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. Panel Projects

- **2020 Edition of the Health Care Guide.** The Panel was informed that a planning packet, which includes the listing of pronouncements necessitating conforming changes to the 2020 edition of the AICPA Audit and Accounting Guide Health Care Entities (Health Care Guide), the AICPA protocol for revisions, an implementation plan, and a preliminary timeline is expected to be distributed to the Panel in early May for review. The 2020 edition is scheduled to become available by November.

- **CCRC and Leases Subgroup.** The Panel was updated about the overall nature and substance of the comments provided by the CCRC and Leases subgroup and the Panel on a revised draft of nonauthoritative AICPA Technical Questions and Answers (TQAs) being developed about whether there is a lease component in a continuing care retirement community (CCRC) contract and whether CCRCs might have to follow lease accounting when FASB Accounting Standards Update (ASU) No. 2016-02, Leases, becomes effective. The Panel agreed to perform an additional review of the draft document that addresses the comments.

- **TQA Section 6400 Subgroup.** The Panel was updated about the progress of a second round of 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 have been finalized, are expected to be incorporated in the publication in the Spring, and are separate from the finalized changes in May 2019 that primarily reflect the issuance of FASB ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.

- **Proposed ASU on Gifts in Kind.** The Panel was requested to review an upcoming FASB Proposed Accounting Standards Update (ASU), Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, and provide any healthcare-specific comments for consideration and potential inclusion in an AICPA comment letter that is scheduled for discussion with the AICPA Financial Reporting Executive Committee at an upcoming meeting.

- **GASB Matters.**
Single Audits. The Panel was informed that the Office of Management and Budget has issued a Federal Register notice of Proposed Guidance titled, Guidance for Grants and Agreements, which proposes changes in three main areas as follows:

- Addressing President’s Management Agenda implementation areas impacting the Uniform Guidance;
- Aligning the Uniform Guidance with other authoritative source requirements; and
- Clarifying requirements regarding areas of misinterpretation.

The Panel was requested to provide any healthcare-specific comments for consideration and potential inclusion in an AICPA comment letter.

Revenue and Expense Project. The Panel was informed that the GASB expects to release a Preliminary Views document sometime in 2020 that will include a health care revenue example, and that the GASB might consult with this Panel in the interim on health-care-specific matters within the document.

Fiduciary Activities. The Panel discussed GASB Statement No. 84, Fiduciary Activities, and that the clarification of this standard noted that this applies to defined contributions in addition to defined benefit plans that meet the guidelines outlined in the standard. In cases when the plan sponsor stands in the place of a governing board or has majority voting of the plan’s board, these plans will often qualify as fiduciary component units. The Panel was also informed of the recently released AICPA Technical Questions and Answers (TQA) 6950.23–24 (AICPA, Technical Questions and Answers) that provide nonauthoritative guidance relating to the application of this Statement. The Panel agreed to monitor this topic for continuing developments.

Other Matters.

The Panel participated in a discussion on the following topics raised by a Panel member:

- Implementation questions regarding FASB ASC 842, Leases; specifically, with regard to embedded leases; software solutions; types of interest rates used
- Implementation questions regarding FASB ASU No. 2016-18, Restricted Cash; specifically, with regard to what is considered restricted cash; cash versus cash equivalents; different usages and policies
- Revenue recognition for home health; specifically, with regard to payment methodology for 60-day episodes; Medicare payments now divided into two 30-day periods that could have different payment rates
- Supplementary consolidating or combining information considerations for intercompany receivables and payables; specifically, with regard to how firms look at balances of intercompany receivables and payables that eliminate in consolidation but individual entities outside of the obligated group totals might not have the ability to pay amounts due to obligated group members.

An in-person meeting of the Panel has been scheduled for June 16 in the Association’s NY office. The development of the agenda is expected to begin in the next several weeks.

AICPA staff contact: Andy Mrakovcic (andy.mrakovcic@aicpa-cima.com)

DISCLAIMER: This publication has not been approved, disapproved or otherwise acted upon by any senior technical committees of, and does not represent an official position of, the American Institute of Certified Public Accountants. It is distributed with the understanding that the contributing authors and editors, and the publisher, are not rendering legal, accounting, or other professional services in this publication. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

Copyright © 2020 by Association of International Certified Professional Accountants. All rights reserved. For information about the procedure for requesting permission to make copies of any part of this work, please email copyright-permissions@aicpa-cima.com with your request. Otherwise, requests should be written and mailed to Permissions Department, 220 Leigh Farm Road, Durham, NC 27707-8110 USA.