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# MEMORANDUM

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**To:** Human Services Subcommittee of the Joint Committee on Ways and Means

**From:** Kim To, Legislative Fiscal Office, 503-986-1830

**Date:** Thursday, June 25, 2015

**Subject:** HB 3396 Relating to health care provider incentive programs  
Work Session Recommendation

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House Bill 3396 Creates the Health Care Provider Incentive Fund to consolidate Oregon's provider incentive programs.

The measure previously had hearings in the House Committee on Health Care on 3/30/2015 and 4/17/2015.

The – A22 Amendment, the original staff measure summary and the fiscal impact statement are attached to this memo, and available on the Oregon Legislative Information System (OLIS).

## **The –A22 amendment**

The –A22 amendment:

- Establishes the Health Care Provider Incentive Fund to consolidate Oregon's health care provider incentive programs. Moneys in the fund are continuously appropriated to the Oregon Health Authority (OHA) to administer the Health Care Provider Incentive program [Operative January 2, 2018].
- Creates a health care provider incentive program to assist qualified health care providers committed to serving medical assistance recipients in rural or medically underserved areas in Oregon. Requires OHA to prescribe by rule the terms and conditions of the program. Priority for the distribution of funds must be based on guidance from the Health Care Workforce Committee. Permits OHA to contract with a third party to administer all or parts of the program [Operative January 2, 2018].
- Requires the Oregon Health Policy Board (OHPB) in the Oregon Health Authority (OHA) to study the effectiveness of current financial incentives offered by the state to recruit and retain qualified health care providers with the aim of developing recommendations to the continuation, restructuring, consolidation or repeal of incentive efforts. Allows OHA to consult with the Graduate Medical Education Consortium, the Health Care Work Force Institute, the Office of Rural Health, the Oregon Center for Nursing, or other appropriate entities. Authorizes the Oregon Health Policy Board to contract with a third party to assist with the development of these recommendations. Requires OHPB to submit a progress

report to an interim legislative committee during November 2015, and report to the legislature by September 1, 2016 with its final recommendations.

- Extends the tax credit available to persons providing rural medical care from January 1, 2016 to January 1, 2018.
- Repeals the Nursing Services Account, the Nursing Services Program, the Health Care Workforce Strategic Fund, Scholars for a Health Oregon Initiative program, the Primary Care Provider Loan Repayment Fund, the Primary Care Loan Repayment program, Primary Health Care Loan Forgiveness Program, and the program to provide payments to medical professional liability insurance insurers to subsidize the cost of premiums charged by the insurers to certain eligible practitioners [Operative January 2, 2018].
- Stipulates that current service agreements remain in effect for the term specified in the existing agreement, and individuals currently participating in the primary care provider loan repayment program can continue to participate for the duration of the term of their existing agreement. Requires that unexpended balances of moneys appropriated to the Primary Health Care Loan Forgiveness Program Fund and unexpended balances of the Scholars for a Health Oregon Initiative to be transferred to the Health Care Provider Incentive Fund [Operative January 2, 2018].

**Fiscal impact**

The – A22 amendment appropriates \$180,000 General Fund to the Oregon Health Authority to study the effectiveness of current incentive programs offered by the state to recruit and retain these primary care providers with the aim of developing recommendations to the continuation, restructuring, consolidation or repeal of programs.

**Recommendation**

LFO recommends moving the – A22 amendment into the bill.

**Motion**

Motion: Senator/Representative \_\_\_\_\_:

**I move the dash A22 amendment into HB 3396.**

**Motion**

Motion: Senator/Representative \_\_\_\_\_:

**I move HB 3396 to the Full Committee with a “do pass” recommendation as amended.**

**Assignment of Carriers**

Full: \_\_\_\_\_

Senate: \_\_\_\_\_

House: \_\_\_\_\_

**PROPOSED AMENDMENTS TO  
A-ENGROSSED HOUSE BILL 3396**

1 On page 1 of the printed A-engrossed bill, line 2, after “ORS” delete the  
2 rest of the line and delete line 3 and insert “348.570 and 677.141 and section  
3 25, chapter 913, Oregon Laws 2009; repealing ORS 348.303, 413.018, 413.127,  
4 413.233, 442.535, 442.540, 442.545, 442.573, 442.574, 676.550, 676.552, 676.554 and  
5 676.556; and declaring an emergency.

