



MEMORANDUM

To: Sen. Laurie Monnes Anderson, Chair, Senate Committee on Health Care
Sen. Jeff Kruse, Vice-Chair, Senate Committee on Health Care
Members of the Senate Committee on Health Care

From: Bryan Boehringer, OMA Government Affairs
Courtnei Dresser, OMA Government Affairs

Date: March 11, 2015

Re: Support for SB 37 – Rural Health Tax Credit

The Oregon Medical Association supports the reauthorization of the rural health practitioner tax credit as it remains a critical tool to recruit and retain health care practitioners in rural parts of the state.

This tax credit was established in 1989 to make it possible for rural practitioners to live and work in a rural community. The tax credit provides a \$5,000 a year credit to rural health practitioners, including physicians, physician assistants and nurse practitioners.

In Oregon, the provision of health care in rural areas has been challenged by low numbers of providers as well as insufficient employment opportunities for spouses and partners of health care providers. The number of actively practicing physicians dropped by 1.2% between 2010 and 2012: only 2,030 of those actively practicing (approximately 19.3% of all physicians) practiced in rural Oregon in 2012 (Oregon Healthcare Workforce Institute, 2013). Two-thirds of Oregon's counties experienced a reduction in the number of practicing physicians, including Sherman County, who lost its only practicing physician. Oregon physicians support, on average, 10.6 jobs, including their own (AMA economic impact study, 2012). For counties across Oregon, the loss of practicing physicians may have led to higher unemployment rates and could be correlated to recent population decreases in rural areas as more rural residents are moving to urban centers.

Reauthorizing this tax supports Oregon's continuing health care transformation efforts. As more and more Oregonians become insured and seek access to health care services, the need for an adequate and robust workforce becomes increasingly critical. The loss of the tax credit for rural health providers would result in provider shortages and loss of access for rural Oregonians; 77% of current tax credit recipients stated they would consider leaving, would begin looking for other opportunities or would leave as soon as possible if this tax was eliminated (Office of Rural Health survey results).

The loss of these medical professionals would severely limit Oregon's ability to improve the quality, reliability and availability of care for rural patients and could increase, rather than decrease, the total health care costs for rural Oregonians. In addition, the OMA is concerned about the impact this would have on access to specialty care for rural Oregonians. The cost to practice in rural Oregon is higher; while the loss of the tax credit significantly impacts all rural health practices, for those with higher

operating costs, such as OB/GYNs (who make up approximately 4.9% of all rural physicians), this loss could severely limit their ability to remain in rural Oregon. Decreased access to health care practitioners, especially specialists, reduces the patient's quality of life, delays care (which results when a patient must seek care in an urban area) and increases overall health care costs.

Further underscoring the need to encourage rural practice, hospitals and clinical practices continue to have difficulty recruiting physicians into rural Oregon. Oregon must 'compete' for physicians with every other state with rural opportunities. Physicians trained in Oregon are more likely to stay here, especially if Oregon continues to incentivize the practice and offer competitive advantages like a tax credit.

Thank you for your support for this bill.