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# MEMORANDUM

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**To:** Capital Construction Subcommittee of the Joint Committee on Ways and Means

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

**Date:** Friday, July 3, 2015

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

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## House Bill 3396:

- Establishes the Health Care Provider Incentive Fund to consolidate Oregon's provider incentive programs. Moneys in the fund are continuously appropriated to the Oregon Health Authority (OHA) to administer the umbrella 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].

The measure previously had hearings in the House Committee on Health Care on 3/30/2015 and 4/17/2015. The Joint Committee on Ways and Means previously approved this bill, and it passed the House.

The – B24 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 – B24 amendment**

The – B24 amendment:

- Removes the emergency clause. The bill takes effect on the 91<sup>st</sup> day after the date on which the 2015 legislative assembly adjourns sine die.
- Modifies statutes relating to tax credit available to persons providing rural medical care and affiliated with certain rural hospitals, defining “qualified metropolitan statistical area” and including tax credit eligibility for providers actively working in a hospital located 30 or more highway miles from the closest hospital within the major population center in a metropolitan statistical.

### **Fiscal impact**

The bill 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. The amendment does not change the fiscal determination.

### **Recommendation**

LFO recommends moving the – B24 amendment into the bill.

### **Motion**

Motion: Senator/Representative \_\_\_\_\_:  
**I move the dash B24 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  
B-ENGROSSED HOUSE BILL 3396**

1 On page 1 of the printed B-engrossed bill, line 2, after “ORS” insert  
2 “315.613.”.

3 Delete line 5 and insert “and prescribing an effective date.”.

4 On page 4, after line 45, insert:

5 **“SECTION 7a.** ORS 315.613, as amended by section 19, chapter \_\_\_\_,  
6 Oregon Laws 2015 (Enrolled House Bill 2171), is amended to read:

7 “315.613. (1) A resident or nonresident individual certified as eligible un-  
8 der ORS 442.563, licensed under ORS chapter 677, who is engaged in the  
9 practice of medicine, and who is engaged for at least 20 hours per week,  
10 averaged over the month, during the tax year in a rural practice, shall be  
11 allowed an annual credit against taxes otherwise due under ORS chapter 316.

12 “(2) The amount of credit allowed shall be based on the distance, in  
13 highway miles, from a major population center in a **qualified** metropolitan  
14 statistical area at which the taxpayer maintains a practice or hospital  
15 membership:

16 “(a) If at least 10 miles but fewer than 20 miles, \$3,000.

17 “(b) If at least 20 miles but fewer than 50 miles, \$4,000.

18 “(c) If 50 or more miles, \$5,000.

19 “(3) The credit shall be allowed during the time in which the individual  
20 retains such practice and membership if the individual is actively practicing  
21 in and is a member of the medical staff of one of the following hospitals:

22 “(a) A type A hospital designated as such by the Office of Rural Health;

1 “(b) A type B hospital designated as such by the Office of Rural Health  
2 if the hospital is:

3 “(A) Not within the boundaries of a metropolitan statistical area;

4 “(B) **Located 30 or more highway miles from the closest hospital**  
5 **within the major population center in a metropolitan statistical area;**  
6 or

7 “[~~B~~] (C) Located in a county with a population of less than 75,000;

8 “(c) A type C rural hospital, if the Office of Rural Health makes the  
9 findings required by ORS 315.619;

10 “(d) A rural hospital that was designated a rural referral center by the  
11 federal government before January 1, 1989, and that serves a community with  
12 a population of at least 14,000 but not more than 19,000; or

13 “(e) A rural critical access hospital.

14 “(4) In order to claim the credit allowed under this section, the individual  
15 must remain willing during the tax year to serve patients with Medicare  
16 coverage and patients receiving medical assistance in at least the same pro-  
17 portion to the individual’s total number of patients as the Medicare and  
18 medical assistance populations represent of the total number of persons de-  
19 termined by the Office of Rural Health to be in need of care in the county  
20 served by the practice, not to exceed 20 percent Medicare patients or 15  
21 percent medical assistance patients.