6 “Whereas the State of Oregon spends approximately \$30 million each year  
7 on various incentive programs for health care professionals; and

8 “Whereas the incentive programs are effective but it is unclear whether  
9 the programs produce the best results for the tax dollars spent on the pro-  
10 grams; and

11 “Whereas taxpayers deserve to have confidence that their tax dollars are  
12 being spent in the most thoughtful way possible; and

13 “Whereas Oregonians and health care professionals in rural and medically  
14 underserved areas need assurances that critical health care programs will  
15 not be shut down without effective programs to replace them; and

16 “Whereas this 2015 Act is intended to initiate a close look at how tax  
17 dollars are spent to ensure that taxpayers enjoy the best value possible; and

18 “Whereas this 2015 Act is not intended to allow for incentive programs  
19 to be shut down before the programs can be retooled or replaced with more  
20 effective programs; now, therefore,”.

21 Delete lines 5 through 24 and delete pages 2 through 4 and insert:

22 **“SECTION 1. The Health Care Provider Incentive Fund is estab-**

1 lished in the State Treasury, separate and distinct from the General  
2 Fund. Interest earned by the Health Care Provider Incentive Fund  
3 shall be credited to the fund. Moneys in the fund are continuously  
4 appropriated to the Oregon Health Authority to carry out section 2 of  
5 this 2015 Act.

6 **“SECTION 2. (1) There is created in the Oregon Health Authority**  
7 **a health care provider incentive program for the purpose of assisting**  
8 **qualified health care providers who have committed to serving medical**  
9 **assistance recipients in rural or medically underserved areas of this**  
10 **state. The authority shall prescribe by rule:**

11 **“(a) Participant eligibility criteria, including the types of qualified**  
12 **health care providers who may participate in the program;**

13 **“(b) The terms and conditions of participation in the program, in-**  
14 **cluding the duration of the term of any service agreement;**

15 **“(c) The types of incentives that may be provided;**

16 **“(d) If the funds allocated to the program from the Health Care**  
17 **Provider Incentive Fund established under section 1 of this 2015 Act**  
18 **are insufficient to provide assistance to all of the applicants who are**  
19 **eligible to participate in the program, the priority for the distribution**  
20 **of funds, based on guidance from the Health Care Workforce Com-**  
21 **mittee; and**

22 **“(e) The financial penalties imposed on an individual who fails to**  
23 **comply with terms and conditions of participation.**

24 **“(2) The authority may enter into contracts with one or more public**  
25 **or private entities to administer the program or parts of the program.**

26 **“SECTION 3. (1) The Oregon Health Policy Board shall study and**  
27 **evaluate the effectiveness of financial incentives offered by the state**  
28 **to recruit and retain qualified health care providers in rural and**  
29 **medically underserved areas.**

30 **“(2) On the basis of the study, the board shall develop recommen-**

1 **dations with respect to:**

2 **“(a) The continuation, restructuring, consolidation or repeal of the**  
3 **incentives;**

4 **“(b) The priority for distribution of incentive funds allocated to the**  
5 **program from the Health Care Provider Incentive Fund established**  
6 **under section 1 of this 2015 Act to qualified health care providers; and**

7 **“(c) New financial incentive programs.**

8 **“(3) The recommendations must address, but need not be limited**  
9 **to:**

10 **“(a) Financial assistance programs for students in both the publicly**  
11 **funded and private institutions in this state that provide post-graduate**  
12 **training in medical fields;**

13 **“(b) Loans, grants or other financial incentives to hospitals and**  
14 **teaching health centers for the purpose of establishing or expanding**  
15 **residency programs, including recommendations for the eligibility cri-**  
16 **teria, repayment provisions, interest rates and other requirements for**  
17 **financial incentives;**

18 **“(c) Low-interest loans, short-term emergency funding or grants for**  
19 **type A, B and C hospitals that are at risk of closure due to financial**  
20 **instability;**

21 **“(d) Direct subsidies or bonus payments to qualified health care**  
22 **providers for services provided in rural and medically underserved**  
23 **areas;**

24 **“(e) Creation of a retirement plan to offer to licensed or certified**  
25 **providers as an incentive to provide services in rural and medically**  
26 **underserved areas and to medically underserved populations in this**  
27 **state;**

28 **“(f) The criteria for tax credits, including adding means testing or**  
29 **time limits;**

30 **“(g) Opportunities that are available to secure private or public,**

1 **local or federal matching funds; and**

2 **“(h) The definitions of rural area, medically underserved area and**  
3 **qualified health care provider.**

4 **“(4) In developing recommendations under this section, the Oregon**  
5 **Health Policy Board may consult with the Graduate Medical Education**  
6 **Consortium, the Oregon Healthcare Workforce Institute, the Office**  
7 **of Rural Health, the Oregon Center for Nursing or other appropriate**  
8 **entities.**

9 **“(5) The Oregon Health Policy Board may contract with a public**  
10 **or private entity to assist in the development of recommendations.**

