

**2010 Special Session**  
**FISCAL ANALYSIS OF PROPOSED LEGISLATION**  
**Prepared by the Oregon Legislative Fiscal Office**

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**MEASURE NUMBER:** HB 3639                      **STATUS:** B - Engrossed  
**SUBJECT:** Primary Care Services Program  
**GOVERNMENT UNIT AFFECTED:** Oregon Student Assistance Commission, Office of Rural Health at Oregon Health and Science University, and Department of Revenue  
**PREPARED BY:** Monica Brown  
**REVIEWED BY:** John Britton, and Laurie Byerly  
**DATE:** February 22, 2010

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	<u><b>2009-2011</b></u>	<u><b>2011-2013</b></u>
<b>EXPENDITURES (See Analysis):</b>		
Oregon Student Assistance Commission – General Fund		
Personal Services	\$ 0	\$ (19,370)
Services and Supplies	\$ 0	\$ (1,200)
<b>Total – General Fund</b>	<b>\$ 0</b>	<b>\$ (20,570)</b>
Department of Administrative Services – Other Funds		
Special Payments	\$ 0	\$ 374,032
<b>Total – Other Funds</b>	<b>\$ 0</b>	<b>\$ 374,032</b>

	<u><b>2009-2011</b></u>	<u><b>2011-2013</b></u>
<b>REVENUES:</b>		
Department of Administrative Services (on behalf of Office of Rural Health) – Other Funds	\$ 0	\$ 374,032

<b>POSITIONS / FTE:</b>		
Oregon Student Assistance Commission	0/0.0	(0)/(0.19)

**EFFECTIVE DATE:** On passage; operative July 1, 2011

**INTERIM JOINT COMMITTEE ON WAYS AND MEANS:** The budgetary impact of this bill was not reviewed and approved by the Interim Joint Committee on Ways and Means Committee and is not included in the omnibus budget bill to be introduced by the committee.

**LOCAL GOVERNMENT MANDATE:** This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

**ANALYSIS:** The measure changes the name of the Rural Health Services Program to the Primary Care Services Program and changes the administering agency from the Oregon Student Assistance Commission (OSAC) to the Office of Rural Health (ORH) at Oregon Health and Science University (OHSU); establishes guidelines for participation in the Primary Care Services Program, including expanding eligibility to naturopathic physicians and urban practice sites that meet certain criteria, application processes, and modifies the annual loan repayment amounts; transfers the records and property related to the duties, functions, and powers of the Primary Care Services Program from OSAC to ORH; requires the Department of Revenue to collect all payments made if participants do not complete obligations of the program. The measure becomes operative July 1, 2011.

Due to the operative date, the measure does not require any budget action at this time. However, the Legislative Fiscal Office notes that the General Fund appropriation for the Rural Health Services program was eliminated in the 2009-11 legislatively adopted budget.

In prior biennia, General Fund appropriations to OSAC for the Rural Health Program were transferred to Other Funds as special payments to the Rural Health Services Fund. The remaining amount of commitments for the 2009-2011 biennium reported by OSAC is \$505,112 and will be paid using the previously appropriated balance. After payment of the commitments for the 2009-2011 biennium, the estimated ending balance in the Rural Health Services Fund is \$374,032, with \$378,810 in outstanding commitments for the 2011-2013 biennium. On the operative date of the bill, OSAC will transfer remaining cash balances to the Department of Administrative Services for payment to ORH. Beyond these commitments, the fiscal impact is indeterminate. The number of participants created by the expanded eligibility, the amount of money to be awarded, and the funding source for the program are all unknown. ORH may pursue federal funding and matching funds from benefiting communities.

OSAC estimates costs to administer the program include \$20,570 of expenditures and 0.19 FTE. The Legislative Fiscal Office notes that OHSU is a semi-independent agency and the legislature has no authority over establishing positions or compensation. OHSU has indicated it will fund administrative costs from available resources and may need \$125,000 and 0.50 FTE. It appears likely that OHSU will pursue General Fund appropriations in future biennia.

The fiscal impact to the Department of Revenue is indeterminate due to the unknown volume of potential collections, but is anticipated to be minimal. The Department already maintains a collections program with OSAC and assumes the program functions would not change with the provisions of the measure.