

September 19, 2024

Committee on Uniform Accounting and Transparency for Local Governmental Entities
Idaho Legislature

Dear Committee Members,

On behalf of Idaho's fifteen county and district hospitals, I would like to provide input regarding the draft uniform accounting and reporting manual up for review in your meeting on September 20, 2024. The Idaho Hospital Association respectfully requests changes to the draft manual to remove the requirement to report individual salary information of every hospital employee. We believe the proposed requirements do not meet the legislative intent of H73 and would be harmful to many of Idaho's most rural hospitals.

Background

H73 was passed by the Idaho Legislature in 2021, with the stated purpose of providing a uniform accounting, budgeting, and financial reporting process for counties, cities, urban renewal agencies and other local districts to better inform lawmakers. It was meant to create categories for local governments to use when reporting their budgets in order to compare apples to apples and determine where efficiencies could be made. There is no indication that it was ever contemplated that it would be part of the Transparent Idaho process for individual employee salaries.

The legislation also created the Committee on Uniform Accounting and Transparency for Local Government Entities which has as its "primary duty and responsibility the collaborative task of developing, approving, monitoring, and revising as needed the uniform accounting, budgeting, and financial reporting system and manual for local governmental entities..."

H73 directed the Idaho State Controller's Office (SCO) to develop a "uniform accounting manual" that must be reviewed and approved by the Committee. The Committee met once, on September 24, 2021, to receive a report of the plans for the implementation rollout from the SCO. No manual was presented or approved. The committee has not met since then.

The Issue

The legislation specifically identified required reporting in the following categories:

- Administrative Information – Includes the name and structure of the entity, the section of code in which the entity was established, and the statutes under which the entity operates, etc.
- Financial Information – Includes a recent budget, an unaudited comparison of the budget to actual revenues and expenditures for the most recently completed fiscal year, and any other financial information required under the uniform accounting manual.
- Bonds or other debt obligation information – Includes reporting of the dollar amount of all bonds or debt obligations, average length of term of all bond issuances and the average interest rate of all bonds or other debt obligations.

Nowhere in the required reporting areas does it mention salaries of individual employees.

In April 2024, the SCO informed district hospitals that they must submit financial data to the SCO, including data on all hospital employees that includes individual names, salaries, title and date of hire. However, no uniform accounting manual had been developed or presented to the Committee for approval to require additional information not specified in statute.

In August, the SCO sent out a draft manual to stakeholders. When asked what the timeline was to submit comments or recommendations, SCO staff responded there would be no process to provide comments or recommendations on the draft and that any comments should be taken to the Committee.

Proposed Change to Uniform Accounting Manual

- 1) The IHA requests that the Committee remove any requirement for individual reporting of names and salaries of hospital employees. Salary and benefit information can be reported in aggregate without individual names and salaries. We believe this would be the simplest way to address the problem without complicated criteria.
- 2) If the Committee does not wish to revise the requirements specifically for all county and district hospitals, we would propose that the individual salary requirement only apply to those entities that receive more than 50% of their operating budget from tax revenue.

Rationale for the Requested Change

Negative Impact on Healthcare Workforce in Rural Idaho Hospitals – Imposing a mandate to require employee salaries be published on a public website puts district and county hospitals at a disadvantage when it comes to recruitment and retention of healthcare workers.

Competitors without these reporting mandates can easily use this website as a tool and have unfair access to staff salaries for recruitment purposes. Small rural hospitals will no longer have a level playing field when it comes to employee recruitment and retention.

This level of data being posted on a public website is intrusive to those individuals employed by county and district hospitals, especially for those hospitals where operations are not funded by local tax dollars. It is intrusive to now start reporting how much every single employee makes. At least one rural physician has already expressed their intent to leave employment at the hospital if their salary is posted on a public website.

Recently, the Idaho Attorney General prohibited a management partnership between a group of hospitals. One key element of that case was the concern over sharing of employee salary information. It seems unfair that hospitals cannot share employee salary information without violating anti-trust laws, but some hospitals will now be forced to share that information on a public website for all their competitors to use. We do not believe this was the intent of the law. Had that been the case, we would have voiced our strong opposition to the legislation at the time it was presented.

Legislative Intent – The proposal to include all names and salaries appears to go beyond the legislative intent of H73. The legislative intent language in H73 does not direct the SCO to require that individual hospital employee salaries be publicly reported. Under previous reporting requirements, hospitals included budget information on how much of their annual budget was spent on personnel salaries and benefits. This is enough to provide consistent, uniform data for public policy analysis. There is no need to have individual hospital employees' names, salaries, employment start date and title posted on a public facing website.

While the legislation specifically identified certain areas to be reported, it did not mention salaries. In reviewing minutes from the legislative committee hearings on the bill, there is no

mention of a desire to report all individual salaries. According to the bill sponsor, H73 helps local elected officials because it allows for benchmarking, so a city can see how other cities handle spending. He also explained that the bill would help better address the problem of different taxing entities using different ledger systems and the inability to calculate the cost of unfunded state mandates at the local level.

Government Overreach - The intent of the legislation was to have uniform accounting and reporting among districts. At the time the bill passed, we were told that the uniform accounting manual would be developed in collaboration with hospitals to allow for models that were consistent with hospital financial accounting practices. That has not happened. We were told there would be an opportunity for input on the reporting requirements. That has not happened.

Idaho hospitals started receiving direction from the SCO on requirements to report individual salary data before any manual was developed, subject to stakeholder input, presented to or approved by the Committee on Uniform Accounting and Transparency for Local Governments, as required by statute. Hospital stakeholders were not included in any conversations when SCO staff decided what elements would be mandated for reporting.

The Committee met only once, in 2021, and did not review any content for the manual. In that hearing, SCO stated that there would not be any a sweeping change from what was already being reported to LSO and that the SCO would carry the brunt of the work. There was much discussion about counties, cities and schools. There was no discussion about hospitals. According to the committee minutes, there was no discussion of individual Idahoans' names and salaries being reported.

Impacted Hospitals

District and county hospitals receive little or no tax revenue for their operating budgets. Hospital employee salaries are paid with revenue from the services provided. District and county hospital employees are also not eligible for PERSI benefits.

Idaho's district and county hospitals are all small hospitals that serve rural communities. Little or no local tax dollars are leveraged to cover their operating costs. All but one of these hospitals are designated as a Critical Access Hospital, a rural facility with 25 beds or less.

District Hospitals in Idaho

- Cascade Medical Center (Cascade)
- Lost Rivers Medical Center (Arco)
- Power County Hospital District (American Falls)
- Shoshone Medical Center (Kellogg)
- Syringa Hospital & Clinics (Grangeville)
- Weiser Memorial Hospital (Weiser)

County Hospitals in Idaho

- Bear Lake Memorial Hospital (Montpelier)
- Benewah Community Hospital (St. Maries)
- Boundary Community Hospital (Bonners Ferry)
- Franklin County Medical Center (Preston)
- Madison Health (Rexburg)
- Minidoka Memorial Hospital (Rupert)

(County Hospitals cont.)

- Nell J. Redfield Memorial Hospital (Malad City)
- Steele Memorial Medical Center (Salmon)
- Valor Health (Emmett)

We respectfully request that the Committee revise the draft uniform accounting manual to remove requirements to report individual employee salaries. We would also request that any future revisions to reporting requirements for hospitals be done in collaboration and consultation with hospital stakeholders.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Toni Lawson". The signature is written in a cursive style with a long, sweeping underline that extends to the left.

Toni Lawson
Vice President, Government Relations