

# RatingsDirect®

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## RUSH Obligated Group, Illinois; System

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# RUSH Obligated Group, Illinois; System

## Credit Profile

US\$300.0 mil taxable rev bnds (RUSH Obligated Grp) ser 2020 due 06/30/2050

*Long Term Rating*

A+/Stable

New

### **Illinois Finance Authority, Illinois**

RUSH Obligated Grp, Illinois

Illinois Fin Auth (RUSH Obligated Grp) SYSTEM

*Long Term Rating*

A+/Stable

Outlook Revised

## Rationale

S&P Global Ratings revised the outlook to stable from positive and affirmed its 'A+' long-term rating on the Illinois Finance Authority's series 2015A and 2015B fixed-rate hospital revenue bonds, issued for the RUSH obligated group (Rush). In addition, S&P Global Ratings assigned its 'A+' long-term rating to Rush's series 2020 taxable bonds.

Rush University Medical Center, located in Chicago, is the largest entity of the obligated group. Rush University System for Health (Rush parent) is the parent organization of Rush

The outlook revision reflects our view of still good but lower operating performance and cash flow than in earlier years and our expectation that performance will likely remain at these levels as the organization makes investments and brings one of its larger projects on line over the next couple of years. While a large portion of the project will be funded by debt and donations, there is still need for some operating cash flow support.

Approximately \$27 million of the series 2020 bond proceeds will advance refund the series 2011 direct placement debt, \$270 million will support the large \$473 million Joan and Paul Rubschlager Building, and the remaining amount will go to costs of issuance. The Rubschlager building is a 480,000-square-foot, 10-story outpatient center focused on neurosciences and orthopedics. We expect that most of the \$270 million of bond proceeds will be spent over the next couple of years to fund that project, and thus our pro forma unrestricted reserve calculations do not include that full amount. We include only approximately \$48 million for reimbursement of spending through Dec. 31, 2019. The management team is conservative in its approach to issuing debt, in general, and with respect to the taxable structure, expects to internally set aside payments as relate to the bullet payment in 2050. In addition, no other new money debt is expected over the next few years.

The 'A+' rating reflects our view of Rush's performance that continues to be solid, albeit slightly weaker for the past year and a half with some planned investments, and growing market presence despite its location in an extremely competitive market with several academic medical centers (AMCs) and systems and ongoing consolidation. Rush is a less geographically diverse system, but its outpatient facilities and clinics continue to grow, and along with its integrated university and research enterprise, expansion of key clinical service lines, and ongoing focus on alignment and partnerships, Rush's position has expanded and diversified in the broader Chicagoland region. In addition, Rush uses Rush Health, a clinically integrated network, to further expand its presence by working with its employed and

independent physicians and its partner providers. Led by a new CEO, Rush has embraced partnerships and plans to use existing networks, physician relationships, and other health care participants to implement its strategies and will likely make fewer significant bricks-and-mortar investments as relate to mergers and acquisitions. Management also continues to systemize and garner strategic and operating benefits to prepare for increased value-based payments.

Historically, operating margins and cash flow have been fairly healthy, although they attenuated in fiscal 2019 and through interim 2020 as a result of investments in the organization as well as some one-time expenses and general industry pressures. While management continues to target operating margins commensurate with the 'AA-' rating, we expect margins to be a little lighter in the near term given strategic initiatives as well as the opening of the new Rubschlager building in 2022. In addition, the pro forma debt modestly dampens Rush's debt-related ratios, although they remain sound for the rating. Furthermore, given Rush's capital investments, we expect that the unrestricted reserves will experience more limited growth over the short to medium term but remain stable and begin to grow in the out years.

The 'A+' rating further reflects our view of Rush's:

- Solid business position with its large operating revenue base of \$2.6 billion from three served markets, continued strong market recognition for RUMC as an AMC with broad clinical services (and as a market leader for certain key clinical areas), broadening education and research capabilities, and a focus on outpatient services and partnerships for growth in the broader and very competitive market;
- Historically good financial operations and cash flow that have attenuated in recent years but are still consistent with the rating and generate good pro forma average annual debt service coverage at or above 4x for interim 2019 and fiscal 2020 or under 4x maximum annual debt service (MADS) coverage using a more conservative smoothed schedule for those periods;
- Healthy balance sheet, with modest pressure from pro forma debt and likely limited unrestricted reserve improvement over the next few years given that capital expenditures are ramping up; and
- Disciplined and strategic management team that looks to strengthen its business position and prepare for potential reimbursement changes through various initiatives, including investing in outpatient strategies and Rush Health, and using its new parent entity to help systemize and better plan for the organization as a whole.