11 **“(6) The Oregon Health Policy Board shall report on the progress**  
12 **in developing recommendations under this section to the interim**  
13 **committees of the Legislative Assembly related to health during the**  
14 **interim committee meetings in November 2015 and to the committees**  
15 **of the Legislative Assembly related to health during the 2016 regular**  
16 **session. The board shall report its final recommendations to the in-**  
17 **terim committees of the Legislative Assembly, in the manner pre-**  
18 **scribed by ORS 192.245, no later than September 1, 2016.**

19 **“SECTION 4. In addition to and not in lieu of any other appropri-**  
20 **ation, there is appropriated to the Oregon Health Authority, for the**  
21 **biennium beginning July 1, 2015, out of the General Fund, the amount**  
22 **of \$180,000, which may be expended for carrying out section 3 of this**  
23 **2015 Act.**

24 **“SECTION 5. ORS 348.570 is amended to read:**

25 **“348.570. (1) There is established in the State Treasury a fund, separate**  
26 **and distinct from the General Fund, to be known as the Oregon Student**  
27 **Assistance Fund for investment as provided by ORS 293.701 to 293.857 and**  
28 **for the payment of the expenses of the Higher Education Coordinating**  
29 **Commission in carrying out the purposes of ORS 348.210 to 348.250, 348.285,**  
30 **348.505 to 348.615, 348.696 and 348.992. Interest earned by the fund shall be**

1 credited to the fund.

2 “(2) There is established in the State Treasury a fund, separate and dis-  
3 tinct from the General Fund, to be known as the Alternative Student Loan  
4 Program Fund for investment as provided by ORS 293.701 to 293.857 and for  
5 the payment of expenses of the commission in carrying out the purposes of  
6 ORS 348.625 to 348.695. This fund, including the interest earnings on the  
7 fund, if any, is continuously appropriated to the commission for those pur-  
8 poses for which such funds were provided to, received or collected by the  
9 commission.

10 “[*(3)(a) There is established in the General Fund an account to be known*  
11 *as the Nursing Services Account. Funds in the account shall be used for the*  
12 *payment of expenses of the Nursing Services Program created in ORS*  
13 *442.540.*]

14 “[*(b) The account shall consist of:*]

15 “[*(A) Funds appropriated to the commission for deposit into the account;*]

16 “[*(B) Collections and penalties received by the Executive Director of the*  
17 *Office of Student Access and Completion under ORS 442.545; and]*

18 “[*(C) Any donations or grants received by the commission for purposes of*  
19 *the Nursing Services Program.*]

20 “[*(c) Any funds in the account that are not expended in any biennium shall*  
21 *be retained in the account and may be expended in subsequent biennia.*]

22 “[*(4)*] **(3)** There is established in the State Treasury a fund, separate and  
23 distinct from the General Fund, to be known as the Foster Youth Scholar-  
24 ship Fund. Moneys received from appropriations, donations and grants shall  
25 be credited to the fund. Moneys in the fund are continuously appropriated  
26 to the commission for the purposes of investment, as provided by ORS 293.701  
27 to 293.857, and for carrying out the provisions of ORS 348.270 (1)(b). Interest  
28 earned by the fund shall be credited to the fund.

29 “[*(5)*] **(4)** There is established in the State Treasury a fund, separate and  
30 distinct from the General Fund, to be known as the ASPIRE Program Fund.

1 Moneys received from donations and grants shall be credited to the ASPIRE  
2 Program Fund. Moneys in the fund are continuously appropriated to the  
3 commission for the purposes of investment, as provided by ORS 293.701 to  
4 293.857, and for carrying out the provisions of ORS 348.500. Interest earned  
5 by the fund shall be credited to the fund.

6 “[~~(6)(a)~~] **(5)(a)** There is established in the State Treasury the Nursing  
7 Faculty Loan Repayment Fund, separate and distinct from the General Fund.  
8 Interest earned on the Nursing Faculty Loan Repayment Fund shall be  
9 credited to the fund. Moneys in the fund are continuously appropriated to  
10 the commission for carrying out ORS 348.440 to 348.448. The Nursing Faculty  
11 Loan Repayment Fund consists of:

12 “(A) Moneys appropriated to the commission for the Nursing Faculty  
13 Loan Repayment Program created in ORS 348.444; and

14 “(B) Grants, gifts or donations received by the commission for the pro-  
15 gram.

16 “(b) Any unexpended funds in the fund at the end of a biennium shall be  
17 retained in the fund and may be expended in subsequent biennia.

18 “**SECTION 6.** ORS 677.141 is amended to read:

19 “677.141. (1) A physician issued a license under ORS 677.139 is subject to  
20 all the provisions of this chapter and to all the rules of the Oregon Medical  
21 Board. A physician issued a license under ORS 677.139 has the same duties  
22 and responsibilities and is subject to the same penalties and sanctions as any  
23 other physician licensed under this chapter.