22 “(5) A nonresident individual shall be allowed the credit under this sec-  
23 tion in the proportion provided in ORS 316.117. If a change in the status of  
24 a taxpayer from resident to nonresident or from nonresident to resident oc-  
25 curs, the credit allowed by this section shall be determined in a manner  
26 consistent with ORS 316.117.

27 “(6) For purposes of this section, an ‘individual’s practice’ shall be de-  
28 termined on the basis of actual time spent in practice each week in hours  
29 or days, whichever is considered by the Office of Rural Health to be more  
30 appropriate. In the case of a shareholder of a corporation or a member of a

1 partnership, only the time of the individual shareholder or partner shall be  
2 considered and the full amount of the credit shall be allowed to each share-  
3 holder or partner who qualifies in an individual capacity.

4 “(7) As used in this section:

5 “[*(a) ‘Type A hospital,’ ‘type B hospital’ and ‘type C hospital’ have the*  
6 *meaning for those terms provided in ORS 442.470.*]

7 “(a) **‘Qualified metropolitan statistical area’ means only those**  
8 **counties of a metropolitan statistical area that are located in Oregon**  
9 **if the largest city within the metropolitan statistical area is located**  
10 **in Oregon.**

11 “(b) ‘Rural critical access hospital’ means a facility that meets the crite-  
12 ria set forth in 42 U.S.C. 1395i-4 (c)(2)(B) and that has been designated a  
13 critical access hospital by the Office of Rural Health and the Oregon Health  
14 Authority.

15 “(c) **‘Type A hospital,’ ‘type B hospital’ and ‘type C hospital’ have**  
16 **the meaning for those terms provided in ORS 442.470.**

17 **“SECTION 7b. The amendments to ORS 315.613 by section 7a of this**  
18 **2015 Act apply to tax years beginning on or after January 1, 2016.”.**

19 On page 5, delete lines 30 through 32 and insert:

20 **“SECTION 15. This 2015 Act takes effect on the 91st day after the**  
21 **date on which the 2015 regular session of the Seventy-eighth Legisla-**  
22 **tive Assembly adjourns sine die.”.**

23

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: HB 3396 - B24**

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: 7/4/2015

**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:

- 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

The – B24 amendment removes the emergency clause, prescribing an effective date of 91 days after the date on which the 2015 legislative assembly adjourns sine die. It also includes technical modifications to statutes relating to tax credit available to persons providing rural medical care and affiliated with certain rural hospitals, defining “qualified metropolitan statistical area” and including tax credit eligibility for providers actively working in a hospital located 30 or more highway miles from the closest hospital within the major population center in a metropolitan statistical. The amendment does not change the fiscal determination.

### 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.



**REVENUE IMPACT OF  
PROPOSED LEGISLATION**  
Seventy-Eighth Oregon Legislative  
Assembly  
2015 Regular Session  
Legislative Revenue Office

Bill Number: HB 3396 - B  
Revenue Area: Income Taxes  
Economist: Chris Allanach  
Date: 6/29/2015

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

**Measure Description:** Moves the sunset date for the rural medical provider tax credit from January 1, 2016 to January 1, 2018. The bill also continues the grandfather clause to allow taxpayers eligible for the credit in tax year 2017 to continue claiming the tax credit through 2026 should the tax credit sunset in 2018.

**Revenue Impact (in \$Millions):**

	Fiscal Year		Biennium		
	2015-16	2016-17	2015-17	2017-19	2019-21
General Fund	\$0	-\$1.0	-\$1.0	-\$3.7	-\$3.0

**Impact Explanation:** The revenue impact is based on the historical use of the tax credit as reflected on personal income tax returns. The annual cost of the credit has grown at an average annual rate of 3.4% from \$7 million in 2005 to \$8.8 million in 2013. The total number of claimants during that time grew from 1,607 to 1,896. An analysis of tax returns reveals that an average of 240 filers leave the program each year. Based on that rate of attrition, a significant number of filers would be able to continue claiming the tax credit after the sunset due to the grandfather clause. This dynamic results in a relatively low impact in the initial years of extending the sunset date.

