



# Stanford

## HEALTH CARE

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### STANFORD MEDICINE

### Quarterly Financial Disclosure For the Nine Months Ended May 31, 2022 and 2021

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# Stanford

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### STANFORD MEDICINE

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 months ended May 31, 2022 and 2021:

- Continuing Disclosure Agreement dated June 15, 2011, relating to the reoffering of \$84,100,000 California Health Facilities Financing Authority Refunding Revenue Bonds (Stanford Hospital and Clinics) 2008 Series B-2;
- Continuing Disclosure Agreement dated May 23, 2012, relating to the original issue of \$68,320,000 California Health Facilities Financing Authority Revenue Bonds (Stanford Hospital and Clinics) 2012 Series B;
- 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;
- Continuing Disclosure Agreement dated April 30, 2021, relating to the issuance of \$157,715,000 California Health Facilities Financing Authority Revenue Bonds (Stanford Health Care), 2021 Series A.



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### STANFORD MEDICINE

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.

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**Stanford Health Care**  
**Consolidated Balance Sheet - Unaudited**  
**As of May 31, 2022 and 2021**  
**(In Thousands)**

	<u>2022</u>	<u>2021</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 674,164	\$ 831,871
Short term investments	72,560	75,046
Patient accounts receivables, net	1,041,223	790,416
Other receivables	93,788	144,227
Inventories	108,583	130,595
Prepaid expenses and other	147,467	117,567
Due from related parties	69,021	23,477
Total current assets	<u>2,206,806</u>	<u>2,113,199</u>
Investments	1,901,288	1,937,415
Investments at equity	166,958	132,515
Investments in University managed pools	2,535,259	2,301,649
Property and equipment, net	3,634,667	3,625,896
Right of use lease assets	271,725	337,079
Other assets	59,241	75,815
Total assets	<u>\$ 10,775,944</u>	<u>\$ 10,523,568</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 768,411	\$ 1,329,996
Accrued salaries and related benefits	471,064	414,232
Third-party payor settlements	63,171	60,550
Current portion of long-term debt	17,190	14,760
Debt subject to remarketing arrangements	168,200	168,200
Operating lease liabilities, current	78,549	80,595
Self-insurance reserves and other	92,263	69,506
Total current liabilities	<u>1,658,848</u>	<u>2,137,839</u>
Self-insurance reserves and other, net of current portion	249,418	232,943
Swap liabilities	159,706	257,706
Operating lease liabilities, non-current	208,904	276,973
Other long-term liabilities	138,410	164,226
Pension liability	221	8,054
Long-term debt, net of current portion	2,119,496	2,145,634
Total liabilities	<u>4,535,003</u>	<u>5,223,375</u>
Net assets:		
Without donor restrictions:		
Stanford Health Care	6,061,377	5,119,788
Noncontrolling interests	34,879	29,893
Total without donor restrictions	<u>6,096,256</u>	<u>5,149,681</u>
With donor restrictions	144,685	150,512
Total net assets	<u>6,240,941</u>	<u>5,300,193</u>
Total liabilities and net assets	<u>\$ 10,775,944</u>	<u>\$ 10,523,568</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 Ended May 31, 2022 and 2021**  
**(In Thousands)**