24 “(2) A physician issued a license under ORS 677.139 may not:

25 “(a) Act as a dispensing physician as defined in ORS 677.010;

26 “(b) Administer controlled substances for the treatment of intractable  
27 pain to a person located within this state;

28 “(c) Employ a physician assistant as defined in ORS 677.495 to treat a  
29 person located within this state; **or**

30 “[~~(d)~~] *Participate in the primary care provider loan repayment program*



1 *created in ORS 413.233; or]*

2 “[~~(e)~~] (d) Assert a lien for services under ORS 87.555.

3 “(3) A physician licensed under ORS 677.139 shall comply with all patient  
4 confidentiality requirements of this state, except as those requirements are  
5 expressly prohibited by the law of any other state of the United States where  
6 a person’s medical records are maintained.

7 **“SECTION 7.** Section 25, chapter 913, Oregon Laws 2009, as amended by  
8 section 10, chapter 750, Oregon Laws 2013, is amended to read:

9 **“Sec. 25.** (1) Except as provided in subsection (2) of this section, a credit  
10 may not be claimed under ORS 315.613 for tax years beginning on or after  
11 January 1, [~~2016~~] **2018.**

12 “(2) A taxpayer who meets the eligibility requirements in ORS 315.613 for  
13 the tax year beginning on or after January 1, [~~2013~~] **2017**, and before January  
14 1, [~~2014~~] **2018**, shall be allowed the credit under ORS 315.613 for any tax year:

15 “(a) That begins on or before January 1, [~~2023~~] **2027**; and

16 “(b) For which the taxpayer meets the eligibility requirements of ORS  
17 315.613.

18 **“SECTION 8.** ORS 413.018, 442.535, 442.540 and 442.545 are repealed.

19 **“SECTION 9.** ORS 348.303, 413.127, 413.233, 442.573, 442.574, 676.550,  
20 676.552, 676.554 and 676.556 are repealed.

21 **“SECTION 10.** Section 3 of this 2015 Act is repealed on January 2,  
22 2017.

23 **“SECTION 11.** Sections 1, 2 and 13 of this 2015 Act and the amend-  
24 ments to ORS 677.141 by section 6 of this 2015 Act become operative  
25 on January 1, 2018.

26 **“SECTION 12.** The repeal of ORS 348.303, 413.127, 413.233, 442.573,  
27 442.574, 676.550, 676.552, 676.554 and 676.556 by section 9 of this 2015 Act  
28 becomes operative January 2, 2018.

29 **“SECTION 13.** (1) Service agreements under ORS 442.574 and 348.303  
30 that are in effect on the operative date of this section shall remain in

1 effect for the term specified in the agreement.

2 “(2) Individuals participating in the primary care provider loan re-  
3 payment program on the operative date of this section shall continue  
4 to participate for the duration of the term of the individual’s com-  
5 mitment made pursuant to ORS 413.233.

6 “(3) Nothing in the repeal of ORS 348.303, 413.233 and 442.574 relieves  
7 a person of a liability, duty or obligation accruing under or with re-  
8 spect to ORS 348.303, 413.233 and 442.574. Payments made by partic-  
9 ipants to discharge an obligation arising under ORS 348.303 (6) or (7),  
10 413.233 (2)(e) or 442.574 shall be deposited to the Health Care Provider  
11 Incentive Fund established in section 1 of this 2015 Act.

12 “(4) The duties, rights and obligations of the Office of Rural Health  
13 under ORS 442.574 are transferred to the Oregon Health Authority.

14 “(5) Any unexpended balances of moneys in the Primary Health  
15 Care Loan Forgiveness Program Fund are transferred to the Health  
16 Care Provider Incentive Fund established under section 1 of this 2015  
17 Act and shall be used by the Oregon Health Authority to carry out  
18 section 2 of this 2015 Act and to administer the service agreements  
19 entered into pursuant to ORS 442.574 that remain in effect under sub-  
20 section (1) of this section.

21 “SECTION 14. The Office of Rural Health and the Oregon Health  
22 Authority shall take any actions before January 1, 2018, that are nec-  
23 essary in order to carry out the provisions of section 13 of this 2015  
24 Act on and after January 1, 2018.

25 “SECTION 15. This 2015 Act being necessary for the immediate  
26 preservation of the public peace, health and safety, an emergency is  
27 declared to exist, and this 2015 Act takes effect on its passage.”.

28

**FISCAL IMPACT OF PROPOSED LEGISLATION****Measure: HB 3396 - A22**Seventy-Eighth Oregon Legislative Assembly – 2015 Regular Session  
Legislative Fiscal Office*Only Impacts on Original or Engrossed  
Versions are Considered Official*Prepared by: Kim To  
Reviewed by: Doug Wilson, Linda Ames  
Date: 6/24/2015**Measure Description:**

Creates Health Care Provider Incentive Fund.

