



# Closing Out 2025: Healthcare Financial Reporting Key Considerations

December 10, 2025

forv/s  
mazars

# Agenda

1. FASB
2. GASB
3. Washington Update
4. AI Governance
5. NMTC
6. Cost Report & Reimbursement
7. Community Benefit & CHNA



# Meet Your Presenters



**Brian Pavona**  
Partner



**Amanda Creech**  
Director



**Cheyenne Tanner**  
Director



**Chad Mulvany**  
Director



**Ray Baxter**  
Director



**Michael Roney**  
Director



**Steve Parde**  
Managing Director



**April Arnold**  
Director

# FASB

Amanda Creech



# Private Company & Nonprofits

## For fiscal years/annual periods beginning after:

12/31/2025  
6/30/2026  
9/30/2026

JV Formations  
on or after:

December 15,  
2024

- 2022-03 Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions
- 2023-08 Crypto
- 2024-02 Codification Improvements



January 1, 2025

- 2023-05 Joint Ventures



December 15,  
2025

- 2025-05 Credit Losses for Account Receivable & Contract Assets
- 2023-09 Income Taxes



December 15,  
2026

- 2025-03 Business Combinations & Consolidation



December 15,  
2027

- 2025-06 Accounting for Internal-Use Software

# What's applicable now??

## In the current fiscal year – 12/31/2025, 6/30/26, 9/30/2026



### 2022-03, Restricted Equity Securities

- **Who?** Holders of equity securities measured at fair value (not NAV) subject to contractual sales restrictions.
- **What?** Clarification that contractual restrictions should not be considered in measuring fair value. New disclosures required.
- **When?** Now. Early adoption permitted. Prospectively upon adoption.
- **Where?** Adjustment through the income statement in the year of adoption; and footnote disclosures.
- **Why?** Addresses historical diversity in practice and improves comparability.

Resource: [Prepared for New Fair Value Guidance for Restricted Equity Securities?](#)

### 2023-08, Crypto Assets

- **Who?** Holders of certain crypto assets.
- **What?** Measure at fair value under ASC 820. Present separately from other intangibles on the balance sheet.
- **When?** Now. Early adoption was permitted.
- **Where?** Cumulative effect adjustment to opening net assets in the period of adoption and increased disclosures.
- **Why?** Better reflect the economics of investors in crypto while also likely reducing cost and complexity of accounting. Previously a cost-less-impairment accounting model.

Resource: [Details on FASB's New Crypto Guidance](#)

# What's applicable now? Continued

In the current fiscal year – 12/31/2025, 6/30/26, 9/30/2026

2023-05, Joint Ventures

## Who?

Entities that meet the JV or a corporate JV definition. **NOT** applicable to formations of entities determined to be NFPs under ASC 958, *Not-for-Profit Entities*.

## When?

Early adoption is permitted, and existing JVs have an option to apply the guidance retrospectively.

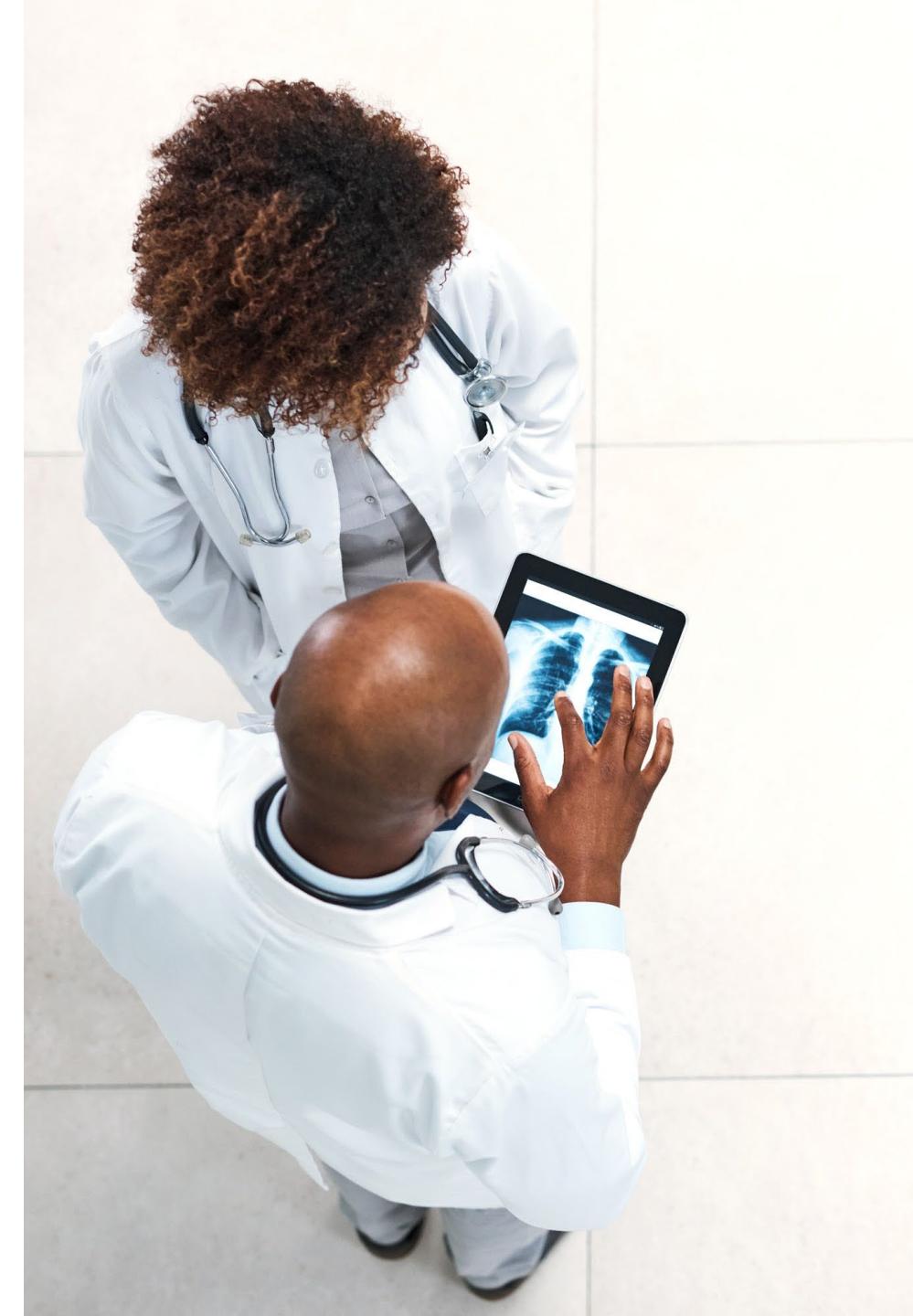
## What?

