in a lower rating. CommonSpirit could absorb some additional debt at the rating, but a substantial increase in debt, though not expected, could also pressure the rating.

Upside scenario

Although CommonSpirit's improved balance sheet provides some cushion for the rating, because of the organization's short track record of improved earnings, we do not view a positive outlook or higher rating as likely within the outlook period. However, we could consider a positive outlook or higher rating over time if CommonSpirit is able to consistently generate sustained operating margins and cash flow that are in line with a higher rating level, amid maintenance of reserves and related ratios, and improvement of debt related ratios. We could also consider raising the rating if the organization continues to execute on its strategic plan and improve the losses at some of its larger regions, specifically the Texas market.

Credit Opinion

Enterprise Profile: Very Strong

Market focus expands from inpatient to ambulatory and digital sites of care

The organization operates in 21 states and manages the system by divisions, which have recently consolidated to nine from 13 to generate more efficiency and savings. Key divisions include Northern California, Southern California, the Southwest (which includes Arizona and Nevada), Colorado, the Pacific Northwest, Midwest, Texas, the Southeast, and Iowa. Management continues to contemplate the divestiture of assets in the upper Midwest to align those facilities with an organization in the region and allow CommonSpirit to focus its resources and capital in other divisions. While

CommonSpirit maintains healthy revenue dispersion across its regions, the organization remains particularly challenged in Texas. Losses remain stable, but high, and key initiatives to improve the Texas region include enhancing physician relationships, both employed and with Baylor College of Medicine, expanding key service lines, building out ambulatory capabilities and coordinating Baylor St. Luke's Medical Center in Houston with other regional facilities. In addition, management is beginning to invest in capital in Houston, although costs are not as significant as anticipated. The Pacific Northwest is another division in which significant investments have been made as the affiliation with VMMC rounds out services in the broader Seattle-Tacoma area, where CommonSpirit's legacy Franciscan Health had less of a presence. While integration activities are moving slower than expected as a result of COVID-19, management believes there are gains to be made in that market with referrals and enhanced service lines.

CommonSpirit continues to focus on growth on the outpatient side as well as expanding the continuum of care. To that end, management has accelerated use of technology for remote monitoring, hospital at home, and other technology-enabled solutions both for clinical care and workforce management. In addition, and as a byproduct of identifying certain solutions with partner entities, management holds a diverse portfolio of strategic investments.

Integration moves forward despite pandemic

Most of the major areas of integration have been completed, but management continues to identify back-office and clinical opportunities to meet its $2 billion improvement goal. Despite the pandemic, the initiatives yielded $500 million of savings in fiscal 2021 with approximately $1 billion in savings and revenue improvement of the $2 billion achieved since integration. Key areas of synergies in fiscal 2021 included development of a single group purchase organization, further targeted labor reductions in management and administrative positions, office space consolidation, and consolidation of human resources systems. The team has also focused on clinical activities as well and, as an example, implemented consolidation of vendors for orthopedic devices across the system. While we believe the larger integration decisions (management, debt structure, investment portfolio, and sale of certain assets) are complete, there remain areas of synergies and work to fully realize benefits that we expect could take multiple years. Management is targeting another $500 million of savings for fiscal 2022. We expect to see improvement in Texas, which continues to be operationally challenged although stable, and expect management and the board to continue to evaluate the portfolio and look for opportunities to strengthen markets or add services as needed for the continuum of care and outpatient services, or divest of those assets that do not fit into the future system. We understand that management is in confidential discussions to acquire a smaller amount of assets in an existing market, but that a definitive agreement has not yet been signed. We will evaluate the effect on the rating, if any, when details become available.

Management has yielded solid results

CommonSpirit's senior leadership team has been stable over the past year following the elimination of the co-CEO role in June 2020. We view favorably management's leadership role for the nation on health care initiatives , such as COVID-19 relief funds, as well as addressing health inequities and access issues. Several Legacy Dignity Health individuals remain in key management areas, and we have historically viewed that team's strong managerial culture and broad success functioning in difficult markets as supportive of credit quality. We believe the team continues to be effective, as demonstrated by progress toward its integration goals, including traction on synergy realization and the management of the COVID-19 pandemic. We anticipate that the CEO transition will be smooth but a meaningful transition point as the organization looks to execute on its broader strategic vision. While the team has performed

succession planning, the board is conducting a full national search to identify the right candidate for the job. We believe that the broader team maintains depth and experience to continue to manage the operations and short-term strategies, and that it will provide good continuity to the new CEO when that transition occurs.

