



**Quarterly Financial Disclosure
For the Three Month Periods Ended
November 30, 2019 and 2018**

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Stanford

HEALTH CARE

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 three month periods ended November 30, 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.

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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All information is preliminary and subject to change.

Stanford Health Care
Consolidated Balance Sheet - Unaudited
As of November 30, 2019 and 2018
(In Thousands)

	<u>2020</u>	<u>2019</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 451,801	\$ 579,342
Assets limited as to use, held by trustee	11	-
Short term investments	401,587	393,289
Patient accounts receivables, net	729,356	639,520
Other receivables	77,856	65,921
Inventories	72,055	60,639
Prepaid expenses and other	84,903	56,873
Total current assets	<u>1,817,569</u>	<u>1,795,584</u>
Investments	667,399	595,534
Investments at equity	102,004	86,671
Investments in University managed pools	1,527,849	1,374,115
Property and equipment, net	3,719,453	3,325,662
Right of use lease assets	259,586	-
Other assets	79,827	96,266
Total assets	<u>\$ 8,173,687</u>	<u>\$ 7,273,832</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 583,544	\$ 476,985
Accrued salaries and related benefits	270,389	230,769
Due to related parties	41,688	50,295
Third-party payor settlements	41,079	37,903
Current portion of long-term debt	116,210	13,910
Debt subject to remarketing arrangements	228,200	228,200
Right of use short-term liability	62,653	-
Self-insurance reserves and other	57,297	55,126
Total current liabilities	<u>1,401,060</u>	<u>1,093,188</u>
Self-insurance reserves and other, net of current portion	183,927	141,021
Swap liabilities	281,239	170,170
Right of use long-term liability	220,507	-
Other long-term liabilities	126,885	132,238
Pension liability	17,058	6,708
Long-term debt, net of current portion	<u>1,582,483</u>	<u>1,703,362</u>
Total liabilities	<u>3,813,159</u>	<u>3,246,687</u>
Net assets:		
Without donor restrictions:		
Stanford Health Care	4,206,788	3,349,790
Noncontrolling interests	21,770	18,183
Total without donor restrictions	<u>4,228,558</u>	<u>3,367,973</u>
With donor restrictions	<u>131,970</u>	<u>659,172</u>
Total net assets	<u>4,360,528</u>	<u>4,027,145</u>
Total liabilities and net assets	<u>\$ 8,173,687</u>	<u>\$ 7,273,832</u>

All information is preliminary and subject to change.

Stanford Health Care
Consolidated Statement of Operations and
Changes in Net Assets – Unaudited
For the Three Month Periods Ended November 30, 2019 and 2018
(In Thousands)

	<u>2020</u>	<u>2019</u>
Operating revenues and other support:		
Net patient service revenue	\$ 1,320,141	\$ 1,236,351
Premium revenue	28,047	22,983
Other revenue	38,804	37,789
Net assets released from restrictions used for operations	1,570	3,104
Total operating revenues and other support	<u>1,388,562</u>	<u>1,300,227</u>
Operating expenses:		
Salaries and benefits	619,015	550,492
Professional services	8,688	9,112
Supplies	194,748	171,663
Purchased services	385,563	321,637
Depreciation and amortization	56,294	47,671
Interest	12,635	10,533
Other	106,884	103,990
Expense recoveries from related parties	(31,085)	(33,462)
Total operating expenses	<u>1,352,742</u>	<u>1,181,636</u>
Income from operations	35,820	118,591
Interest and investment income	11,967	10,518
Earnings on equity method investments	2,405	1,967
Increase (decrease) in value of University managed pools	48,858	(26,436)
Swap interest and change in value of swap agreements	32,027	9,085
Excess of revenues over expenses	<u>131,077</u>	<u>113,725</u>
Other changes in net assets without donor restrictions:		
Transfer to Stanford University	(10,442)	(36,420)
Change in net unrealized gains on investments	19,985	(13,469)
Net assets released from restrictions used for:		
Purchase of property and equipment	249	12
Purchase of property and equipment-NSH	544,214	-
Noncontrolling capital distribution	(2,400)	-
Increase in net assets without donor restrictions	<u>682,683</u>	<u>63,848</u>
Changes in net assets with donor restrictions:		
Transfer from (to) Stanford University	65	(176)
Contributions and other	625	5,767
Investment income	146	158
Gains (loss) on University managed pools	394	(520)
Net assets released from restrictions used for:		
Operations	(1,570)	(3,104)
Purchase of property and equipment	(249)	(12)
Purchase of property and equipment-NSH	(544,214)	-
(Decrease) increase in net assets with donor restrictions	<u>(544,803)</u>	<u>2,113</u>
Increase in net assets	137,880	65,961
Net assets, beginning of year	<u>4,222,648</u>	<u>3,961,184</u>
Net assets, end of year	<u>\$ 4,360,528</u>	<u>\$ 4,027,145</u>

All information is preliminary and subject to change.