Provides—for the first time—recognition and initial measurement for joint ventures (JVs).

## Why?

No previous authoritative guidance on how to initially measure assets contributed and liabilities assumed at formation. Diversity in practice with some measuring at fair value at formation and others at venturers' carrying amounts.

Resource: [New JV Accounting Rules – Fair Value Required](#)



# A Little Further Away but, Still Pay Attention

## Fast Facts: Fiscal years beginning after December 15, 2025, and Beyond



### 2025-05, Credit Losses

- **What?** Optional practical expedient available via accounting policy election – consider post-balance sheet cash collection activity when estimating expected credit losses. Disclosure requirements.
- **Why?** Simplifies measurement of credit losses for current accounts receivable and contract assets.
- **When/How?** Early adoption permitted. Prospective.

### 2023-09, Income Taxes

- **Who?** Taxable entities/subsidiaries.
- **What?** Increased disclosures related to differences between statutory and effective tax rates – qualitative disclosure only for non-PBEs. Disaggregated information required about income taxes paid.
- **When?** Early adoption permitted.

### 2025-03, Business Combinations & Consolidation

- **Who?** VIE guidance not applicable to NFPs.
- **What?** Addresses identifying the accounting acquirer in business combinations involving a VIE.
- **When?** Early adoption permitted. Prospective applicable.

### 2025-06, Internal Use Software

- **Who?** Organizations incurring internal use-software costs.
- **What?** Modernizes the guidance by removing references to linear, stage-based development.
- **When?** Early adoption permitted. Choice of prospective, modified retrospective, and retrospective adoption.

# GASB

Cheyenne Tanner



# GASB Updates

## **GASB 101, Compensated Absences**

- Recognition criteria for both leave that has not been used and leave that has been used but not yet paid or settled
- A liability should be recognized for leave that has not been used if:
  1. The absence is attributable to services rendered (employee has performed the services required to earn the leave)
  2. The leave accumulates – Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid in cash or settled through noncash means
  3. The leave is **more likely than not** to be used for time off or otherwise paid in cash or settled through noncash means
- Year 2 considerations – Potential changes to the liability measurement:
  - Introduction of new leave types
  - Modifications to policies
  - Changes in pay rates
  - Changes in usage patterns
  - Changes in systems

Resource: [Preparing for GASB's Compensated Absences Changes – Statement 101](#)

# GASB Updates

## **GASB 103, *Financial Reporting Model Improvements***

Effective for reporting periods beginning on/after June 15, 2025 (FYE 6/30/26 and later for most entities)

Requirements for certain key areas of the financial reporting model, including management's discussion and analysis (MD&A), unusual and infrequent items, the proprietary fund statement, component units, budget presentation, and financial trends information

### **1. Management's discussion and analysis**

- Five required sections
- Throughout the MD&A, avoid unnecessary duplication and “boilerplate.” Only present the most relevant information, focused on the primary government

### **2. Updates to unusual or infrequent items**

### **3. Updates to the presentation of the statement of revenues, expenses, and changes in net position**

- Addition of subsidies

### **4. Major component unit information in basic financial statements**

### **5. Budgetary comparison information**

### **6. Financial trends information in statistical section**

Resource: [GASBs Financial Reporting Model Updates for Healthcare Entities](#)

# GASB Updates

## **GASB 103, *Financial Reporting Model Improvements* – Continued**

- New required definition of “Subsidies”
  - Resources **received from** another party or fund:
    - That the proprietary reporting entity does not provide goods or services for, and
    - That directly or indirectly keep the proprietary reporting entity’s current or future fees and charges lower than they otherwise would be
  - Resources **provided to** another party or fund:
    - That the other party or fund does not provide goods or services for, and
    - That are recoverable through the proprietary reporting entity’s current or future pricing policies
    - All other transfers

### 2025 Comprehensive Implementation Guide:

- Clarifies third-party payments for patient services are NOT considered subsidies
- Still looking for clarity about supplemental payments, grants, contributions, etc.

