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SEI Research Demonstrates How Balance Sheet Asset Pools Can Cause Risks to Credit Metrics for Healthcare Systems

Research Identifies Risks and Outlines New Framework to Align Portfolios with Key Credit Metrics

OAKS, Pa., April 18 /PRNewswire-FirstCall/ -- Healthcare organizations using traditional risk/return asset allocation strategies to invest balance sheet assets are placing their credit ratings and overall debt capacities at significant risk according to SEI (Nasdaq: SEIC). In a research piece released today, SEI unveiled vulnerabilities for healthcare organizations that continue to implement traditional asset allocation strategies in the face of increasing investment complexity and changing measures of financial health. The research investigates the impact of a variety of market scenarios on these traditional allocation strategies and identifies numerous financial risks to healthcare credit metrics.

"The importance of this research is that it identifies risks that healthcare systems can face from traditional allocation strategies in very common investment environments," says Bradford Stephan, Investment Director, SEI's Global Institutional Group and author of the research. "Many healthcare systems will probably be surprised at how significantly allocation strategies for balance sheet assets can impact these critical credit metrics."

The research, entitled "Healthcare Balance Sheet Asset Pools Can Greatly Impact an Organization's Credit Rating," used SEI's proprietary financial modeling tools to gather data, run scenarios and to arrive at outcomes. The findings point out the vulnerabilities healthcare organizations face by using traditional allocation strategies that are not aligned with credit metrics such as cushion ratio, days cash on hand and unrestricted cash/debt. The paper also offers a framework for healthcare organizations to consider when developing asset allocation strategies aligned with these metrics.

"Traditional asset allocation strategies for healthcare organizations can be characterized as 'asset only' and 'risk/return' resulting in investment strategy decisions being made without regards to important measures of financial health," said Jim Morris, Senior Vice President, SEI's Global Institutional Group. "Conversely, we recommend a framework that incorporates the organization's corporate finance goals as key metrics in setting customized investment policies."

A copy of the complete paper is available by emailing seiresearch@seic.com.

About SEI's Global Institutional Group

SEI's Global Institutional Group delivers integrated healthcare, retirement and nonprofit solutions to over 470 clients in seven different countries. SEI enables clients to meet financial objectives, reduce business risk, and fulfill their due diligence requirements through implemented strategies for the management of defined benefit plans, defined contribution plans, endowments, foundations and other balance sheet assets. For more information, visit http://www.seic.com/institutions.

About SEI

SEI (Nasdaq: SEIC) is a leading global provider of outsourced asset management, investment processing and investment operations solutions. The company's innovative solutions help corporations, financial institutions, financial advisors, and affluent families create and manage wealth. As of the period ending December 31, 2006, through its subsidiaries and partnerships in which the company has a significant interest, SEI administers $366.6 billion in mutual fund and pooled assets and manages $181.5 billion in assets. SEI serves clients, conducts or is registered to conduct business and/or operations, from more than 20 offices in over a dozen countries. For more information, visit http://www.seic.com.

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