



# Stanford

## HEALTH CARE

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### STANFORD MEDICINE

### Quarterly Financial Disclosure For the Nine Months Period Ended May 31, 2021 and 2020

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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 period ended May 31, 2021 and 2020:

- 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.
- 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, 2021 and 2020**  
**(In Thousands)**

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 831,871	\$ 1,639,191
Assets limited as to use, held by trustee	-	11
Short term investments	75,046	-
Patient accounts receivables, net	790,416	612,041
Other receivables	144,227	144,148
Inventories	130,595	102,384
Prepaid expenses and other	117,567	89,774
Due from related parties	23,477	774
Total current assets	2,113,199	2,588,323
Investments	1,937,415	644,011
Investments at equity	132,515	110,101
Investments in University managed pools	2,301,649	1,530,072
Property and equipment, net	3,625,896	3,652,617
Right of use lease assets	337,079	350,155
Other assets	75,815	71,891
Total assets	<b>\$10,523,568</b>	<b>\$ 8,947,170</b>
 <b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 1,329,996	\$ 945,013
Accrued salaries and related benefits	414,232	306,187
Third-party payor settlements	60,550	42,452
Current portion of long-term debt	14,760	116,210
Debt subject to remarketing arrangements	168,200	168,200
Operating lease liabilities, current	80,595	75,539
Self-insurance reserves and other	69,506	57,630
Total current liabilities	2,137,839	1,711,231
Self-insurance reserves and other, net of current portion	232,943	198,895
Swap liabilities	257,706	367,140
Operating lease liabilities, non-current	276,973	296,523
Other long-term liabilities	164,226	146,011
Pension liability	8,054	17,077
Long-term debt, net of current portion	2,145,634	2,066,882
Total liabilities	5,223,375	4,803,759
Net assets:		
Without donor restrictions:		
Stanford Health Care	5,119,788	3,988,934
Noncontrolling interests	29,893	17,254
Total without donor restrictions	5,149,681	4,006,188
With donor restrictions	150,512	137,223
Total net assets	5,300,193	4,143,411
Total liabilities and net assets	<b>\$10,523,568</b>	<b>\$ 8,947,170</b>

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, 2021 and 2020**  
**(In Thousands)**

	<u>2021</u>	<u>2020</u>
Operating revenues and other support:		
Net patient service revenue	\$ 4,433,470	\$ 3,801,486
Premium revenue	90,149	86,362
Grants - COVID-19	18,048	112,569
FEMA	4,202	-
Other revenue	124,221	118,011
Net assets released from restrictions used for operations	4,904	5,955
Total operating revenues and other support	<u>4,674,994</u>	<u>4,124,383</u>
Operating expenses:		
Salaries and benefits	2,089,917	1,907,336
Professional services	29,533	26,835
Supplies	688,797	612,205
Purchased services	1,111,157	1,091,042
Depreciation and amortization	203,339	194,032
Interest	57,534	49,501
Other	320,680	346,209
Expense recoveries from related parties	(39,713)	(80,472)
Total operating expenses	<u>4,461,244</u>	<u>4,146,688</u>
Income (Loss) from operations	213,750	(22,305)
Interest and investment income	33,445	32,114
Earnings on equity method investments	32,936	10,664
Change in value of University managed pools and other	600,477	46,246
Swap interest and change in value of swap agreements	79,596	(62,280)
Other components of net periodic benefit costs	(1,470)	-
Loss on extinguishment of debt	(2,558)	-
Excess of revenues over expenses	956,176	4,439
Other changes in net assets without donor restrictions:		
Transfers to Stanford University	(27,864)	(87,291)
Transfers from Lucile Salter Packard Children's Hospital	99	-
Change in net unrealized gain (lose) on investments	9,530	(9,915)
Net assets released from restrictions used for:		
Purchase of property and equipment	873	254
Purchase of property and equipment - New Stanford Hospital	16,962	555,226
Noncontrolling capital distribution	-	(2,400)
Increase in net assets without donor restrictions	<u>955,776</u>	<u>460,313</u>
Changes in net assets with donor restrictions:		
Transfers from Stanford University	273	284
Contributions and other	30,376	20,513
Investment income	786	617
Gains on University managed pools	8,273	471
Net assets released from restrictions used for:		
Operations	(4,904)	(5,955)
Purchase of property and equipment	(873)	(254)
Purchase of property and equipment - New Stanford Hospital	(16,962)	(555,226)
Increase (Decrease) in net assets with donor restrictions	<u>16,969</u>	<u>(539,550)</u>
Increase (Decrease) in net assets	972,745	(79,237)
Net assets, beginning of year	<u>4,327,448</u>	<u>4,222,648</u>
Net assets, end of year	<u>\$ 5,300,193</u>	<u>\$ 4,143,411</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, 2021 and 2020**  
(In Thousands)

