



Stanford
HEALTH CARE

STANFORD MEDICINE

**Quarterly Financial Disclosure
For the Nine Month Periods Ended
May 31, 2020 and 2019**

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Pursuant to the following Continuing Disclosure Agreements (collectively, the “Disclosure Agreements”) executed and delivered in connection with the related bond issues (collectively, the “Bonds”), Stanford Health Care (the “Corporation”) hereby provides financial and utilization information for the nine month periods ended May 31, 2020 and 2019:

- Continuing Disclosure Agreement dated June 2, 2008, relating to the original issue of \$156,200,000 California Health Facilities Financing Authority Revenue Bonds (Stanford Hospital and Clinics) 2008 Series A-1 and A-3;
- Continuing Disclosure Agreement dated June 16, 2010, relating to the original issue of \$296,055,000 California Health Facilities Financing Authority Refunding Revenue Bonds (Stanford Hospital and Clinics) 2010 Series A and B;
- Continuing Disclosure Agreement dated June 15, 2011, relating to the reoffering of \$272,365,000 California Health Facilities Financing Authority Refunding Revenue Bonds (Stanford Hospital and Clinics) 2008 Series A-2, A-3 and B-2;
- Continuing Disclosure Agreement dated May 23, 2012, relating to the original issue of \$408,320,000 California Health Facilities Financing Authority Revenue Bonds (Stanford Hospital and Clinics) 2012 Series A and B; and
- Continuing Disclosure Agreement dated June 30, 2015, relating to the original issue of \$100,000,000 California Health Facilities Financing Authority Revenue Bonds (Stanford Health Care) 2015 Series A.
- Continuing Disclosure Agreement dated December 28, 2017, relating to the original issue of \$454,200,000 California Health Facilities Financing Authority Refunding Revenue Bonds (Stanford Health Care), 2017 Series A.
- Continuing Disclosure Agreement dated April 1, 2020, relating to the original issue of \$170,120,000 California Health Facilities Financing Authority Revenue Bonds (Stanford Health Care), 2020 Series A.



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The Bonds are identified together with their corresponding CUSIPs in Appendix A of this quarterly disclosure report. Additionally, the Treasury department of the Corporation maintains a world-wide web site to which it makes certain disclosure documents available to the general public at <https://stanfordhealthcare.org/about-us/bondholder-general-financial-information.html>.

This quarterly disclosure was prepared by management from records maintained by the Corporation and has not been compiled, reviewed or audited by external auditors.

For further information, please contact:

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Stanford Health Care
Consolidated Balance Sheet - Unaudited
As of May 31, 2020 and 2019
(In Thousands)

	<u>2020</u>	<u>2019</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,639,191	\$ 581,549
Assets limited as to use, held by trustee	11	11
Short term investments	-	400,734
Patient accounts receivables, net	612,041	671,570
Other receivables	144,148	73,377
Inventories	102,384	62,573
Prepaid expenses and other	89,774	57,070
Due from related parties	<u>774</u>	<u>-</u>
Total current assets	2,588,323	1,846,884
Investments	644,011	615,899
Investments at equity	110,101	89,852
Investments in University managed pools	1,530,072	1,423,670
Property and equipment, net	3,652,617	3,556,573
Right of use lease assets	350,155	-
Other assets	<u>71,891</u>	<u>104,035</u>
Total assets	<u>\$ 8,947,170</u>	<u>\$ 7,636,913</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 945,013	\$ 531,358
Accrued salaries and related benefits	306,187	253,691
Due to related parties	-	10,450
Third-party payor settlements	42,452	42,112
Current portion of long-term debt	116,210	13,910
Debt subject to remarketing arrangements	168,200	228,200
Right of use short-term liability	75,539	-
Self-insurance reserves and other	<u>57,630</u>	<u>55,405</u>
Total current liabilities	1,711,231	1,135,126
Self-insurance reserves and other, net of current portion	198,895	147,270
Swap liabilities	367,140	238,704
Right of use long-term liability	296,523	-
Other long-term liabilities	146,011	133,130
Pension liability	17,077	6,824
Long-term debt, net of current portion	<u>2,066,882</u>	<u>1,701,243</u>
Total liabilities	<u>4,803,759</u>	<u>3,362,297</u>
Net assets:		
Without donor restrictions:		
Stanford Health Care	3,988,934	3,568,589
Noncontrolling interests	<u>17,254</u>	<u>28,095</u>
Total without donor restrictions	4,006,188	3,596,684
With donor restrictions	<u>137,223</u>	<u>677,932</u>
Total net assets	<u>4,143,411</u>	<u>4,274,616</u>
Total liabilities and net assets	<u>\$ 8,947,170</u>	<u>\$ 7,636,913</u>

All information is preliminary and subject to change.

