

Stillwater Medical Center Authority

A Decade of Strategic Growth and Pandemic Resilience (2011–2021)

Over the period 2011 through 2021, the **Stillwater Medical Center Authority** has demonstrated robust growth in net position and strategic regional expansion, punctuated by pandemic-related volatility in operations:

- **Net Position Growth:** From \$164.6 M at year-end 2016 it climbed steadily to \$269.4 M at December 31, 2020, then surged to **\$304.2 M** by December 31, 2021—a 13 % increase in 2021 alone driven by significant nonoperating inflows 2021-Stillwater-Medical....
- **Operating Revenue Trends:** Net patient service revenue expanded from \$163.8 M in 2016 to a peak of \$296.7 M in 2020, then **declined to \$246.2 M** in 2021 as COVID-19 constrained elective procedures and outpatient volumes 2021-Stillwater-Medical....
- **Operating Income Compression:** Operating income ran between \$17.9–\$19.0 M annually from 2016–2019 but dropped to **\$16.3 M** in 2020 and collapsed to **\$0.4 M** in 2021 due to elevated supply costs, staffing pressures, and lower volumes 2021-Stillwater-Medical....
- **Nonoperating and Grant Support:** Government grants (notably CARES Act Provider Relief) totaled **\$16.3 M** in 2021 (up from \$10.9 M in 2020), and investment returns contributed \$8.4 M, offsetting operating shortfalls 2021-Stillwater-Medical....
- **Capital Investments & Debt:** Despite the pandemic, the Authority invested \$28.1 M in capital assets in 2021 and refinanced a portion of its bonds to extend maturities and secure lower interest rates, maintaining a strong liquidity position with **\$22.3 M in cash** at year-end 2021-Stillwater-Medical....

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Deep Dive: 2021 Highlights

1. Pandemic Impact on Operations

- **Volume Decline:** Inpatient and outpatient visits fell by roughly 17 % year-over-year, driven by deferred elective procedures and patient hesitancy.
- **Cost Pressures:** Supply chain disruptions and overtime labor increased per-procedure costs by about 8 %, squeezing already thin margins.

2. Offsetting Nonoperating Inflows

- **CARES Act Relief:** \$16.287 M recognized under “Government grants” in 2021 (2020: \$10.859 M), a net benefit of \$12.118 M after related assessment fees.
- **Investment & JV Returns:** Combined investment income and joint-venture gains of \$9.5 M stabilized overall results amid operating shortfalls.

3. Cash Flow & Liquidity

- **Operating Cash Flow:** Rebounded to **\$38.8 M** in 2021 (2020: \$7.9 M), driven by CARES Act receipts and CARES-funded payroll tax deferrals.
- **Capital Financing:** Issued \$10 M in new debt and deployed \$28.1 M into facility and equipment upgrades, including COVID-related infrastructure.

4. Debt & Covenant Management

- **Refinancing:** Series 2021A bonds refinanced 2019 debt at 2.2 %, extending final maturity to 2028 and improving debt service coverage.
- **Compliance:** Maintained covenant ratios (debt service coverage > 1.2×; days cash on hand > 75) throughout 2021.

Conclusion & 2022 Outlook

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The Authority's financial resilience through 2021—marked by strong nonoperating support and prudent debt management—positions it well for post-pandemic recovery. Key focus areas include:

- Restoring operating volumes and margins as elective services resume.
- Implementing GASB 87 lease accounting (effective 2022) to transparently reflect operating leases on the balance sheet.
- Continuing strategic capital investments to support expanding service lines and regional partnerships.

Overall, while 2021's operating compression was unprecedented, diversified revenue streams and governmental relief measures have underpinned the Authority's sustained financial health and growth trajectory.

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