



Oregon Office of Rural Health

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Testimony in Favor of SB 325
Senate Rural Communities & Economic Development Committee
February 12, 2013
Scott Ekblad, Director, Oregon Office of Rural Health

Chair Roblan, Vice-Chair Baertschiger, Members of the Committee:

The Rural Practitioner Tax Credit was created by the Oregon Legislature in 1989, the same year the Oregon Office of Rural Health was moved from the State Health Division to Oregon Health & Science University. The first credits were granted for tax year 1990, to physicians, physician assistants and nurse practitioners. Certified Registered Nurse Anesthetists (CRNAs), podiatrists, dentists and optometrists were added in later sessions, all with different sets of eligibility criteria.

I was not working in the field when the program was created in 1989. However, it is safe to assume that the intent of the program was to increase the availability of providers in rural Oregon. Since 1991 the number of physicians receiving the credit has increased from 538 to 1,237. The number of nurse practitioners and physician assistants increased from 115 to 645.

Just over 2,000 providers qualified for the tax credit in tax year 2011, representing \$8.5 million. The fiscal impact for the biennium will be approximately \$17 million.

- I cannot accurately predict what the financial impact would be of changing the minimum time requirement from 60% of a practice to 20 hours/week; we do not currently ask hours/week.
- Nor can I accurately predict the impact of requiring that recipients keep their practices open to a certain percentage of Medicare and Medicaid recipients.
- If the credit were increased for providers in frontier Oregon (10 of 36 counties), that would affect 228 people. If it were increased to \$10,000 the impact would be roughly \$4.5 million.

I believe that, should this credit be allowed to sunset, we would see a decline in the number of providers available to rural Oregonians. I believe that trend would continue over time, as current recipients see this program as even more important as a retention tool as it is a recruitment incentive.

This past summer the Oregon Rural Health Association and the Oregon Office of Rural Health jointly administered a survey of Rural Practitioner Tax Credit recipients. The results are as follows.

I will lead you through those slides, and will then be happy to answer any questions you might have. Thank you for this opportunity to voice my support for this important benefit for rural practitioners.

Background



- The Rural Provider Tax Credit was authorized in 1989 and began with tax year 1990.
- Eligible professions are physicians, physician assistants, nurse practitioners, certified registered nurse anesthetists, podiatrists and dentists.
- Prior to 1999 there was a 10-yr limit on the credit; the limit was removed by the Legislature in 1999.

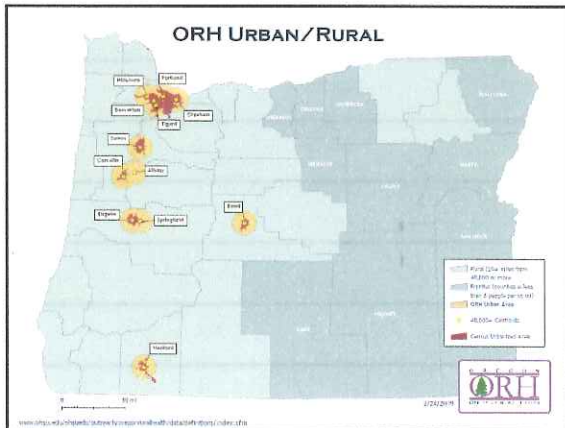
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Background (cont'd)



- Requirements for eligibility vary by type of provider.
- For all providers, at least 60% of the provider's practice must be spent in a qualifying rural area.
- Rural means any area at least 10 miles from a population center of 40,000 or more.

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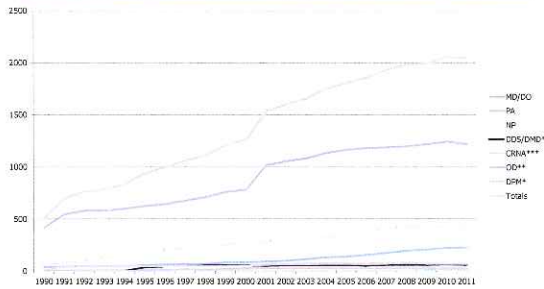
Recipients 1990 - 2011



	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
MD/DO	489	678	876	875	931	617	623	671	724	721	775	1050	1017	1076	1229	1287	1371	1384	1393	1231	1227	1211
PA	31	33	39	41	44	49	55	61	62	77	76	87	94	109	124	132	151	176	190	201	211	221
NP	61	79	99	122	115	179	291	211	225	249	272	287	299	269	265	352	277	430	423	496	420	437
DDS/DMD*	0	0	0	0	0	23	43	49	54	32	32	21	51	25	26	36	31	58	58	50	62	59
CRNA***	0	11	43	43	17	13	11	47	47	48	58	58	63	66	68	67	63	68	76	69	67	69
OD**	0	0	0	0	0	0	0	9	8	14	16	18	20	19	19	19	19	20	21	20	23	20
DR**	0	0	0	0	0	0	0	0	0	0	1	1	1	1	1	1	1	1	1	1	1	1
DPM**	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL	603	694	755	781	830	933	992	1059	1165	1204	1256	1529	1594	1693	1744	1804	1826	1929	1890	1893	2054	2043