**Creates, Extends, or Expands Tax Expenditure:** Yes  No

The policy purpose of this tax credit is to improve access to certain health care providers in rural areas.

# B-Engrossed House Bill 3396

Ordered by the House June 30  
Including House Amendments dated April 23 and June 30

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.

**Requires Oregon Health Policy Board to study and evaluate effectiveness of existing financial incentive programs offered in this state and address new types of programs to recruit and retain health care providers to practice in rural and medically underserved areas. Requires board to report its finding to Legislative Assembly and make recommendations with respect to continuing or restructuring programs or replacing programs with new programs.**

**Sunsetts various financial incentive programs on January 2, 2018. Requires that participants in programs that sunset be allowed to complete term of service agreement or commitment. Extends sunset on rural medical provider tax credit for two years to January 1, 2018.**

*Creates Health Care Provider Incentive Fund. [Transfers moneys from Primary Care Provider Loan Repayment Fund and Primary Health Care Loan Forgiveness Program Fund 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.]*

Declares emergency, effective on passage.

## A BILL FOR AN ACT

315.613

1  
2 Relating to health care provider incentive programs; creating new provisions; amending ORS 348.570  
3 and 677.141 and section 25, chapter 913, Oregon Laws 2009; repealing ORS 348.303, 413.018,  
4 413.127, 413.233, 442.535, 442.540, 442.545, 442.573, 442.574, 676.550, 676.552, 676.554 and 676.556;  
5 ~~and declaring an emergency.~~ and prescribing an effective date.

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

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

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

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

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

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

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

**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       **SECTION 1.** The Health Care Provider Incentive Fund is established in the State Treas-  
2       ury, separate and distinct from the General Fund. Interest earned by the Health Care Pro-  
3       vider Incentive Fund 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 this 2015 Act.

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

9       (a) Participant eligibility criteria, including the types of qualified health care providers  
10      who may participate in the program;

11      (b) The terms and conditions of participation in the program, including the duration of  
12      the term of any service agreement;

13      (c) The types of incentives that may be provided;

14      (d) If the funds allocated to the program from the Health Care Provider Incentive Fund  
15      established under section 1 of this 2015 Act are insufficient to provide assistance to all of the  
16      applicants who are eligible to participate in the program, the priority for the distribution of  
17      funds, based on guidance from the Health Care Workforce Committee; and

18      (e) The financial penalties imposed on an individual who fails to comply with terms and  
19      conditions of participation.

20      (2) The authority may enter into contracts with one or more public or private entities  
21      to administer the program or parts of the program.

22      **SECTION 3.** (1) The Oregon Health Policy Board shall study and evaluate the effective-  
23      ness of financial incentives offered by the state to recruit and retain qualified health care  
24      providers in rural and medically underserved areas.

25      (2) On the basis of the study, the board shall develop recommendations with respect to:

26      (a) The continuation, restructuring, consolidation or repeal of the incentives;

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

30      (c) New financial incentive programs.

31      (3) The recommendations must address, but need not be limited to:

32      (a) Financial assistance programs for students in both the publicly funded and private  
33      institutions in this state that provide post-graduate training in medical fields;

34      (b) Loans, grants or other financial incentives to hospitals and teaching health centers  
35      for the purpose of establishing or expanding residency programs, including recommendations  
36      for the eligibility criteria, repayment provisions, interest rates and other requirements for  
37      financial incentives;

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

40      (d) Direct subsidies or bonus payments to qualified health care providers for services  
41      provided in rural and medically underserved areas;

42      (e) Creation of a retirement plan to offer to licensed or certified providers as an incentive  
43      to provide services in rural and medically underserved areas and to medically underserved  
44      populations in this state;

45      (f) The criteria for tax credits, including adding means testing or time limits;

1 (g) Opportunities that are available to secure private or public, local or federal matching  
2 funds; and

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

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

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

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

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

21 **SECTION 5.** ORS 348.570 is amended to read:

22 348.570. (1) There is established in the State Treasury a fund, separate and distinct from the  
23 General Fund, to be known as the Oregon Student Assistance Fund for investment as provided by  
24 ORS 293.701 to 293.857 and for the payment of the expenses of the Higher Education Coordinating  
25 Commission in carrying out the purposes of ORS 348.210 to 348.250, 348.285, 348.505 to 348.615,  
26 348.696 and 348.992. Interest earned by the fund shall be credited to the fund.