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

- Location in the highly competitive and still fragmented Chicago service area, which continues to consolidate, with three other hospitals in its immediate service area and with three other AMCs as well as other community hospitals and health systems providing strong competition for quaternary, tertiary, and secondary clinical services, coupled with a moderately concentrated Medicaid payer mix (although this is typical of AMCs);
- Increased capital spending over next couple of years related mostly to a large outpatient project on RUMC's main campus, and which is mainly supported by debt and donations but requires some cash support; and
- Limited income and revenue dispersion from an acute care perspective (compared with other rated not-for-profit health care systems) with operating income and revenue coming primarily from RUMC.

## Outlook

The stable outlook reflects our view of Rush's good balance sheet and that the system will continue to generate cash flow and coverage at projected levels as it invests in clinical programs, broader outpatient and consumer strategies, and operating performance improvement. In addition, we expect Rush to maintain its overall financial profile despite increased capital investments. The outlook also reflects our anticipation that Rush's business position will remain sound and that the Rubschlager facility will be completed on time and on budget.

### Upside scenario

Over the next two years, we could consider a higher rating or positive outlook if Rush is able to consistently generate stronger cash flow and performance in line with the higher rating while continuing to improve its balance sheet strength. Finally, we could raise the rating if, in addition to the above, Rush's clinical enterprise and revenue base continue to benefit from its recent physician and outpatient investments and partnership strategies.

### Downside scenario

While we do not expect to do so, we could consider lowering the rating if cash flow attenuates for a sustained period, if a future debt issuance significantly outpaces expectations and pressures the balance sheet, or unrestricted reserves weaken significantly.

## Enterprise Profile: Strong

### Location in broad service area with expanded ambulatory services helps offset limited system dispersion

Rush's three medical centers (RUMC; Rush Oak Park Hospital [ROPH], which is included in RUMC's operations; and Rush Copley Medical Center [RCMC]) are in three separate areas of the greater Chicago area, but the system has limited geographic and acute care diversity relative to the systems that we rate. RUMC (which includes ROPH) accounted for 86% of Rush's total assets, 85% of total revenue, and all of the operating income as of fiscal year-end 2019.

Nonetheless, the system benefits from the diverse local economy of the Chicago market and a large population base. RUMC serves eight counties with an estimated, largely stable population of 8.7 million. The other two entities serve smaller and more local markets. RCMC is about 40 miles west of Chicago and has a primary service area (PSA) population of slightly more than 370,000, while ROPH is about eight miles west of RUMC and has a PSA population of 77,000. Wealth indicators in the city (where RUMC is located) slightly trail national averages. Rush's payer mix has a good 50% of its business coming from commercial contracts with about 15% of net revenue from Medicaid and 27% from Medicare, although as in other parts of the country, Medicare as a percentage has continued to increase incrementally year to year.

### RUMC leads Rush's market position with a focus on clinical service line and outpatient services

We view Rush as well positioned with comprehensive clinical services across the system, but with strategic focus on specific service lines (particularly neurosciences, cancer care, heart and vascular, and primary care), clinical integration, and broadening partnerships and service offerings to a larger service area, and with a niche position as a

health sciences and research university. We continue to view RUMC's position in the Chicago market as a robust AMC as core to Rush's solid enterprise profile. However, Rush is less geographically diversified as a system with reliance on RUMC, which contributes the vast majority of income and operating revenue to the system. We do take a positive view of the growing outpatient and clinical strategies over an expanded and regionally diversified footprint and expect that the expansion strategies will continue to support and enhance Rush's business position.

