Healthcare

Legislative risk and M&A dominate the narrative

This report does not constitute a rating action

What's changed?

Legislative risk moderated but remains at forefront. Pharmaceutical company deals with the Trump Administration covering tariffs and most-favored-nation (MFN) pharma pricing, and the gradual impact of H.R. 1, have lessened concern in near term, but it remains an evolving situation.

Mergers & Acquisitions (M&A) elevated through 2026, pressuring ratings. There's increased activity across all major subsectors as pharma broadens pipelines, medtech innovates, and healthcare services increase scale in an evolving market.

Positive rating actions. Despite legislative uncertainties, we have had several high-profile positive rating actions, including upgrades on Eli Lilly and HCA, reflecting solid underlying demand and still-strong credit metrics for select companies and subsectors.

What to look out for?

Continued developments on U.S. legislative and regulatory front. Continued threats of tariffs on Europe, implementation of MFN, challenges to H.R. 1, drug pricing pilot programs, Medicare drug price negotiation, and turnover at the FDA all have implications for the industry.

Midterm U.S. elections. Healthcare will be a major campaign issue. More-aggressive proposed legislation to control healthcare costs will increase uncertainty and add further pressure.

Pharma M&A. A more-aggressive pace to improve pipelines ahead of looming patent expirations and legislative uncertainty, could lead to increased pressure on ratings.

What are the key risks around the baseline?

Pressure on margins could increase. Reimbursement cuts, inflationary pressures from labor and tariffs, increasing uninsured in the U.S., and pharma pricing pressures could lead to lower margins and cash flows.

Bigger, more-immediate impact from legislative changes. Declining insured rates in the U.S., moves ahead of the implementation of healthcare changes in H.R. 1, and potential delayed drug launches in Europe due to MFN could lead to reduced revenue and EBITDA projections.

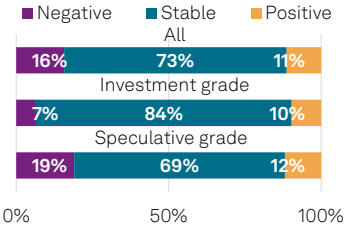
Speculative-grade healthcare improving, but threat of negative ratings actions persist. The healthcare services-heavy low-speculative-grade rated part of the universe is still highly leveraged and vulnerable to setbacks. We could see more negative rating actions and defaults amongst low-speculative-grade healthcare issuers.

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Rating Trends

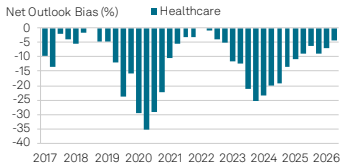
Outlook Distribution



Ratings Statistics (YTD)*

	IG	SG	All
Ratings	31	84	115
Downgrades	1	4	5
Upgrades	2	4	6

Ratings Outlook Net Bias



Sector Forecasts (Median)

2026 (Local currency)	IG	SG
Revenue growth (Y/Y%)	4.3	4.3
EBITDA growth (Y/Y%)	5.3	8.1
EBITDA margin (%)	29.0	15.7
Capex growth (Y/Y%)	6.9	6.7
Debt/EBITDA (x)	2.4	5.6
FFO/debt (%)	31.3	10.0
FOCF/debt (%)	25.4	5.5

All data as of end-June 2026.
* Year-to-date. Current ratings only.

Related Research

Key Rating Subscores, Leverage Thresholds, And Estimated Debt Capacity For Pharmaceutical Companies, June 24, 2026

The Health Care Credit Beat: Downgrades Dominate Early Rating Actions For 2026, May 7, 2026

The Health Care Credit Beat: 2027 Medicare Advantage Rates: Insurers And Acute Providers Navigate A Modest Increase Amid Rising Costs, April 13, 2026