27 (2) There is established in the State Treasury a fund, separate and distinct from the General  
28 Fund, to be known as the Alternative Student Loan Program Fund for investment as provided by  
29 ORS 293.701 to 293.857 and for the payment of expenses of the commission in carrying out the pur-  
30 poses of ORS 348.625 to 348.695. This fund, including the interest earnings on the fund, if any, is  
31 continuously appropriated to the commission for those purposes for which such funds were provided  
32 to, received or collected by the commission.

33 [(3)(a) There is established in the General Fund an account to be known as the Nursing Services  
34 Account. Funds in the account shall be used for the payment of expenses of the Nursing Services  
35 Program created in ORS 442.540.]

36 [(b) The account shall consist of:]

37 [(A) Funds appropriated to the commission for deposit into the account;]

38 [(B) Collections and penalties received by the Executive Director of the Office of Student Access  
39 and Completion under ORS 442.545; and]

40 [(C) Any donations or grants received by the commission for purposes of the Nursing Services  
41 Program.]

42 [(c) Any funds in the account that are not expended in any biennium shall be retained in the ac-  
43 count and may be expended in subsequent biennia.]

44 [(4)] (3) There is established in the State Treasury a fund, separate and distinct from the Gen-  
45 eral Fund, to be known as the Foster Youth Scholarship Fund. Moneys received from appropriations,

1 donations and grants shall be credited to the fund. Moneys in the fund are continuously appropri-  
2 ated to the commission for the purposes of investment, as provided by ORS 293.701 to 293.857, and  
3 for carrying out the provisions of ORS 348.270 (1)(b). Interest earned by the fund shall be credited  
4 to the fund.

5 [(5)] (4) There is established in the State Treasury a fund, separate and distinct from the Gen-  
6 eral Fund, to be known as the ASPIRE Program Fund. Moneys received from donations and grants  
7 shall be credited to the ASPIRE Program Fund. Moneys in the fund are continuously appropriated  
8 to the commission for the purposes of investment, as provided by ORS 293.701 to 293.857, and for  
9 carrying out the provisions of ORS 348.500. Interest earned by the fund shall be credited to the fund.

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

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

17 (B) Grants, gifts or donations received by the commission for the program.

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

20 **SECTION 6.** ORS 677.141 is amended to read:

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

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

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

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

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

31 [(d) *Participate in the primary care provider loan repayment program created in ORS 413.233;*  
32 *or*]

33 [(e)] (d) Assert a lien for services under ORS 87.555.

34 (3) A physician licensed under ORS 677.139 shall comply with all patient confidentiality re-  
35 quirements of this state, except as those requirements are expressly prohibited by the law of any  
36 other state of the United States where a person's medical records are maintained.

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

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

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

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

45 (b) For which the taxpayer meets the eligibility requirements of ORS 315.613.

5        “**SECTION 7a.** ORS 315.613, as amended by section 19, chapter \_\_\_,  
6 Oregon Laws 2015 (Enrolled House Bill 2171), is amended to read:

7        “315.613. (1) A resident or nonresident individual certified as eligible un-  
8 der ORS 442.563, licensed under ORS chapter 677, who is engaged in the  
9 practice of medicine, and who is engaged for at least 20 hours per week,  
10 averaged over the month, during the tax year in a rural practice, shall be  
11 allowed an annual credit against taxes otherwise due under ORS chapter 316.