In addition to investing deep in its key clinical service lines, Rush is pursuing several partnerships, outpatient investments, joint ventures (including the recently completed facility in Oak Brook with Midwest Orthopedics), and the large Rubschlager outpatient building on the main campus. While Rush's focus on broader expansion orients toward the west and southwest as well as the Loop, Rush remains open to discussions in other parts of the market, already having established partnerships across a wider geographic region through its telehealth, stroke, and perinatal networks. In addition, Rush is using Rush Health, its clinically integrated network that includes Riverside Medical Center, to expand and to integrate with physicians in the larger community as well as manage care and costs for the community. Rush has a large and growing active medical staff of more than 2,000 physicians with slightly fewer than 900 employed; the majority employed are at RUMC. A majority of the physicians participate in Rush Health and are well engaged with the system's strategic initiatives, and employed physicians account for significant share of admissions at RUMC/ROPH and slightly fewer than half at RCMC.

Rush has a good market position, led by RUMC, that has grown over the past few years and despite its location in a competitive market and evolving market. While RUMC largely competes with other Chicago AMCs--Northwestern Memorial Hospital, University of Chicago Hospitals and Health System, Loyola University Health System, and University of Illinois Medical Center--it also competes with other large tertiary providers, such as Advocate Christ Hospital, part of Advocate Health. Rush's market share in its total eight-county service area increased to 6.1% through June 30, 2019, and while RUMC remains competitive with other AMCs, Rush's total inpatient market share lags the bigger health systems such as AMITA Health and Advocate Aurora Health. Similarly, traction is improving on the outpatient side as some of Rush's key projects open up.

Volumes have generally increased at Rush, but specifically inpatient admissions declined through interim 2020 given an increase in observation cases and temporary closure of Rush's psychiatry program. Other procedural volumes continued to grow. Acuity of services provided remains high with the Medicare acute case mix index trending upward over several years. We anticipate that the system's inpatient volumes will remain stable in the near term and that outpatient volumes will continue to grow as Rush strengthens its breadth and depth of services and expands patient access through its specialty care and outpatient networks.

### **Planned leadership changes positioning the organization for future health care environment**

Over the past year, Rush's executive team has gone through a planned leadership transition with some associated changes to the management structure, although several individuals remain in place, creating continuity. In May 2019, Dr. Larry Goodman retired after many years as CEO of RUMC and of the Rush System. His position was split in two with Dr. K. Ranga Rama Krishnan named CEO of the Rush health system and with Dr. Omar Lateef named CEO of RUMC. Prior to being named CEO, Dr. Krishnan served as dean of Rush Medical College since 2015. In addition, RCMC also has a new CEO, John Diederich, as Barry Finn retired after serving as CEO for 17 years. Several other changes occurred, including a new chief transformation officer, chief academic officer, and chief strategy officer.

Several individuals, including John Mordach and his finance team, remain in place and contribute to the continuity.

We believe that the team will continue to make appropriate investments and implement its strategy to maintain the overall competitiveness and strength of Rush and Rush health system. The strategies will likely incorporate continued buildout of ambulatory centers, including the large outpatient building on the main campus, digital and retail strategies with partnerships, and other partnerships to improve the operations of the organization, such as with R1, a revenue cycle firm. The organization is also using its strengths as an education and research institution to further its overall position as an AMC in the region.

Historically, the organization has met its targeted budget, as it understands its stress points and has navigated them successfully. Although it did fall short of budget in fiscal 2019, the team focused on some investments and strategies to reduce the overall cost structure. We expect that margins will be slightly lighter than they have been historically as health care industry pressures and strategic investments continue, but that they should remain close to around 3% over the short to medium term. We also take a positive view of Rush's focus on expense management and revenue optimization, and we believe that these efforts will serve Rush well as the industry continues to undergo revenue pressures. In addition, Rush's recent investment in its enterprise resource planning system, lean initiatives, and lowering length of stay should help it implement additional efficiencies.

**Table 1**

<b>RUSH Obligated Group Utilization</b>				
	<b>--Six months ended Dec. 31--</b>	<b>--Fiscal year ended June 30--</b>		
	<b>2019</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
PSA population	N.A.	8,628,015	N.A.	8,681,315
PSA market share (%)	N/A	N/A	N/A	N/A
Inpatient admissions*	25,852	51,376	47,256	47,384
Equivalent inpatient admissions	62,515	113,254	110,348	96,155
Emergency visits	90,997	176,501	181,126	183,999
Inpatient surgeries	8,642	17,182	16,172	16,736
Outpatient surgeries	16,743	34,259	30,624	29,690
Medicare case mix index	2.0200	1.9900	1.9844	1.9700
FTE employees	12,540	12,058	11,709	11,611
Active physicians	N.A.	2,065	2,024	1,959
Top 10 physicians admissions (%)	N/A	N/A	N/A	N/A
Medicare (%)§	N.A.	27.1	25.8	26.7
Medicaid (%)§	N.A.	15.3	15.6	15.2
Commercial/Blues (%)§	N.A.	48.1	49.8	49.7

\*Excludes normal newborn, psychiatric, rehabilitation, and long-term care facility admissions. §Based on net revenue. FTE--Full-time equivalent. N/A--Not applicable. N.A.--Not available. PSA--Primary service area.

