

May 17, 2010

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

File Reference No.: EITF090L



Dear FASB Technical Director:

The Catholic Health Association (CHA) appreciates the opportunity to comment on the proposed FASB Accounting Standards Update (ASU), *Health Care Entities (Topic 954): Measuring Charity Care for Disclosure, a Consensus of the FASB Emerging Issues Task Force*. The objective of this proposed ASU is to reduce the diversity in practice of the disclosure of a measure of charity care. In the proposed ASU, the FASB sought comments particularly on the issues and questions listed in the ASU.

CHA has been an active proponent of enhancing disclosures surrounding charity care and community benefit since 1989. We have worked to assure accurate and standardized reporting of these programs and services.

### Responses to Questions

**Question 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? If not, why not? What alternative measure would you prefer and why?

**Answer:** Yes, we agree with the proposal. CHA agrees with the HFMA P&P Board and with the AICPA Expert Panel that reporting based on costs is more reliably measured and will provide more consistency when comparing amounts of charity care from different providers. There is a great deal of disparity in the charge structures of many healthcare providers, and thus very little comparability based upon charges. The use of charge information would potentially be misleading as it would not reflect the level of resources used in providing charity care.

**Question 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 and if so, why? If not, why do you believe cost is more meaningful?

**Answer:** CHA believes that measuring charity care based on the average rate collected from paying patients for similar services is not an appropriate measure, as the amounts collected from individual patients will vary based upon the patient's ability to pay and will not reflect information about the use of the provider's resources. The disclosure of the cost of charity is more meaningful as it

resources the health care provider consumed either net of any payment or with no reimbursement.

**Question 3:** Do you agree that the amendments in this proposed Update should be applied retrospectively? If not, why not?

**Answer:** Yes, we agree with retrospective application. Providers have multiple methods of estimating costs, as certain contracts are either based upon cost reimbursement or require the filing of a cost report (in addition to the cost systems that providers use for internal management purposes). The costing methodology should be disclosed in the notes to the financial statements.

**Question 4:** Do you anticipate that there would be significant changes in accounting systems or information gathering to implement the provisions of the proposed Update? If yes, please explain.

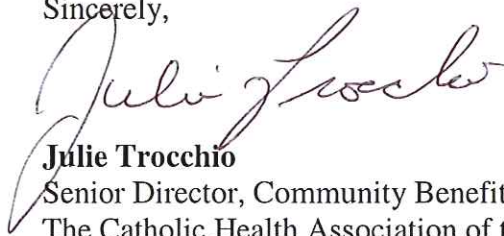
**Answer:** No, we do not anticipate significant changes in accounting systems or information gathering. In lieu of a sophisticated costing system, providers could use a basic cost-to-charge ratio.

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

**Answer:** We believe implementation could take place immediately.

Thank you for the opportunity to comment. We are always ready to provide additional comments, or meet with you to discuss this matter further.

Sincerely,



**Julie Trocchio**  
Senior Director, Community Benefit and Continuing Care  
The Catholic Health Association of the United States