Oregon Office of Rural Health

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Chair Nosse, Vice Chairs Javadi and Nelson, Members of the Committee.

My name is Robert Duehmig, I am the Director of the Oregon Office of Rural Health (ORH). The ORH has a workforce team that includes a full-time provider recruiter and staff that administers various provider incentive programs, including loan repayment, loan forgiveness, liability reinsurance, the provider tax credit and rural volunteer EMS tax credit. I am here today to give some background on the Rural Provider Tax Credit Program.

The Rural Provider Tax Credit was authorized in 1989 as part of a larger rural health bill. It became affective with the 1990 tax year. At the time, eligible professions were physicians, physician assistants, nurse practitioners, with other professions including certified registered nurse anesthetists, optometrist, podiatrists and dentists added later. There was also a 10-year limit on receiving the credit that was removed by the legislature in 1999. The tax credit was $5,000 in 1990 and has remained at that amount since.

Since the removal of the 10-year limit in 1999, the Legislature has made other changes to the tax credit. These changes were focused on increasing access to care and keeping the program intact while limiting its fiscal impact. Those changes include:

2013 - New Medicare and Medicaid requirements.
Tax credit recipients' medical practices must be open to Medicare and Medicaid patients up to the percentages in their counties.
Revised part-time work requirements
Recipients must work at least 20 hours per week in rural communities. This was done to exclude providers from receiving the credit if their only practice was one day per week in a rural community.

2015 - Created new eligibility tiers
Instead of a $5,000 tax credit for each recipient:

- 10-20 miles from an urban community receive $3,000
- 20-50 miles receive $4,000
- 50+ miles continue receiving $5,000

2017 - Means test
A means test was implemented that put a limit of $300k (Single or Joint) with exemptions for providers who deliver babies and general surgeons.
10-year limit – Recipients able to receive the tax credit for a maximum of 10 years beginning in 2018.

Included in my testimony is a copy of a map showing current 2023 tax credit recipients by counties. It should be noted that those numbers will change slightly as people have an ability to amend their taxes for 2023. We do not expect there to be a big change, however.

The bills before the committee today propose several changes to the tax credit program, primarily adding additional provider types to the program.

HB 2365 includes medical laboratory scientist and medical laboratory technicians. While there are national organization for this group, there is not a state required licensure. We are unable to determine how many people would be involved and what the impact would be. Additionally, we would not be able to access the information for Oregon member unless the organization gave us this information.

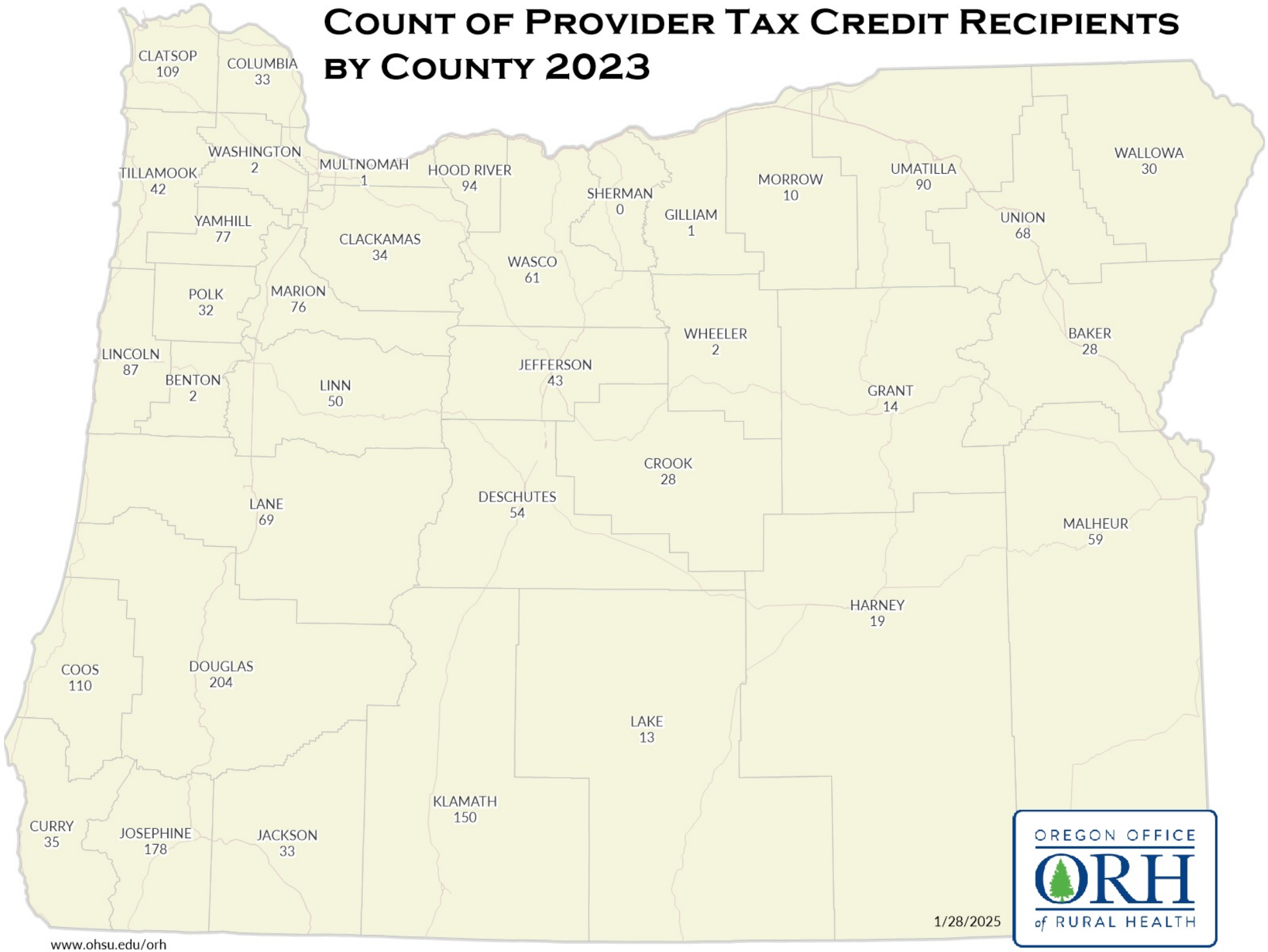
Other new providers not currently participating in the Tax Credit that are being considered in these bills are Pharmacists, Naturopaths, Psychologists, LCSWs, LPCs, LMFT, and LPC-LMFTs.

HB2390 would increase the amount of award to each of the current tiers, taking the award amount from $3k, $4k, and $5k, to $6k, $8k and $10k. This would be the first increase in the award amount since the program began in 1989. The increase would take the cost of the credit from $7,744,832 (current 2023 amount) to $15,489,664. These numbers are based on current participation and do not include any of the proposed new providers.

ORH certifies providers as qualified to participate in the program. The dollar amounts we are using today, and in our projections, are based on the applications we receive. Qualified providers are then referred to the Dept. of Revenue where the final amount of the credit is determined.

The ORH believes that the tax credit is an important tool in the recruitment, and particularly the retention of providers in rural Oregon. Adding additional providers to the program could help for those needed professions. However, if the program is going to continue to be effective, the investment in the program needs to match the number of qualified professions. Without that investment, the program will lose its ability to be an effective tool in the recruitment and retention of rural provider.

Count of Provider Tax Credit Recipients by County 2023



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