



Stanford MEDICINE

Health Care

Quarterly Financial Disclosure For the Nine-Month Period Ended May 31, 2023 and 2022

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Health Care

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 period ended May 31, 2023 and 2022:

- 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.



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, 2023 and 2022
(In Thousands)

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 462,747	\$ 674,164
Short term investments	73,227	72,560
Patient accounts receivables, net	1,088,488	1,041,223
Other receivables	89,515	93,788
Inventories	106,629	108,583
Prepaid expenses and other	99,933	147,467
Due from related parties	100,582	69,021
Total current assets	2,021,121	2,206,806
Investments	1,948,993	1,901,288
Investments at equity	204,856	166,958
Investments in University managed pools	2,517,481	2,535,259
Property and equipment, net	3,838,934	3,634,667
Right of use lease assets	326,152	271,725
Other assets	53,755	59,241
Total assets	\$ 10,911,292	\$ 10,775,944
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 637,995	\$ 768,411
Accrued salaries and related benefits	432,941	471,064
Third-party payor settlements	55,233	63,171
Current portion of long-term debt	20,905	17,190
Debt subject to remarketing arrangements	168,200	168,200
Operating lease liabilities, current	69,236	78,549
Self-insurance reserves and other	102,260	92,263
Total current liabilities	1,486,770	1,658,848
Self-insurance reserves and other, net of current portion	233,373	249,418
Swap liabilities	108,055	159,706
Operating lease liabilities, non-current	268,099	208,904
Other long-term liabilities	138,439	138,410
Pension liability	3,477	221
Long-term debt, net of current portion	2,090,779	2,119,496
Total liabilities	4,328,992	4,535,003
Net assets:		
Without donor restrictions:		
Stanford Health Care	6,406,048	6,061,377
Noncontrolling interests	42,450	34,879
Total without donor restrictions	6,448,498	6,096,256
With donor restrictions	133,802	144,685
Total net assets	6,582,300	6,240,941
Total liabilities and net assets	\$ 10,911,292	\$ 10,775,944

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 Period Ended May 31, 2023 and 2022
(In Thousands)

	<u>2023</u>	<u>2022</u>
Operating revenues and other support:		
Net patient service revenue	\$ 5,636,584	\$ 5,139,049
Premium revenue	47,932	54,576
Grants - COVID-19	2	203,252
FEMA	-	12,051
Other revenue	157,102	127,954
Net assets released from restrictions used for operations	6,953	4,710
Total operating revenues and other support	<u>5,848,573</u>	<u>5,541,592</u>
Operating expenses:		
Salaries and benefits	2,645,930	2,430,110
Professional services	37,800	36,883
Supplies	861,282	749,681
Purchased services	1,282,445	1,194,240
Depreciation and amortization	195,125	203,320
Interest	55,715	53,741
Other	418,726	397,771
Expense recoveries from related parties	(322)	(776)
Total operating expenses	<u>5,496,701</u>	<u>5,064,970</u>
Income from operations	351,872	476,622
Interest and investment income	37,092	95,806
Earnings on equity method investments	13,526	37,916
Change in value of University managed pools and other	75,634	(284,343)
Swap interest and change in value of swap agreements	33,599	110,261
Other components of net periodic benefit costs	(4,477)	(2,432)
Excess of revenues over expenses	<u>507,246</u>	<u>433,830</u>
Other changes in net assets without donor restrictions:		
Transfers to Stanford University	(41,604)	(30,268)
Transfers from Lucile Salter Packard Children's Hospital	1,783	-
Change in net unrealized loss on investments	7,325	(17,584)
Net assets released from restrictions used for:		
Purchase of property and equipment	839	2,035
Purchase of property and equipment - New Stanford Hospital	1,078	7,221
Change in pension and postretirement liability	-	-
Noncontrolling capital contribution	(929)	7,864
Increase in net assets without donor restrictions	<u>475,738</u>	<u>403,098</u>
Changes in net assets with donor restrictions:		
Transfers (to) from Stanford University	(55)	1,619
Contributions and other	(3,360)	6,153
Investment income	1,038	754
Losses on University managed pools	(49)	(1,208)
Net assets released from restrictions used for:		
Operations	(6,953)	(4,710)
Purchase of property and equipment	(839)	(2,035)
Purchase of property and equipment - New Stanford Hospital	(1,078)	(7,221)
Decrease in net assets with donor restrictions	<u>(11,296)</u>	<u>(6,648)</u>
Increase in net assets	464,442	396,450
Net assets, beginning of year	<u>6,117,858</u>	<u>5,844,491</u>
Net assets, end of year	<u>\$ 6,582,300</u>	<u>\$ 6,240,941</u>

All information is preliminary and subject to change.

