

**INTERLOCAL AGREEMENT
BETWEEN
MID-VALLEY HOSPITAL and
THREE RIVERS HOSPITAL
FOR ORTHOPEDIC SURGERY SERVICES**

THIS INTERLOCAL AGREEMENT (“Agreement”) is made and entered into this 25th day of June, 2020 by and between Okanogan Public Hospital District No. 3 doing business as Mid-Valley Hospital, a Washington municipal corporation (“MVH”) and Okanogan Douglas Counties Public Health District No. 1 doing business as Three Rivers Hospital, a Washington municipal corporation (“TRH”). MVH and TRH are each sometimes referred to herein as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, RCW 70.44.003 authorizes public hospital districts to “provide hospital services and other healthcare services for the residents of such districts and other persons.”

WHEREAS, TRH and MVH are “rural public hospital districts” as defined by RCW 70.44.460 as their geographic boundaries do not include a city with a population greater than 50,000.

WHEREAS, TRH and MVH provide health care services, including surgical services, to its district residents and others.

WHEREAS, RCW 70.44.450 expressly authorizes rural public hospital districts to enter into cooperative agreements and contracts with one another under the Interlocal Cooperation Act (Chapter 39.34 RCW) to provide for the health care needs of the people served by the hospital districts, which agreements and contracts are authorized to include contracts for health care service delivery and payment with public and private entities, and other cooperative arrangements.

WHEREAS, pursuant to the authority granted by Chapter 39.34 RCW and Chapter 70.44 RCW, the Parties wish to enter into and carry out a contract for health care services, and specifically the provision of orthopedic surgery and related orthopedic surgery health care services, to better meet the health care needs of the residents of TRH’s district, and other people served by TRH.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants herein contained, the Parties agree as follows:

1. PURPOSE.

The purpose of this Agreement is to set forth the terms and conditions under which MVH shall make available the following employee(s) to TRH to provide professional orthopedic surgery and related orthopedic surgery services ("Services"): (a) qualified orthopedic surgeon(s) duly licensed to practice in the state of Washington ("Physician"); and (b) qualified orthopedic physician assistant(s) duly licensed in the State of Washington ("PA-C") (collectively referred to as ("Practitioners"). The provision of Services will be at TRH's facilities located at 507 Hospital Way, Brewster WA.

2. ADMINISTRATION OF AGREEMENT.

2.1 No separate legal or administrative entity is created by this Agreement.

2.2 For purposes of RCW 39.34.030(4)(a), the administrator of this Agreement shall be the Chief Executive Officer of MVH.

2.3 The following shall be the Parties authorized representatives and contact persons for administration of this Agreement.

Chief Executive Officer
Mid-Valley Hospital
529 Jasmine Street
Omak, WA 98841

Chief Executive Officer
Three Rivers Hospital
507 Hospital Way
Brewster, WA 98812

3. DURATION AND TERMINATION.

3.1 This Agreement shall become effective upon:

3.1.1 Full execution by the Parties;

3.1.2 Filing of the Agreement in compliance with the provisions of RCW 39.34.040; and

3.1.3 Practitioners providing Services being credentialed and obtaining unrestricted medical staff privileges at TRH in accordance with TRH's policies, procedures and approved by TRH's liability carrier.

3.2 This Agreement shall remain in effect until terminated as provided for herein.

3.3 TRH or MVH may terminate the Agreement by giving at least a forty-five (45) day written notice thereof to the other Party, signed by the authorized representative of the Party, or their designee, as listed in Section 2.3 of this Agreement.

3.4 In the event the employment agreement(s) between MVH and Practitioners is terminated, either MVH or TRH may terminate this Agreement immediately by giving written notice thereof to the other Party.

3.5 If Practitioners medical staff credentialing or privileges at TRH shall be restricted, suspended or revoked in accordance with TRH's policies and procedures, TRH may terminate this Agreement immediately by giving written notice to MVH.

4. RESPONSIBILITIES OF THE PARTIES.

4.1 Orthopedic Surgery Related Health Care Services.

- 4.1.1 MVH shall make available Practitioners on a schedule agreed to by the Parties.
- 4.1.2 At least two weeks prior to the beginning of each month Practitioners monthly schedule shall be coordinated and agreed by MVH and TRH. Practitioners will be initially scheduled one day per week at TRH and the number of days scheduled will be evaluated periodically.
- 4.1.3 TRH shall manage all aspects of the patient care, clinical support services, and administrative support services at TRH required under this Agreement
- 4.1.4 TRH is responsible for providing any medical practice related supplies, furnishings and equipment for Services provided by Practitioners at TRH pursuant to this Agreement.
- 4.1.4 The Parties acknowledge that the Parties' cooperation is critical to the ability of the Parties to perform their duties hereunder successfully and efficiently. Accordingly, each Party agrees to cooperate with the other fully in formulating and implementing goals and objectives which are in the best interests of the Parties and residents of their districts.

