

**SB 440**

**Relating to primary care providers**

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SB 440 establishes the Primary Care Provider Loan Repayment Program within the Oregon Health Authority. As part of Oregon's Medicaid waiver, 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 will replace the existing Primary Care Services Program, administered by the Office of Rural Health.

The proposed amendment deletes the \$4 million General Fund appropriation, and substitutes \$4 million Other Fund resources that are available as a result of the new waiver that temporarily allows the agency to match expenditures that were not previously allowed. That expenditure limitation is included in the Co-Chairs' budget for the agency. The amendment also updates the language describing the admissions process.

The Human Services Subcommittee recommends SB 440 be amended and reported out do pass, as amended.

Joint Committee on Ways and Means

Carrier – House: Rep. Nathanson  
Carrier – Senate: Sen. Steiner Hayward

**Revenue:**

**Fiscal:** Fiscal statement issued

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**Action:** Do Pass the A-Engrossed Measure as Amended and be Printed B-Engrossed

**Vote:**

House

Yeas:

Nays:

Exc:

Senate

Yeas:

Nays:

Exc:

**Prepared By:** Linda Ames, Legislative Fiscal Office

**Meeting Date:** April 19, 2013

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**WHAT THE MEASURE DOES:** Establishes Primary Care Provider Loan Repayment Fund, separate from General Fund. Directs the Oregon Health Authority (OHA) to establish, by rule, eligibility criteria, program terms and conditions, and types of loans. Declares emergency, effective on passage.

**ISSUES DISCUSSED:**

- Effects of amendments
- Source of funding

**EFFECT OF COMMITTEE AMENDMENT:** Specifies that the Oregon Health and Science University (OHSU) should reserve a number of admissions to each class at the medical school for qualified students who demonstrate an interest in practicing in rural or medically underserved areas. In addition, OHSU should support them with resources such as clinical rotations in rural or medically underserved areas, programs that allow a student to complete a clerkship in family medicine and rural and community health in a single rural Oregon community and technical assistance with accessing education loan and assistance programs. Not more than 15 percent of the students in each class shall be admitted under this section, consistent with the intent of the Legislative Assembly to encourage the availability of medical services in rural and medically underserved areas of this state. Directs OHA to transfer up to \$4 million from the Oregon Health Authority Fund to the Primary Care Provider Loan Repayment Fund.

**BACKGROUND:** As part of Oregon's Medicaid Demonstration, 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 physicians who agree to work in rural or underserved communities and to serve Medicaid and Medicare patients.

Senate Bill 440 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 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 will repeal this program upon completion of the outstanding contracts with providers around the state.

## FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 440 - B

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

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

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Prepared by: Kim To  
Reviewed by: Linda Ames, Doug Wilson  
Date: 4/17/2013

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### 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 Sciences University (OHSU)

Senate Bill 440 with the – A6 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.
- 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 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 admit qualified students who demonstrate an interest in practicing in rural or medically underserved areas. Not more than 15% of the students in each class are to be admitted under this 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, 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”.

5 In line 23, delete “areas” and insert “or medically underserved areas in  
6 this state”.

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

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