

November 09, 2010

Technical Director Financial Accounting Standards Board 401 Merritt 7 PO Box 5116 Norwalk, CT 06856-5116

Via Email to director@fasb.org

Audit - Tax - Advisory

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Re: File Reference No. EITF090H

**Dear Sir:** 

Grant Thornton LLP appreciates the opportunity to comment on proposed Accounting Standards Update (ASU), Disclosure about Net Revenue and Allowance for Doubtful Accounts – a consensus of the FASB Emerging Issues Task Force.

In light of the FASB and IASB's joint revenue recognition project, we agree that requiring additional disclosures would be preferable to amending industry-specific revenue recognition requirements for health care entities at this time. Our responses to the questions for respondents follow.

1. Do you agree that the proposed disclosures would allow users of the financial statements to better understand and assess the net revenue recognized by a health care entity and changes in its allowance for doubtful accounts? Why or why not? If not, what changes would you suggest to the proposed amendments?

We agree that the proposed disclosures would provide financial statement users with additional information regarding a health care entity's revenues and allowance for doubtful accounts. However, we believe that additional guidance should be provided to clarify the disclosure requirements, including the following:

- *Define "self-pay."* For instance, would "self-pay" include the patient responsibility portion (coinsurance and deductibles) of third-party arrangements?
- *Identification of major payor sources of revenue.* How much disclosure detail would be required for the different major payors? Would "self-pay" and "third-party payors" comprise acceptable minimum disclosure categories? Would an entity be required to provide disclosures at a more detailed level than provided in the implementation guidance of proposed ASU, for example, by type of third-party payor?



2. The Task Force considered requiring disclosure of net revenue by type of service (that is, emergency care, elective services, and so forth). Do you believe that disclosure would be more useful than the proposal to provide disclosure by major payor type? Why?

We do not believe that the disclosure of net revenue by type of service would be more beneficial to the financial statement users. We also believe that the definition of the types of service would be different for every health care entity, further distorting the comparability of financial statements of health care entities. In our view, disclosure of net revenue by type of payor would provide users with the risk profile of a health care entity's revenue, which would not be apparent in disclosures by type of service.

3. Do you agree that the amendments in this proposed Update should be applied retrospectively?

We are concerned that retrospective application could be difficult and costly for entities that would need to make changes in their accounting systems and/or gather information to apply the proposed amendments.

4. Do you anticipate the need for significant changes in the accounting systems or information gathering to implement the proposed amendments?

We believe that at least some health care entities would need to make changes in their accounting systems and/or gather information to implement the proposed amendments.

5. How much time do you believe would be necessary to efficiently implement the proposed amendments?

We believe that the time an entity would require to implement the proposed amendments depends on the nature and extent of any accounting system and procedure changes that would be required for implementation.

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We would be pleased to discuss our comments with you. If you have any questions, please contact L. Charles Evans, Partner – Accounting Principles Consulting Group, at 832.476.3614 or <a href="mailto:Charles.Evans@gt.com">Charles.Evans@gt.com</a>.

Sincerely,

/s/ Grant Thornton LLP