

# HOUSE BILL REPORT

## HB 2495

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*As Reported By House Committee on:  
Local Government*

**Title:** An act relating to cooperative activities by local governments.

**Brief Description:** Concerning rural public hospital districts.

**Sponsor(s):** Representatives Rayburn, Moyer, Haugen, Sheldon, Paris and Wynne.

**Brief History:**

Reported by House Committee on:  
Local Government, February 5, 1992, DPS.

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**HOUSE COMMITTEE ON  
LOCAL GOVERNMENT**

**Majority Report:** *The substitute bill be substituted therefor and the substitute bill do pass.* Signed by 15 members: Representatives Haugen, Chair; Cooper, Vice Chair; Ferguson, Ranking Minority Member; Mitchell, Assistant Ranking Minority Member; Bray; Edmondson; Franklin; Horn; Nealey; Nelson; Rayburn; Roland; Wood; Wynne; and Zellinsky.

**Staff:** Bill Lynch (786-7092).

**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 of Substitute Bill:***

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.

***Substitute Bill Compared to Original Bill:*** Any public hospital district, instead of just rural public hospital districts, may enter into interlocal agreements. Language that would have removed the authority for public agencies to contract with other public agencies to perform services or activities is deleted.

***Fiscal Note:*** Not requested.

***Effective Date of Substitute Bill:*** Ninety days after adjournment of session in which bill is passed.

***Testimony For:*** This will encourage public hospital districts to enter into interlocal agreements. This helps to address questions concerning antitrust liability for public hospital districts that cooperate together.

***Testimony Against:*** None.

***Witnesses:*** Greg Vigdor, Washington State Hospital Association; and Verne Gibbs, Department of Health.