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VIA ELECTRONIC MAIL

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

RE: File Reference Number EITF090L

To the FASB Technical Director:

The Access Project and Community Catalyst thank you for the opportunity to comment on FASB's Proposed Accounting Standards Update *Health Care Entities Topic 954: Measuring Charity Care for Disclosure*. We applaud your stated objective of this proposed Update which is to reduce the diversity in practice about the disclosure of a measure of charity care.

The Access Project is a national healthcare access research and advocacy organization. We have worked on the issue of medical debt since 2000 and have published numerous reports on this topic. We also work with community organizations around the country who are trying to mitigate problems related to medical debt. In addition, we counsel patients with unaffordable medical bills, helping them negotiate discounts and reasonable payment plans with providers. We thus have considerable experience working with people who have received care at American hospitals.

Community Catalyst is a national non-profit advocacy organization dedicated to making quality, affordable health care available to all. Since 1997, we have worked to promote consumer and community engagement in the health care system. Our Hospital Accountability Project works with policymakers, consumer advocates, and other stakeholders at the local, state and national level to promote policies that set clear community benefit and financial assistance standards for hospitals and health plans. We thank you for this opportunity to offer our comments.

- 1) Do you agree that an entity's disclosure of a measure of charity care should be based on the direct and indirect costs of providing the charity care?

Yes, we agree with this proposal. It is important that hospitals quantify the actual cost of charity care provided to eligible patients. It is well-documented that hospitals vary greatly both in their definitions of and the percentage of revenues spent on charity care. While hospitals frequently claim large expenditures for charity care, in some cases these amounts reflect charges rather than costs. Cost-based reporting increases transparency and allows policymakers, consumers and other interested parties to make equitable comparisons across the industry. As your Task Force noted, basing charity care on costs is consistent with the reporting required on the IRS Form 990s for hospitals which are required to complete this schedule. It is also consistent with the Healthcare Financial Management Association's Statement 15: Valuation and Financial Statement Presentation of Charity Care and Bad Debts by Institutional Healthcare Providers.

- 2) The Task Force considered requiring a measure of charity care based on the average rate collected from paying patients for similar services. Do you believe that this measure would be more meaningful for financial statement users than the cost to provide charity care?

We do not agree that measuring charity care based on the average rate collected from paying patients receiving similar services would be more meaningful. There are many factors that determine the average rate paid, the cost of the service being but one of them. We believe that the most meaningful information to be included in a financial statement would be the cost of providing charity care.

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

We agree that the amendments should be applied retrospectively.

- 4) Do you anticipate that there would be significant changes in accounting systems or information gathering to implement the provisions of the proposed Update?

Because we are not experts in hospital accounting systems, we do not feel it is appropriate to answer this question.

- 5) How much time do you believe would be necessary for you to efficiently implement the provisions of this proposed Update?

Again, we are not experts in hospital accounting systems. However, given that many hospitals have reported similar information on the IRS Schedule 990s and that American hospitals likely follow the HFMA's Statement 15, we believe that these provisions could be promptly implemented.

We thank you for the opportunity to comment on this Update. If you have questions on our comments, please do not hesitate to contact us.

Yours very truly,



Mark Rukavina

Director, The Access Project



Jessica L. Curtis

Project Director, Community Catalyst