Oregon Rural Health Association

SUPPORT SB 37 – RURAL MEDICAL PROVIDER TAX CREDIT

The Rural Medical Provider Tax Credit allows a $5,000 annual, nonrefundable credit against personal income taxes. This credit is one of the few tools rural communities have to attract and retain health care professionals.

How the tax credit works:

- The original statute, passed in 1990, covered physicians, physician assistants and nurse practitioners. Certified nurse anesthetists were added in 1991, podiatrists and dentists in 1995, and optometrists in 1997.
- Costs to administer the program are covered by charging each applicant a $45 processing fee.
- A great majority of those who receive the credit report that it was important or very important in their decision to locate in rural Oregon. An overwhelming majority said it was important or very important in their decision to remain there.

Eligibility:

- To qualify, providers must practice at least an average of 20 hours per week in a rural area and take Medicare and Medicaid patients.
- Rural is defined as any area at least 10 miles from a major population center of 40,000 or more. There are six major population centers in Oregon: Portland metro, Salem, Eugene/Springfield, Medford, Bend and Corvallis/Albany.

Cost:

- In 2012, 1,859 practitioners claimed the credit - $8.4M per year ($16.8M per biennium).

Benefits & Challenges:

- Since 1990, Oregon has added 1,494 rural practitioners. However, even with the credit, in 2013 there were 323 physicians per 100,000 population in urban Oregon but only 141 physicians per 100,000 in rural Oregon.
- In a 2012 survey of tax credit recipients, 77% said they would consider leaving, would begin looking for other opportunities or would leave as soon as possible if this tax credit were eliminated.

Recommended changes:

- Support system-wide data collection by the Oregon Healthcare Workforce Institute (OHWI) and the Oregon Center for Nursing (OCN). The OHPB's Workforce Committee's six-month study of health care workforce incentives concluded that better data is needed to evaluate the value of this tax credit and other incentive programs, and the potential impact of changes to eligibility criteria.

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