Stanford Health Care
Consolidated Statement of Cash Flows – Unaudited
For the Nine-Month Period Ended May 31, 2023 and 2022
(In Thousands)

	2023	2022
Cash flows from operating activities:		
Change in Stanford Health Care net assets	\$ 460,649	\$ 391,649
Change in noncontrolling interests	3,793	4,801
Total change in net assets	464,442	396,450
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	191,769	197,380
Change in fair value of interest rate swaps	(37,851)	(125,948)
(Increase) decrease in value of University managed pools	(14,544)	42,503
Unrealized (gains) losses on investments	(68,019)	260,816
Excess of income on equity method investees over distributions received	(16,712)	(30,916)
Contributions received for long lived assets or endowment	(10,170)	(8,335)
Net equity transfers to related parties	39,876	28,649
Changes in operating assets and liabilities:		
Patient accounts receivable	(64,920)	(276,275)
Due to related parties	(91,039)	(70,975)
Other receivables, inventory, other assets, prepaid expenses and other	76,364	(9,807)
Accounts payable, accrued liabilities and pension liabilities	24,836	143,837
Accrued salaries and related benefits	(49,132)	75,427
Third-party payor settlements	(8,091)	7,512
Self-insurance reserves	18,778	47,421
Cash provided by operating activities	455,587	677,739
Cash flows from investing activities:		
Purchases of investments	(132,078)	(863,892)
Sales of investments	62,172	827,510
Purchases of investments at equity	(26,016)	-
Purchases of investments in University managed pools	(585)	(50,311)
Sales of investments in University managed pools	1,338	85
Swap settlement payments, net	(4,781)	(15,784)
Purchases of property and equipment	(312,484)	(218,281)
Cash used in investing activities	(412,434)	(320,673)
Cash flows from financing activities:		
Costs of issuance of debt	-	(4)
Payment of long-term debt and finance lease obligations	(9,648)	(8,007)
Contributions received for long lived assets or endowment	2,420	8,477
Net equity transfers to related parties	(109,981)	(90,412)
Cash used in financing activities	(117,209)	(89,946)
Net (decrease) increase in cash and cash equivalents	(74,056)	267,120
Cash and cash equivalents, beginning of year	536,803	407,044
Cash and cash equivalents, end of year	\$ 462,747	\$ 674,164
Supplemental data:		
Cash and cash equivalents as shown on the consolidated balance sheets	\$ 462,747	\$ 674,164
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	\$ 462,747	\$ 674,164
Supplemental disclosures of cash flow information:		
Interest paid, net of amounts capitalized	\$ 62,045	\$ 60,185
Supplemental disclosures of non cash information:		
(Decrease) increase in payables for property and equipment	\$ (3,526)	\$ 385
Equity transfers from related parties, net	9,540	810

All information is preliminary and subject to change.

**Stanford Health Care
Historical Utilization Statistics
For the Nine-Month Period Ended
May 31, 2023 and 2022**

	Nine-Month Period Ended	
	May,	
	<u>2023</u>	<u>2022</u>
Discharges		
Acute	24,659	22,683
Behavioral Health	425	527
Total	<u>25,084</u>	<u>23,210</u>
 Patient Days		
Acute	174,321	156,446
Behavioral Health	7,468	7,265
subtotal	<u>181,789</u>	<u>163,711</u>
Short Stay OP	11,176	11,698
Total	<u>192,965</u>	<u>175,409</u>
 Average Daily Census		
Acute	638.5	573.1
Behavioral Health	27.4	26.6
Total	<u>665.9</u>	<u>599.7</u>
 Average Length of Stay		
Acute	7.07	6.90
Behavioral Health	17.57	13.79
Total	<u>7.25</u>	<u>7.05</u>
 Case Mix Index	2.71	2.71
Emergency room visits*	80,754	72,202
Short Stay OP procedures	41,148	37,334
Other Outpatient visits	902,002	1,063,804
 Surgeries		
Inpatient	9,730	9,434
Outpatient	23,214	21,548
Total	<u>32,944</u>	<u>30,982</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**

CUSIP	Maturity Date	Current Commercial Paper Interest Rate (%)	Original Principal Amount
13033LNX1	11/15/2045	3.05	\$ 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	3.05	\$ 42,050,000

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

CUSIP	Maturity Date	Interest Rate (%)	Original Principal Amount
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
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

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

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