

July 8, 2009

Technical Director Financial Accounting Standards Board 401 Merritt 7 Norwalk, Connecticut 06856-5116

File Reference: Proposed FSP FAS 157-g

Dear FASB Technical Director:

The Healthcare Financial Management Association's Principles and Practices Board (the P&P Board) appreciates this opportunity to comment on the proposed FASB Staff Position (FSP) amending FASB Statement No. 157, *Fair Value Measurements*, to provide application guidance for estimating the fair value of investments in investment companies that have calculated net asset value per share in accordance with the AICPA Audit and Accounting Guide, *Investment Companies*.

HFMA is a professional organization of more than 35,000 individuals involved in various aspects of healthcare financial management. In 1975, HFMA founded the P&P Board, a special group of experts to serve as the primary advisory group in the areas of accounting principles and financial reporting practices to meet the unique characteristics of health service organizations.

In the proposed draft, the FASB sought comments on all matters in the proposed FSP, including a number of specific issues that need to be considered in the deliberations on guidance for estimating the fair market value of investments in investment companies that have calculated the net asset value (NAV) per share.

Our comments herein will center on these issues, and also will reflect the P&P Board's longstanding efforts to balance two important goals: 1. Financial reporting should improve the level of understanding between those who provide financial information and those who seek and use this information, and 2. Reporting requirements should be feasible in the context of the unique characteristics of the healthcare field.

General comments

The P&P Board agrees with the FASB that generally the proposed FSP FAS 157-g has the potential to improve the consistency and comparability of fair value measures by providing additional authoritative guidance on the application of Statement 157.

However, the P&P Board is concerned that paragraph 15 may exclude the use of NAV as a practical expedient to measure the fair value of alternative investments if the NAV is not calculated on the healthcare provider's measurement date. The P&P Board believes that if NAV is not calculated as of the healthcare provider's measurement date, the provider should be able to

HFMA Page 2

FSP FAS 157-g amending FASB Statement No. 157, Fair Value Measurements July 8, 2009

use a NAV adjusted for changes in market conditions that may have occurred since NAV was last reported (not considering the impact of restrictions, gates, or other features that theoretically might impact the fair value, but would not be considered under the practical expedient). We recommend the Staff address this issue during its deliberations.

Also, the P&P Board notes that the first part of the first sentence (i.e., "[i]n circumstances in which net asset value per share of an investment is not determinative of fair value") appears to distinguish between two categories of investments. The first category are those investments for which NAV is determinative of fair value, and the second is for those investments for which NAV is applied as a practical expedient. The P&P Board recommends the phrase, "[i]n circumstances in which net asset value per share of an investment is not determinative of fair value," be deleted.

With respect to the disclosure requirements, the P&P Board is unclear from the proposed FSP if the FASB intends to require disclosures only for investments where NAV is used as a practical expedient or to all investments measured at NAV (including those for which NAV is determinative of fair value). The P&P Board believes that the disclosure requirements of paragraph 16 are beneficial to all investments measured at NAV and encourages the Staff to consider this issue during its deliberations.

Finally, the P&P Board wants clarification on the proposed requirement to provide interim and annual disclosures by "each major category of investment" based on the "nature and risk" of the investment. The P&P Board recommends referencing the guidance in FSP FAS 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly and FSP FAS 132(R)-1, Employers' Disclosures about Postretirement Benefit Plan Assets, to clarify what is meant by "each major category of investments."

Thank you for the opportunity to comment. We are always ready to provide additional comments, or meet with you to discuss this matter further. If we can provide additional material or perspective on this issue, please contact Richard Gundling, Vice President of Healthcare Financial Practices, in HFMA's Washington, DC office at (202) 296-2920.

Sincerely,

Mary Connick, CPA P&P Board Chair

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About HFMA

HFMA is the nation's leading membership organization for more than 35,000 healthcare financial management professionals. Our members are widely diverse, employed by a variety of healthcare

HFMA Page 3
FSP FAS 157-g amending FASB Statement No. 157, Fair Value Measurements
July 8, 2009

providers, accounting and consulting firms, and insurance companies. Members' positions range from chief executive officer and chief financial officer to patient accounts manager and accountant.

HFMA is a nonpartisan professional practice organization. As part of its education, information, and professional development services, HFMA develops and promotes ethical, high-quality healthcare finance practices. HFMA works with a broad cross-section of stakeholders to improve health care by identifying and bridging gaps in knowledge, best practices, and standards.

About HFMA's Principles & Practices Board

HFMA established the Principles and Practices Board in 1975 to reevaluate, clarify, and establish accounting principles and financial reporting practices to meet the unique characteristics of health service organizations.

The P&P Board consists of twelve members who have demonstrated technical competence in the industry and possess outstanding personal and professional qualities. At least six members must be employees of provider organizations; six or fewer members must work in organizations that serve the industry.