4.2. Professional Fees and Billing.

- 4.2.1 TRH shall own and be entitled to all compensation and reimbursements from patients, third party payers, and other third parties resulting from MVH or its employee's performance of Services pursuant to this Agreement. TRH shall have the exclusive right to establish the fees for Services, and to bill, collect, and retain all such compensation or reimbursement for TRH's own account.
- 4.2.2 MVH and its Practitioners shall accept the assignment of benefits for all Services rendered to patients who are beneficiaries under Medicare, Medicaid, or any other third-party payment program designated by TRH. MVH and its Practitioners hereby assign and reassign to TRH the exclusive right to bill and receive payment from patients, third- party payers, and other third parties for Services pursuant to this Agreement. This assignment and reassignment are intended and shall be interpreted to comply with the requirements of Medicare and any other relevant third-party payment programs. MVH and its Practitioners shall execute any additional

documents reasonably required by TRH to accomplish the intent of this Section.

- 4.2.3 MVH and its Practitioners shall take such action as reasonably required by TRH to facilitate billing and collecting for Services provided, including but not limited to accurate and timely completion of records necessary to support payment or reimbursement for Services provided by MVH and its Practitioners.
- 4.2.4 At no time, shall MVH independently bill any TRH patients for any Services provided at TRH facilities pursuant to this Agreement.
- 4.2.5 At no time shall TRH independently bill any MVH patients for any orthopedic surgery and related health care services provided at MVH pursuant to this Agreement.
- 4.2.6 The Parties shall comply with the billing requirements and regulations set forth by all third-party payors including but not limited to Medicare, Medicaid and other public or private insurance plans.

5. INSURANCE.

5.1 Each Party agrees to procure and maintain for the duration of this Agreement general liability, errors and omissions liability and professional malpractice and liability insurance with minimum coverage limits in the amount of One Million Dollars (\$1,000,000) per occurrence and Five Million Dollars (\$5,000,000) in the annual aggregate for services provided by that Party under this Agreement; workers compensation industrial injury insurance at statutory coverage limits and property insurance in an amount to protect its district's assets. Proof of said insurance shall be provided by the Party to the other Party at the beginning of the Agreement, and thereafter upon request by either Party.

6. FINANCING, BUDGET, COST/EXPENSE AND PAYMENT FOR SERVICES.

6.1 No separate budget or financing method is created by this Agreement.

6.2 In exchange for MVH's Services under this Agreement, TRH shall compensate MVH as set forth in Schedule A. MVH and its Practitioners acknowledge and agree that TRH's payment to MVH shall fully discharge TRH's obligations to pay for Services, and Practitioners shall not be entitled to any additional compensation from TRH for Services. MVH shall be solely responsible for compensating Practitioners and Practitioners shall have no claim against TRH for Services provided pursuant to this Agreement.

6.3 On or before the fifteenth (15th) day of each month, MVH will invoice TRH for Services provided for the preceding month. In addition, TRH shall reimburse MVH for employee's round trip mileage to and from TRH facilities at the current IRS rate. TRH will remit payment within 30 days of receipt of invoice.

6.4 Any payment made to MVH under this Agreement shall be made to:

Mid-Valley Hospital
Attention: Accounts Receivable Department
P.O. Box 793
Omak, WA 98841

7. **PROPERTY AND EQUIPMENT.**

7.1 The Parties do not anticipate acquiring jointly owned personal or real property under this Agreement. The ownership of all property and equipment utilized in providing the Services provided for herein shall remain with the original owner unless specifically and mutually agreed by the Parties.

8. **MAINTENANCE AND AUDIT OF RECORDS.**

8.1 Each Party shall maintain books, records, documents, and other materials relevant to its performance under this Agreement.

8.2 These records shall be subjected to inspection, review and audit by either Party, the Washington State Auditor's Office, or any other entity as required by law.

8.3 Each Party shall retain all books, records, documents, and other materials for the longest applicable retention under federal and Washington law.

9. **RELATIONSHIP OF THE PARTIES.**

9.1 The Parties agree that MVH and its employed Practitioners relationship to TRH shall always be under the Agreement as independent contractor(s). This Agreement will not be construed to create a partnership or joint venture. No agent, employee, servant or representative of a Party shall be deemed an employee, agent, servant or representative of the other Party.

9.2 MVH shall have no right to direct or control the personnel, employees, or agents of TRH. Such entities or individuals shall be employed or retained by TRH in its sole discretion and are subject only to TRH supervision and control. MVH shall have no responsibility or liability to or for such entities or individuals of TRH.

9.3 Other than for Practitioners while providing healthcare services at TRH, TRH shall have no right to direct or control the personnel, employees, or agents of MVH. Such entities or individuals shall be employed and/or retained by MVH in its sole discretion and are subject only to MVH supervision and control.

9.4 While Practitioners are providing Services at TRH pursuant to the Agreement, TRH shall have the right to require Practitioners to comply with its procedures and policy, and to comply with all applicable federal law, (including Health Insurance Portability and Accountability Act of 1996 and related privacy and security regulations) and state laws (including the Uniform Health Care Information Act) governing the use and disclosure of protected health care information.