**Government Unit(s) Affected:**

Oregon Health Sciences University (OHSU), Oregon Health Authority (OHA), Department of Administrative Services (DAS)

**Summary of Expenditure Impact:**

|                           | <b>2015-17 Biennium</b> | <b>2017-19 Biennium</b> |
|---------------------------|-------------------------|-------------------------|
| Effectiveness Study       | \$180,000               |                         |
| Loan Administration       | \$0                     | \$172,709               |
| <b>TOTAL GENERAL FUND</b> | <b>\$180,000</b>        | <b>\$172,709</b>        |

**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 3396 with the – A22 amendment:

- Section 1: Establishes the Health Care Provider Incentive Fund to consolidate Oregon's health care provider incentive programs. Moneys in the fund are continuously appropriated to the Oregon Health Authority (OHA) to administer the Health Care Provider Incentive program [Operative January 2, 2018].
- Section 2: Creates a health care provider incentive program to assist qualified health care providers committed to serving medical assistance recipients in rural or medically underserved areas in Oregon. Requires OHA to prescribe by rule the terms and conditions of the program. Priority for the distribution of funds must be based on guidance from the Health Care Workforce Committee. Permits OHA to contract with a third party to administer all or parts of the program [Operative January 2, 2018].
- Section 3: Requires the Oregon Health Policy Board (OHPB) in the Oregon Health Authority (OHA) to study the effectiveness of current financial incentives offered by the state to recruit and retain qualified health care providers with the aim of developing recommendations to the continuation, restructuring, consolidation or repeal of incentive efforts. Allows OHA to consult with the Graduate Medical Education Consortium, the Health Care Work Force Institute, the Office of Rural Health, the Oregon Center for Nursing, or other appropriate entities. Authorizes the Oregon Health Policy Board to contract with a third party to assist with the development of these recommendations. Requires OHPB to submit a progress report to an interim legislative committee during November 2015, and report to the legislature by September 1, 2016 with its final recommendations.
- Section 4: Appropriates \$180,000 General Fund to the Oregon Health Authority to carry out the study.
- Section 5: Eliminates the Nursing Services Account.
- Section 6: Removes references to the Primary Care Provider Loan Repayment Program [Operative January 2, 2018].
- Section 7: Extends the tax credit available to persons providing rural medical care from January 1, 2016 to January 1, 2018.

- Section 8: Repeals the Health Care Workforce Strategic Fund and the Nursing Services Program.
- Section 9: Repeals the Scholars for a Health Oregon Initiative program, the Primary Care Provider Loan Repayment Fund, the Primary Care Loan Repayment program, Primary Health Care Loan Forgiveness Program, and the program to provide payments to medical professional liability insurance insurers to subsidize the cost of premiums charged by the insurers to certain eligible practitioners [Operative January 2, 2018].
- Section 10: Sunset the OHPB requirement to study the effectiveness of current financial incentives on January 2, 2017.
- Section 11 and 12: Establishes operative dates.
- Section 13: Stipulates that current service agreements remain in effect for the term specified in the agreement, and individuals currently participating in the primary care provider loan repayment program can continue to participate for the duration of the term of their agreement. Requires that unexpended balances of moneys appropriated to the Primary Health Care Loan Forgiveness Program Fund and unexpended balances of the Scholars for a Health Oregon Initiative to be transferred to the Health Care Provider Incentive Fund [Operative January 2, 2018].
- Section 14: Authorizes OHA and OHSU to take action before operative date.
- Section 15: Declares and emergency

### Oregon Health Authority (OHA)

#### Conduct Study

The bill directs Oregon Health Policy Board (OHPB) to study the effectiveness of current financial incentives and develop recommendation for the Legislative Assembly. OHPB estimates the cost of this study to be \$180,000 General Fund for the 2015-17 biennium, based on a current contract with the Oregon Healthcare Workforce Institute and the short timeframe to complete.

#### Administration of Health Care Provider Incentive Programs

Under current practice, OHA is the fiscal agent approved by the Centers for Medicare and Medicaid Services (CMS) for the Medicaid Primary Health Care Loan Forgiveness Program and the Office of Rural Health provides the day-to-day administration of the program. This bill transfers the administration of a health care provider incentive program to the Oregon Health Authority. OHA estimates the cost of administering this program would be an additional \$172,709 for the 2017-19 biennium for outreach and application processing, assuming there is any new money to be distributed.

The bill requires the unexpended balances of moneys appropriated to the Primary Health Care Loan Forgiveness Program Fund to be transferred to the Health Care Provider Incentive Fund. OHA reports that the Medicaid Primary Care Provider Loan Repayment Program will have awarded all of its funds by September 2015. The Office of Rural Health at OHSU estimates that the Primary Health Care Loan Forgiveness Fund has approximately \$40,000 remaining, which would be too small an amount to cause significant administrative work. This bill does not appropriate any new money to the Health Care Provider Incentive Fund.