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Recipients 1990 - 2011



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2011 Recipients



2,013 providers received the credit for 2011:

- 1,199 physicians
- 432 nurse practitioners
- 216 physician assistants
- 67 nurse anesthetists
- 58 dentists
- 20 optometrists
- 23 podiatrists

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2012 Rural Provider Tax Credit Survey

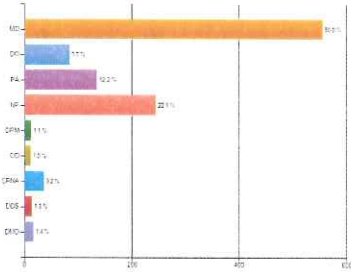


The Oregon Rural Health Association and the Oregon Office of Rural Health surveyed current tax credit recipients.

- The survey was sent to 2,067 recipients on Monday, August 20, 2012.
- 1,074 responded, a **52% rate of return**.

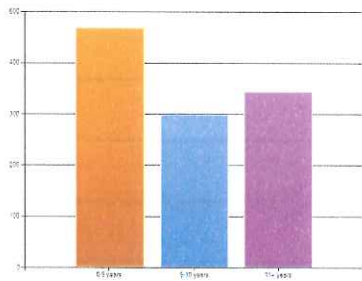
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Licensure



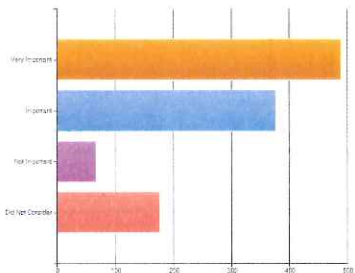
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Years receiving the tax credit



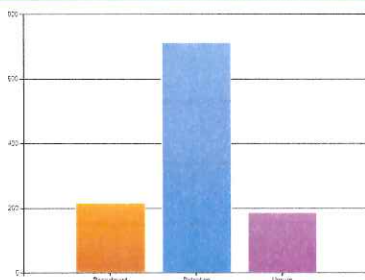
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How significant was the tax credit in your decision to practice in rural Oregon?



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Has the tax credit been more valuable as a recruitment tool or a retention incentive?

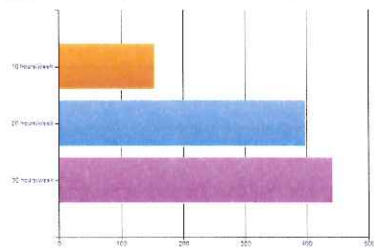


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Would you continue to practice in rural Oregon if recipients of the credit were required to...



...practice a minimum number of hours in rural?

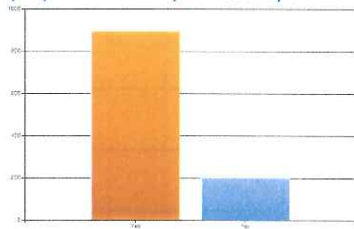


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Would you continue to practice in rural Oregon if recipients of the credit were required to...



...accept Medicare and Medicaid patients in the same proportion as in your county?

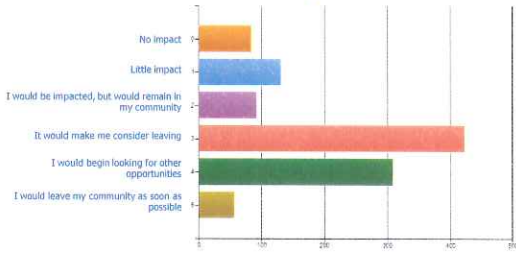


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What would the impact be on your decision to continue practicing in rural Oregon if...



...the credit were limited to 10 years?

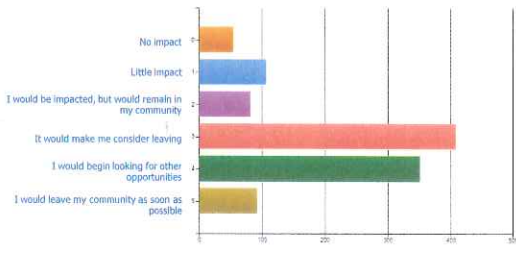


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What would the impact be on your decision to continue practicing in rural Oregon if...



...the credit were eliminated?



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Other feedback



The final question was open-ended, offering an opportunity to provide feedback on the tax credit.

- Of over 1,000 respondents, 371 provided feedback.
- So far the overwhelming majority reiterate the value of the credit in recruiting and/or retaining providers in rural Oregon.
- Many mention that it lessens an urban/rural pay differential.

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