



**Quarterly Financial Disclosure  
For the Three Month Periods Ended  
November 30, 2018 and 2017**

---

<b>INDEX</b>	<b>Page</b>
Overview of Disclosure	2
Consolidated Financial Statements:	
Consolidated Balance Sheet as of November 30, 2018 and 2017	3
Consolidated Statement of Operations and Changes in Net Assets For the Three Month Periods Ended November 30, 2018 and 2017	4
Consolidated Statement of Cash Flows For the Three Month Periods Ended November 30, 2018 and 2017	5
Historical Utilization Statistics For the Three Month Periods Ended November 30, 2018 and 2017	6
APPENDIX A – Bond Issues and Related CUSIP Numbers	A-1



# 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, 2018 and 2017:

- 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.

For further information please contact:

Thomas E. Malm, Treasurer  
Stanford Health Care  
300 Pasteur Drive, MC 5554, Stanford, CA 94305  
Email [tmalm@stanfordhealthcare.org](mailto:tmalm@stanfordhealthcare.org)

All information is preliminary and subject to change.

**Stanford Health Care**  
**Consolidated Balance Sheet - Unaudited**  
**As of November 30, 2018 and 2017**  
**(In Thousands)**

	<u>2019</u>	<u>2018</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 579,342	\$ 540,647
Short term investments	393,289	236,031
Patient accounts receivable, net of allowance for doubtful accounts of \$215,000 and \$208,000 at November 30, 2018 and 2017, respectively	639,520	613,100
Other receivables	65,921	70,422
Inventories	60,639	52,896
Prepaid expenses and other	56,873	46,438
Total current assets	<u>1,795,584</u>	<u>1,559,534</u>
Investments	595,534	109,476
Investments at equity	86,671	67,434
Investments in University managed pools	1,374,115	1,309,899
Assets limited as to use, held by trustee	-	27,393
Property and equipment, net	3,325,662	2,961,830
Other assets	96,266	116,323
Total assets	<u>\$ 7,273,832</u>	<u>\$ 6,151,889</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 476,985	\$ 378,545
Accrued salaries and related benefits	230,769	231,853
Due to related parties	50,295	19,571
Third-party payor settlements	37,903	21,416
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	55,126	45,895
Total current liabilities	<u>1,093,188</u>	<u>939,255</u>
Self-insurance reserves and other, net of current portion	141,021	133,790
Swap liability	170,170	220,010
Other long-term liabilities	132,238	31,861
Pension liability	6,708	16,924
Long-term debt, net of current portion	1,703,362	1,181,129
Total liabilities	<u>3,246,687</u>	<u>2,522,969</u>
Net assets:		
Unrestricted:		
Stanford Health Care	3,349,790	2,992,573
Noncontrolling interests	18,183	22,607
Total unrestricted	<u>3,367,973</u>	<u>3,015,180</u>
Temporarily restricted	649,939	605,596
Permanently restricted	9,233	8,144
Total net assets	<u>4,027,145</u>	<u>3,628,920</u>
Total liabilities and net assets	<u>\$ 7,273,832</u>	<u>\$ 6,151,889</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, 2018 and 2017**  
**(In Thousands)**

	<u>2019</u>	<u>2018</u>
Operating revenues:		
Net patient service revenue	\$ 1,236,351	\$ 1,097,505
Premium revenue	22,983	21,946
Other revenue	37,789	33,757
Net assets released from restrictions used for operations	3,104	1,856
Total operating revenues	<u>1,300,227</u>	<u>1,155,064</u>
Operating expenses:		
Salaries and benefits	550,492	506,374
Professional services	9,112	9,870
Supplies	171,663	161,203
Purchased services	321,637	296,571
Depreciation and amortization	47,671	42,913
Interest	10,533	10,795
Other	103,990	83,614
Expense recoveries from related parties	(33,462)	(30,557)
Total operating expenses	<u>1,181,636</u>	<u>1,080,783</u>
Income from operations	118,591	74,281
Interest and investment income	10,518	4,228
Earnings on equity method investments	1,967	655
(Decrease) increase in value of University managed pools	(26,436)	22,530
Swap interest and change in value of swap agreements	9,085	25,956
Excess of revenues over expenses	<u>113,725</u>	<u>127,650</u>
Other changes in unrestricted net assets:		
Transfer to Stanford University	(36,420)	(6,221)
Change in net unrealized gains on investments	(13,469)	707
Net assets released from restrictions used for:		
Purchase of property and equipment	12	-
Noncontrolling capital distribution	-	(129)
Increase in unrestricted net assets	<u>63,848</u>	<u>122,007</u>
Changes in temporarily restricted net assets:		
Transfer (to) from Stanford University	(176)	71
Contributions and other	4,767	3,831
Investment income	158	135
(Losses) gains on University managed pools	(520)	164
Net assets released from restrictions used for:		
Operations	(3,104)	(1,856)
Purchase of property and equipment	(12)	-
Increase in temporarily restricted net assets	<u>1,113</u>	<u>2,345</u>
Changes in permanently restricted net assets:		
Contributions	1,000	-
Increase in permanently restricted net assets	<u>1,000</u>	<u>-</u>
Increase in net assets	65,961	124,352
Net assets, beginning of year	<u>3,961,184</u>	<u>3,504,568</u>
Net assets, end of year	<u>\$ 4,027,145</u>	<u>\$ 3,628,920</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, 2018 and 2017**  
(In Thousands)