Stanford Health Care
Consolidated Statement of Cash Flows – Unaudited
For the Three Month Periods Ended
November 30, 2019 and 2018
(In Thousands)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in Stanford Health Care net assets	\$ 143,021	\$ 66,505
Change in noncontrolling interests	(5,141)	(544)
Total change in net assets	<u>137,880</u>	<u>65,961</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	55,894	47,279
Change in fair value of interest rate swaps	(35,557)	(12,357)
Increase (decrease) in value of University managed pools	(48,858)	26,436
Unrealized gains (loss) on investments	(20,378)	13,987
Excess of income on equity method investees over distributions received	(5,413)	(4,802)
Contributions received for long lived assets or endowment	(3,101)	(5,371)
Net equity transfers to/from related parties	10,377	36,596
Changes in operating assets and liabilities:		
Patient accounts receivable	(43,931)	(16,443)
Due to related parties	(63,078)	(45,889)
Other receivables, inventory, other assets, prepaid expenses and other	8,598	(11,141)
Accounts payable, accrued liabilities and pension liabilities	52,699	25,013
Accrued salaries and related benefits	(4,710)	21,279
Third-party payor settlements	11,161	3,429
Self-insurance reserves	7,760	1,373
Cash provided by operating activities	<u>59,343</u>	<u>145,350</u>
Cash flows from investing activities:		
Purchases of investments	(6,205)	(119,209)
Sales of investments	17,418	17,984
Purchases of investments at equity	-	(1,814)
Purchases of investments in University managed pools	(43)	(1,052)
Sales of investments in University managed pools	-	823
Swap settlement payments, net	(2,219)	(3,413)
Purchases of property and equipment	(108,370)	(78,558)
Cash used in investing activities	<u>(99,419)</u>	<u>(185,239)</u>
Cash flows from financing activities:		
Costs of issuance of debt	(61)	(152)
Payment of long-term debt and capital lease obligations	(7,282)	(7,892)
Contributions received for long lived assets or endowment	4,016	11,260
Net equity transfers to/from related parties	(10,305)	(36,241)
Cash used by financing activities	<u>(13,632)</u>	<u>(33,025)</u>
Net decrease in cash and cash equivalents	(53,708)	(72,914)
Cash and cash equivalents, beginning of year	<u>505,509</u>	<u>652,256</u>
Cash and cash equivalents, end of year	<u>\$ 451,801</u>	<u>\$ 579,342</u>
Supplemental disclosures of cash flow information:		
Interest paid, net of amounts capitalized	\$ 20,560	\$ 20,350
Supplemental disclosures of non cash information:		
(Decrease) increase in payables for property and equipment	\$ (23,675)	\$ 15,690
Equity transfers to related parties, net	639	3,576

All information is preliminary and subject to change.

**Stanford Health Care
Historical Utilization Statistics
For the Three Month Periods Ended
November 30, 2019 and 2018**

	Three Months Ended	
	November,	
	2019	2018
Discharges		
Acute	6,706	6,536
Behavioral Health	246	232
Total	6,952	6,768
Patient Days		
Acute	38,028	36,076
Behavioral Health	2,194	2,352
subtotal	40,222	38,428
Short Stay OP [†]	3,714	3,459
Total	43,936	41,887
Average Daily Census		
Acute	417.9	396.4
Behavioral Health	24.1	25.8
Total	442.0	422.3
Average Length of Stay		
Acute	5.7	5.5
Behavioral Health	8.9	10.1
Total	5.8	5.7
Case Mix Index	2.51	2.44
Emergency room visits*	19,682	18,660
Short Stay OP procedures	11,981	11,217
Other Outpatient visits	238,049	209,511
Surgeries		
Inpatient	3,293	3,275
Outpatient	6,162	6,105
Total	9,455	9,380

Source: Corporation records

[†] November 2018 Short Stay OP is an estimate based on the September 2018 average

* 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	1.27	\$ 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	1.07	\$ 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
13033LYS0	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 Hospital and Clinics)
2012 Series C

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

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