# GASB Updates Other Reminders



## Single-Audit Threshold Changes

- Single-Audit threshold increased from \$750,000 to \$1,000,000 effective October 1, 2024 (FYEs 9/30/25 and later)
- Includes all federal awards, whether received directly or passed through

# Washington Update

Chad Mulvany



# Achieving Health Podcast

**Listen in on topics that matter most to healthcare professionals.**

We share fresh insights into the rapidly evolving world of healthcare and tackle issues that matter most—from policy and legislative shifts to financial challenges, operational hurdles, and innovative strategies—all to help you deliver better outcomes for the communities you serve.



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New episodes release the first and third Wednesday of each month on your favorite podcast platform.

# FFY 2026 Funding: Healthcare Extenders

Congress passed a continuing resolution extending key health policies through January 30, 2026.

## Trump signs government funding bill, ending record 43-day shutdown

WASHINGTON (AP) — President Donald Trump signed a government funding bill Wednesday night, ending a record 43-day shutdown that caused financial stress for federal workers who went without paychecks, stranded scores of travelers at airports and generated long lines at some food banks.

The shutdown magnified partisan divisions in Washington as Trump took unprecedented unilateral actions—including canceling projects and trying to fire federal workers—to pressure Democrats into relenting on their demands.

### Key Policies Extended Through Jan. 30, 2026

- ACA Medicaid DSH Cut Delay
- Community Health Center Funding
- Medicare Dependent Hospital
- Medicare Low Volume Hospital
- Telehealth Waivers
- Medicare Hospital at Home
- Medicare Rural Ambulance Add-On

# OBBBA: Medicare Cut Averted

The continuing resolution prevents the 4% Medicare PAYGO sequester triggered by the projected \$3.4 trillion increase in the federal deficit over 10 years.

CBO's Medicare Estimate of the Statutory  
Pay-As-You-Go Effects of Public Law 119-21

Table 1.

Estimated Statutory Pay-As-You-Go Effects of Public Law 119-21 on Medicare  
 Billions of Dollars, by Fiscal Year

	2026	2027	2028	2029	2030	2031	2032	2033	2034	2027-2034
Change in Outlays	-45	-47	-49	-52	-58	-62	-66	-75	-76	-491

Source: Congressional

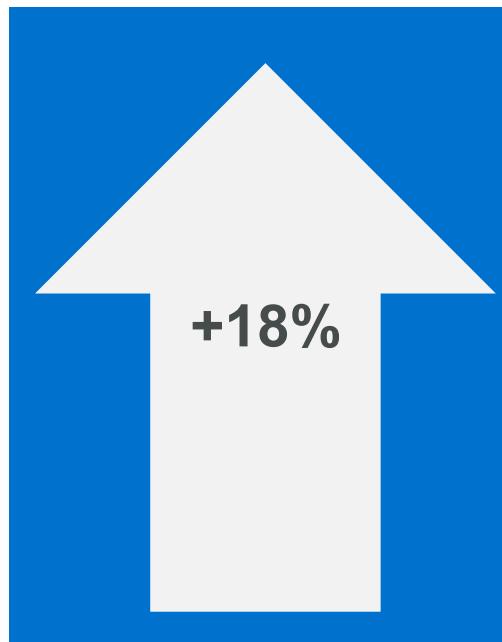
**AVERTED – S-PAYGO “SCORECARD WIPE CLEAN”**

# Enhanced Exchange Subsidy Expiration

The expiration of enhanced exchange subsidies could increase the uninsured by 4 million individuals and uncompensated care by \$7.7 billion nationally in 2026.