9.5 Both Parties agree to defend, indemnify and hold harmless the other Party from any and all claims, suits, damages, fines, penalties, judgments, liabilities and expenses (including reasonable attorney's fees and court costs) arising from either (i) negligent, reckless, or willful act or omission not covered by applicable insurance; (ii) breach of any term of this Agreement; or (iii) violation of any law, regulation, or Practice policy. Notwithstanding the foregoing, the Parties' indemnification obligations shall not apply to the extent such application would nullify any existing insurance coverage of the Party or as to that portion of any claim or loss in which an insurer is obligated to defend or satisfy. Each Party's duty to indemnify shall survive the termination or expiration of this Agreement.

10. ENFORCEMENT.

10.1 In the event a dispute arises regarding any matter addressed in or related to this Agreement, the Parties agree that before taking any court action or seeking any other legal remedy, the Parties' authorized contact persons in Section 2.3, or their authorized designees, will participate in a good faith in-person negotiation to resolve any such dispute.

10.2 If any legal action, arbitration or other proceeding is brought for the enforcement of this Agreement, or because of the alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Agreement, the Parties shall pay its own attorney's fees incurred in that action, arbitration or other proceeding.

10.3 This Agreement shall be construed in accordance with and governed by the laws of the state of Washington. The Okanogan County Superior Court shall be the sole and proper venue for any and all court actions brought to enforce or interpret the provisions of this Agreement.

11. COMPLIANCE WITH APPLICABLE LAWS.

The Parties shall comply with all applicable local, state, and federal laws, regulations, and requirements applicable to this Agreement and the Services provided under it.

12. INTERPRETATION.

This Agreement has been submitted to the scrutiny of the Parties and their legal counsel, if desired, and it shall be given a fair and reasonable interpretation in accordance its words, without consideration or weight given to it being drafted by any Party or its legal counsel.

13. RECITALS.

The recitals in the preamble to this Agreement are incorporated by this reference and are a part of this Agreement.

14. ENTIRE AGREEMENT; AMENDMENT; WAIVER.

This Agreement, with incorporated exhibits, schedules and attachments, will constitute the entire agreement between the Parties hereto and may not be modified or amended, except by a written instrument signed by each of the Parties hereto expressing such modification or

amendment. A failure on the part of either Party to exercise or a delay in exercising any right, power or remedy hereunder will not operate as a waiver thereof, except where a time limit is expressly specified herein. No single or partial exercise of any right, power or remedy hereunder will preclude any other further exercise of any right, power or remedy. This Agreement contains all covenants, representations and warranties made by the Parties hereto. Further, this Agreement completely supersedes all prior discussions, negotiations, agreements, contracts and understandings, whether oral or written, relating to the subject matter hereof.

15. ASSIGNMENT.

No Party to this Agreement may assign its rights or obligations hereunder.

16. COUNTERPARTS.

This Agreement may be executed in counterparts, each of which shall be an original but all of which taken together shall constitute but one and the same instrument.

17. AUTHORIZATION.

Each Party does hereby represent and warrant to the other that it is duly authorized to enter into and to carry out the terms of this Agreement.

18. SEVERABILITY.

Should any provision herein or portion thereof be found by a court of competent jurisdiction to be illegal, invalid, or unenforceable, this Agreement shall be construed as close to its originally written sense as possible with the illegal, invalid, or unenforceable provision or portion thereof stricken, and no other provision or provisions, nor the balance, if any, of the subject provision, shall be invalidated thereby.

19. NOTICE.

All notices required or permitted to be given under the terms of this Agreement shall be in writing and shall be effective upon delivery if delivered to the addressee in person or effective three (3) business days after mailing if mailed by first class mail, postage prepaid upon the Parties' representative listed in Section 2.3 of this Agreement.


20. NON-DISCRIMINATION AND EMPLOYMENT.

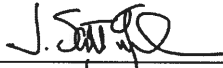
TRH and MVH hereby mutually agree that during the performance of this Agreement that no person shall, on the grounds of race, creed, color, national origin, sex, marital status, sexual orientation, age, religion, or on the presence of any sensory, mental, or physical handicap, be excluded from any healthcare services. Neither TRH nor MVH shall discriminate against any employee or applicant for employment for the above reasons; provided the prohibition against discrimination in employment because of handicap shall not apply if the disability prevents the proper performance of the work involved and cannot be reasonably accommodated.

IN WITNESS WHEREOF, this Agreement is effective upon the date of the last signature below.

Okanogan Public Hospital District No. 3, dba
Mid-Valley Hospital, a Washington municipal
corporation

Okanogan-Douglas Counties Public Health
District No. 1, dba Three Rivers Hospital, a
Washington municipal corporation

By: 
Alan Fisher, FACHE
Title: Chief Executive Officer
Date: 6/29/2020

By: 
J. Scott Graham
Title: Chief Executive Officer
Date: June 25, 2020

SCHEDULE A

ORTHOPEDIC PROVIDER - SERVICE RATES

Physician Per Diem Rate \$3,280 per day (8 hours or more) or
\$411 per hour for less than 8 hours

PA-C Per Diem Rate \$611 per day (8 hours or more) or
\$77 per hour

Mileage per trip 60 Miles x the current IRS rate

