



Oregon Office of Rural Health

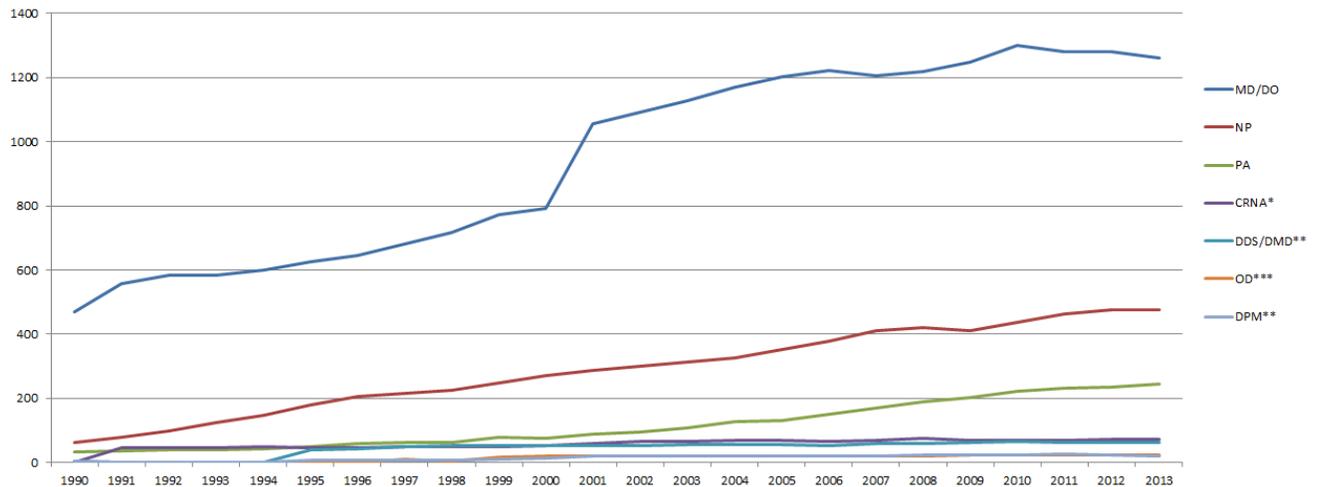
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Testimony in Favor of SB 37/HB 2125 A-Engrossed
Joint Committee on Tax Credits
May 7, 2015
Robert Duehmig, Oregon Office of Rural Health

Co-Chairs Hass and Barnhart, Members of the Committee:

The Rural Practitioner Tax Credit was created by the Legislature in 1989, and began with the 1990 tax year. It is a credit of up to \$5,000 against personal income taxes for health care professionals who practice in rural Oregon. It is administered by the Oregon Office of Rural Health; we receive applications and determine eligibility, then pass those names on to the Department of Revenue. Eligible professions are physicians, physician assistants, nurse practitioners, certified registered nurse anesthetists, podiatrists and dentists. Eligibility requirements differ from one profession to another, but all must practice in rural Oregon at least half time. This tax credit is one of few tools available to rural communities to attract and retain health care professionals.

The intent was to increase the number of providers in rural Oregon. The graph below illustrates the growth in number of providers deemed eligible for the tax credit over the years, suggesting that the number of providers in rural Oregon has in fact increased.



The real challenge in health care workforce is distribution. Sadly, there is still a substantial difference in the availability of providers in rural vs. urban.

Providers to Population Ratio

	Physicians	NP*	PA
Rural	1.41 per 1000	0.43 per 1000	0.22 per 1000
Urban	3.23 per 1000	0.61 per 1000	0.39 per 1000

*NP location is by home address (rather than practice)

Primary Care Physicians to Population Ratio

	Physicians
Rural	0.58 per 1000
Urban	0.92 per 1000

The Oregon Office of Rural Health, along with the Oregon Rural Health Association, polled all 2,067 recipients of the tax credit in 2012 to determine its value to them. More than half responded to the survey. Key findings include:

- 52.4% reported that the tax credit was *very important* in their initial decision to practice in rural Oregon. An additional 33.9% said it was *important*.
- 68.9% reported that the tax credit is a *very important* factor in the decision to remain in practice in rural Oregon. An additional 25.4% said it is *important*.
- 65.1% felt the credit is more valuable in *retention* than recruitment of providers in their community. 19.3% felt the opposite.
- When asked “if the tax credit was eliminated, how would it impact your decision to continue in rural Oregon practice?”
 - 37.3% said it would make them consider leaving
 - 32% said they would begin looking for other opportunities
 - 8.4% said they would leave their community as soon as possible
- In response to an open-ended question asking for feedback on the tax credit, more than a third responded.
 - The overwhelming majority reiterated the value of the credit in recruiting to and/or retaining providers in rural Oregon.
 - Many mentioned that it lessens an urban/rural pay differential.

This survey provides valuable insight into the impact of the Rural Practitioner Tax Credit. However, I understand the inherent limitations of internal evaluation. That is why I fully support the recommendation of the Oregon Health Policy Board’s Workforce Committee that we support data collection *and external evaluation* of this and other workforce incentive programs in order to determine what, if any, changes should be made to ensure that the state’s investments are wise and effective.

I believe that if this tax credit is allowed to sunset we will lose providers in rural Oregon. I also believe it will be more difficult to recruit new ones. For that reason I recommend that you support SB 37 and HB 2125-A.