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Emerging Issues Task Force of the Financial Accounting Standards Board

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File Reference No. EITF090H2

Re: Proposed Accounting Standards Update Health Care Entities (Topic 954)

Presentation and Disclosure of Net Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts

Comment deadline: February 15, 2011

To The Technical Director:

The Accounting Principles and Auditing Standards Committee (the AP&AS "Committee") of the California Society of Certified Public Accountants (CalCPA) is pleased to provide our comments to the Financial Accounting Standards Board ("FASB") on the proposed accounting standard update.

The AP&AS Committee is the senior technical committee of the CalCPA. CalCPA has approximately 35,000 members. The Committee is comprised of 50 members, of whom 67 percent are from local or regional firms, 23 percent are sole practitioners in public practice, 5 percent are in industry and 5 percent are in academia.

The following represents the consensus reached from our deliberations.

Question 1

The amendments in this proposed Update would require a health care entity to change the presentation of its statement of operations by reclassifying the provision for bad debts from an operating expense to a reduction from revenue. Do you agree with this conclusion?

The Committee agrees with the proposed Update.

Question 2

The Task Force consensus described in this proposed Update was reached in the context of discussing paragraph 654-605-25-3 relating to patient fee-for-service revenue. This was the issue that was initially raised to the Task Force for consideration. However, the final consensus was not limited to only patient service revenue. Accordingly, please answer the following questions relating to the scope of proposed guidance:

1. Should the requirements of the proposed amendments be applicable to all revenue that is accounted for under Topic 954?

A significant minority of the Committee believes that the requirements should apply to all revenue in Topic 954, including premium revenue.

2. If the answer to the above is no, what types of revenue should the proposed amendments apply to?

A majority of the Committee believes that the requirements should apply only to patient service revenue and resident service revenue.

3. Some diversified entities provide health care services as well as significant non-patient related products. For such entities, should the requirements of the proposed amendment apply to all activities of the entity or only apply to the health care service revenue that is accounted for under Topic 954?

The Committee believes that the requirements should only apply to revenue accounted for under Topic 954, with a majority of the Committee concluding that the requirements should apply only to patient service revenue and resident service revenue.

Question 3

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

The Committee does not anticipate significant changes, but believe this issue is best addressed by the health care entities to which the proposed amendments would apply.

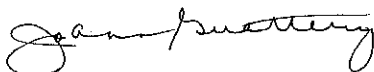
Question 4

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

The Committee does not anticipate significant time requirements, but believe this issue is best addressed by the health care entities to which the proposed amendments would apply.

We thank you for the opportunity to comment on this matter. We would be glad to discuss our opinions with you further should you have any questions or require additional information.

Very truly yours,



JoAnn Guattery, Chair
Accounting Principles and Auditing Standards Committee
California Society of Certified Public Accountants