## Financial Profile: Very Strong

**Slight weakening in performance and cash flow primarily as a result of operating investments amid industry pressure**

We still view operating performance as good for the rating, but a series of one-time expenses and ongoing operating investments have slightly weakened performance and cash flow in 2019 and interim 2020 from earlier years' highs. We expect similar performance and cash flow in near years, as the outpatient facility comes on line in 2022 and as revenue and expense pressures continue to affect the sector. We view management's ability to implement expense and revenue initiatives as favorable and, in addition to the strategic investments and clinical service line and physician enhancements, likely contributing to overall stability of performance and cash flow. Actual debt service coverage should be healthy in near years, particularly as certain guaranteed debt and the line of credit rolls off. Using an average annual debt service and incorporating the large bullet payment, average annual debt service coverage would be healthy at around 4.6x to 5.3x for the recent few years. Using Rush's conservative method of a 25-year amortization for the large bullet payment and smoothing other debt service, MADS coverage is lighter at around 3.7x to 4.3x for the recent few years.

On a total operating revenue base exceeding \$2.6 billion, Rush had historically posted higher operating margins at over 3% with EBIDA margins of 10.0% to 12.5%. While fiscal 2019 was a planned lighter year, interim fiscal 2020 remains soft but should improve to closer to 2.7% by year end with operating initiatives underway that should contribute about \$25 million improvement. Fiscal 2019 incorporated an early retirement offering and an associated noncash pension settlement with operating margins around 2.5% (and closer to budget) excluding those amounts and EBIDA margins at a higher 9% but still below historical levels. In addition, RCMC went through an inpatient Epic investment, which may have also contributed to temporary operating pressure. Through interim 2020, operating margins remain light as a result of some unplanned investments and expenses as well as some ongoing strategic investments (as well as a pension accounting change). We note some increased reliance on supplemental programs such as provider fee and disproportionate share funds, and will monitor this if operating performance doesn't improve. While management continues to target higher operating margins of closer to 3.5%, we believe that in the near term, margins will likely remain around 2.5% to 2.7% but should be sufficient to support capital spending and begin to increase unrestricted reserves over time.

**Ongoing growth of unrestricted reserves helps absorb debt and maintain flexibility**

The system's unrestricted reserves remain healthy but have stabilized over the past year and a half at around \$1.3 billion as capital expenditures have increased and cash flow has decreased slightly. Capital expenditures have recently gone toward the start of the new Joan and Paul Rubschlager Building (a \$473 million outpatient facility that will house orthopedics and neurosciences among other service lines) as well as toward routine spending and expansion of outpatient services near RUMC and some inpatient needs at RCMC. The new joint venture ambulatory/surgery center that was completed in January 2019 in Oakbrook was funded by \$67 million of debt, of which a portion (\$42 million) resides on Rush's financial statements until the guarantee burns off.

While the taxable proceeds will likely elevate unrestricted reserves at fiscal year-end 2020, we understand that most of the bond proceeds will be used over the next couple of years to help pay for the construction of the Rubschlager building. If Rush is able to meet its cash flow targets, pro forma unrestricted reserves reported at year end should remain generally stable over the next few years. We believe reserves to long-term debt will improve as principal of

about \$15 million to \$20 million is paid over the next couple of years. Following the completion of the Rubschlager building in fiscal 2022, we expect more meaningful unrestricted reserve growth. In addition, and not included in any of the above metrics, is the system's \$640 million of endowment for donor-restricted purposes that we view as supportive of the credit.

Rush's investments are largely in fixed income and cash (about 50%), equities (about 30%), and other areas (including hedge funds, private equity, and private debt; 20%), with almost all accessible within seven days, and we view this as very good liquidity for an organization of this size.