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Change in Stanford Health Care net assets	\$ 967,298	\$ (69,580)
Change in noncontrolling interests	5,447	(9,657)
Total change in net assets	972,745	(79,237)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Loss on extinguishment of debt	2,558	-
Depreciation and amortization	199,489	193,078
Change in fair value of interest rate swaps	(95,586)	50,344
Increase in value of University managed pools	(600,476)	(46,246)
Unrealized gains on investments	(17,794)	9,707
Excess of income on equity method investees over distributions received	(28,173)	(13,503)
Contributions received for long lived assets or endowment	(23,397)	(21,323)
Net equity transfers to/from related parties	27,492	87,007
Premiums received from bond issuance	17,287	19,885
Changes in operating assets and liabilities:		
Patient accounts receivable	(136,074)	73,384
Due to related parties	(71,819)	(62,008)
Other receivables, inventory, other assets, prepaid expenses and other	(2,764)	(86,800)
Accounts payable, accrued liabilities and pension liabilities	432,586	518,150
Accrued salaries and related benefits	126,821	31,088
Third-party payor settlements	5,438	12,534
Self-insurance reserves	19,405	23,061
Cash provided by operating activities	<u>827,738</u>	<u>709,121</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(1,222,441)	(44,834)
Sales of investments	31,075	453,070
Purchases of investments in University managed pools	(200,717)	(5,600)
Sales of investments in University managed pools	275	534
Swap settlement payments, net	(16,083)	(11,468)
Purchases of property and equipment	(197,873)	(258,480)
Cash (used in) provided by investing activities	<u>(1,605,764)</u>	<u>133,222</u>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of debt	522,815	470,120
Costs of issuance of debt	(2,592)	(3,554)
Payment of long-term debt and finance lease obligations	(545,805)	(67,184)
Contributions received for long lived assets or endowment	21,597	22,580
Net equity transfers to/from related parties	(29,122)	(130,623)
Cash (used in) provided by financing activities	<u>(33,107)</u>	<u>291,339</u>
Net (decrease) increase in cash and cash equivalents	(811,133)	1,133,682
Cash and cash equivalents, beginning of year	1,643,004	505,509
Cash and cash equivalents, end of year	<u>\$ 831,871</u>	<u>\$ 1,639,191</u>
<b>Supplemental data:</b>		
Cash and cash equivalents as shown on the consolidated balance sheets	\$ 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>\$ 831,871</u>	<u>\$ -</u>
<b>Supplemental disclosures of cash flow information:</b>		
Interest paid, net of amounts capitalized	\$ 65,305	\$ 30,039
<b>Supplemental disclosures of non cash information:</b>		
Decrease in payables for property and equipment	\$ (15,878)	\$ (102,770)
Equity transfers from related parties, net	2,798	373

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**

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	<b>Nine Months Ended</b>	
	<b>May,</b>	
	<u><b>2021</b></u>	<u><b>2020</b></u>
<b>Discharges</b>		
Acute	20,927	19,130
Behavioral Health	401	595
<b>Total</b>	<u><b>21,328</b></u>	<u><b>19,725</b></u>
 <b>Patient Days</b>		
Acute	133,347	112,675
Behavioral Health	5,402	6,119
<b>subtotal</b>	<u><b>138,749</b></u>	<u><b>118,794</b></u>
Short Stay OP	10,197	10,198
<b>Total</b>	<u><b>148,946</b></u>	<u><b>128,992</b></u>
 <b>Average Daily Census</b>		
Acute	488.5	411.2
Behavioral Health	19.8	22.3
<b>Total</b>	<u><b>508.2</b></u>	<u><b>433.6</b></u>
 <b>Average Length of Stay</b>		
Acute	6.37	5.89
Behavioral Health	13.47	10.28
<b>Total</b>	<u><b>6.51</b></u>	<u><b>6.02</b></u>
 <b>Case Mix Index</b>	2.80	2.51
<b>Emergency room visits*</b>	65,542	56,632
<b>Short Stay OP procedures</b>	35,147	30,147
<b>Other Outpatient visits</b>	1,172,530	601,103
 <b>Surgeries</b>		
Inpatient	9,385	8,910
Outpatient	19,519	16,675
<b>Total</b>	<u><b>28,904</b></u>	<u><b>25,585</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-2**

<b>CUSIP</b>	<b>Maturity Date</b>	<b>Interest Rate (%)</b>	<b>Original Principal Amount</b>
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>
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	0.12	\$ 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	0.14	\$ 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>
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**

<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

**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