COVID-19 and addressing staffing challenges

CommonSpirit has weathered the COVID-19 pandemic well and, like many others, with significant financial support from CARES Act funds. CommonSpirit used a combination of the data available through its electronic medical records and a comprehensive data collection and validation process to establish a real-time system dashboard to monitor trends and to direct supplies and personnel across the system to respond to resource needs based on fluctuations in demand. The system also opened a national lab in Arizona for COVID-19 testing, resulting in quicker and more cost-effective testing across the system. The team leveraged its experiences across different markets to improve care delivery related to COVID-19, and the diversity of its assets helped manage the ebbs and flows of the pandemic. The organization has been at the forefront of vaccinations and ensuring that vulnerable populations are receiving the care and vaccinations needed. While volumes have broadly recovered, certain volumes remain below the pre-COVID-19 baseline, including emergency room visits and inpatient admissions.

The organization leveraged data available through its systems to develop predictive models to anticipate local surges in demand as part of its efforts to effectively weather the pandemic. This leverage of data and technology has transitioned to helping CommonSpirit managing staffing challenges that the industry is experiencing. Specifically, the team is piloting several technology-enabled initiatives across the system to better use nursing resources while focusing on more typical initiatives such as creating a labor pool and enhancing relationships with colleges and universities.

Table 1

CommonSpirit Health, Illinois -- Enterprise Statistics

	--Fiscal year ended June 30--		
	2021	**2020**	**2019**
Inpatient admissions	745,793	744,666	788,201
Equivalent inpatient admissions	1,532,867	1,539,180	1,640,581
Emergency visits	3,361,252	3,661,255	3,994,286
Inpatient surgeries	203,375	213,524	233,627
Outpatient surgeries	333,314	306,391	346,734
Medicare case mix index	2.0300	1.9400	1.9000
FTE employees	128,000	125,000	N.A.
Active physicians	19,106	19,948	20,101
Based on net/gross revenues	Gross	Gross	Gross
Medicare (%)	44.0	44.0	44.0
Medicaid (%)	21.0	21.0	21.0
Commercial/Blues (%)	28.0	28.0	28.0

N/A--Not applicable. N.A.--Not available. Inpatient admissions exclude normal newborn, psychiatric, rehabilitation, and long-term care facility admissions.

Financial Profile: Adequate

Financial performance

We view CommonSpirit's financial performance as improving in fiscal 2021 following significant though slight lower operating losses in fiscal 2020 compared with 2019. Performance benefited from $690 million in CARES Act funds in 2021 (compared with $826 million in 2020) as well as volume recovery and underlying operating improvement from achieved synergies of $500 million. We excluded one-time joint venture sales that led to income benefit of $523 million ($800 million cash) related to the partial sale of its investment in Optum360. As is typical, S&P Global Ratings' operating income includes adjustments such as exclusion of unrestricted contributions and inclusion of swap payments. We view this as an improvement from 2020, when performance continued to lag given the early days of consolidation. That said, we note that certain markets are more challenged, particularly Texas and Northern California.

While many procedural volumes have recovered, inpatient admissions lagged in 2021; however, average length of stay and patient days have increased as a result of the acuity of COVID-19 patients. Management is budgeting for break-even to slightly positive performance for fiscal 2021, although S&P Global Ratings' calculations may soften that slightly. As mentioned, the team is looking for alternative ways to manage staffing constraints, but staffing challenges could weigh on performance over the next couple of years. We note that the pandemic and staffing issues could offset some of the targeted synergy improvements that are budgeted for fiscal 2022.

CommonSpirit generated strong investment returns, particularly in 2021, resulting in MADS coverage that is healthy, in our view. Our MADS incorporates the system's total debt, including small amounts of debt outside of the MTI such as Yavapai and VMMC debt, which raises MADS to $867 million. This MADS figure also smooths out several bullet payments, the first of which is in 2023. We fully expect the team will be proactive in managing upcoming bullet maturities through refinancing or use of the sizable unrestricted reserves or short-term facilities at its disposal.