## 2026 Projected National Impact of Expiration of Enhanced HIX Subsidy On

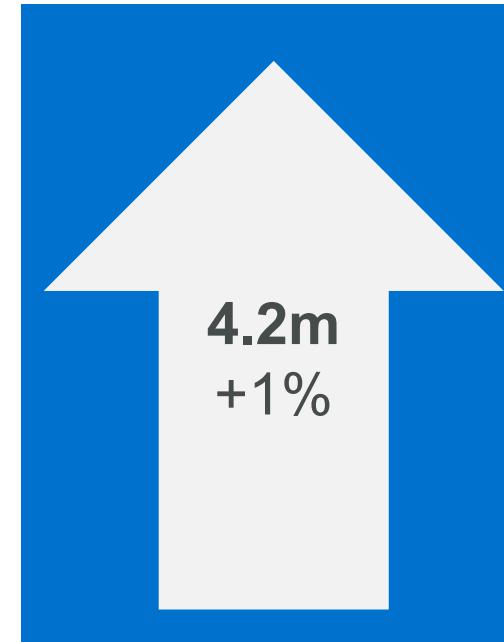
Median HIX Premium



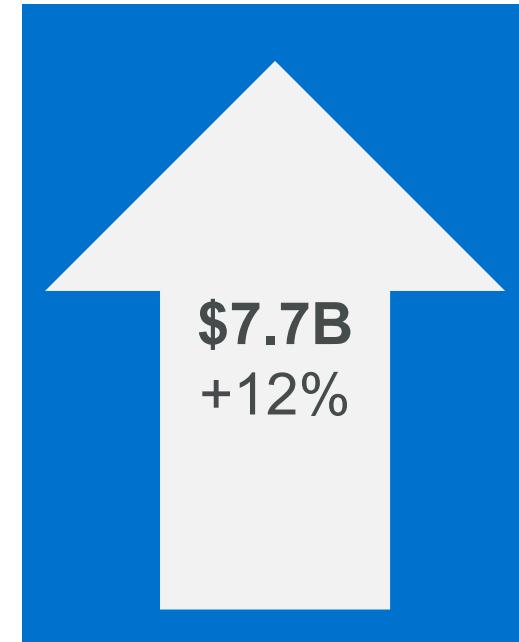
Consumer “Out of Pocket” Payment



Uninsured



All Provider Uncompensated Care



Sources:

1. <https://www.kff.org/uninsured/how-will-the-2025-reconciliation-law-affect-the-uninsured-rate-in-each-state/>
2. <https://www.healthsystemtracker.org/brief/how-much-and-why-aca-marketplace-premiums-are-going-up-in-2026/#Distribution%20of%20proposed%202026%20rate%20changes%20among%20312%20ACA%20Marketplace%20insurers>
3. <https://www.americanprogress.org/article/health-insurance-premium-costs-will-more-than-double-for-millions-of-americans-unless-congress-acts/#>
4. [https://www.urban.org/sites/default/files/2025-09/9.24\\_Changes%20in%20Health%20Care%20Spending%20and%20Uncompensated%20Care%20under%20Enhanced%20Tax%20Credit%20Expiration%20for%20Marketplace%20Coverage.pdf](https://www.urban.org/sites/default/files/2025-09/9.24_Changes%20in%20Health%20Care%20Spending%20and%20Uncompensated%20Care%20under%20Enhanced%20Tax%20Credit%20Expiration%20for%20Marketplace%20Coverage.pdf)

# Enhanced Exchange Subsidy Alternatives

Republicans in Congress are attempting to develop an alternative to extending the enhanced ACA subsides that addresses affordability concerns.

## Obamacare could collapse under Trump's new plan, policy experts say

Republicans say giving healthcare subsidies as cash to consumers would give Americans more control over their coverage. Critics say it could severely undermine the ACA marketplaces.

Republicans are putting their own spin on subsidizing Americans' healthcare: Route money away from insurers and put cash directly in consumers' hands to give them more choice over their coverage.

Economists and policy experts suspect President Donald Trump and GOP lawmakers are presenting this alternative to extending the enhanced Affordable Care Act subsidies because they want to undermine or even replace Obamacare — something the party has repeatedly failed to do in the past.