12        “(2) The amount of credit allowed shall be based on the distance, in  
13 highway miles, from a major population center in a **qualified** metropolitan  
14 statistical area at which the taxpayer maintains a practice or hospital  
15 membership:

16        “(a) If at least 10 miles but fewer than 20 miles, \$3,000.

17        “(b) If at least 20 miles but fewer than 50 miles, \$4,000.

18        “(c) If 50 or more miles, \$5,000.

19        “(3) The credit shall be allowed during the time in which the individual  
20 retains such practice and membership if the individual is actively practicing  
21 in and is a member of the medical staff of one of the following hospitals:

22        “(a) A type A hospital designated as such by the Office of Rural Health;

1 “(b) A type B hospital designated as such by the Office of Rural Health  
2 if the hospital is:

3 “(A) Not within the boundaries of a metropolitan statistical area;

4 “(B) **Located 30 or more highway miles from the closest hospital**  
5 **within the major population center in a metropolitan statistical area;**  
6 or

7 “[~~(B)~~] (C) Located in a county with a population of less than 75,000;

8 “(c) A type C rural hospital, if the Office of Rural Health makes the  
9 findings required by ORS 315.619;

10 “(d) A rural hospital that was designated a rural referral center by the  
11 federal government before January 1, 1989, and that serves a community with  
12 a population of at least 14,000 but not more than 19,000; or

13 “(e) A rural critical access hospital.

14 “(4) In order to claim the credit allowed under this section, the individual  
15 must remain willing during the tax year to serve patients with Medicare  
16 coverage and patients receiving medical assistance in at least the same pro-  
17 portion to the individual’s total number of patients as the Medicare and  
18 medical assistance populations represent of the total number of persons de-  
19 termined by the Office of Rural Health to be in need of care in the county  
20 served by the practice, not to exceed 20 percent Medicare patients or 15  
21 percent medical assistance patients.

22 “(5) A nonresident individual shall be allowed the credit under this sec-  
23 tion in the proportion provided in ORS 316.117. If a change in the status of  
24 a taxpayer from resident to nonresident or from nonresident to resident oc-  
25 curs, the credit allowed by this section shall be determined in a manner  
26 consistent with ORS 316.117.

27 “(6) For purposes of this section, an ‘individual’s practice’ shall be de-  
28 termined on the basis of actual time spent in practice each week in hours  
29 or days, whichever is considered by the Office of Rural Health to be more  
30 appropriate. In the case of a shareholder of a corporation or a member of a

1 partnership, only the time of the individual shareholder or partner shall be  
2 considered and the full amount of the credit shall be allowed to each share-  
3 holder or partner who qualifies in an individual capacity.

4 “(7) As used in this section:

5 “[*(a) ‘Type A hospital,’ ‘type B hospital’ and ‘type C hospital’ have the*  
6 *meaning for those terms provided in ORS 442.470.*]

7 **“(a) ‘Qualified metropolitan statistical area’ means only those**  
8 **counties of a metropolitan statistical area that are located in Oregon**  
9 **if the largest city within the metropolitan statistical area is located**  
10 **in Oregon.**

11 **“(b) ‘Rural critical access hospital’ means a facility that meets the crite-**  
12 **ria set forth in 42 U.S.C. 1395i-4 (c)(2)(B) and that has been designated a**  
13 **critical access hospital by the Office of Rural Health and the Oregon Health**  
14 **Authority.**

15 **“(c) ‘Type A hospital,’ ‘type B hospital’ and ‘type C hospital’ have**  
16 **the meaning for those terms provided in ORS 442.470.**

17 **“SECTION 7b. The amendments to ORS 315.613 by section 7a of this**  
18 **2015 Act apply to tax years beginning on or after January 1, 2016.”.**



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

2       **SECTION 9.** ORS 348.303, 413.127, 413.233, 442.573, 442.574, 676.550, 676.552, 676.554 and  
3       676.556 are repealed.

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

5       **SECTION 11.** Sections 1, 2 and 13 of this 2015 Act and the amendments to ORS 677.141  
6       by section 6 of this 2015 Act become operative on January 1, 2018.

