

[Company Letterhead]

[Date]

[Auditor Name]

[Auditor Firm Address]

RE: Management Representation Letter - Patient Revenue Recognition

To [Auditor Name],

This representation letter is provided in connection with your audit of the financial statements of [Organization Name] for the period ended [Date]. We confirm, to the best of our knowledge and belief, the following representations regarding patient revenue recognition under ASC 606 (or applicable accounting standards):

1. **Contract Identification:** We have identified all contracts with patients and third-party payors. We have assessed the collectability of these accounts at the inception of the service to determine if a valid contract exists for accounting purposes.
2. **Performance Obligations:** We have correctly identified the performance obligations, typically being the provision of medical services or goods to the patient. Revenue is recognized at the point in time when the service is rendered.
3. **Transaction Price and Variable Consideration:** The transaction price is based on the amount of consideration we expect to be entitled to in exchange for services. We have estimated variable consideration, including implicit price concessions, contractual adjustments, and discounts, using the "expected value" or "most likely amount" method.
4. **Implicit Price Concessions:** We have utilized historical collection data, aged accounts receivable profiles, and current economic trends to determine implicit price concessions. We believe these estimates are reasonable and reflect the amounts we expect to collect.
5. **Third-Party Settlements:** Estimates for settlements with Medicare, Medicaid, and other third-party payors have been recorded based on the terms of the reimbursement agreements. We have accounted for any uncertainties in these cost reports and believe the accruals are adequate.
6. **Disclosures:** All required disclosures regarding the disaggregation of revenue, quantitative and qualitative information about performance obligations, and significant judgments made in the determination of the transaction price have been included in the financial statements.
7. **Consistency:** The methods, significant assumptions, and data used in estimating revenue and the related allowance for price concessions have been applied consistently with the prior period.
8. **Subsequent Events:** No events have occurred subsequent to the balance sheet date that would require an adjustment to the estimates of patient revenue or accounts receivable.

Sincerely,

[Name of Chief Financial Officer]
Chief Financial Officer

[Name of Chief Executive Officer]
Chief Executive Officer