Stanford Health Care
Consolidated Statement of Operations and
Changes in Net Assets – Unaudited
For the Nine Months Period Ended May 31, 2020 and 2019
(In Thousands)

	<u>2020</u>	<u>2019</u>
Operating revenues and other support:		
Net patient service revenue	\$ 3,801,486	\$ 3,810,143
Premium revenue	86,362	76,360
Grants - COVID19	112,569	-
Other revenue	118,011	113,503
Net assets released from restrictions used for operations	<u>5,955</u>	<u>8,474</u>
Total operating revenues and other support	<u>4,124,383</u>	<u>4,008,480</u>
Operating expenses:		
Salaries and benefits	1,907,336	1,692,745
Professional services	26,835	29,192
Supplies	612,205	525,029
Purchased services	1,091,042	986,143
Depreciation and amortization	194,032	142,594
Interest	49,501	31,926
Other	346,209	331,659
Expense recoveries from related parties	<u>(80,472)</u>	<u>(96,284)</u>
Total operating expenses	<u>4,146,688</u>	<u>3,643,004</u>
(Loss) Income from operations	(22,305)	365,476
Interest and investment income	32,114	33,391
Earnings on equity method investments	10,664	3,110
Increase in value of University managed pools	46,246	23,408
Swap interest and change in value of swap agreements	<u>(62,280)</u>	<u>(65,543)</u>
Excess of revenues over expenses	4,439	359,842
Other changes in net assets without donor restrictions:		
Transfer to Stanford University	(87,291)	(65,304)
Change in net unrealized gains on investments	(9,915)	(1,995)
Net assets released from restrictions used for:		
Purchase of property and equipment	254	16
Purchase of property and equipment-NSH	555,226	-
Change in pension and postretirement liability	-	-
Noncontrolling capital distribution	<u>(2,400)</u>	<u>-</u>
Increase in net assets without donor restrictions	<u>460,313</u>	<u>292,559</u>
Changes in net assets with donor restrictions:		
Transfer from (to) Stanford University	284	(1,197)
Contributions and other	20,513	29,495
Investment income	617	599
Gains on University managed pools	471	466
Net assets released from restrictions used for:		
Operations	(5,955)	(8,474)
Purchase of property and equipment	(254)	(16)
Purchase of property and equipment-NSH	<u>(555,226)</u>	<u>-</u>
(Decrease) Increase in net assets with donor restrictions	<u>(539,550)</u>	<u>20,873</u>
(Decrease) Increase in net assets	(79,237)	313,432
Net assets, beginning of year	<u>4,222,648</u>	<u>3,961,184</u>
Net assets, end of year	<u>\$ 4,143,411</u>	<u>\$ 4,274,616</u>

All information is preliminary and subject to change.

Stanford Health Care
Consolidated Statement of Cash Flows – Unaudited
For the Nine Months Period Ended May 31, 2020 and 2019
(In Thousands)

