



Date: Feb 7, 2023

To: Chair and Members of House Committee on Behavioral Health and Health Care

From: Scott Bruun, OBI

RE: Testimony in support of HB 2552

Chair Nosse and Members of the Committee:

I am Scott Bruun, director of tax, fiscal and manufacturing policy for Oregon Business & Industry. OBI is a statewide association representing businesses from a wide variety of industries and from each of Oregon's 36 counties. In addition to being the statewide chamber of commerce, OBI is the state affiliate for the National Association of Manufacturers and the National Retail Federation. Our 1,600 member companies, more than 80% of which are small businesses, employ more than 250,000 Oregonians.

Thank you for the opportunity to testify in support of HB 2552.

We think of nurses, dentists, medical doctors, and other practitioners as health care providers, of course. But in many cases these providers are also owners, principals, or prime employees of small businesses. Dentist offices in Burns and La Pine, medical clinics in Ontario and Ashland, are businesses, usually small businesses, not unlike the local tire store, coffee shop or equipment rental company.

All small businesses in Oregon must contend with unique challenges, including rising taxes over recent years and an increasingly complex regulatory environment. But health care provider small businesses operating in rural parts of the state are also dealing with extraordinary cost and demographic challenges. And these challenges may put patient access at risk.

There are two primary issues here:

First, while we have seen slight population growth in Oregon's rural areas over recent years, some areas more than others, we continue to see the rapid retirement of baby boom generation providers in those same areas. This puts a real burden on patient access going forward.

Second, the out-of-control costs of healthcare higher education, and especially the cost of advanced education – medical school, dental school – as two prominent examples, puts enormous burdens on students. Student debt in excess of \$200-300k for medical or dental school is now the norm, not the exception. And debt for nursing students is not much less.

This debt load makes it much more difficult for a younger provider to practice in rural parts of the state. The population density in those areas is often insufficient to generate the patient volume and cash flow necessary, or at least desired, to adequately address those debt burdens along with every other normal business expense. Even when a younger practitioner wants to stay in a rural area, the patient density and financial opportunities of the Portland area and Willamette Valley can often be too valuable to turn down.

The state recognized a blend of these challenges years ago when it instituted the rural medical provider tax credit, an essential tool for encouraging and incentivizing rural medical practices and for assuring an optimal level of rural patient access and care.

The problem today is that the credit levels now in statute are woefully out-of-date, they have not been adjusted in years. Certainly, rural practitioners utilize and appreciate the credit as it now stands. However, it is highly unlikely that the current credit is sufficient to entice the start of a new rural practice, or compel an existing one to stay. With the explosion of student debt and other inflationary pressures, the current credit is simply too small.

OBI fully supports HB 2552, the doubling of the rural provider tax credit. We believe doing so will provide a much more appropriate incentive to offset the real costs, and the opportunity costs, that rural providers must pay. HB 2552 is good for rural practitioner small businesses, and good for rural patients who will have more access to timely quality care.

We urge your support, thank you.

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