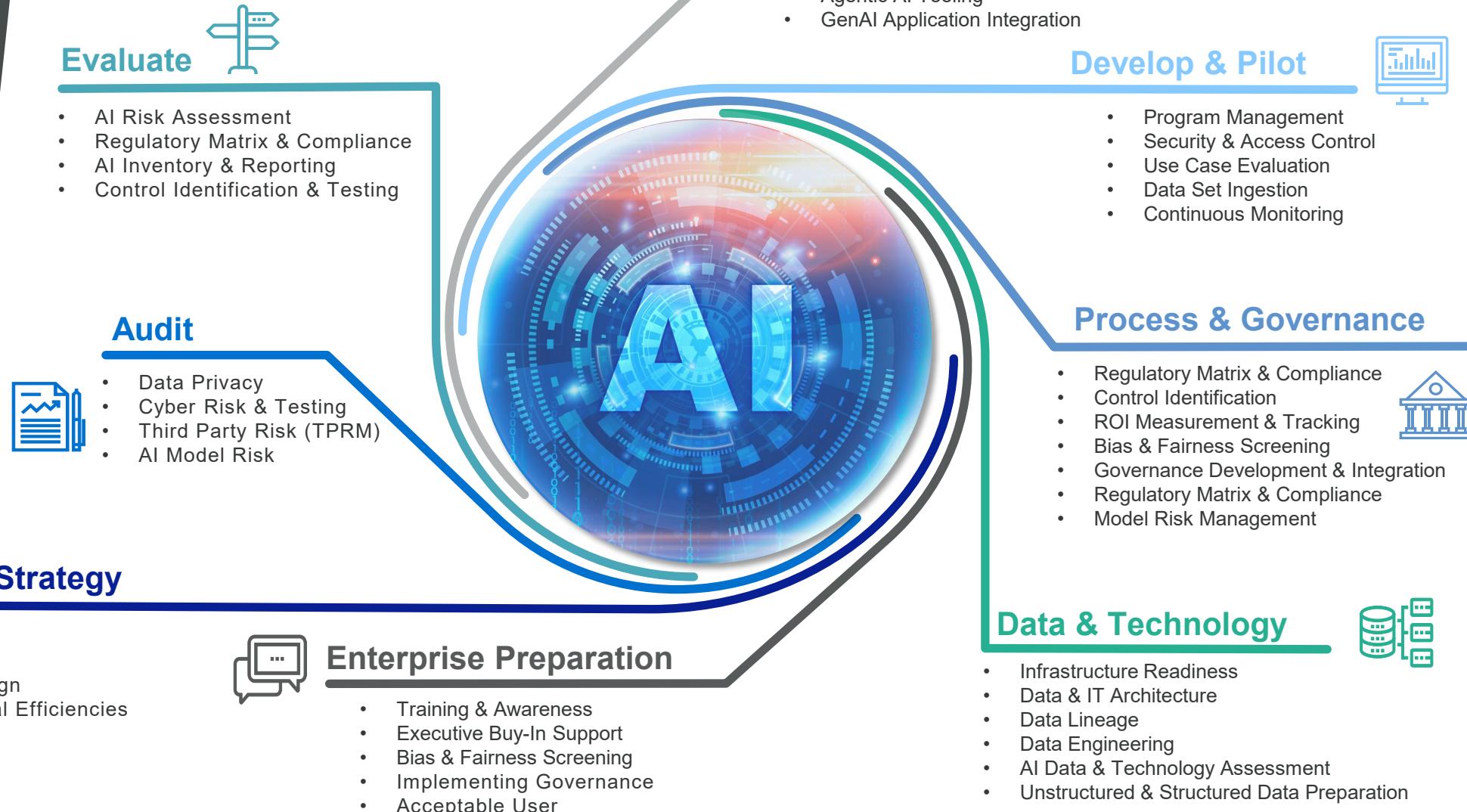
# AI Governance

Ray Baxter



Institutions of all sizes are looking to harness the power of AI to help increase efficiency, enhance processes, & empower their teams. At Forvis Mazars, we help organizations revolutionize their business by developing tailored AI frameworks, infrastructure, & solutions in a structured & controlled manner for sustainable growth.

# Artificial Intelligence (AI) Solutions



# Process & Governance



Implementing AI successfully in an enterprise setting requires a structured AI process and a solid AI governance framework to ensure the technology is trustworthy, aligned with business goals, and compliant with ethical and legal standards. AI governance ensures AI is used responsibly, ethically, and compliantly, with clear oversight and control.

- Oversight
- Data Governance
- Risk Management & Compliance
- Ethical Guidelines & Principles
- Monitoring & Reporting

# From Risk to Results

## Why AI Governance Is Business-Critical

As AI reshapes how businesses operate, real success lies in aligning innovation with accountability, clarity, and trust.