Improving unrestricted reserves with ample access to liquidity

CommonSpirit's unrestricted reserves and access to liquidity continue to support our view of the overall financial profile. Unrestricted reserves, excluding draws on lines and the approximately $2.5 billion Medicare Accelerated and Advanced Payment funds outstanding, grew significantly over the past year as a result of healthy cash flow, including the sale of certain joint venture investments, investment market gains, and slightly lower capital expenditures. In particular, CommonSpirit's continued divestiture of its joint venture with Optum360 (along with its investment in Concentra, and an occupational health company) led to sizable gains on sale and cash for the system. We view liquidity of investments as good with about 65% of reserves available within 30 days. In addition, CommonSpirit maintains a $900 million syndicated line of credit and a $190 million line of credit for self-liquidity-backed debt that we view as providing additional support for liquidity needs. On these lines, $54 million is drawn as of June 30, 2021.

CommonSpirit has invested considerably in physical assets over time, resulting in a good average age of plant of less than 10 years, but age of fixed assets may be underreported due to the purchase accounting reflected at the time of consolidation. Management projects capital spending to begin to increase over the next year at about 130% of depreciation expense ($2 billion of spend), but could curtail much of the spending if cash flow doesn't reach budgeted levels. Key capital projects have been identified for a number of locations, including at Baylor St. Luke's Medical

Center in Houston, where CommonSpirit will begin spending on a slightly smaller project than anticipated. We understand that the system does not plan to make any wholesale changes to merge the entire system under one electronic medical record, so we don't anticipate a massive electronic medical record overhaul.

CommonSpirit initially maintained the individual legacy capital investment pools governed by its historical investment policies and guidelines, but all of that has been consolidated into three main pools of funds: the operating pool, the retirement trust, and the self-insurance trust. At June 30, 2021, the combined operating investment portfolio was quite liquid, as mentioned above, with an allocation of about 45% public equities, 27% private equity and hedge funds, and 23% fixed income and cash as well as 8% real assets--all of which seems reasonable for an investment portfolio of this size.

Moderate debt with good diversity of products and structure

CommonSpirit's total debt outstanding is inclusive of short-term debt, and the current portion of long-term debt and is still moderate. However, debt-related ratios have improved with good growth in unrestricted net assets and unrestricted reserves (see table 2) and achievement of certain targets (45%) ahead of schedule. The team may issue modest new money debt next year per its debt and capital management strategy, but maintains flexibility if market conditions or performance don't support new money debt.

CommonSpirit has also de-risked its debt portfolio considerably by refinancing a large portion of contingent liability debt. S&P Global Ratings estimates contingent liability debt at about $2.1 billion compared with more than $5.0 billion prior to the 2019 and 2020 financing. CommonSpirit's contingent liabilities primarily consist of the remaining self-liquidity-backed debt, variable-rate demand bonds, direct placements, and the commercial paper program. In addition, we recognize that the system's swap portfolio does include some event-based risk. Specifically, about $181 million of swaps is subject to a termination event if the ratings on CommonSpirit drop to less than 'BBB+' by S&P Global Ratings or 'Baa1' by Moody's.

CommonSpirit maintains multiple defined benefit pension plans from legacy CHI and Dignity Health. With general stability in the discount rate and improved return from investment markets on the assets, the unfunded portion of the plan liabilities decreased to $3.3 billion (improving to 77% funded) from $5.2 billion (and 63% funded) last year. Management maintains good funding discipline on its pension plans, most of which are considered church plans and are not subject to Employee Retirement Income Security Act (ERISA) funding guidelines. A small percentage of the plans are closed with benefits frozen, but the majority are open with ongoing accrual of benefits.

Table 2

CommonSpirit Health, Illinois -- Financial Statistics

	--Fiscal year ended June 30--			--Medians for 'A-' rated health care system--
	2021	**2020**	**2019****	**2020**
Financial performance				
Net patient revenue ($000s)	28,996,000	26,207,000	26,570,000	2,076,521
Total operating revenue ($000s)	32,666,000	29,517,000	28,798,000	2,684,250
Total operating expenses ($000s)	32,584,000	30,201,000	29,514,000	MNR
Operating income ($000s)	82,000	(684,000)	(716,000)	MNR

Table 2

CommonSpirit Health, Illinois -- Financial Statistics (cont.)

