

LEASE ACCOUNTING COMPLIANCE DEADLINES ARE FAST APPROACHING

RGP HEALTHCARE AT A GLANCE

A global firm with experience working with:

 100% of the top 5 private health systems

 90% of the top 10 not-for-profit health systems

 75% of the Fortune 1000 healthcare sector companies

 Forbes named us one of the “Best Management Consulting Firms” in 2018

 Over 4,000 seasoned professionals serving clients in over 70 global offices

 67% have Big Four, Big Law or large consulting firm experience
35% have healthcare experience

WHAT YOU NEED TO KNOW

The new standards (ASC 842, GASB 87 and IFRS 16) require companies to recognize obligations for real estate, equipment and other leased assets on their balance sheets, a shift that will affect many companies’ accounting policies and procedures, information systems, debt covenants and financial ratios.

2019
January

Companies with calendar year-ends will need to adopt **on or before January 1, 2019**, while U.S. private and not-for-profit companies are allowed a year deferral.



Nearly \$3 trillion of real estate and equipment leases implicated on to corporate balance sheets.



Most companies will need to collect significant amounts of data, deploy new software, and update processes to comply.



Equipment represents the biggest challenge. Most companies do not have assigned owners, established processes, or deployed systems.

The new leasing standard is a big change for hospitals and health systems and requires a whole new mindset that will likely drive modifications to your policies, processes, controls, systems and even fundamental business decisions. The impact is not only financial, but also strategic, potentially affecting your business operations and care delivery model.

RGP HEALTHCARE®

DRIVE SUCCESS WITH AN INTEGRATED APPROACH

As a healthcare executive, you can plan for changes to the current healthcare delivery model that extensively uses leases for operations. It will become necessary to evaluate how capital is deployed, how financing is obtained, and how these decisions affect already thin operating margins.

CHALLENGES FOR HEALTHCARE COMPANIES

- Cash flow challenges
- Low margins
- Changing technology encourages leasing
- Lack of controls over end of term asset management



Our three-phased approach includes competitive sourcing of financial leases utilizing our technology partner LeaseAccelerator. RGP is trained and certified to implement LeaseAccelerator's Enterprise Lease Accounting software as part of a broader compliance solution for ASC 842, GASB 87 and IFRS 16.

RGP provides a full suite of services for lease accounting from a preliminary analysis and impact assessment to program and change management.

RGP can support your LeaseAccelerator implementation project and ongoing operations with services such as Business Process Transformation, Data Abstraction and Collection, Software Configuration and Testing.

RGP Lease Strategy Framework



DON'T GET CAUGHT OFF GUARD

Implementing the lease accounting standard presents many challenges involving multiple stakeholders, disparate processes and systems, and poor data quality. Program management, an early start and competent resources can help ensure your project's success.

Ready to partner with RGP on your plan? Contact us today at partner@rgphealtcare.com.



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