### AI is transforming business.

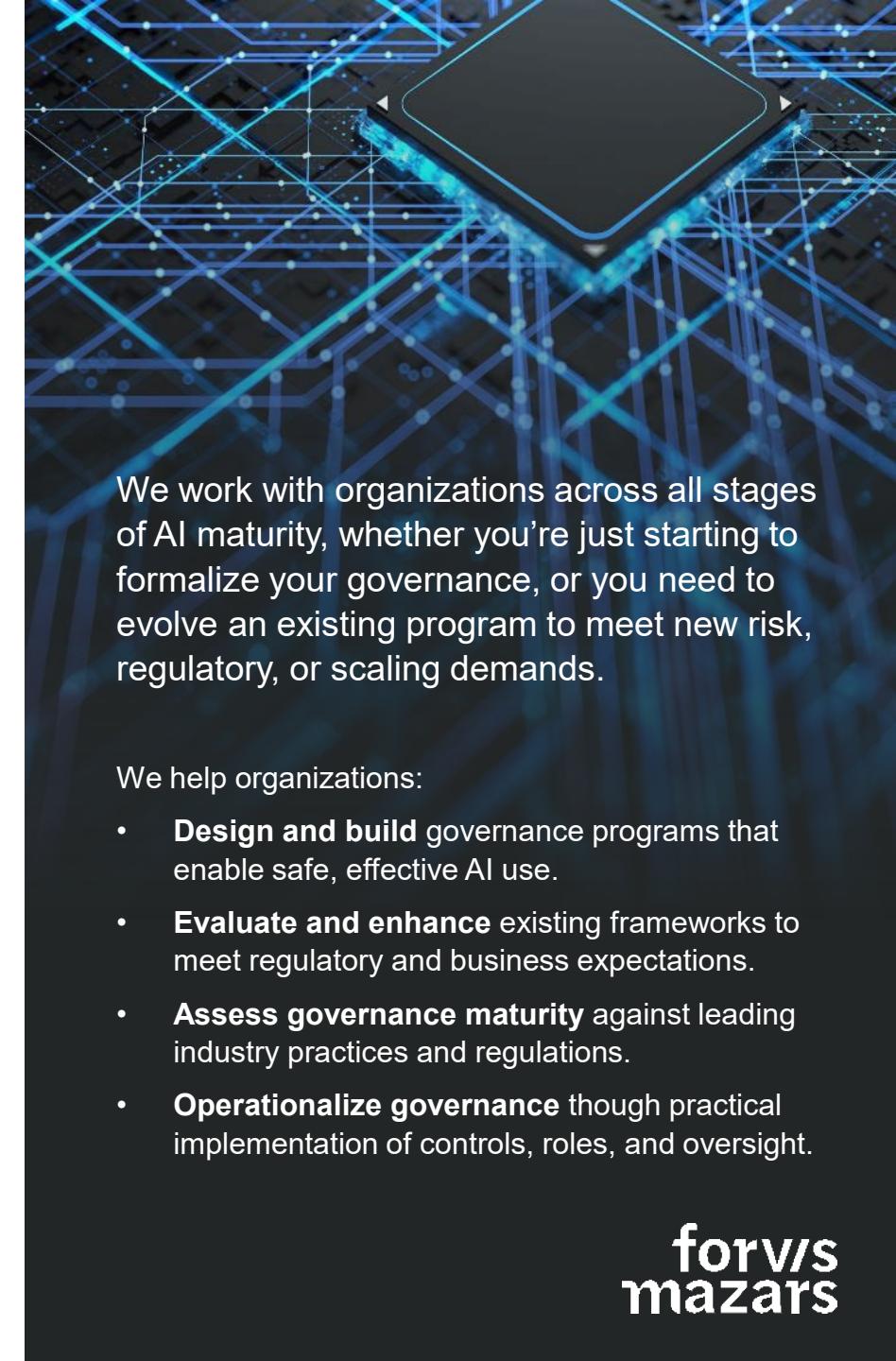
From productivity gains to improved customer experiences—but without proper governance innovation quickly becomes exposure. Organizations need a clear, scalable approach to managing AI risks, aligning with internal values, and meeting evolving regulatory expectations.



### AI Governance isn't just compliance; it's organizational confidence.

From risk mitigation and control design to model transparency and use case oversight, effective governance enables safe, responsible, impact-driving AI adoption across the enterprise.

**Strong AI governance turns risk into readiness, and readiness into results.**



We work with organizations across all stages of AI maturity, whether you're just starting to formalize your governance, or you need to evolve an existing program to meet new risk, regulatory, or scaling demands.

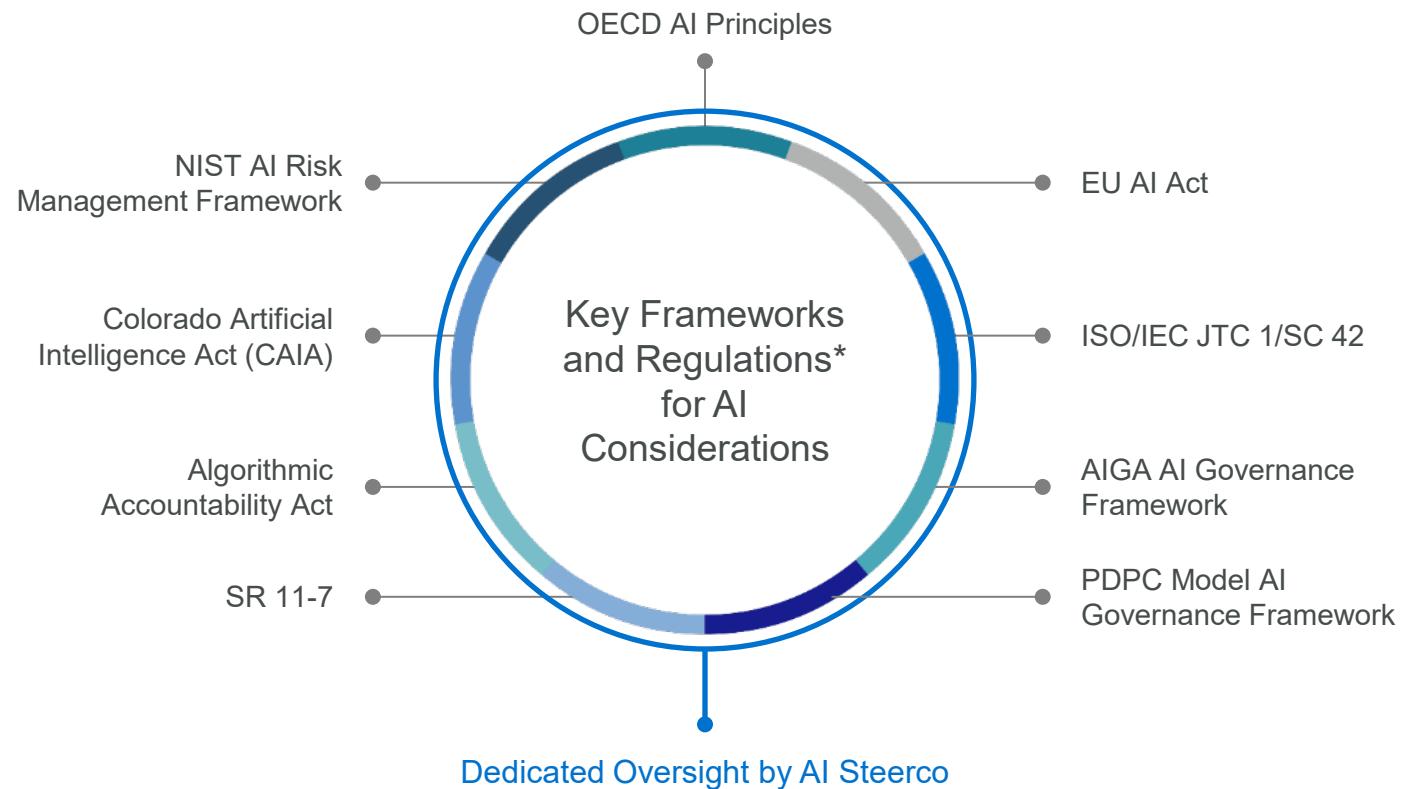
We help organizations:

- **Design and build** governance programs that enable safe, effective AI use.
- **Evaluate and enhance** existing frameworks to meet regulatory and business expectations.
- **Assess governance maturity** against leading industry practices and regulations.
- **Operationalize governance** through practical implementation of controls, roles, and oversight.

# Governance in a Rapidly Evolving AI Landscape

## Adapting Governance to Stay Ahead

As AI adoption accelerates, so does the complexity of the regulatory environment that surrounds it. Together, we can make sure your governance program remains agile, compliant, and aligned with the pace of regulatory change.



*Note, the frameworks and regulations shown are demonstrative and not an exhaustive list*

New rules, evolving guidance, and cross-border standards are reshaping what it means to use AI responsibly. Organizations must ensure their governance models can keep pace.

Regulatory expectations are no longer abstract, as they directly shape how AI must be designed, deployed, and monitored. Governance is the mechanism that connects these expectations to operational reality.

### We help organizations respond by:

- Translating emerging AI regulations into practical governance structures and controls.
- Establishing frameworks for cross-functional AI Steerco to provide oversight and risk accountability.
- Embedding compliance and risk management into every stage of the AI lifecycle.
- Assessing and evolving governance maturity in line with global frameworks.

# Artificial Intelligence (AI) Solutions

Institutions of all sizes are looking to harness the power of AI to help increase efficiency, enhance processes, and empower their teams. At Forvis Mazars, we help organizations revolutionize their business by developing tailored AI frameworks, infrastructure, and solutions in a structured and controlled manner for sustainable growth.

## AI Strategy & Use Case Development

- AI Strategic Roadmap
- Business Case & Executive Buy-In Support
- AI Identification & Design
- Use Feasibility & Impact Assessment
- AI Pilot Prioritization & Structuring
- ROI Measurement & Tracking
- Analysis for Operational Efficiencies
- Specific Use Case Support

## Data & Technology

- AI Data & Technology Readiness Assessment
- Data Governance Framework
- Metadata Management
- Infrastructure Readiness
- Data & IT Architecture
- Data Lineage
- Data Quality Review
- Bias & Fairness Screening
- Unstructured/Structured Data Preparation
- Database Management

## Deployment & Change Management

- Training & Awareness
- Program Management
- RAG Implementation
- Machine Learning Model Development
- Prompt Control & User Access
- Agentic AI Tooling
- Data Engineering
- GenAI Application Integration
- AI Center of Excellence

## AI Risk & Governance

- AI Risk Assessment
- Governance Development & Integration
- Regulatory Matrix & Compliance
- AI Inventory & Reporting
- Control Identification & Testing
- Internal Audit
- Data Privacy
- Cyber Risk & Testing
- Third-Party Risk (TPRM)
- AI Model Risk (MRM)

## Latest Thinking

To educate, create opportunities for dialogue, and provide exceptional service to clients, Forvis Mazars produces and disseminates Knowledge Share articles, podcasts, webinars, and more. Samples of our recent material include:



### AI Governance – From Concept to Compliance

Learn how an effective AI governance framework is key to an organization's AI strategy.



### AI & Machine Learning Model Development Considerations

Explore the nuances between AI and machine learning and the benefits and risks associated with each.