	--Fiscal year ended June 30--			--Medians for 'A-' rated health care system--
	2021	**2020**	**2019****	**2020**
Operating margin (%)	0.25	(2.32)	(2.49)	0.60
Net nonoperating income ($000s)	1,378,000	696,000	710,000	MNR
Excess income ($000s)	1,460,000	12,000	(6,000)	MNR
Excess margin (%)	4.29	0.04	(0.02)	2.40
Operating EBIDA margin (%)	6.39	4.56	4.16	6.70
EBIDA margin (%)	10.18	6.76	6.47	8.00
Net available for debt service ($000s)	3,466,000	2,043,000	1,909,000	209,691
Maximum annual debt service ($000s)	866,830	866,830	866,830	MNR
Maximum annual debt service coverage (x)	4.00	2.36	2.20	3.30
Operating lease-adjusted coverage (x)	3.04	1.83	1.76	2.60
Liquidity and financial flexibility				
Unrestricted reserves ($000s)	18,099,000	12,305,000	11,599,000	1,287,932
Unrestricted days' cash on hand	212.4	156.7	150.7	205.80
Unrestricted reserves/total long-term debt (%)	116.5	81.8	85.9	112.60
Unrestricted reserves/contingent liabilities (%)	877.5	399.2	227.6	456.20
Average age of plant (years)	7.1	6.5	5.8	12.00
Capital expenditures/depreciation and amortization (%)	100.7	84.1	80.7	108.30
Debt and liabilities				
Total long-term debt ($000s)	15,541,000	15,040,000	13,507,000	MNR
Long-term debt/capitalization (%)	42.7	54.1	47.5	44.70
Contingent liabilities ($000s)	2,062,566	3,082,764	5,096,000	MNR
Contingent liabilities/total long-term debt (%)	13.3	20.5	37.7	25.20
Debt burden (%)	2.55	2.87	2.94	2.40
Defined-benefit plan funded status (%)	77.02	63.05	72.39	85.10
Miscellaneous				
Medicare advance payments ($000s)*	2,510,000	2,646,000	N/A	MNR
Short-term borrowings ($000s)*	54,000	831,000	N/A	MNR
CARES Act ($000s)	689,644	826,000	N/A	MNR
Risk based capital ratio (%)	N/A	N/A	N/A	MNR
Total net special funding ($000s)	1,047,740	889,413	862,497	MNR

*Excluded from unrestricted reserves, long-term debt, and contingent liabilities. **Please note that fiscal 2019 financials do not contain certain minor adjustments made to fiscal years 2020 and 2021. N/A--Not applicable. N.A.--Not available. MNR--Median not reported.

Credit Snapshot

- Organization description: CommonSpirit Health was formed through the combination of Dignity Health and CHI on Feb. 1, 2019. The organization is one of the largest health care systems in the country, with 140 hospitals and more than 1,500 clinical locations across 21 states.
- Group status--CommonSpirit Health: The obligated group established pursuant to CommonSpirit's MTI is considered core according to our group rating methodology. The obligated group accounted for 85% of total revenue as of June 30, 2021. The MTI also has a provision creating restricted affiliates of the obligated group. Members of the obligated group can direct restricted affiliates to transfer funds to enable the obligated group to comply with provisions of the MTI. Baylor St. Luke's Medical Center is the only restricted affiliate.
- Group status--VMMC: Highly strategic (see analysis above).
- Security and covenants for CommonSpirit rated debt: Gross revenue pledge of the obligated group. Financial covenants include a minimum of 75 days' cash on hand, a minimum of 1.1x historical DSC under the MTI, and a maximum of 65% debt to capitalization.
- Swaps: CommonSpirit (including legacy Dignity Health and CHI) is party to 29 floating- to fixed-rate swaps, eight total return swaps, and one basis swap. The counterparties are Bayerische Landesbank, JPMorgan Chase Bank N.A., UBS AG, Morgan Stanley, Piper Jaffrey, Bank of America/Merrill Lynch, Barclay's, Mizuho Capital Markets, Sumitomo, Deutsche Bank, and BMO Harris Bank N.A. As of June 30, 2021, the total notional amount of the swap portfolio was $2.9 billion, with a negative mark to market of $472 million. Approximately $185 million of collateral is posted against the liability.

