



**Quarterly Financial Disclosure  
For the Nine Month Periods Ended  
May 31, 2019 and 2018**

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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, 2019 and 2018:

- 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 May 23, 2012, relating to the original issue of \$60,000,000 California Health Facilities Financing Authority Revenue Bonds (Stanford Hospital and Clinics) 2012 Series C; 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.



**Stanford**  
**HEALTH CARE**  

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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, 2019 and 2018**  
**(In Thousands)**

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 581,549	\$ 673,213
Assets limited as to use, held by trustee	11	-
Short term investments	400,734	388,884
Patient accounts receivable <sup>(1)</sup>	671,570	610,455
Other receivables	73,377	65,628
Inventories	62,573	56,528
Prepaid expenses and other	57,070	48,700
Total current assets	<u>1,846,884</u>	<u>1,843,408</u>
Investments	615,899	432,087
Investments at equity	89,852	78,503
Investments in University managed pools	1,423,670	1,372,197
Property and equipment, net	3,556,573	3,133,091
Other assets	104,035	112,704
Total assets	<u>\$ 7,636,913</u>	<u>\$ 6,971,990</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 531,358	\$ 460,818
Accrued salaries and related benefits	253,691	218,704
Due to related parties	10,450	18,999
Third-party payor settlements	42,112	28,552
Current portion of long-term debt	13,910	13,775
Debt subject to short-term remarketing arrangements	228,200	228,200
Self-insurance reserves and other	55,405	44,526
Total current liabilities	<u>1,135,126</u>	<u>1,013,574</u>
Self-insurance reserves and other, net of current portion	147,270	140,275
Swap liability	238,704	188,337
Other long-term liabilities	133,130	35,227
Pension liability	6,824	16,881
Long-term debt, net of current portion	1,701,243	1,720,712
Total liabilities	<u>3,362,297</u>	<u>3,115,006</u>
<b>Net assets:</b>		
Unrestricted:		
Stanford Health Care	3,568,589	3,194,110
Noncontrolling interests	28,095	24,130
Total unrestricted	<u>3,596,684</u>	<u>3,218,240</u>
Temporarily restricted	668,699	630,511
Permanently restricted	9,233	8,233
Total net assets	<u>4,274,616</u>	<u>3,856,984</u>
Total liabilities and net assets	<u>\$ 7,636,913</u>	<u>\$ 6,971,990</u>

(1) ASC 606 was adopted on a modified retrospective basis as of September 1, 2018 and is reflected in the FY2019 balances above.

All information is preliminary and subject to change.

**Stanford Health Care**  
**Consolidated Statement of Operations and**  
**Changes in Net Assets – Unaudited**  
**For the Nine Month Periods Ended May 31, 2019 and 2018**  
**(In Thousands)**

	<u>2019</u>	<u>2018</u>
Operating revenues:		
Net patient service revenue		\$ 3,512,337
Provision for doubtful accounts		(47,387)
Net patient service revenue less provision for doubtful accounts <sup>(1)</sup>	\$ 3,810,143	3,464,950
Premium revenue	76,360	67,125
Other revenue	113,503	101,817
Net assets released from restrictions used for operations	8,474	3,420
Total operating revenues	<u>4,008,480</u>	<u>3,637,312</u>
Operating expenses:		
Salaries and benefits	1,692,745	1,536,093
Professional services	29,192	29,439
Supplies	525,029	495,331
Purchased services	986,143	906,996
Depreciation and amortization	142,594	127,020
Interest	31,926	24,163
Other	331,659	330,520
Expense recoveries from related parties	(96,284)	(91,290)
Total operating expenses	<u>3,643,004</u>	<u>3,358,272</u>
Income from operations	365,476	279,040
Interest and investment income	33,391	17,470
Earnings on equity method investments	3,110	1,558
Increase in value of University managed pools	23,408	83,817
Swap interest and change in value of swap agreements	(65,543)	45,593
Loss on extinguishment of debt	-	(48,541)
Excess of revenues over expenses	359,842	378,937
Other changes in unrestricted net assets:		
Transfer to Stanford University	(65,304)	(54,797)
Change in net unrealized gains on investments	(1,995)	1,840
Net assets released from restrictions used for:		
Purchase of property and equipment	16	287
Noncontrolling capital distribution	-	(1,200)
Increase in unrestricted net assets	<u>292,559</u>	<u>325,067</u>
Changes in temporarily restricted net assets:		
Transfer (to) from Stanford University	(1,197)	2,138
Contributions and other	28,495	27,320
Investment income	599	416
Gains on University managed pools	466	1,093
Net assets released from restrictions used for:		
Operations	(8,474)	(3,420)
Purchase of property and equipment	(16)	(287)
Increase in temporarily restricted net assets	<u>19,873</u>	<u>27,260</u>
Changes in permanently restricted net assets:		
Contributions	1,000	89
Increase in permanently restricted net assets	<u>1,000</u>	<u>89</u>
Increase in net assets	313,432	352,416
Net assets, beginning of year	<u>3,961,184</u>	<u>3,504,568</u>
Net assets, end of year	<u>\$ 4,274,616</u>	<u>\$ 3,856,984</u>