See more on our AI Solutions

# NMTC

Mike Roney



# What is the Program?



- A *federal* development program which attracts private investment to distressed communities.
- Administered by the CDFI Fund, a division of Treasury:
  - [CDFI Fund - NMTC Program](#)
  - As of the end of FY 2023, the NMTC Program has\*:
    - Generated \$8 of private investment for every \$1 of federal funding
    - Created nearly 268.2 million square feet of commercial real estate
    - Creation or retention of more than 888,200 jobs
  - Community projects, *like healthcare focused investments*, should view the NMTC Program as a [Project Funding Tool](#)
  - Community Development Entities (CDEs) apply to Treasury for funds and make independent investment decisions

\*data provided by CDFI Fund - [New Markets Tax Credit Program | Community Development Financial Institutions Fund \(cdfifund.gov\)](https://cdfifund.gov)

# NMTC Key Data\*

Through FY 2022, over 40% of all NMTC dollars involved a community facility component, including services for education, childcare, healthcare, and arts centers. To date, over \$27 billion in investments were made in community facility projects. In FY 2022 alone, over half of the investments were to projects with a community facility component.

## In FY 2022

**28.6%**

Percentage of NMTC dollars invested in Healthcare facilities

**\$1.01B**

NMTC dollars invested in Healthcare facilities

## FY 2023 – FY 2022 Overall

**16.4%**

Percentage of NMTC dollars invested in Healthcare facilities

**\$10.794B**

NMTC dollars invested in Healthcare facilities

\*Data provided by CDFI Fund - [files](#)



## How does my organization qualify?

### Key Factors

**1**

#### Location, Location, Location

- Eligibility determined by the census tract
- Two primary data points: Poverty rates and Average Median Income
- Other criteria is important, *i.e.*, rural, medically underserved, community outcomes
- CDEs may look for specific locations, fact patterns, and community outcomes to meet specific needs

**2**

#### Timing Is Everything

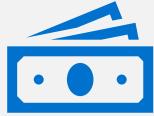
- CDEs are awarded on an annual cycle
- Projects may be selected at any time
- However, the timing of the project may influence investment decisions
- Organizations should focus on project readiness and not necessarily the NMTC cycle

**3**

#### Readiness Matters

- NMTC funding is “last in” and “fills the gap”
- Projects that are shovel ready are often viewed more favorably
- Not everything needs to be finalized but there should be a concrete plan to move the project forward
- CDEs independently underwrite and review all diligence items

## What are the benefits to an organization?



The NMTC Program helps organizations fund projects.

- Funding acts like a grant
- Direct to the organization/project
- Often immediately available
- 15–20% Costs savings



Investment decisions are made at the community level where need is often more apparent



94 to 96% of NMTC investments involve more favorable terms

- 7-year interest only periods
- Lower origination fees
- Higher loan-to-values
- Lower debt coverage ratios
- Longer maturities

## What is the catch?

1. Highly competitive
2. CDEs are selective – good projects may not receive funding
3. Timing is important
4. NMTC funding is not a \$ for \$ pay for – it is a gap filler
5. Transaction costs are significant

# Cost Report & Reimbursement

Steve Parde



# Cost Report & Reimbursement Calendar Year 2025 Occupational Mix Survey

- Required under Benefits Improvement & Protection Act (BIPA)
- Required to be collected at least every three years
- Will be applied to 2027–2029 wage index data
- Purpose is to control the impact on wage index because of differences in management choices for staffing by types of nurses – RNs, LPNs, and aides
- Likely due to MAC by July 1, 2026
  - Forms and official deadline not yet released
- Payroll periods ending between 1/1/2025 and 12/31/2025
  - Plus contract labor
  - No wage related costs



# Cost Report & Reimbursement

## Calendar Year 2025 Occupational Mix Survey

- Types of salaries and hours – same rules as wage index
- Three categories
  - Nursing
    - Registered nurses
    - LPNs, LVNs, and surgical technologists
    - Aides, orderlies, and nursing assistants
    - Medical assistants
  - All other
  - Excluded (track but do not report)

# Cost Report & Reimbursement Calendar-Year 2025 Occupational Mix Survey



## Nursing

- Direct patient care
- Supervise someone doing direct patient care

## All Other

- Remaining non-nursing in the nursing cost centers
- Other patient care costs not excluded
- Overhead/administrative functions



## Excluded

- WSA excluded areas
- SNF, non-reimbursable cost centers, etc.
- Part B (physicians, CRNA, nurse practitioners)

# Community Benefit & CHNA

April Arnold



## Reminders

### Update Documents

- Update AGB calculation yearly  
(if using look-back method)
  - Must be completed by the 120th day after year-end
- Update covered & noncovered provider lists
  - At least quarterly (include date stamp)
- Complete CHNA & have it adopted by the board
  - Every 3 years by tax year-end
  - Save board minutes with the documentation of approval
- Complete implementation strategy & have it adopted by board

# Reminders

## Website

- Plain Language Summary
- Financial Assistance Policy
  - Provider Lists (Covered & Noncovered)
  - AGB Calculation (If Applicable)
- FAP Application
- CHNA (Most Recent One)
- CHNA (Prior One)



# Community Benefit Items to Consider



- Value of tax-exemption
- Are you capturing everything?
- Involve more than the tax team
- Calculate semi-annually or quarterly
- Are your FAP requirements meeting the needs?

# Questions?



# Contact

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