

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: HB 2858**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: Doug Wilson
Date: 3/8/2013

Measure Description:

Appropriates money to Oregon Department of Administrative Services for deposit in Primary Health Care Loan Forgiveness Program Fund.

Government Unit(s) Affected:

Oregon Health & Sciences University

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:

House Bill 2858 appropriates \$1,000,000 General Fund for deposit into the Primary Health Care Loan Forgiveness Program Fund for the 2013-15 biennium. The bill contains an emergency clause and takes effect on July 1, 2013.

The Primary Health Care Loan Forgiveness Program in the Office of Rural Health at the Oregon Health Sciences University (OHSU) provides loans to eligible primary care practitioners enrolled in an approved rural specific Oregon training program. The maximum loan amount to each participant is set at \$35,000 annually. Loan recipients who fail to complete their medical training or residencies are required to repay their loans plus 10 percent interest. Recipients who fail to complete their rural practice commitments are required to pay 25 percent penalties plus 10 percent interest on their loans. OHSU is allowed to give preference to a practitioner who agrees to practice in a community that contributes funds to the program. Loan payments are deposited into the Primary Health Care Loan Forgiveness Program Fund and any participant defaults are collected by the Department of Revenue or a collection agency retained by OHSU and deposited into the fund. The 2011 measure establishing Primary Health Care Loan Forgiveness Program (House Bill 2397) appropriated \$525,000 of General Fund to the program for the 2011-2013 biennium. The program awarded approximately \$270,000 in loans to five eligible students thus far into the 2011-13 biennium. Applications are currently being accepted.

With passage of House Bill 2858, OHSU anticipates the need for a 0.15 FTE position, at an estimated cost of \$25,000 in 2013-15, to administer the program, with the remainder of the appropriation distributed as loans to qualified applicants. With the remainder of the funds available, and assuming the maximum of \$35,000 annually to each participant, OHSU anticipates approximately 14 to 17 loans to be distributed during the 2013-15 biennium.

This bill requires budgetary action for the appropriation of \$1,000,000 General Fund.

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

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| Action: | Do Pass and Be Referred to the Committee on Ways and Means by Prior Reference |
| Vote: | 8 - 0 - 1 |
| Yeas: | Clem, Conger, Harker, Kennemer, Keny-Guyer, Lively, Thompson, Greenlick |
| Nays: | 0 |
| Exc.: | Weidner |
| Prepared By: | Tyler Larson, Administrator |
| Meeting Dates: | 3/11 |

WHAT THE MEASURE DOES: Appropriates money to Oregon Department of Administrative Services for Health Care Loan Forgiveness Program Fund. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Current program funding
- Need for legislative intent to fund program in perpetuity
- Personal stories of loan forgiveness recipients

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: The Primary Health Care Loan Forgiveness Program was created in 2011 to encourage physicians, physician assistants and nurse practitioner students to serve in rural Oregon training programs by offering student debt relief. Applicants must agree to one year of clinical service in an approved rural community for each year of funding received.

House Bill 2858 funds the program for the 2013 biennium and manifests legislative intent to fund the program in perpetuity.