2390: Rural Medical Provider Tax Credit

House Committee on Behavioral Health and Health Care -- Richard Swift – 1.30.2025

My name is Richard Swift, on behalf of Tax Fairness Oregon, a network of volunteers who advocate for a rational and equitable tax code. TFO's members have a range of experiences with the tax code over decades as professionals and volunteers. I spent my career in Oregon in local government focusing on health care, housing and human services. During that time I managed medical clinics and also directed and led the operations of a Federally Qualified Health Center (FQHC) with more than nine community and school based clinics offering physical, dental and behavioral health.

Oregon faces a crisis regarding access to health care that hits urban and rural communities alike. Solutions to this issue and its impact on social determinants of health have been and are worried over, discussed and debated on a daily basis across the state.

Oregon implemented a statewide accountable care model in 2012 with the launch of Coordinated Care Organizations (CCOs). Sixteen CCOs operate across Oregon and each is provided with a fixed global budget from the state. This financing strategy gives each the flexibility to create alternative payment methodologies for providers and to explore innovative strategies to support transformation based on the needs within their specific communities. This work includes provider compensation.

The CCOs and the organizations that comprise them are experts in this work. I am very familiar with this setting as I sat on the Health Share of Oregon (HSO) Board for five years and was chair of the Finance Committee for the last three of those years. At that time HSO administered over $2 billion across its systems of payment and compensation.

Taxpayers should not be involved in medical provider compensation structures and strategies that are the role of the CCOs. Yet with HB 2390 and other bills today, taxpayers are. In its current form, HB 2390 eliminates any income limits in terms of eligibility and doubles the tax credit amounts.

Attracting and retaining providers in rural settings is a challenge, unfortunately HB 2390 is nothing more than an expanded give away at taxpayer expense. It will do nothing to resolve this challenge. In addition, the bill is silent on locum tenens provider contracts which often contain housing and transportation compensation.

These tax credits currently exist, there is no clear evidence that they serve to attract providers, it might be argued that this proposed bill demonstrates the ineffectiveness of the strategy.

The legislature should leave provider compensation to the experts and not renew the rural health care provider tax credits in any form. Let the CCOs resolve this challenge. This is exactly the type of work that they were designed to perform.