

NEW YORK--( [BUSINESS WIRE](#) )--A successful roll-out of the health insurance expansion elements of the Affordable Care Act (ACA) would help offset the effect of headwinds to growth and profitability in the for-profit hospital sector in 2014, according to Fitch Ratings. In its early stages, however, the implementation has been fraught with difficulties. There have been technical issues with the federal health insurance marketplace website and confusion about whether health insurers can reinstate coverage for approximately five million individuals under previously cancelled health plans.

The White House reported that about two million people signed up for coverage in the health insurance marketplaces through the end of December. This falls short of the government's initial goal of 3.3 million enrollees by the end of 2013. The weaker than anticipated enrollment could erode the potential benefits of the ACA for the hospital industry in 2014, including growth in patient volumes and lower levels of uncompensated care.

Most companies in the Fitch-rated group of for-profit hospital companies posted weak organic growth in patient volumes in the third-quarter of 2013, with admissions and adjusted admissions dropping 3% and 0.3%, on average. Scrutiny of short-stay admissions by insurers is an ongoing issue depressing growth. Also, CMS has reported that Medicare readmission rates dropped in 2012-2013, following implementation of financial penalties for hospitals with high readmission rates.

The full report, 'Hospitals' Credit Diagnosis: A Rocky Roll-Out of the Affordable Care Act's Insurance Expansion,' is available at '[www.fitchratings.com](http://www.fitchratings.com).' The report provides a summary of the quarterly operating performance and credit metrics of companies in the for-profit hospital sector, including detailed debt and organizational structure charts.

Additional information is available at '[www.fitchratings.com](http://www.fitchratings.com)'.

Applicable Criteria and Related Research:

--'Fitch Affirms Community Health Systems' IDR at 'B+'; Outlook Negative' Jan. 8,

2014;

--'2014 Outlook: U.S. Healthcare', Nov. 25, 2013;

--'U.S. Leveraged Finance Spotlight Series - HCA Holdings, Inc.', Nov. 7, 2013;

--'Fitch Affirms Tenet Healthcare Corp.'s IDR at 'B'; Stable Outlook' Oct. 2, 2013;

--'Fitch Affirms Universal Health's Ratings at 'BB'; Revises Outlook to Positive' Aug. 19, 2013;

--'The Affordable Care Act and Healthcare Providers: Assessing the Potential Impact', May 1, 2013;

--'Fitch's High-Yield Healthcare Checkup', Jan. 30, 2013;

--'Corporate Rating Methodology', Aug. 5, 2013.

Applicable Criteria and Related Research: Hospitals Credit Diagnosis (A Rocky Rollout of the Affordable Care Act's Insurance Expansion)

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=728522](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=728522)

2014 Outlook: U.S. Healthcare - Secular Challenges Require a Compelling Value Proposition

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=724141](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=724141)

U.S. Leveraged Finance Spotlight Series - HCA Holdings, Inc.

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=721356](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=721356)

The Affordable Care Act and Healthcare Providers (Assessing the Potential Impact)

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=706654](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=706654)

High-Yield Healthcare Checkup: Comprehensive Analysis of High-Yield U.S. Healthcare Companies

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=700377](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=700377)

Corporate Rating Methodology: Including Short-Term Ratings and Parent and Subsidiary Linkage

[http://www.fitchratings.com/creditdesk/reports/report\\_frame.cfm?rpt\\_id=715139](http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=715139)

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