	2020	2019
Cash flows from operating activities:		
Change in Stanford Health Care net assets	\$ (69,580)	\$ 304,064
Change in noncontrolling interests	(9,657)	9,368
Total change in net assets	(79,237)	313,432
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	193,078	141,625
Change in fair value of interest rate swaps	50,344	56,177
Increase in value of University managed pools	(46,246)	(23,408)
Unrealized (losses) on investments	9,707	727
Excess of income on equity method investees over distributions received	(13,503)	(3,323)
Contributions received for long lived assets or endowment	(21,323)	(23,284)
Net equity transfers to/from related parties	87,007	66,501
Premiums received from bond issuance	19,885	-
Changes in operating assets and liabilities:		
Patient accounts receivable	73,384	(48,493)
Due to related parties	(62,008)	(57,745)
Other receivables, inventory, other assets, prepaid expenses and other	(86,800)	(25,278)
Accounts payable, accrued liabilities and pension liabilities	518,150	61,386
Accrued salaries and related benefits	31,088	44,201
Third-party payor settlements	12,534	7,638
Self-insurance reserves	23,061	7,901
Cash provided by operating activities	<u>709,121</u>	<u>518,057</u>
Cash flows from investing activities:		
Purchases of investments	(44,834)	(553,324)
Sales of investments	453,070	436,851
Purchases of investments at equity	-	(5,732)
Purchases of investments in University managed pools	(5,600)	(1,403)
Sales of investments in University managed pools	534	2,161
Swap settlement payments, net	(11,468)	(9,501)
Increase in assets limited as to use and other	-	(11)
Purchases of property and equipment	(258,480)	(381,596)
Cash provided by (used in) investing activities	<u>133,222</u>	<u>(512,555)</u>
Cash flows from financing activities:		
Proceeds from issuance of debt	470,120	-
Costs of issuance of debt	(3,554)	(68)
Payment of long-term debt and capital lease obligations	(67,184)	(7,937)
Contributions received for long lived assets or endowment	22,580	30,119
Net equity transfers to/from related parties	(130,623)	(98,323)
Cash provided by (used in) financing activities	<u>291,339</u>	<u>(76,209)</u>
Net increase (decrease) in cash and cash equivalents	1,133,682	(70,707)
Cash and cash equivalents, beginning of year	<u>505,509</u>	<u>652,256</u>
Cash and cash equivalents, end of year	<u>\$ 1,639,191</u>	<u>\$ 581,549</u>
		-
Supplemental disclosures of cash flow information:		
Interest paid, net of amounts capitalized	\$ 30,039	\$ 41,948
Supplemental disclosures of non cash information:		
(Decrease) Increase in payables for property and equipment	\$ (102,770)	\$ 38,413
Equity transfers from (to) related parties, net	373	(294)

All information is preliminary and subject to change.

**Stanford Health Care
Historical Utilization Statistics
For the Nine Months Period Ended
May 31, 2020 and 2019**

		Nine Months Ended	
		May,	
		<u>2020</u>	<u>2019</u>
Discharges			
Acute		19,130	19,687
Behavioral Health		595	624
Total		<u>19,725</u>	<u>20,311</u>
Patient Days			
Acute		112,675	110,146
Behavioral Health		6,119	6,490
subtotal		<u>118,794</u>	<u>116,636</u>
Short Stay OP		10,198	11,259
Total		<u>128,992</u>	<u>127,895</u>
Average Daily Census			
Acute		411.2	403.5
Behavioral Health		22.3	23.8
Total		<u>433.6</u>	<u>427.2</u>
Average Length of Stay			
Acute		5.89	5.59
Behavioral Health		10.28	10.40
Total		<u>6.02</u>	<u>5.74</u>
Case Mix Index			
		2.51	2.46
Emergency room visits*			
		56,632	58,905
Short Stay OP procedures			
		30,147	33,688
Other Outpatient visits			
		601,103	640,445
Surgeries			
Inpatient		8,910	9,696
Outpatient		16,675	17,673
Total		<u>25,585</u>	<u>27,369</u>

Source: Corporation records

* ER visits include patients who got admitted as inpatients.

All information is preliminary and subject to change.

APPENDIX A

Bond Issues and Related CUSIP Numbers

**California Health Facilities Financing Authority
Refunding Revenue Bonds
(Stanford Hospital and Clinics)
2008 Series A-1**

CUSIP	Maturity Date	Interest Rate (%)	Original Principal Amount
13033LHP5	11/15/2020	4.00	\$ 675,000

California Health Facilities Financing Authority
Refunding Revenue Bonds
(Stanford Hospital and Clinics)
2008 Series A-2

CUSIP	Maturity Date	Interest Rate (%)	Original Principal Amount
13033LNE3	11/15/2020	5.00	\$ 1,000,000
13033LNF0	11/15/2021	5.00	\$ 450,000