<sup>(1)</sup> ASC 606 was adopted on a modified retrospective basis as of September 1, 2018 and is reflected in the FY2019 balances above.

All information is preliminary and subject to change.

**Stanford Health Care**  
**Consolidated Statement of Cash Flows – Unaudited**  
**For the Nine Month Periods Ended**  
**May 31, 2019 and 2018**  
(In Thousands)

	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities:</b>		
Change in Stanford Health Care net assets	\$ 304,064	\$ 350,346
Change in noncontrolling interests	9,368	2,070
Total change in net assets	<u>313,432</u>	<u>352,416</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loss on extinguishment of debt	-	48,541
Depreciation and amortization	141,625	124,578
Provision for doubtful accounts <sup>(1)</sup>	-	47,387
Change in fair value of interest rate swaps	56,177	(57,629)
Increase in value of University managed pools	(23,408)	(83,817)
Unrealized losses (gains) on investments	727	(2,786)
Excess of income of equity method investees over distributions received	(3,323)	(1,941)
Contributions received for long lived assets or endowment	(23,284)	(23,132)
Net equity transfers to/from related parties	66,501	52,659
Premiums received from bond issuance	-	76,138
Changes in operating assets and liabilities:		
Patient accounts receivable <sup>(1)</sup>	(48,493)	(47,108)
Due to related parties	(57,745)	(51,577)
Other receivables, inventory, other assets, prepaid expenses and other	(25,278)	(8,051)
Accounts payable, accrued liabilities and pension liabilities	61,386	88,408
Accrued salaries and related benefits	44,201	(37,055)
Third-party payor settlements	7,638	10,403
Self-insurance reserves	7,901	8,131
Cash provided by operating activities	<u>518,057</u>	<u>495,565</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(553,324)	(512,119)
Sales of investments	436,851	38,190
Purchases of investments at equity	(5,732)	(7,889)
Purchases of investments in University managed pools	(1,403)	(332)
Sales of investments in University managed pools	2,161	86
Swap settlement payments, net	(9,501)	-
(Increase) decrease in assets limited as to use and other	(11)	58,134
Purchases of property and equipment	(381,596)	(358,412)
Cash used in investing activities	<u>(512,555)</u>	<u>(782,342)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of debt	-	954,200
Repayment on revolver	-	(135,000)
Costs of issuance of debt	(68)	(6,822)
Payment of long-term debt and capital lease obligations	(7,937)	(538,114)
Contributions received for long lived assets or endowment	30,119	30,354
Net equity transfers to/from related parties	(98,323)	(54,737)
Cash (used in) provided by financing activities	<u>(76,209)</u>	<u>249,881</u>
Net decrease in cash and cash equivalents	(70,707)	(36,896)
Cash and cash equivalents, beginning of year	<u>652,256</u>	<u>710,109</u>
Cash and cash equivalents, end of year	<u>\$ 581,549</u>	<u>\$ 673,213</u>
<b>Supplemental disclosures of cash flow information:</b>		
Interest paid, net of amounts capitalized	\$ 41,948	\$ 32,263
<b>Supplemental disclosures of non cash information:</b>		
Increase in payables for property and equipment	\$ 38,413	\$ 32,243
Equity transfers (to) from related parties, net	(294)	3,639
Assets and liabilities acquired under capital leases	-	479