As mentioned above, capital spending will remain high over the next few years (at 1.7x to 2.2x in 2020 to 2022) before decreasing to more routine levels in 2023. Most of the capital items, except the Rubschlager building, can be curtailed as necessary for the short and medium terms.

### **Taxable debt provides funding for projects but with near-term moderation of debt-related metrics**

We view Rush's pro forma debt ratios as more moderate with the upcoming issuance, but expect ratios to improve given principal payments and expectation of steady cash flow. While the pro forma taxable issuance introduces a large bullet payment structure, RUMC expects to conservatively set aside annual debt service internally to ensure that payment can be made when the time comes. Furthermore, we still view the overall pro forma debt structure as fairly conservative from the perspective of interest rate (almost all synthetically fixed) and pro forma contingent liability (only 12% of pro forma long-term debt, excluding the line of credit). Not included in long-term debt (but included in coverage) is \$30 million from a \$100 million line of credit that is being used to fund the large ambulatory project on RUMC's campus. The line matures in December 2021 and RUMC expects to pay that off by calendar year end. The separate \$36 million previously drawn on the line of credit (primarily for projects at RCMC) was refinanced with a series 2019 direct placement issuance with Bank of America, and we consider it contingent. Long-term debt also incorporates the \$41 million of joint venture debt related to the recently completed ambulatory project in Oak Brook (until covenants are met that release RUMC from its guarantee).

All of Rush's pro forma variable-rate bonds are placed with commercial banks (\$50 million series 2016 bonds placed with Northern Trust and \$36 million series 2019 with Bank of America). On a pro forma basis, we excluded the series 2011 bonds, as they will be refinanced. The series 2016 are long-dated until 2045 with a mandatory tender on June 29, 2026, and the series 2019 bonds are long-dated until 2049 with a mandatory tender on Aug. 29, 2029. Certain covenants such as debt service coverage are slightly more strict within the series 2016 and 2019 bank documents (1.2x vs. 1.1x in the amended master trust indenture) and there are certain additional covenants, including cash on hand of 65 days. However, we see no immediate risks related to these liabilities given Rush's healthy financial profile.

Given Rush's credit profile, we don't view its two swaps as a significant concern.

Rush's defined benefit pension plan's funded status remained healthy at 96% at June 30, 2019 with a small \$42 million liability. Over the years Rush has taken a variety of actions to de-risk its pension, which view favorably, and we expect that Rush will continue to look for such opportunities. In addition, Rush has been disciplined about its funding and has contributed at or above its expense levels over recent years, maintaining more than 95% funded status for several years.

Under Financial Accounting Standards Board Accounting Standards Update 2016-02, Rush's operating lease liability was \$141.0 million with a commensurate \$144.9 million operating lease right-of-use asset as of Dec 31, 2019. We have historically incorporated lease risk into lease-adjusted debt service coverage, and we believe this continues to capture risk associated with lease exposure. Including the operating lease liability in our calculation of pro forma leverage brings pro forma debt as a percentage of capitalization to 37%. While the audit presentation now provides more clarity on the actual value of the lease liability, the actual lease obligations that Rush incurs are unchanged and therefore this is not a credit factor.