	<u>2022</u>	<u>2021</u>
Operating revenues and other support:		
Net patient service revenue	\$ 5,139,049	\$ 4,433,470
Premium revenue	54,576	90,149
Grants - COVID-19	203,252	18,048
FEMA	12,051	4,202
Other revenue	127,954	124,221
Net assets released from restrictions used for operations	4,710	4,904
Total operating revenues and other support	<u>5,541,592</u>	<u>4,674,994</u>
Operating expenses:		
Salaries and benefits	2,430,110	2,089,917
Professional services	36,883	29,533
Supplies	749,681	688,797
Purchased services	1,194,240	1,111,157
Depreciation and amortization	203,320	203,339
Interest	53,741	57,534
Other	397,771	320,680
Expense recoveries from related parties	(776)	(39,713)
Total operating expenses	<u>5,064,970</u>	<u>4,461,244</u>
Income from operations	476,622	213,750
Interest and investment income	95,806	33,445
Earnings on equity method investments	37,916	32,936
Change in value of University managed pools and other	(284,343)	600,477
Swap interest and change in value of swap agreements	110,261	79,596
Other components of net periodic benefit costs	(2,432)	(1,470)
Loss on extinguishment of debt	-	(2,558)
Excess of revenues over expenses	433,830	956,176
Other changes in net assets without donor restrictions:		
Transfers to Stanford University	(30,268)	(27,864)
Transfers from Lucile Salter Packard Children's Hospital	-	99
Change in net unrealized loss on investments	(17,584)	9,530
Net assets released from restrictions used for:		
Purchase of property and equipment	2,035	873
Purchase of property and equipment - New Stanford Hospital	7,221	16,962
Noncontrolling capital contribution	7,864	-
Increase in net assets without donor restrictions	<u>403,098</u>	<u>955,776</u>
Changes in net assets with donor restrictions:		
Transfers from Stanford University	1,619	273
Contributions and other	6,153	30,376
Investment income	754	786
(Loss) gains on University managed pools	(1,208)	8,273
Net assets released from restrictions used for:		
Operations	(4,710)	(4,904)
Purchase of property and equipment	(2,035)	(873)
Purchase of property and equipment - New Stanford Hospital	(7,221)	(16,962)
(Decrease) Increase in net assets with donor restrictions	<u>(6,648)</u>	<u>16,969</u>
Increase in net assets	396,450	972,745
Net assets, beginning of year	5,844,491	4,327,448
Net assets, end of year	<u>\$ 6,240,941</u>	<u>\$ 5,300,193</u>

All information is preliminary and subject to change.

**Stanford Health Care**  
**Consolidated Statement of Cash Flows – Unaudited**  
**For the Nine Months Ended May 31, 2022 and 2021**  
**(In Thousands)**

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Change in Stanford Health Care net assets	\$ 391,649	\$ 967,298
Change in noncontrolling interests	4,801	5,447
Total change in net assets	<u>396,450</u>	<u>972,745</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loss on extinguishment of debt	-	2,558
Depreciation and amortization	197,380	199,489
Change in fair value of interest rate swaps	(125,948)	(95,586)
(Decrease ) Increase in value of University managed pools	42,503	(600,476)
Unrealized (loss) gains on investments	260,816	(17,794)
Excess of income on equity method investees over distributions received	(30,916)	(28,173)
Contributions received for long lived assets or endowment	(8,335)	(23,397)
Net equity transfers to/from related parties	28,649	27,492
Changes in operating assets and liabilities:		
Patient accounts receivable	(276,275)	(136,074)
Due to related parties	(70,975)	(71,819)
Other receivables, inventory, other assets, prepaid expenses and other	(9,807)	(2,764)
Accounts payable, accrued liabilities and pension liabilities	143,837	432,586
Accrued salaries and related benefits	75,427	126,821
Third-party payor settlements	7,512	5,438
Self-insurance reserves	47,421	19,405
Cash provided by operating activities	<u>677,739</u>	<u>827,738</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(863,892)	(1,222,441)
Sales of investments	827,510	31,075
Purchases of investments in University managed pools	(50,311)	(200,717)
Sales of investments in University managed pools	85	275
Swap settlement payments, net	(15,784)	(16,083)
Purchases of property and equipment	(218,281)	(197,873)
Cash used in investing activities	<u>(320,673)</u>	<u>(1,605,764)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of debt	-	522,815
Costs of issuance of debt	(4)	(2,592)
Payment of long-term debt and finance lease obligations	(8,007)	(545,805)
Contributions received for long lived assets or endowment	8,477	21,597
Net equity transfers to/from related parties	(90,412)	(29,122)
Cash used in financing activities	<u>(89,946)</u>	<u>(33,107)</u>
Net Increase (decrease) in cash and cash equivalents	267,120	(811,133)
Cash and cash equivalents, beginning of year	<u>407,044</u>	<u>1,643,004</u>
Cash and cash equivalents, end of year	<u>\$ 674,164</u>	<u>\$ 831,871</u>
<b>Supplemental data:</b>		
Cash and cash equivalents as shown on the consolidated balance sheets	\$ 674,164	\$ 831,871
Restricted cash included in assets limited as to use, held by trustee	-	-
Total cash and cash equivalents as shown on the statement of cash flows	<u>\$ 674,164</u>	<u>\$ 831,871</u>
<b>Supplemental disclosures of cash flow information:</b>		
Interest paid, net of amounts capitalized	\$ 60,185	\$ 65,305
<b>Supplemental disclosures of non cash information:</b>		
Increase ( Decrease) in payables for property and equipment	\$ 385	\$ (15,878)
Equity transfers from related parties, net	810	2,798