	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities:</b>		
Change in Stanford Health Care net assets	\$ 66,505	\$ 123,805
Change in noncontrolling interests	(544)	547
Total change in net assets	<u>65,961</u>	<u>124,352</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	47,279	42,479
Bad debt price concessions	18,471	23,148
Change in fair value of interest rate swaps	(12,357)	(25,956)
Decrease (increase) in value of University managed pools	26,436	(22,530)
Unrealized losses (gains) on investments	13,987	(945)
(Excess) deficit of income of equity method investees over distributions received	(4,802)	1,848
Contributions received for long lived assets or endowment	(5,371)	(3,706)
Net equity transfers to/from related parties	36,596	6,150
Changes in operating assets and liabilities:		
Patient accounts receivable	(34,914)	(25,514)
Due to related parties	(45,889)	(47,116)
Other receivables, inventory, other assets, prepaid expenses and other	(11,141)	(5,776)
Accounts payable, accrued liabilities and pension liabilities	25,013	29,943
Accrued salaries and related benefits	21,279	(23,906)
Third-party payor settlements	3,429	3,267
Self-insurance reserves	1,373	3,015
Cash provided by operating activities	<u>145,350</u>	<u>78,753</u>
<b>Cash flows from investing activities:</b>		
Purchases of investments	(119,209)	(6,134)
Sales of investments	17,984	6,537
Purchases of investments at equity	(1,814)	(1,660)
Purchases of investments in University managed pools	(1,052)	(27)
Sales of investments in University managed pools	823	83
Swap settlement payments, net	(3,413)	-
Decrease in assets limited as to use and other	-	30,741
Purchases of property and equipment	(78,558)	(130,443)
Cash used in investing activities	<u>(185,239)</u>	<u>(100,903)</u>
<b>Cash flows from financing activities:</b>		
Repayment on revolver	-	(135,000)
Costs of issuance of debt	(152)	-
Payment of long-term debt and capital lease obligations	(7,892)	(7,568)
Contributions received for long lived assets or endowment	11,260	1,508
Net equity transfers to/from related parties	(36,241)	(6,252)
Cash used in financing activities	<u>(33,025)</u>	<u>(147,312)</u>
Net decrease in cash and cash equivalents	(72,914)	(169,462)
Cash and cash equivalents, beginning of year	<u>652,256</u>	<u>710,109</u>
Cash and cash equivalents, end of year	<u>\$ 579,342</u>	<u>\$ 540,647</u>
<b>Supplemental disclosures of cash flow information:</b>		
Interest paid, net of amounts capitalized	\$ 20,350	\$ 16,825
<b>Supplemental disclosures of non cash information:</b>		
Increase in payables for property and equipment	\$ 15,690	\$ 4,917
Equity transfers from (to) related parties, net	3,576	6,808
Assets and liabilities acquired under capital leases	-	19

All information is preliminary and subject to change.

**Stanford Health Care  
Historical Utilization Statistics  
For the Three Month Periods Ended  
November 30, 2018 and 2017**

		<b>Three Months Ended</b>	
		<b>November,</b>	
		<b>2018</b>	<b>2017</b>
<b>Discharges</b>			
	Acute	6,536	6,464
	Behavioral Health	232	195
	<b>Total</b>	<b>6,768</b>	<b>6,659</b>
<b>Patient Days</b>			
	Acute	36,076	35,452
	Behavioral Health	2,352	2,233
	<b>subtotal</b>	<b>38,428</b>	<b>37,685</b>
	Short Stay OP <sup>†</sup>	3,459	3,600
	<b>Total</b>	<b>41,887</b>	<b>41,285</b>
<b>Average Daily Census</b>			
	Acute	396.4	389.6
	Behavioral Health	25.8	24.5
	<b>Total</b>	<b>422.3</b>	<b>414.1</b>
<b>Average Length of Stay</b>			
	Acute	5.5	5.5
	Behavioral Health	10.1	11.5
	<b>Total</b>	<b>5.7</b>	<b>5.7</b>
<b>Case Mix Index</b>			
		2.44	2.48
<b>Emergency room visits*</b>			
		18,660	18,228
<b>Short Stay OP procedures</b>			
		11,217	10,563
<b>Other Outpatient visits</b>			
		209,511	198,412
<b>Surgeries</b>			
	Inpatient	3,275	3,321
	Outpatient	6,105	5,872
	<b>Total</b>	<b>9,380</b>	<b>9,193</b>

Source: Corporation records

<sup>†</sup> 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**

<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	1.75	\$ 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	1.70	\$ 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
13033LYS0	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