### Oregon Health Sciences University (OHSU)

Complying with the provisions of this bill is anticipated to have minimal impact to the Oregon Health Sciences University. Currently, the Office of Rural Health at OHSU receives monies for the administration of the Primary Health Care Loan Forgiveness Program as well as the Rural Medical Practitioner Insurance Subsidy Program. If this bill passes, OHSU will no longer administer these two programs.

\*Note that only a portion of OHSU agency's budget is subject to Executive Branch review, or approval or modification by the Legislative Assembly. State funding is provided to OHSU for specific functions such as medical and nursing schools, Office of Rural Health, and the Poison Control Center.

**STAFF MEASURE SUMMARY****House Committee On Health Care****Fiscal:** Fiscal impact issued**Revenue:** No Revenue Impact**Action Date:** 04/17/15**Action:** Do Pass With Amendments, Be Printed Engrossed And Be Referred To Ways And Means By Prior Reference.**Meeting Dates:** 03/30, 04/17**Vote:**

Yeas: 8 - Buehler, Greenlick, Hayden, Kennemer, Keny-Guyer, Lively, Nosse, Weidner

Exc: 1 - Clem

**Prepared By:** Sandy Thiele-Cirka, Committee Administrator**WHAT THE MEASURE DOES:**

Combines the Primary Care Provider Loan Repayment Fund and the Primary Health Care Loan Forgiveness Fund, and other moneys into the Health Care Provider Incentive Fund (Fund). Transfers the primary care provider loan repayment program from the Oregon Health Authority to the Office of Rural Health (Office). Directs the Office to convene an advisory committee. Specifies committee membership and directives. Directs the advisory committee to evaluate and report to the Office of Rural Health on the effectiveness and cost efficiency of the tax credits and to study and evaluate the feasibility of and the tax and legal implications of creating a retirement plan to offer licensed health care practitioners as an incentive. Removes the Oregon Health and Science University Scholars for a Healthy Oregon language. Adds naturopathic physicians to list of participants. Clarifies that funds are to be transferred from the Primary Care Provider Loan Repayment Fund to the Health Care Provider Incentive Fund on or after January 1, 2015; and funds prior to January 1, 2015 are deposited to the Oregon Health Authority Fund. Declares emergency, effective on passage.

**ISSUES DISCUSSED:**

- Need to create a combined healthcare provider fund
- Combined incentives to improve outcomes and efficiency
- Greater flexibility
- Tool to attract practitioners and students
- Proposed amendments

**EFFECT OF COMMITTEE AMENDMENT:**

Directs the advisory committee to evaluate and report to the Office of Rural Health on the effectiveness and cost efficiency of the tax credits and to study and evaluate the feasibility of and the tax and legal implications of creating a retirement plan to offer licensed health care practitioners as an incentive. Removes the Oregon Health and Science University Scholars for a Healthy Oregon language. Adds naturopathic physicians to list of participants. Clarifies that funds are to be transferred from the Primary Care Provider Loan Repayment Fund to the Health Care Provider Incentive Fund on or after January 1, 2015; and funds prior to January 1, 2015 are deposited to the Oregon Health Authority Fund.

**BACKGROUND:**

Oregon has a number of financial incentives to recruit and retain healthcare providers, particularly for primary care and for rural and underserved areas. Incentives include loan forgiveness, scholarships, tax credits, and others. Each is separately funded, without the flexibility to respond to the needs of the marketplace as some incentives may become more effective. The different programs receive state or federal funds. The patchwork nature of these programs means that the overall effectiveness of incentives is hard to measure, and a lack of coordination means that it is difficult to respond to changing needs.

**A-Engrossed**  
**House Bill 3396**

Ordered by the House April 23  
Including House Amendments dated April 23

Sponsored by Representative NATHANSON, Senator BATES

**SUMMARY**

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Creates Health Care Provider Incentive Fund. Transfers moneys from Primary Care Provider Loan Repayment Fund and Primary Health Care Loan Forgiveness Program Fund[, *and certain other moneys,*] to Health Care Provider Incentive Fund. Transfers primary care provider loan repayment program from Oregon Health Authority to Office of Rural Health.

Requires office, counseled by advisory committee, to distribute moneys in Health Care Provider Incentive Fund, based on specified factors, for use in primary care provider loan repayment program[,] **and** Primary Health Care Loan Forgiveness Program [*and Scholars for a Healthy Oregon Initiative*].

Declares emergency, effective on passage.