All information is preliminary and subject to change.

**Stanford Health Care  
Historical Utilization Statistics  
For the Nine Months Ended  
May 31, 2022 and 2021**

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		<b>Nine Months Ended</b>	
		<b>May,</b>	
		<u><b>2022</b></u>	<u><b>2021</b></u>
<b>Discharges</b>			
Acute		22,683	20,927
Behavioral Health		527	401
<b>Total</b>		<u><b>23,210</b></u>	<u><b>21,328</b></u>
 <b>Patient Days</b>			
Acute		156,446	133,347
Behavioral Health		7,265	5,402
<b>subtotal</b>		<u><b>163,711</b></u>	<u><b>138,749</b></u>
Short Stay OP		11,698	10,197
<b>Total</b>		<u><b>175,409</b></u>	<u><b>148,946</b></u>
 <b>Average Daily Census</b>			
Acute		573.1	488.5
Behavioral Health		26.6	19.8
<b>Total</b>		<u><b>599.7</b></u>	<u><b>508.2</b></u>
 <b>Average Length of Stay</b>			
Acute		6.90	6.37
Behavioral Health		13.79	13.47
<b>Total</b>		<u><b>7.05</b></u>	<u><b>6.51</b></u>
 <b>Case Mix Index</b>			
Emergency room visits*		72,202	65,542
Short Stay OP procedures		37,334	35,147
Other Outpatient visits		1,063,804	1,172,530
 <b>Surgeries</b>			
Inpatient		9,434	9,385
Outpatient		21,548	19,519
<b>Total</b>		<u><b>30,982</b></u>	<u><b>28,904</b></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 B-2-1**

<b>CUSIP</b>	<b>Maturity Date</b>	<b>Current Commercial Paper Interest Rate (%)</b>	<b>Original Principal Amount</b>
13033LNX1	11/15/2045	1.35	\$ 42,050,000



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

<b>CUSIP</b>	<b>Maturity Date</b>	<b>Current Commercial Paper Interest Rate (%)</b>	<b>Original Principal Amount</b>
13033LNY9	11/15/2045	0.92	\$ 42,050,000

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

<b>CUSIP</b>	<b>Maturity Date</b>	<b>Interest Rate (%)</b>	<b>Original Principal Amount</b>
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**

<b>CUSIP</b>	<b>Maturity Date</b>	<b>Interest Rate (%)</b>	<b>Original Principal Amount</b>
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**

<b>CUSIP</b>	<b>Maturity Date</b>	<b>Interest Rate (%)</b>	<b>Original Principal Amount</b>
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**

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

**California Health Facilities Financing Authority  
Revenue Bonds  
(Stanford Health Care)  
2021 Series A**

<b>CUSIP</b>	<b>Maturity Date</b>	<b>Mandatory Tender Date</b>	<b>Interest Rate (%)</b>	<b>Original Principal Amount</b>
13032UYT9	08/15/2054	8/15/2025	3.00	\$ 157,715,000