<sup>(1)</sup> ASC 606 was adopted on a modified retrospective basis as of September 1, 2018 and is reflected in the FY2019 balances above.

All information is preliminary and subject to change.

**Stanford Health Care  
Historical Utilization Statistics  
For the Nine Month Periods Ended  
May 31, 2019 and 2018**

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		<b>Three Months Ended</b>	
		<b>May,</b>	
		<u><b>2019</b></u>	<u><b>2018</b></u>
<b>Discharges</b>			
Acute		19,687	19,498
Behavioral Health		624	626
<b>Total</b>		<u><b>20,311</b></u>	<u><b>20,124</b></u>
 <b>Patient Days</b>			
Acute		110,146	108,096
Behavioral Health		6,490	6,898
<b>subtotal</b>		<u><b>116,636</b></u>	<u><b>114,994</b></u>
Short Stay OP		11,259	11,787
<b>Total</b>		<u><b>127,895</b></u>	<u><b>126,781</b></u>
 <b>Average Daily Census</b>			
Acute		403.5	396.0
Behavioral Health		23.8	25.3
<b>Total</b>		<u><b>427.2</b></u>	<u><b>421.2</b></u>
 <b>Average Length of Stay</b>			
Acute		5.59	5.54
Behavioral Health		10.4	11.0
<b>Total</b>		<u><b>5.74</b></u>	<u><b>5.71</b></u>
 <b>Case Mix Index</b>			
		2.46	2.43
<b>Emergency room visits*</b>			
		58,905	57,631
<b>Short Stay OP procedures</b>			
		33,688	32,778
<b>Other Outpatient visits</b>			
		640,445	597,110
 <b>Surgeries</b>			
Inpatient		9,696	9,691
Outpatient		17,673	17,942
<b>Total</b>		<u><b>27,369</b></u>	<u><b>27,633</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 A-1**

<b>CUSIP</b>	<b>Maturity Date</b>	<b>Interest Rate (%)</b>	<b>Original Principal Amount</b>
13033LHN0	11/15/2019	4.00	225,000
13033LHP5	11/15/2020	4.00	675,000



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

<b>CUSIP</b>	<b>Maturity Date</b>	<b>Interest Rate (%)</b>	<b>Original Principal Amount</b>
13033LND5	11/15/2019	4.00	325,000
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**

<b>CUSIP</b>	<b>Maturity Date</b>	<b>Interest Rate (%)</b>	<b>Original Principal Amount</b>
13033LNR4	11/15/2019	4.00	275,000
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**

<b>CUSIP</b>	<b>Maturity Date</b>	<b>Current Commercial Paper Interest Rate (%)</b>	<b>Original Principal Amount</b>
13033LNX1	11/15/2045	1.45	\$ 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	1.32	\$ 42,050,000

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

<b>CUSIP</b>	<b>Maturity Date</b>	<b>Interest Rate (%)</b>	<b>Original Principal Amount</b>
13033LJA6	11/15/2019	5.00	6,435,000
13033LJB4	11/15/2020	5.00	6,760,000

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

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

<b>CUSIP</b>	<b>Maturity Date</b>	<b>Interest Rate (%)</b>	<b>Original Principal Amount</b>
13033LYZ4	08/15/2019	5.00	6,650,000
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 Hospital and Clinics)  
2012 Series C**

<b>CUSIP</b>	<b>Maturity Date</b>	<b>Initial Windows Spread to SIFMA (%)</b>	<b>Original Principal Amount</b>
13033LZN0	08/15/2051	0.08	\$ 60,000,000



**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>
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