Table 2

RUSH Obligated Group Financial Summary					
	--Six months ended Dec. 31--	--Fiscal year ended June 30--			'A+' rated health care system medians
	2019	2019	2018	2017	2018
<b>Financial performance</b>					
Net patient revenue (\$000s)	1,199,539	2,315,770	2,142,514	2,002,772	1,763,656
Total operating revenue (\$000s)	1,353,942	2,605,220	2,427,087	2,262,483	MNR
Total operating expenses (\$000s)	1,341,496	2,576,626	2,338,655	2,198,258	MNR
Operating income (\$000s)*	12,446	28,594	88,432	64,225	MNR
Operating margin (%)*	0.92	1.10	3.64	2.84	1.60
Net nonoperating income (\$000s)	24,927	24,311	36,037	27,463	MNR
Excess income (\$000s)	37,373	52,905	124,469	91,688	MNR
Excess margin (%)	2.71	2.01	5.05	4.00	3.30
Operating EBIDA margin (%)	6.95	6.90	9.90	9.47	7.40
EBIDA margin (%)	8.64	7.76	11.22	10.56	10.10
Net available for debt service (\$000s)	119,078	203,969	276,248	241,806	201,349
MADS (\$000s)§ - taxable bullet smoothed over 25-year period	63,846	63,846	63,846	63,846	MNR
MADS coverage (x)	3.73	3.19	4.33	3.79	4.40
Operating-lease-adjusted coverage (x)	N.A.	2.38	3.19	2.96	3.20
<b>Liquidity and financial flexibility</b>					
Unrestricted reserves (\$000s)	1,290,341	1,300,284	1,299,080	1,161,355	941,089
Unrestricted days' cash on hand	185.3	193.7	214.4	204.8	186.0
Unrestricted reserves/total long-term debt (%)	201.7	197.5	189.3	173.5	161.8
Unrestricted reserves/contingent liabilities (%)	1,094.4	1,102.8	1,072.2	966.8	578.4
Average age of plant (years)	11.8	12.6	11.9	11.1	10.9
Capital expenditures/depreciation and amortization (%)	172.0	147.8	149.9	162.0	120.3
<b>Debt and liabilities</b>					
Total long-term debt (\$000s)	639,849	658,522	686,341	669,471	MNR
Long-term debt/capitalization (%)	25.9	27.6	29.3	30.8	31.9
Contingent liabilities (\$000s)	147,905	117,905	121,165	120,124	MNR
Contingent liabilities/total long-term debt (%)	23.1	17.9	17.7	17.9	30.4
Debt burden (%)	2.23	2.33	2.49	2.68	2.20
Defined-benefit plan funded status (%)	N.A.	96.12	98.23	94.23	84.90

Table 2

RUSH Obligated Group Financial Summary (cont.)					
	--Six months ended Dec. 31--	--Fiscal year ended June 30--			'A+' rated health care system medians
	2019	2019	2018	2017	2018
<b>Pro forma ratios</b>					
Unrestricted reserves (\$000s) - incl. \$48 mil. reimbursement from financing	1,338,341	N/A	N/A	N/A	MNR
Total long-term debt (\$000s)	912,349	N/A	N/A	N/A	MNR
Unrestricted days' cash on hand	192.2	N/A	N/A	N/A	MNR
Unrestricted reserves/total long-term debt (%)	146.7	N/A	N/A	N/A	MNR
Long-term debt/capitalization (%)	33.3	N/A	N/A	N/A	MNR

\*Fiscal 2019 includes one-time \$28 million pension settlement and \$13.1 million early retirement expenses. §Smoothed pro forma MADS conservatively amortizes the 30-year taxable bullet over 25 years per Rush's methodology. However, using an average annual debt service amount over a 30 year period of \$51.9 million would generate pro forma coverage of 4.6x in interim 2020, 3.9x in fiscal 2019, 5.3x in fiscal 2018, and 4.7x in fiscal 2017. MADS--Maximum annual debt service. MNR--Median not reported. N/A--Not applicable. N.A.--Not available.

### Credit Snapshot

- **Security:** The obligated group's gross revenue secures the bonds.
- **Group rating methodology:** The obligated group is almost entirely the same as the system, so the 'A+' rating is based on our view of Rush's group credit profile and the obligated group's core status.
- **Credit profile:** Rush is an integrated delivery system serving Chicago--primarily the western and southwestern suburbs--but considers the eight-county Chicago metro area its service area. In addition to its parent entity, Rush System for Health, the system includes RUMC, RCMC (a 210-staffed-bed acute care medical center in Aurora), ROPH (a 107-staffed-bed acute care hospital in Oak Park), and Rush Health, a physician hospital organization and clinically integrated network. RUMC dominates the system with its 660-staffed-bed academic medical center in Chicago, Rush University (a health sciences university with more than 2,500 students and about \$140 million of annual research that consists of four colleges, including nursing and medical schools), and Rush University Medical Group (a faculty practice plan). There are also a few joint venture entities, the largest being an orthopedic-focused ambulatory and surgery center in Oak Brook (a western suburb) that opened in January 2019.
- **Swaps:** The total notional amount was approximately \$75.4 million at June 30, 2019 with a mark to market value of \$14.8 million. The counterparties on the swaps are Morgan Stanley Capital Services Inc., with a guarantee by Morgan Stanley (A-) and Citibank N.A. (AA). Rush is using \$50 million of the interest rate swap to synthetically fix the interest rate on the series 2016 bonds, and the remaining swap notional amount is an orphan swap. No collateral is being posted.

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