7       **SECTION 12.** The repeal of ORS 348.303, 413.127, 413.233, 442.573, 442.574, 676.550, 676.552,  
8       676.554 and 676.556 by section 9 of this 2015 Act becomes operative January 2, 2018.

9       **SECTION 13.** (1) Service agreements under ORS 442.574 and 348.303 that are in effect on  
10       the operative date of this section shall remain in effect for the term specified in the agree-  
11       ment.

12       (2) Individuals participating in the primary care provider loan repayment program on the  
13       operative date of this section shall continue to participate for the duration of the term of the  
14       individual's commitment made pursuant to ORS 413.233.

15       (3) Nothing in the repeal of ORS 348.303, 413.233 and 442.574 relieves a person of a liabil-  
16       ity, duty or obligation accruing under or with respect to ORS 348.303, 413.233 and 442.574.  
17       Payments made by participants to discharge an obligation arising under ORS 348.303 (6) or  
18       (7), 413.233 (2)(e) or 442.574 shall be deposited to the Health Care Provider Incentive Fund  
19       established in section 1 of this 2015 Act.

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

22       (5) Any unexpended balances of moneys in the Primary Health Care Loan Forgiveness  
23       Program Fund are transferred to the Health Care Provider Incentive Fund established under  
24       section 1 of this 2015 Act and shall be used by the Oregon Health Authority to carry out  
25       section 2 of this 2015 Act and to administer the service agreements entered into pursuant  
26       to ORS 442.574 that remain in effect under subsection (1) of this section.

27       **SECTION 14.** The Office of Rural Health and the Oregon Health Authority shall take any  
28       actions before January 1, 2018, that are necessary in order to carry out the provisions of  
29       section 13 of this 2015 Act on and after January 1, 2018.

30       ~~**SECTION 15.** This 2015 Act being necessary for the immediate preservation of the public~~  
31       ~~peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect~~  
32       ~~on its passage.~~

33  

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SECTION 15. This 2015 Act takes effect on the 91st day after the  
date on which the 2015 regular session of the Seventy-eighth Legislative  
Assembly adjourns sine die.

**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.

**B-Engrossed**  
**House Bill 3396**

Ordered by the House June 30  
Including House Amendments dated April 23 and June 30

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.

**Requires Oregon Health Policy Board to study and evaluate effectiveness of existing financial incentive programs offered in this state and address new types of programs to recruit and retain health care providers to practice in rural and medically underserved areas. Requires board to report its finding to Legislative Assembly and make recommendations with respect to continuing or restructuring programs or replacing programs with new programs.**

**Sunsetts various financial incentive programs on January 2, 2018. Requires that participants in programs that sunset be allowed to complete term of service agreement or commitment. Extends sunset on rural medical provider tax credit for two years to January 1, 2018.**

Creates Health Care Provider Incentive Fund. [*Transfers moneys from Primary Care Provider Loan Repayment Fund and Primary Health Care Loan Forgiveness Program Fund 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.*]

Declares emergency, effective on passage.

**A BILL FOR AN ACT**

1  
2 Relating to health care provider incentive programs; creating new provisions; amending ORS 348.570  
3 and 677.141 and section 25, chapter 913, Oregon Laws 2009; repealing ORS 348.303, 413.018,  
4 413.127, 413.233, 442.535, 442.540, 442.545, 442.573, 442.574, 676.550, 676.552, 676.554 and 676.556;  
5 and declaring an emergency.

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

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

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

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

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

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

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

**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       **SECTION 1.** The Health Care Provider Incentive Fund is established in the State Treas-  
2       ury, separate and distinct from the General Fund. Interest earned by the Health Care Pro-  
3       vider Incentive Fund 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 this 2015 Act.

