

SENATE BILL REPORT

SHB 2495

AS REPORTED BY COMMITTEE ON HEALTH & LONG-TERM CARE,
FEBRUARY 24, 1992

Brief Description: Concerning rural public hospital districts.

SPONSORS: House Committee on Local Government (originally sponsored by Representatives Rayburn, Moyer, Haugen, Sheldon, Paris and Wynne)

HOUSE COMMITTEE ON LOCAL GOVERNMENT

SENATE COMMITTEE ON HEALTH & LONG-TERM CARE

Majority Report: Do pass as amended.

Signed by Senators West, Chairman; L. Smith, Vice Chairman; M. Kreidler, Niemi, Sumner, and Wojahn.

Staff: Martin Lovinger (786-7443)

Hearing Dates: February 24, 1992

BACKGROUND:

The Interlocal Agreement Act allows any public agency to enter into agreements with one another for joint or cooperative action. Any powers, privileges, or authority held by a public agency may be exercised jointly with any other public agency having the power, privilege, or authority.

A "public agency" includes any agency, political subdivision, or unit of local government in this state including, but not limited to municipal corporations, quasi municipal corporations, special purpose districts, and local service districts, as well as any state agency, federal agency, Indian tribe recognized by the federal government, and political subdivision of another state. Public hospital districts are included within this definition.

Concerns have been expressed that public hospital districts are susceptible to antitrust challenges if they enter into interlocal agreements. Competition among hospitals, particularly in rural areas, is not cost-effective, practical, or desirable in providing quality health care to people in these areas. It has been suggested that more interlocal agreements between public hospital districts would be created if there was a clear statement in statute encouraging these agreements.

Interlocal agreements must be filed with the city clerk, county auditor, and the Secretary of State before they take effect. It has been suggested that filing interlocal

agreements with the city clerk is unnecessary since they are filed with the county auditor.

Public agencies that participate in interlocal agreements may supply personnel and services to the joint undertaking, but are not specifically authorized to provide property to the joint undertaking.

If an interlocal agreement deals with services or facilities over which a state agency or officer has control, then the agreement must be submitted to the state agency or officer for approval. If an interlocal agreement deals with matters assigned to the Department of Community Development, then the agreement must be submitted to the department for its comments. Local governments should be able to enter into agreements without state approval or comment.

Public agencies must specify the precise organization of any separate legal entity created by an interlocal agreement. This entity may include a nonprofit organization whose membership is limited to the participating public agencies. Partnerships, or limited partnerships, are not authorized to be formed in an interlocal agreement. Public agencies would have more flexibility if they could form partnerships or limited partnerships comprised of participating public agencies.

SUMMARY:

Public hospital districts, including rural public hospital districts, may enter into interlocal agreements and contracts with other public hospital districts to provide for health care needs of the people served in the districts. A rural public hospital district is defined as a public hospital district that does not include a city with a population of greater than 30,000 within its geographic boundaries.

Interlocal agreements and contracts between public hospital districts may include provisions for the: allocation of health care services among different facilities owned and operated by the districts; combined purchases and allocations of medical equipment and technologies; joint contracts for health care service delivery and payment with public and private entities; and other cooperative arrangements. All cooperative agreements and contracts are subject to the provisions of the Interlocal Cooperation Act.

Interlocal agreements no longer have to be filed with the city clerk.

Interlocal agreements no longer have to be submitted to state agencies for approval or comment.

Public agencies entering into interlocal agreements may supply property, as well as personnel and services to the joint undertaking.

Public agencies may, in an interlocal agreements, form partnerships or limited partnerships comprised of participating public agencies.

Appropriation: none

Revenue: none

Fiscal Note: none requested

SUMMARY OF PROPOSED SENATE AMENDMENT:

The authorization to enter interlocal agreements is limited to rural public hospital districts. The interlocal agreements are not to be formulated as limited partnerships. Interlocal agreements have to be submitted to state agencies for approval or comment.

TESTIMONY FOR:

This bill encourages alternative facilities where they are most needed by protecting rural public hospital districts from antitrust actions when the districts operate through an interlocal agreement.

TESTIMONY AGAINST: None

TESTIFIED: Greg Vigdor, Washington State Hospital Association;
Verne Gibbs, Department of Health