

SENATE BILL REPORT

SB 6037

As of January 29, 2016

Title: An act relating to requiring a vote of the people if a public hospital district enters into a contract or agreement in which a certain percentage of the activities of the public hospital district is contracted to another entity.

Brief Description: Requiring a vote of the people if a public hospital district enters into a contract or agreement in which a certain percentage of the activities of the public hospital district is contracted to another entity.

Sponsors: Senators Roach and Benton.

Brief History:

Committee Activity: Government Operations & Security: 1/18/16.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & SECURITY

Staff: Karen Epps (786-7424)

Background: Public hospital districts (Districts) are local government entities that may be created to provide health care facilities and services. Since 1945, when they were authorized in state law, more than 50 Districts have been created in Washington. A District may be county-wide or include areas from one or more counties within its boundaries. However, the boundaries of the District must follow existing precinct boundaries and may not divide a voting precinct. Voters must approve a local ballot proposition to create a District. Each District is governed by a board of elected commissioners (Board).

Districts have statutory authority commonly granted to local government entities, including authority to acquire property by eminent domain, adopt a budget, and employ and manage personnel. To finance operations, Districts may levy property taxes, issue bonds, and charge user fees. Districts have statutory authority to contract with other parties, both public and private, to provide facilities and services. Several Districts have entered into joint venture agreements pursuant to that authority.

Summary of Bill: If a public hospital district enters into a contract or joins with a community, corporation, individual, the United States government or any state government, a municipality, another hospital district, any other public hospital district, a publicly owned hospital, a nonprofit hospital, or another legal entity, the contract or agreement must be

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submitted to the voters of the public hospital district at the next general election. The contract or agreement must only be submitted to voters if more than 9.9 percent of the activities - as measured by revenue - of the public hospital district is contracted to the other entity. If the other entity has a cumulative amount of more than 20 percent of the activities as measured by revenue, the contract or agreement must be submitted to the voters.

The text of the proposition to ratify the contract or agreement, an explanatory statement describing the measure, and statements for and against the measure must be included in the local voters' pamphlet. The election must be conducted as provided in election statutes. The public hospital district must pay the costs of the election. Finally, if the agreement is not ratified by a majority of the voters in the public hospital district, the district may not enter into the contract or agreement.

Appropriation: None.

Fiscal Note: Not requested.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony: PRO: The question is whether it is acceptable for an elected board to enter into an agreement that guts their powers and leaves an unelected board to make decisions. Other states deal with this in different ways. Some hospital districts in California have been dissolved because other hospitals are available. Other hospital districts have lowered the tax and spend the revenue on things the public wants, including parks. The power to run a hospital district should be returned to the voters. When the Legislature made changes to the law to allow public hospital districts to enter into contracts, agreements, and strategic alliances, it was done to provide some flexibility so the district could better serve their community. This makes sense, especially with the big changes occurring in the delivery of medical care today. However, allowing these types of agreements to take power away from an elected board and give it to an appointed board was not intended.

Persons Testifying: PRO: Senator Roach, prime sponsor; Anthony Hemstad, Former Hospital Commissioner, King County Public Hospital District #1; Dr. Paul Joos, President, King County Public Hospital District #1.

Persons Signed In To Testify But Not Testifying: CON: Ben Lindekugel, Assn of WA Public Hospital Districts.