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# **AnMed Health, SC Bond Rating Outlook Revised To Negative On Decreased Operating Profitability**

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DALLAS (S&P Global Ratings) Dec. 6, 2017--S&P Global Ratings revised its outlook to negative from stable and affirmed its 'A+' long-term rating on South Carolina Jobs-Economic Development Authority's series 2009A, 2009D, 2010, and 2016 bonds, issued for AnMed Health. We also affirmed our 'A+' underlying rating (SPUR) on the authority's insured series 2009B bonds, issued for AnMed Health.

At the same time, we withdrew our 'AA+/A-1+' dual rating on the series 2009A and 2009D variable-rate demand bonds (VRDBs) based on the termination of the letters of credit (LOCs) provided by Wells Fargo Bank N.A. following a mandatory tender and subsequent direct purchase transaction. Our 'A+' SPUR on the bonds is now the long-term rating.

The outlook on all bonds, where applicable, is negative.

"The outlook revision reflects AnMed Health's trend of materially tighter operating profitability, worsening in 2017 with significant operating losses," said S&P Global Ratings credit analyst Patrick Zagar.

The negative outlook reflects our view of AnMed Health's weak fiscal 2017, breakeven expectations for fiscal 2018, and unrestricted reserves we no longer consider to be extraordinarily high. Though we believe AnMed Health's market position and healthy coverage lend some stability, we would expect improvement in days' cash on hand and above-budget operating income in 2018 to remain at the current rating.

We could consider a lower rating if AnMed Health fails to achieve its 2018 operating budget which targets a return to positive operations, or if coverage were to remain below 4x. Moreover, any further decline in days' cash on hand or weakening in AnMed Health's market position could also support a negative rating action.

We could revise the outlook to stable should AnMed Health achieve positive operations in 2018 with MADS coverage well above 4x, coupled with incremental growth shown in DCOH. We would expect such improvement to continue into 2019 and not be the result of any one-time gains. We would also expect AnMed Health to at a minimum maintain its current enterprise profile strengths.

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoors.com](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.capitaliq.com](http://www.capitaliq.com). All ratings affected by this rating action can be found on the S&P Global Ratings' public website at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in the left column.

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