

HEALTHCARE

Step(s) within Five-step model	Issue	Description and examples
1, 3	Contract identification and transaction price	<p>Entities need to apply significant judgment to assess collectability (identification of the contract) and to estimate variable consideration (transaction price), particularly related to self-pay customers. Estimation of the transaction price will involve consideration of price concessions, subsequent changes in transaction price and the constraint on variable consideration.</p>
3	Significant financing component	<p>Entities must assess whether a significant financing component is applicable to patient and third-party payor amounts in arrears. Revenue may need to be adjusted for time value of money if the timing of payments provides the customer with a significant benefit of financing the transfer of goods or services. This may be a change in practice for many entities.</p>
1, 3	Portfolio approach	<p>Entities must carefully consider whether application of the portfolio approach in identifying the contract and estimating transaction price would result in a materially different accounting result than from applying the guidance to individual contracts.</p>

Links to Relevant AICPA Task Force:

[Healthcare](#)