California Health Facilities Financing Authority
Refunding Revenue Bonds
(Stanford Hospital and Clinics)
2008 Series A-3

CUSIP	Maturity Date	Interest Rate (%)	Original Principal Amount
13033LNS2	11/15/2020	5.00	\$ 800,000
13033LNT0	11/15/2021	4.00	\$ 375,000

**California Health Facilities Financing Authority
Refunding Revenue Bonds
(Stanford Hospital and Clinics)
2008 Series B-2-1**

CUSIP	Maturity Date	Current Commercial Paper Interest Rate (%)	Original Principal Amount
13033LNX1	11/15/2045	0.30	\$ 42,050,000

California Health Facilities Financing Authority
Refunding Revenue Bonds
(Stanford Hospital and Clinics)
2008 Series B-2-2

CUSIP	Maturity Date	Current Commercial Paper Interest Rate (%)	Original Principal Amount
13033LNY9	11/15/2045	0.65	\$ 42,050,000

**California Health Facilities Financing Authority
Refunding Revenue Bonds
(Stanford Hospital and Clinics)
2010 Series A**

CUSIP	Maturity Date	Interest Rate (%)	Original Principal Amount
13033LJB4	11/15/2020	5.00	\$ 6,760,000

California Health Facilities Financing Authority
Revenue Bonds
(Stanford Hospital and Clinics)
2012 Series A

CUSIP	Maturity Date	Interest Rate (%)	Original Principal Amount
13033LYQ4	08/15/2032	5.00	\$ 1,960,000
13033LYR2	08/15/2042	5.00	\$ 43,380,000
13033LZS0	08/15/2051	5.00	\$ 294,660,000

**California Health Facilities Financing Authority
Revenue Bonds
(Stanford Hospital and Clinics)
2012 Series B**

CUSIP	Maturity Date	Interest Rate (%)	Original Principal Amount
13033LZA8	08/15/2020	4.00	\$ 2,500,000
13033LZH3	08/15/2020	5.00	\$ 4,475,000
13033LZB6	08/15/2021	4.00	\$ 6,810,000
13033LZC4	08/15/2022	4.00	\$ 875,000
13033LZJ9	08/15/2022	5.00	\$ 6,680,000
13033LZD2	08/15/2023	5.00	\$ 7,430,000

California Health Facilities Financing Authority
Revenue Bonds
(Stanford Health Care)
2015 Series A

CUSIP	Maturity Date	Interest Rate (%)	Original Principal Amount
13033L8Q3	08/15/2052	4.25	\$ 25,000,000
13033L8P5	08/15/2054	5.00	\$ 75,000,000

California Health Facilities Financing Authority
Refunding Revenue Bonds
(Stanford Health Care)
2017 Series A

CUSIP	Maturity Date	Interest Rate (%)	Original Principal Amount
13032UPY8	11/15/2021	5.00	\$7,125,000
13032UPZ5	11/15/2022	5.00	\$9,635,000
13032UQA9	11/15/2023	5.00	\$13,475,000
13032UQB7	11/15/2024	5.00	\$17,615,000
13032UQC5	11/15/2025	5.00	\$18,480,000
13032UQD3	11/15/2026	5.00	\$19,320,000
13032UQE1	11/15/2027	5.00	\$20,260,000
13032UQF8	11/15/2028	5.00	\$21,225,000
13032UQG6	11/15/2029	5.00	\$22,270,000
13032UQH4	11/15/2030	5.00	\$23,340,000
13032UQJ0	11/15/2031	5.00	\$24,465,000
13032UQK7	11/15/2032	5.00	\$25,695,000
13032UQL5	11/15/2033	5.00	\$26,805,000
13032UQM3	11/15/2034	5.00	\$23,390,000
13032UQN1	11/15/2035	5.00	\$19,310,000
13032UQP6	11/15/2036	5.00	\$26,160,000
13032UQQ4	11/15/2037	5.00	\$30,225,000
13032UQR2	11/15/2040	4.00	\$105,405,000

California Health Facilities Financing Authority
Revenue Bonds
(Stanford Health Care)
2020 Series A

CUSIP	Maturity Date	Interest Rate (%)	Original Principal Amount
13032UVN5	08/15/2050	4.00	\$ 170,120,000