Oregon Rural Health Association

Testimony in Support of SB 325 – Rural Health Tax Credit
From Doug Barber
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The Rural Health Tax Credit is both a recruitment and a retention tool for rural communities. It definitely helps communities attract new providers and we consistently hear from physicians and nurse practitioners that it is one of the reasons they can afford to stay and practice in a rural setting.

Despite the tax credit's success, the need for providers in rural Oregon is still great.

Urban Oregon – 3.5 physicians per 1000
Rural Oregon – 1.4 physicians per 1000

We also know from a 2010 survey that 22% of Oregon physicians plan to retire in the next five years. Recent data from the Oregon Healthcare Workforce Institute shows that between 2010 – 2012, Oregon lost 320 primary care providers statewide.

With health care reform, more people qualifying for the Oregon Health Plan and more people qualifying for subsidized insurance through the Exchange, we need *more* primary care providers in both urban and rural communities. But the loss of a primary care physician is particularly hard felt in rural areas. According to these statistics:

Multnomah Co	lost 124	-10.8%
Polk Co	lost 24	-54.5%
Harney Co	lost 3	-42.9%
Sherman Co	lost 1	-100%

Rural hospitals and clinics tell us that it costs them at least $150,000 to recruit one new physician. It's expensive and it's not easy.

We also know that physicians are economic engines in rural communities. A study done by the Oregon Healthcare Workforce Institute in 2010 shows the economic impact by county.

Wallowa County is a good example. There are 9 physicians in the county. They are responsible for the direct employment of 210 people, which is 6% of the jobs in the county. These include office administrative staff, nurses, pharmacists, home health care services, outpatient care center staff, medical and diagnostic labs, and hospital staff. That's a good return on a $5,000 per year tax credit investment for each physician.

Last summer we surveyed the 2067 recipients of this tax credit. More than a thousand (1074) responded, a 52% response rate, which is indicative of how important this tax credit is to them.

One of the questions we asked is what would they do if they lost the tax credit.
8.5% said they would leave their community as soon as possible.
But the picture is actually much worse than that. Another 69% said they would either consider leaving or begin looking for new opportunities if they lost the credit. So 77% said they would or might leave.

We are recommending some changes to the tax credit program — seeing Medicare & Medicaid patients, and working half time — because we think they are good policy. **But providers will lose the tax credit as a result.** There is another geographic change that you will hear about in a minute, that we were asked to make to trim the program. **Again, providers will lose the tax credit as a result.**

As we make those changes, I ask you to keep in mind what providers said they would do if they lost the tax credit. Even if you think the percentages are wildly inflated. I don't believe 77% of those who lose the tax credit will leave their rural community. But even if it is only 17%, the changes we are proposing mean more than 300 providers will lose the tax credit. If 17% of them leave, it means we would have to replace more than 50 providers. Again, replacing physicians in rural communities is expensive and it's not easy.

We need to keep as many providers as we can in rural Oregon. This tax credit is the best retention tool we have. So we ask for your support.

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