Related Research

- Through The ESG Lens 2.0: A Deeper Dive Into U.S. Public Finance Credit Factors, April 28, 2020

Ratings Detail (As Of November 12, 2021)		
Catholic Health Initiatives taxable bnds		
Long Term Rating	A-/Stable	Upgraded
Catholic Health Initiatives taxable bnds ser 2017A due 10/01/2027		
Long Term Rating	A-/Stable	Upgraded
Catholic Health Initiatives US$900.mil taxable hosp CP nts ser A&B		
Short Term Rating	A-2	Affirmed
Dignity Hlth rev bnds		
Long Term Rating	A-/Stable	Upgraded
Dignity Hlth (Dignity Hlth) SYSTEM		
Long Term Rating	A-/Stable	Upgraded
Arizona Hlth Facs Auth, Arizona		
Dignity Hlth, California		
Arizona Hlth Fac Auth (Dignity Health)		

Ratings Detail (As Of November 12, 2021) (cont.)		
Long Term Rating	A-/Stable	Upgraded
California Hlth Facs Fincg Auth, California		
CommonSpirit Health, Illinois		
California Hlth Facs Fincg Auth (CommonSpirit Health) rev bnds (CommonSpirit Health) ser 2020A due 06/30/2050		
Long Term Rating	A-/Stable	Upgraded
California Hlth Facs Fincg Auth, California		
Dignity Hlth, California		
California Hlth Facs Fincg Auth (Dignity Hlth) SYSTEM		
Long Term Rating	A-/Stable	Upgraded
California Hlth Facs Fin Auth (Dignity Health)		
Long Term Rating	A-/Stable	Upgraded
California Statewide Communities Dev Auth, California		
Dignity Hlth, California		
California Statewide Comntys Dev Auth (Dignity Health) (AGM)		
Unenhanced Rating	A-(SPUR)/Stable	Upgraded
Chattanooga Hlth, Educl & Hsg Fac Brd, Tennessee		
Catholic Health Initiatives, Colorado		
Chattanooga Hlth Ed & Hsg Fac Brd (Catholic Hlth Initiatives)		
Long Term Rating	A-/A-2/Stable	Upgraded
Chattanooga Hlth Ed & Hsg Fac Brd (Catholic Hlth Initiatives)		
Long Term Rating	A-/Stable	Upgraded
Chattanooga Hlth, Educl & Hsg Fac Brd, Tennessee		
CommonSpirit Health, Illinois		
Chattanooga Hlth, Educl & Hsg Fac Brd (CommonSpirit Health) tax exempt rev bnds (CommonSpirit Health) ser 2019A-2 due 07/01/2049		
Long Term Rating	A-/Stable	Upgraded
Chattanooga Hlth, Educl & Hsg Fac Brd, Tennessee		
Dignity Hlth, California		
Chattanooga Hlth, Educl & Hsg Fac Brd (Dignity Hlth) tax exempt rev bnds (Dignity Health) ser 2019A-1 due 07/01/2049		
Long Term Rating	A-/Stable	Upgraded
Colorado Hlth Fac Auth, Colorado		
Catholic Health Initiatives, Colorado		
Colorado Hlth Fac Auth (Catholic Health Initiatives)		
Long Term Rating	A-/Stable	Upgraded
Colorado Hlth Fac Auth (Catholic Health Initiatives)		
Long Term Rating	A-/Stable	Upgraded
Colorado Hlth Fac Auth (Catholic Health Initiatives) SYSTEM		
Long Term Rating	A-/Stable	Upgraded
Colorado Hlth Fac Auth, Colorado		
CommonSpirit Health, Illinois		
Colorado Hlth Fac Auth (CommonSpirit Health) tax exempt fixed rate rev bnds		
Long Term Rating	A-/Stable	Upgraded
Colorado Hlth Fac Auth (CommonSpirit Health) 6 year put bnds		

