
MEMORANDUM

Legislative Fiscal Office
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To: Human Services Subcommittee of the Joint Committee on Ways and Means

From: Linda Ames, Legislative Analyst

Date: April 10, 2013

Subject: SB 440-A Relating to primary care providers

SB 440-A establishes the Primary Care Provider Loan Repayment Program. As part of Oregon's Medicaid waiver, approved by the Centers for Medicaid and Medicare Services in July 2012, the state agreed to establish and fund a loan repayment program for primary care providers who agree to work in rural or underserved communities and to serve Medicaid and Medicare patients.

The program is established within the Oregon Health Authority (OHA), although OHA has the flexibility to contract with another entity to administer the program. The bill directs OHA to determine by rule the types of providers who will be eligible, as well as conditions of participation. The new program will replace the existing Primary Care Services Program, administered by the Office of Rural Health.

There are two proposed amendments to the bill. The -A4 amendment is a technical fix that deletes some old language tying admissions to participation in the loan program. Since students make the decision to participate in the loan program well down the road from admissions, it does not make sense to tie the two. Instead, the amendment substitutes language that refers to admitting students who demonstrate an interest in practicing medicine in rural or underserved areas of this state.

The -A5 amendment deletes the \$4 million General Fund appropriation, and substitutes a \$4 million transfer from the Oregon Health Authority Fund. These Other Funds are resources that are available as a result of the new waiver that temporarily allows the agency to match expenditures that were not previously allowed. The \$4 million expenditure limitation is already built into OHA's 2013-15 Governor's budget.

The Legislative Fiscal Office recommends that the Human Services Subcommittee approve the -A4 and -A5 amendments and move SB 440-A as amended to the Joint Committee on Ways and Means with a "do pass" recommendation.

Motion: I move to adopt the A4 and A5 amendments and move SB 440-A as amended to the Joint Committee on Ways and Means with a “do pass” recommendation.

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Ways and Means by prior reference
Vote:	5 - 0 - 0
Yeas:	Knopp, Kruse, Shields, Steiner Hayward, Monnes Anderson
Nays:	0
Exc.:	0
Prepared By:	Sandy Thiele-Cirka, Administrator
Meeting Dates:	2/11

WHAT THE MEASURE DOES: Appropriates \$4 million dollars to Oregon Health Authority (OHA) for Primary Care Services Program. Establishes Primary Care Provider Loan Repayment Fund, separate from General Fund. Directs OHA to establish, by rule, eligibility criteria, program terms and conditions, and types of loans. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- State of primary care provider's shortage in rural and underserved communities in Oregon
- New program replaces existing Oregon Health and Science University program
- Review of 1115(a) Demonstration Waiver
- Conditions of 1115(a) Waiver
- 2012 population to practitioner ratio by county
- Successes of other loan repayment programs
- Proposed amendment
- Disciplines not included in the loan repayment program

EFFECT OF COMMITTEE AMENDMENT: Replaces measure.

BACKGROUND: As part of Oregon's Medicaid Demonstration, approved by the Center for Medicaid and Medicare Services in July 2012, the state agreed to establish and fund a loan repayment program for primary care physicians who agree to work in rural or underserved communities and to serve Medicaid and Medicare patients.

Senate Bill 440 A establishes the Primary Care Provider Loan Repayment Program. The program is established within the Oregon Health Authority (OHA), a requirement of the waiver, and the waiver allows OHA to contract with another entity to administer the program. Additionally, the bill directs OHA to determine by rule the types of providers who will be eligible to participate in the program, the conditions of participation and the duration of the commitment that will be required for participation and the penalty for providers who do not fulfill the commitments.

Senate Bill 440 A will address the primary care provider workforce shortage in Oregon's rural and medically underserved areas. The new program will replace the existing Primary Care Services Program, administered by the Office of Rural Health. Senate Bill 440 A will repeal this program upon completion of the outstanding contracts with providers around the state.

4/8/2013 6:28:00 PM *

This summary has not been adopted or officially endorsed by action of the committee.

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 440 - A4

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Prepared by: Kim To
Reviewed by: Linda Ames, Doug Wilson
Date: 4/8/2013

Measure Description:

Creates primary care provider loan repayment program and establishes Primary Care Provider Loan Repayment Fund.

Government Unit(s) Affected:

Oregon Health Authority (OHA), Oregon Health and Science University (OHSU)

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:

Senate Bill 440 with the – A4 amendment:

- Establishes the Primary Care Provider Loan Repayment Program in the Oregon Health Authority (OHA) to provide assistance to primary care providers who have committed to serving medical assistance recipients in rural or medically underserved areas of the state.
- Directs OHA to prescribe by rule terms and conditions of participating in the program, including types of loans for which payments may be provided, priority of distribution of available funds, and financial penalties for participants who fail to complete term of commitment.
- Authorizes OHA to enter into contracts with one or more public or private entities to administer the program or parts of the program.
- Directs OHSU to admit qualified students who demonstrate an interest in practicing in rural or medically underserved areas. Specifies that not more than 15% of the students in each class be admitted under this program.
- Repeals the Primary Care Services Program administered by the Office of Rural Health to provide loan repayments on behalf of naturopathic physicians, physicians, physician assistants, dentists, pharmacists and nurse practitioners who agree to practice in a qualifying practice site.
- Establishes the Primary Care Provider Loan Repayment Fund to be used to implement and operate the Primary Care Provider Loan Repayment Program. Allows OHA to accept gifts, grants, bequests, endowments and donations from public or private sources for deposit into this fund.
- Appropriates \$4 million General Fund to the Oregon Health Authority to be deposited to the Primary Care Provider Loan Repayment Fund.