**A BILL FOR AN ACT**

1  
2 Relating to health care provider incentive programs; creating new provisions; amending ORS 413.233  
3 and 442.574; repealing ORS 413.127 and 442.573; and declaring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. The Health Care Provider Incentive Fund is established in the State Treas-**  
6 **ury, separate and distinct from the General Fund. Interest earned by the Health Care Pro-**  
7 **vider Incentive Fund shall be credited to the fund. Moneys in the fund are continuously**  
8 **appropriated to the Oregon Department of Administrative Services for use by the Office of**  
9 **Rural Health in carrying out section 3 of this 2015 Act.**

10 **SECTION 2. (1) On the effective date of this 2015 Act, all of the unexpended balances of**  
11 **amounts authorized to be expended for the biennium beginning July 1, 2013, shall be trans-**  
12 **ferred from the Primary Health Care Loan Forgiveness Program Fund established in ORS**  
13 **442.573 and deposited in the Health Care Provider Incentive Fund established under section**  
14 **1 of this 2015 Act.**

15 **(2) On the effective date of this 2015 Act, all of the unexpended balances of moneys that**  
16 **were appropriated to the Primary Care Provider Loan Repayment Fund established in ORS**  
17 **413.127:**

18 **(a) On or after January 1, 2015, shall be transferred to and deposited in the Health Care**  
19 **Provider Incentive Fund established in section 1 of this 2015 Act.**

20 **(b) Prior to January 1, 2015, shall be transferred to and deposited in the Oregon Health**  
21 **Authority Fund.**

22 **SECTION 3. (1) Based on recommendations from the advisory committee convened in**  
23 **accordance with subsection (2) of this section, the Office of Rural Health shall distribute the**  
24 **moneys in the Health Care Provider Incentive Fund established under section 1 of this 2015**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 **Act to carry out the purposes of the programs described in ORS 413.233 and 442.574.**

2 **(2) The office shall convene an advisory committee that includes representatives from the**  
3 **Oregon Center for Nursing and the Oregon Healthcare Workforce Institute to:**

4 **(a) Recommend the allocation of moneys in the Health Care Provider Incentive Fund**  
5 **based on the following factors:**

6 **(A) The effectiveness and cost-efficiency of each program in recruiting or retaining li-**  
7 **icensed or certified health care practitioners to provide primary care, including oral and**  
8 **mental health care, in medically underserved areas and to medically underserved populations**  
9 **in this state; and**

10 **(B) The capacity of each program to leverage other sources of funding;**

11 **(b) Evaluate and report to the office on the effectiveness and cost-efficiency of the tax**  
12 **credits provided under ORS 315.613 and 315.616 in recruiting or retaining licensed or certified**  
13 **health care practitioners to provide primary care, including oral and mental health care, in**  
14 **medically underserved areas and to medically underserved populations in this state; and**

15 **(c) Study and evaluate the feasibility of, and the tax and legal implications of, creating**  
16 **a retirement plan to offer to licensed or certified health care practitioners as an incentive**  
17 **to provide primary care, including oral and mental health care, in medically underserved**  
18 **areas and to medically underserved populations in this state.**

19 **SECTION 4.** ORS 413.233 is amended to read:

20 413.233. (1) There is created in the [*Oregon Health Authority*] **Office of Rural Health** the pri-  
21 **mary care provider loan repayment program for the purpose of assisting primary care providers who**  
22 **have committed to serving medical assistance recipients in rural or medically underserved areas of**  
23 **the state.**

24 (2) The [*authority*] **office** shall prescribe by rule:

25 (a) Participant eligibility criteria, including the types of primary care providers who may par-  
26 ticipate in the program;

27 (b) The terms and conditions of participation in the program, including the duration of the term  
28 for which a participant makes a commitment under subsection (1) of this section;

29 (c) The types of loans for which payments may be provided;

30 (d) The priority for distribution of funds [*available under ORS 413.127*] **allocated to the pro-**  
31 **gram from the Health Care Provider Incentive Fund established under section 1 of this 2015**  
32 **Act** if the funds are insufficient to provide assistance to all of the applicants who are eligible to  
33 participate in the program; and

34 (e) The financial penalties imposed on a participant who fails to complete the term of the com-  
35 mitment.

36 [*(3) The authority may enter into contracts with one or more public or private entities to administer*  
37 *the program or parts of the program.*]

38 **(3) The rules adopted by the office under subsection (2) of this section must include**  
39 **naturopathic physicians licensed under ORS chapter 685 as a type of primary care provider**  
40 **who may participate in the program.**

41 **SECTION 5.** ORS 442.574 is amended to read:

42 442.574. (1) As used in this section:

43 (a) "Participant" means a person who has been selected by the Office of Rural Health to receive  
44 a loan under subsection (4) of this section.

