

Health Care Entities Expert Panel Highlights of the December 4, 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. Panel Projects

- 2019 Edition of the Health Care Guide. AICPA staff reported that the 2019 edition of the AICPA Audit and Accounting Guide [Health Care Entities](#) (Health Care Guide) became available in the AICPA's online professional literature in October and in paperback format in November. To better prepare the implementation plan for proposed conforming changes to the 2020 edition of the Health Care Guide, the Panel participated in a preliminary discussion regarding content updating and timing.
- 2019 Healthcare Industry Conference. The Panel was updated on the AICPA Healthcare Industry Conference, which was successfully held on November 6–8 in Coronado, CA. Norman Mosrie, Chair of the Panel and co-Chair of the AICPA Healthcare Conference Planning Committee, thanked those Panel members who attended or presented sessions. The Planning Committee is expected to schedule a debrief call in the next several weeks, during which it will review attendance and attendee evaluations.
- CCRC and Leases Subgroup. The Panel was updated about the subgroup's continuing discussion 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 subgroup, which includes subject matter experts on leases, is discussing and revising a draft discussion paper for further subgroup discussion on a subsequent call.
- 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 are separate from the finalized changes in May 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](#), which were reflected in *AICPA Technical Questions and Answers*.
- GASB Matters.
 - 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. During a recent call with the Chair of the AICPA [State and Local Governments](#)

[Expert Panel](#) (SLG EP), the Chair of this Panel was informed that the SLG EP might develop information on materiality considerations at the plan sponsor level. The Panel agreed to monitor this topic for continuing developments.

- Other Matters.
 - Forward Delivery Bonds. The Panel participated in a preliminary discussion about these bond issuances and any health care-specific concerns or accounting considerations that might require the Panel to contemplate. The Panel agreed to monitor this topic for continuing developments.
 - Key Audit Matters. The Panel participated in a preliminary discussion about AICPA Statement on Auditing Standards No. 134, *Auditor Reporting and Amendments, Including Amendments Addressing Disclosures in the Audit of Financial Statements*, AU-C section 701, “Communicating Key Audit Matters in the Independent Auditor’s Report,” and whether Panel member firms are beginning to identify matters and, in particular, health care-specific matters that a firm might include in an auditor’s report as a key audit matter when the standard becomes effective. (It is important to note that AU-C section 701 does not require the communication of key audit matters.) The Panel agreed to monitor this topic for continuing developments.

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