Health Care Entities Expert Panel
Highlights of the April 3, 2019 Meeting

The Health Care Entities Expert Panel serves the needs of AICPA members on financial and business reporting and audit and attest matters. The expert panel protects the public interest by bringing together knowledgeable parties in the health care industry to deliberate and come to agreement on key issues.

(Refer to past meeting highlights on the Health Care Expert Panel page of the AICPA website for background information.)

I. Administration

On behalf of the entire Panel, Norman Mosrie—Chair of the Panel, and Andy Mrakovcic—Staff Liaison to the Panel, thanked the following outgoing Panel members for their service and contributions:

- Nicole Blythe (Grant Thornton LLP)
- Staci Dickerson (Sharp HealthCare)
- Renee Gravalin (Eide Bailly LLP)
- Mark Ross (Baker Tilly Virchow Krause, LLP)
- Denis Smith (Intermountain Healthcare)

Mr. Mosrie and Mr. Mrakovcic also welcomed the following incoming Panel members beginning with the 2019–2020 committee year that begins next month:

- Jay Adkisson (RSM US LLP)
- Doug Coffman (West Virginia University Health System)
- Kimberly McKay (BKD, LLP)
- Steven Shill (BDO)

II. Panel Projects

- **2019 Edition of the Health Care Guide.** The Panel was informed that a guide implementation plan, which includes the listing of pronouncements necessitating conforming changes to the 2019 edition of the AICPA Audit and Accounting Guide *Health Care Entities* (Health Care Guide) and a preliminary timeline, is expected to be distributed to the Panel later in early May for review and input. The 2019 Health Care Guide is scheduled to become available in the Fall.

- **2019 Healthcare Industry Conference.** The Panel received an update about the status of the conference program from the co-Chair of the Conference Planning Committee. The committee is progressing toward securing speakers and panelists for various sessions in the technical track, and Panel members have been reminded of a previous request to attend the conference, which is scheduled to be held November 6–8 at the Loews Coronado Bay Resort near San Diego, CA.

- **Not-for-Profit Implementation.** A subgroup of the Panel has completed proposed conforming changes to relevant nonauthoritative AICPA Technical Questions and Answers (TQAs) in Q&A section 6400, *Health Care Entities*, in AICPA Technical Questions and Answers. The proposed changes, which primarily reflect the issuance of FASB Accounting Standards Update (ASU).
CCRC and Leases Subgroup. The Panel received an update about a preliminary discussion that the subgroup Chair had with FASB staff about whether there is a lease component in a CCRC contract and whether CCRCs might have to follow lease accounting when FASB ASU No. 2016-02, Leases, becomes effective. The discussion indicated that additional outreach was needed. The subgroup might convene a call in the next several weeks to discuss further.

Revenue Recognition. The Panel continued discussing potential practice implementation considerations about the following items:

- Provider tax programs
- Risk sharing arrangements
- HFMA Principles and Practices Board Statement 15, Valuation and Financial Statement Presentation of Charity Care and Bad Debts by Institutional Healthcare Providers

FASB ASU on Grants and Contracts. The Panel received an update from a Panel subgroup about its previous recommendation to develop helpful nonauthoritative information on the implementation of FASB ASU No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, for the healthcare community, particularly regarding the accounting for certain grants transactions as nonexchange transactions within the context of Medicare and Medicaid. The subgroup participated in an AICPA podcast that AICPA staff is currently editing and is scheduled to be made available in the next several weeks.

GASB Revenue and Expense Project and Revenue Recognition. The Panel Chair briefed the Panel about this topic and the Governmental Accounting Standards Advisory Council (GASAC) request for one or more health care providers to serve on the task force with the GASB so that the task force might better understand the accounting implications and further evaluate health care-specific views.

Liaison Call With SEC OMS. The Panel has been informed that select representatives and staff of the AICPA State and Local Governments Expert Panel (SLG EP) have coordinated an annual liaison meeting in the Spring with representatives of the U.S. Securities and Exchange Commission’s Office of Municipal Securities in May to provide a joint update on matters of mutual interest. Select representatives of this Panel participated in a meeting last year, during which all parties agreed that it would be mutually beneficial to try to hold an annual update meeting every year. A preparatory call is scheduled to be held in the next several weeks to solidify relevant topics for discussion. The Panel was reminded of a previous request to provide suggested topics for discussion during the meeting.

Simplification of the Classification of Debt. The Panel received an additional update that the FASB Proposed Accounting Standards Update (ASU) Debt (Topic 470): Simplifying the Classification of Debt in a Classified Balance Sheet (Current versus Noncurrent), is expected to be re-exposed, in response to comments received, by the end of June.

The Panel was reminded that an in-person meeting of the Panel has been scheduled for June 3 in Nashville, TN. The development of the agenda is in progress. The Panel was reminded of a previous request to provide suggested topics for discussion during the meeting.

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