45 (b) "Primary care practitioner" means a:

- 1 (A) Physician licensed under ORS chapter 677;
- 2 (B) Physician assistant licensed under ORS 677.505 to 677.525; [or]
- 3 (C) Nurse practitioner licensed under ORS 678.375; **or**
- 4 **(D) A naturopathic physician licensed under ORS chapter 685.**

5 (c) "Prospective primary care practitioner" means a person who is enrolled in a medical edu-  
6 cation program that meets the educational requirements for licensure as a physician, physician as-  
7 sistant, [or] nurse practitioner **or naturopathic physician.**

8 (d) "Service agreement" means the agreement executed by a prospective primary care practi-  
9 tioner under subsection (3) of this section.

10 (2) There is created the Primary Health Care Loan Forgiveness Program, to be administered by  
11 the office pursuant to rules adopted by the office.

12 (3) A prospective primary care practitioner who wishes to participate in the program shall  
13 submit an application to the office in accordance with rules adopted by the office. To be eligible to  
14 be a participant in the program, a prospective primary care practitioner must:

15 (a) Have completed the first year of the prospective primary care practitioner's medical educa-  
16 tion;

17 (b) Be enrolled in a medical education program in Oregon that emphasizes training rural health  
18 care practitioners and is approved by the office;

19 (c) Execute a service agreement stating that, immediately upon the prospective primary care  
20 practitioner's completion of residency or training as established by the office by rule, the prospec-  
21 tive primary care practitioner will practice as a primary care practitioner in a rural setting in this  
22 state approved by the office for at least as many years as the number of years for which the prac-  
23 titioner received loans from the Primary Health Care Loan Forgiveness Program; and

24 (d) Meet other requirements established by the office by rule.

25 (4) The office may select participants from among the prospective primary care practitioners  
26 who submit applications as provided in subsection (3) of this section. The office shall give preference  
27 to a prospective primary care practitioner who agrees to practice in a community that agrees to  
28 contribute funds to the [*Primary Health Care Loan Forgiveness Program Fund established in ORS*  
29 *442.573*] **Health Care Provider Incentive Fund established under section 1 of this 2015 Act.**

30 (5) The office shall provide an annual loan of up to \$35,000 to each participant to cover expenses  
31 related to the participant's medical education, on terms established by the office by rule. The loan  
32 must be evidenced by a written obligation but no additional security may be required.

33 (6) Repayment of loans provided under subsection (5) of this section is deferred while a partic-  
34 ipant is in compliance with the service agreement.

35 (7) At the end of each full year that a participant complies with the service agreement, the office  
36 shall forgive one annual loan provided to the participant under subsection (5) of this section.

37 (8)(a) A person receiving a loan under subsection (5) of this section who fails to complete the  
38 residency or training as required by the office by rule shall repay the amount received to the Pri-  
39 mary Health Care Loan Forgiveness Program plus 10 percent interest on the unpaid balance, ac-  
40 crued from the date the loan was granted.

41 (b) A person receiving a loan under subsection (5) of this section who completes the residency  
42 or training required by the office by rule but fails to fulfill the obligations required by the service  
43 agreement shall repay the amount received to the Primary Health Care Loan Forgiveness Program  
44 plus 10 percent interest on the unpaid balance, accrued from the date the loan was granted. Addi-  
45 tionally, a penalty fee equal to 25 percent of the amount received shall be assessed against the



1 person. No interest accrues on the penalty. The office shall establish rules to allow waiver of all  
2 or part of the penalty owed to the program due to circumstances that prevent the participant from  
3 fulfilling the service obligation.

4 (9) Payments on loans provided under subsection (5) of this section shall be deposited in the  
5 [*Primary Health Care Loan Forgiveness Program Fund established in ORS 442.573*] **Health Care**  
6 **Provider Incentive Fund established under section 1 of this 2015 Act.**

7 (10) If a participant defaults on a loan provided under section (5) of this section:

8 (a) Any amounts due may be collected by the Collections Unit in the Department of Revenue  
9 under ORS 293.250; or

10 (b) The Oregon Health and Science University may contract with a collections agency to collect  
11 any amounts due.

12 (11) Any amounts collected under subsection (10) of this section **or received under subsection**  
13 **(12) of this section** shall be deposited in the [*Primary Health Care Loan Forgiveness Program Fund*  
14 *established in ORS 442.573*] **Health Care Provider Incentive Fund established under section 1**  
15 **of this 2015 Act.**

16 (12) The office may accept funds from any public or private source for the purposes of carrying  
17 out the provisions of this section.

18 **SECTION 6. ORS 413.127 and 442.573 are repealed.**

19 **SECTION 7. The Primary Care Provider Loan Repayment Fund and the Primary Health**  
20 **Care Loan Forgiveness Program Fund are abolished.**

21 **SECTION 8. This 2015 Act being necessary for the immediate preservation of the public**  
22 **peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect**  
23 **on its passage.**

24