

RATING ACTION COMMENTARY

Fitch Revises UPMC Health System, PA's Outlook to Stable; Rates Series 2026 Bonds 'A'

Thu 05 Mar, 2026 - 2:44 PM ET

Fitch Ratings - New York - 05 Mar 2026: Fitch Ratings has assigned an 'A' rating to \$1.0 billion of series 2026A, \$150 million of series 2026B, and \$163 million of series 2026D revenue bonds to be issued by the Pennsylvania Economic Development Financing Authority (PEDFA) on behalf of UPMC Health System. Fitch has also assigned an 'A' rating to the \$35 million series 2026C bonds to be issued by Monroeville Finance Authority (MFA).

Fitch has also affirmed UPMC's Issuer Default Rating (IDR) and the outstanding parity debt issued on behalf of UPMC at 'A'. The Rating Outlook has been revised to Stable from Negative.

The bonds are expected to be issued as fixed-rate, tax-exempt bonds. Proceeds from the 2026A bonds will provide about \$550 million for capital projects. The remainder, together with other funds, will be used to refund a portion of the outstanding series 2021C (\$312 million), General Authority of Southeastern PA series 2015 (\$16 million), and the Dauphin County General Authority series 2016A (\$75 million). Proceeds of the series 2026B bonds will provide about \$150 million for capital projects. Proceeds of the series 2026C/D bonds will refund the MFA series 2014B and PEDFA 2016 bonds. The bonds will be sold via negotiation on or about March 23, 2026.

RATING ACTIONS

ENTITY / DEBT ⚡

RATING ⚡

PRIOR ⚡

UPMC Health System (PA)	LT IDR	A Rating Outlook Stable		A Rating Outlook Negative
	Affirmed			

UPMC Health System (PA) /General Revenues/1 LT	LT	A Rating Outlook Stable	Affirmed	A Rating Outlook Negative
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[VIEW ADDITIONAL RATING DETAILS](#)

The affirmation of the 'A' rating reflects UPMC's leading market share in its core Western Pennsylvania markets, combined with meaningful revenue diversity across several Pennsylvania markets and adjacent areas of western New York and northwestern Maryland. While certain metrics could suggest a lower rating in the category, Fitch believes UPMC's substantial size, diversity, and scale support rating strength beyond what these metrics alone would imply.

The revision of the Outlook to Stable reflects a material improvement in operating performance in fiscal 2025, driven largely by stabilization in the insurance division and supported by ongoing cost-reduction and revenue-diversification initiatives that should continue to generate incrementally stronger cashflow. The improvement is particularly notable given UPMC's transition of 21 hospitals and numerous outpatient facilities to a new electronic health record (EHR) system. Fitch also believes UPMC has flexibility within its capital plan beginning in 2027. This flexibility should support balance sheet stability if margin recovery stalls.

SECURITY

The bonds are secured by a gross revenue pledge of the obligated group (OG) and constitute parity debt under UPMC's 2007 master trust indenture. The insurance division, which is not in the OG but is owned by the corporate parent, accounted for approximately 54% of fiscal 2025 system operating revenues (before eliminations).

KEY RATING DRIVERS

Revenue Defensibility - bbb

Leading Market Position Enhanced by Large Insurance Division

UPMC's main credit strength continues to be its strong and leading market share of the western Pennsylvania market with an estimated 58% share in Allegheny County, which is home to approximately 1.23 million residents. UPMC's leading market share remains strong at 46% share of the 29 counties in western Pennsylvania, including Allegheny County.

Fitch also views UPMC's revenue diversification as a credit positive. The insurance division generates more than half of system revenues before eliminations or 48% of unconsolidated revenues. The insurance plans are a source of stable revenue for the system while solidifying UPMC's healthcare presence in the state.

Operating Risk - bbb

Operating Rebound in Fiscal 2025; Further Improvement Expected in 2026

UPMC's operating risk has moderated following several challenging years, as performance improved materially in fiscal 2025. Management reported nearly a \$625 million improvement (including interest and medical school transfers below the line), driven by higher Medicaid rates and hospital-division strategic initiatives that Fitch views as sustainable. Management believes there are various opportunities in 2026 to support even stronger systemwide results.

Financial Profile - a

Leverage Metrics Remain Stable

Despite several years of weaker cashflow and incremental debt, leverage metrics have remained largely stable. The 2026 debt issuance will add approximately \$500 million of new debt. Cash-to-adjusted debt is expected to remain above 100% in Fitch's base case and to improve to 100% in the stress case by year three. The stress case assumes a slightly slower margin recovery and lower capex to reflect weaker operating performance.

Asymmetric Additional Risk Considerations

No asymmetric risk considerations.

RATING SENSITIVITIES

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

-- Failure to demonstrate continued improvement in operating performance;

-- Additional capital spending beyond Fitch's current expectations that necessitates incremental debt or results in a decline in unrestricted liquidity, such that cash-to-adjusted debt remains below 1x, even in a forward-looking stress case.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

-- Positive rating action is unlikely in the near term; however, incremental improvement in operating cashflow—evidenced by operating margins closer to 5% or better—and resulting balance sheet accretion, with cash-to-adjusted debt consistently close to 120% even in a stress case.

PROFILE

UPMC is the largest healthcare system and non-governmental employer in Pennsylvania. It has 40 hospitals, over 800 clinical locations, over 5,838 employed physicians and over 4 million covered lives in its network of health insurance plans. UPMC reported total revenues of over \$35 billion in fiscal 2025 (ended December 31). Its international division owns, operates or plans to operate, as a partnership or joint venture, facilities in Ireland, Italy and Croatia.

Sources of Information

In addition to the sources of information identified in Fitch's applicable criteria specified below, this action was informed by data from DIVER by Solve.

REFERENCES FOR SUBSTANTIALLY MATERIAL SOURCE CITED AS KEY DRIVER OF RATING

The principal sources of information used in the analysis are described in the Applicable Criteria.

ESG CONSIDERATIONS

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores,

visit <https://www.fitchratings.com/topics/esg/products#esg-relevance-scores>.

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APPLICABLE CRITERIA

[U.S. Not-For-Profit Hospitals and Health Systems Rating Criteria \(pub. 12 Nov 2024\)](#)
(including rating assumption sensitivity)

[U.S. Public Sector, Revenue-Supported Entities Rating Criteria \(pub. 10 Jan 2025\)](#) (including rating assumption sensitivity)

APPLICABLE MODELS

Numbers in parentheses accompanying applicable model(s) contain hyperlinks to criteria providing description of model(s).

Portfolio Analysis Model (PAM), v2.0.1 (1)

ADDITIONAL DISCLOSURES

[Dodd-Frank Rating Information Disclosure Form](#)

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UPMC Health System (PA)

EU Endorsed, UK Endorsed

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