

## 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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### 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 B-Engrossed:

- 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 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 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.