Ratings Detail (As Of November 12, 2021) (cont.)		
Long Term Rating	A-/Stable	Upgraded
Colorado Hlth Fac Auth (CommonSpirit Health) 7 year put bnds		
Long Term Rating	A-/Stable	Upgraded
Colorado Hlth Fac Auth, Colorado		
Dignity Hlth, California		
Colorado Hlth Fac Auth (Dignity Hlth) tax exempt fixed rate rev bnds (Dignity Health) ser 2019A-1 due 07/01/2049		
Long Term Rating	A-/Stable	Upgraded
Kentucky Econ Dev Fin Auth, Kentucky		
Catholic Health Initiatives, Colorado		
Kentucky Econ Dev Fin Auth (Catholic Health Initiatives)		
Long Term Rating	A-/A-2/Stable	Upgraded
Kentucky Econ Dev Fin Auth (Catholic Health Initiatives)		
Long Term Rating	A-/Stable	Upgraded
Kentucky Econ Dev Fin Auth (Catholic Health Initiatives) SYSTEM		
Long Term Rating	A-/Stable	Upgraded
Kentucky Econ Dev Fin Auth, Kentucky		
CommonSpirit Health, Illinois		
Kentucky Econ Dev Fin Auth (CommonSpirit Health) tax exempt rev bnds (CommonSpirit Health) ser 2019A-2 due 07/01/2049		
Long Term Rating	A-/Stable	Upgraded
Kentucky Econ Dev Fin Auth, Kentucky		
Dignity Hlth, California		
Kentucky Econ Dev Fin Auth (Dignity Hlth) tax exempt rev bnds (Dignity Hlth) ser 2019A-1 due 07/01/2049		
Long Term Rating	A-/Stable	Upgraded
Kentucky Econ Dev Fin Auth, Kentucky		
Sylvania Franciscan Hlth Oblig Grp, Ohio		
Kentucky Econ Dev Fin Auth (Sylvania Franciscan Health Obligated Group)		
Long Term Rating	A-/Stable	Upgraded
Louisville and Jefferson County Metropolitan Government, Kentucky		
Catholic Health Initiatives, Colorado		
Louisville & Jefferson Cnty Metro Govt (Catholic Hlth Initiatives) rev rfdg bnds		
Long Term Rating	A-/Stable	Upgraded
Montgomery Cnty, Ohio		
Catholic Health Initiatives, Colorado		
Montgomery Cnty (Catholic Health Initiatives)		
Long Term Rating	A-/Stable	Upgraded
Montgomery County (Catholic Health Initiatives)		
Long Term Rating	A-/Stable	Upgraded
Montgomery County (Catholic Health Initiatives)		
Long Term Rating	A-/Stable	Upgraded
Umatilla Cnty Hosp Fac Auth, Oregon		
Catholic Health Initiatives, Colorado		
Umatilla Cnty Hosp Fac Auth (Catholic Health Initiatives)		

Ratings Detail (As Of November 12, 2021) (cont.)		
Long Term Rating	A-/Stable	Upgraded
Washington Health Care Facilities Authority, Washington		
Catholic Health Initiatives, Colorado		
Washington Health Care Facilities Authority (Catholic Health Initiatives)		
Long Term Rating	A-/Stable	Upgraded
Washington Hlth Care Fac Auth (Catholic Health Initiatives) SYSTEM		
Long Term Rating	A-/Stable	Upgraded
Washington Health Care Facilities Authority, Washington		
CommonSpirit Health, Illinois		
Washington Hlth Care Fac Auth (CommonSpirit Health) tax exempt rev bnds (CommonSpirit Health) ser 2019A-2 due 07/01/2049		
Long Term Rating	A-/Stable	Upgraded
Washington Hlth Care Fac Auth (CommonSpirit Health) 5 year put bnds ser 2019B-1 due 07/01/2049		
Long Term Rating	A-/Stable	Upgraded
Washington Hlth Care Fac Auth (CommonSpirit Health) 6 year put bnds (CommonSpirit Health) ser 2019B-2 due 07/01/2049		
Long Term Rating	A-/Stable	Upgraded
Washington Hlth Care Fac Auth (CommonSpirit Health) 7 year put bnds (CommonSpirit Health) ser 2019B-3 due 07/01/2049		
Long Term Rating	A-/Stable	Upgraded
Washington Health Care Facilities Authority, Washington		
Dignity Hlth, California		
Washington Hlth Care Fac Auth (Dignity Hlth) tax exempt rev bnds (Dignity Health) ser 2019A-1 due 07/01/2049		
Long Term Rating	A-/Stable	Upgraded
Washington Health Care Facilities Authority, Washington		
Virginia Mason Med Ctr, Washington		
Washington Health Care Facilities Authority (Virginia Mason Medical Center)		
Long Term Rating	BBB+/Stable	Upgraded

Many issues are enhanced by bond insurance.

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