Oregon Health Authority (OHA)

The Oregon Health Authority reports that the federal Centers for Medicare and Medicaid Services (CMS) demonstration project waiver contains a special terms and conditions that requires the state to promote the development of workforce training to benefit the Medicaid population and improve access. The Primary Care Services Program will fund a loan repayment program that meets this federal requirement. The CMS project waiver specifically requires the state to establish an annual funding level of \$2 million for a loan repayment program, totaling \$4 million for the 2013-15 biennium. The waiver does not require the state to continue the program after the 2013-15 biennium. If the state is unable to establish the full amount of funding for this program, the state's spending authority for the Designated State Health Program (DSHP) must be reduced, thereby reducing the amount of federal funding included in the Governor's Balanced Budget.

Oregon Health and Science University (OHSU)

The fiscal impact of this bill to OHSU is anticipated to be minimal. The bill repeals the Primary Care Services Program administered by OHSU's Office of Rural Health, and directs OHSU to reserve a number of admissions not to exceed 15% to each class for qualified students who demonstrate an interest in practicing in rural or medically underserved areas. OHSU will use existing staff and resources to comply with these provisions of the bill.

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 440 - A5

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Prepared by: Kim To
Reviewed by: Linda Ames, Doug Wilson
Date: 4/4/2013

Measure Description:

Creates primary care provider loan repayment program and establishes Primary Care Provider Loan Repayment Fund.

Government Unit(s) Affected:

Oregon Health Authority (OHA), Oregon Health and Science University (OHSU)

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:

Senate Bill 440 with the – A5 amendment:

- Establishes the Primary Care Provider Loan Repayment Program in the Oregon Health Authority (OHA) to provide assistance to primary care providers who have committed to serving medical assistance recipients in rural or medically underserved areas of the state.
- Directs OHA to prescribe by rule terms and conditions of participating in the program, including types of loans for which payments may be provided, priority of distribution of available funds, and financial penalties for participants who fail to complete term of commitment.
- Authorizes OHA to enter into contracts with one or more public or private entities to administer the program or parts of the program.
- Directs OHSU to reserve a number of admissions not to exceed 15% to each class at the medical school for qualified students who agree to participate in the Primary Care Provider Loan Repayment Program.
- Repeals the Primary Care Services Program administered by the Office of Rural Health to provide loan repayments on behalf of naturopathic physicians, physicians, physician assistants, dentists, pharmacists and nurse practitioners who agree to practice in a qualifying practice site.
- Establishes the Primary Care Provider Loan Repayment Fund to be used to implement and operate the Primary Care Provider Loan Repayment Program. Allows OHA to accept gifts, grants, bequests, endowments and donations from public or private sources for deposit into this fund.
- Directs the Oregon Health Authority to transfer up to \$4 million from the Oregon Health Authority Fund to the Primary Care Provider Loan Repayment Fund established by this bill.

Oregon Health Authority (OHA)

The Oregon Health Authority reports that the federal Centers for Medicare and Medicaid Services (CMS) demonstration project waiver contains a special terms and conditions that requires the state to promote the development of workforce training to benefit the Medicaid population and improve access. The Primary Care Services Program will fund a loan repayment program that meets this federal requirement. The CMS project waiver specifically requires the state to establish an annual funding level of \$2 million for a loan repayment program, totaling \$4 million for the 2013-15 biennium. The waiver does not require the state to continue the program after the 2013-15 biennium. If the state is unable to establish the full amount of funding for this program, the state's spending authority for the Designated State Health Program (DSHP) must be reduced, thereby reducing the amount of federal funding included in the Governor's Balanced Budget.

The \$4 million that OHA will use to transfer to the Primary Care Provider Loan Repayment Fund is anticipated in the agency's 2013-15 budget request. Upon the completion of the CMS waiver, OHA allocated \$4 million for use in a loan repayment program that meets this federal requirement using funds available as a result of the new federal waiver that temporarily allows the agency to match expenditures that were not previously allowed.

Oregon Health and Science University (OHSU)

The fiscal impact of this bill to OHSU is anticipated to be minimal. The bill repeals the Primary Care Services Program administered by OHSU's Office of Rural Health, and directs OHSU to reserve a number of admissions not to exceed 15% to each class at the medical school for qualified students who agree to participate in the Primary Care Provider Loan Repayment Program. OHSU will use existing staff and resources to comply with these provisions of the bill.

**PROPOSED AMENDMENTS TO
A-ENGROSSED SENATE BILL 440**

1 On page 2 of the printed A-engrossed bill, line 23, delete “areas” and in-
2 sert “or medically underserved areas in this state”.

3 Delete lines 25 through 29 and insert “qualified students who demonstrate
4 an interest in practicing medicine in rural or medically underserved areas
5 of this state. Once the students are admitted, the university shall support
6 them with resources such as clinical rotations in rural or medically under-
7 served areas, programs that allow a student to complete a clerkship in family
8 medicine and rural and community health in a single rural Oregon commu-
9 nity and technical assistance with accessing education loan and assistance
10 programs. Not more than 15 percent of the students in each class shall be
11 admitted under this section, consistent with the intent of the Legislative
12 Assembly to encourage the availability of medical services in rural and
13 medically underserved areas of this state.”.

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SB 440-A5
(LC 2844)
4/3/13 (LHF/ps)

**PROPOSED AMENDMENTS TO
A-ENGROSSED SENATE BILL 440**

1 On page 2 of the printed A-engrossed bill, delete lines 9 and 10 and insert:
2 **“SECTION 3.** The Oregon Health Authority shall, not later than June
3 30, 2015, transfer up to \$4 million from the Oregon Health Authority Fund
4 established by ORS 413.101 to the”.

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