



To: Legislative Post Audit Committee

From: Audrey Dunkel, Vice President of Government Relations

Date: September 2, 2020

Re: Association Membership Fees and Dues Audit

Thank you for the opportunity to address the results of the audit entitled *State and Local Governments: Evaluating Association Membership Fees and Dues*. The Kansas Hospital Association represents 123 hospitals across Kansas. The types of hospitals within our membership include for-profit hospitals, religious-affiliated not-for-profit, and governmental hospitals. Many of the governmental hospitals would be categorized as county, city, or district hospitals. In accordance with KSA 46-295, KHA has been submitting information on the public dollars spent on lobbying. In light of further discussions with the Kansas Division of Post Audit, we believe that our lobbying number for KHA is inflated based upon an error in interpreting the reporting requirement.

Earlier this summer, we were contacted by the Kansas Division of Post Audit in the process of the audit to verify the amount of public funds spent for lobbying through dues paid to the Kansas Hospital Association. The auditors identified \$240,000 in public funds expenditures for lobbying through the Kansas Hospital Association – much more than any other group. It was determined that KHA calculated that number by dividing the lobbying expenses by any hospital that might receive public funding. The result is that the KHA calculation includes not only funds defined as “public funds” under KSA 46-295, which are moneys appropriated by the state or any of its subdivisions, but all other revenues (such as Medicare and Medicaid) for those hospitals as well.

When KHA went back to the data to determine how much of the funding from hospitals meets the public funds definition, less than 2 percent of the total qualified as public funds. Based on this information, the actual public funds expenditures for lobbying through dues paid to KHA is approximately \$4,800.

We appreciate the opportunity to provide additional clarity on this issue for the committee and would be happy to answer any further questions you may have. Thank you for your time and attention.