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

9       (a) Participant eligibility criteria, including the types of qualified health care providers  
10      who may participate in the program;

11      (b) The terms and conditions of participation in the program, including the duration of  
12      the term of any service agreement;

13      (c) The types of incentives that may be provided;

14      (d) If the funds allocated to the program from the Health Care Provider Incentive Fund  
15      established under section 1 of this 2015 Act are insufficient to provide assistance to all of the  
16      applicants who are eligible to participate in the program, the priority for the distribution of  
17      funds, based on guidance from the Health Care Workforce Committee; and

18      (e) The financial penalties imposed on an individual who fails to comply with terms and  
19      conditions of participation.

20      (2) The authority may enter into contracts with one or more public or private entities  
21      to administer the program or parts of the program.

22      **SECTION 3.** (1) The Oregon Health Policy Board shall study and evaluate the effective-  
23      ness of financial incentives offered by the state to recruit and retain qualified health care  
24      providers in rural and medically underserved areas.

25      (2) On the basis of the study, the board shall develop recommendations with respect to:

26      (a) The continuation, restructuring, consolidation or repeal of the incentives;

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

30      (c) New financial incentive programs.

31      (3) The recommendations must address, but need not be limited to:

32      (a) Financial assistance programs for students in both the publicly funded and private  
33      institutions in this state that provide post-graduate training in medical fields;

34      (b) Loans, grants or other financial incentives to hospitals and teaching health centers  
35      for the purpose of establishing or expanding residency programs, including recommendations  
36      for the eligibility criteria, repayment provisions, interest rates and other requirements for  
37      financial incentives;

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

40      (d) Direct subsidies or bonus payments to qualified health care providers for services  
41      provided in rural and medically underserved areas;

42      (e) Creation of a retirement plan to offer to licensed or certified providers as an incentive  
43      to provide services in rural and medically underserved areas and to medically underserved  
44      populations in this state;

45      (f) The criteria for tax credits, including adding means testing or time limits;

1 (g) Opportunities that are available to secure private or public, local or federal matching  
2 funds; and

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

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

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

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

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

21 **SECTION 5.** ORS 348.570 is amended to read:

22 348.570. (1) There is established in the State Treasury a fund, separate and distinct from the  
23 General Fund, to be known as the Oregon Student Assistance Fund for investment as provided by  
24 ORS 293.701 to 293.857 and for the payment of the expenses of the Higher Education Coordinating  
25 Commission in carrying out the purposes of ORS 348.210 to 348.250, 348.285, 348.505 to 348.615,  
26 348.696 and 348.992. Interest earned by the fund shall be credited to the fund.

27 (2) There is established in the State Treasury a fund, separate and distinct from the General  
28 Fund, to be known as the Alternative Student Loan Program Fund for investment as provided by  
29 ORS 293.701 to 293.857 and for the payment of expenses of the commission in carrying out the pur-  
30 poses of ORS 348.625 to 348.695. This fund, including the interest earnings on the fund, if any, is  
31 continuously appropriated to the commission for those purposes for which such funds were provided  
32 to, received or collected by the commission.

33 [(3)(a) There is established in the General Fund an account to be known as the Nursing Services  
34 Account. Funds in the account shall be used for the payment of expenses of the Nursing Services  
35 Program created in ORS 442.540.]

36 [(b) The account shall consist of:]

37 [(A) Funds appropriated to the commission for deposit into the account;]

38 [(B) Collections and penalties received by the Executive Director of the Office of Student Access  
39 and Completion under ORS 442.545; and]

40 [(C) Any donations or grants received by the commission for purposes of the Nursing Services  
41 Program.]

42 [(c) Any funds in the account that are not expended in any biennium shall be retained in the ac-  
43 count and may be expended in subsequent biennia.]

44 [(4)] (3) There is established in the State Treasury a fund, separate and distinct from the Gen-  
45 eral Fund, to be known as the Foster Youth Scholarship Fund. Moneys received from appropriations,

1 donations and grants shall be credited to the fund. Moneys in the fund are continuously appropri-  
2 ated to the commission for the purposes of investment, as provided by ORS 293.701 to 293.857, and  
3 for carrying out the provisions of ORS 348.270 (1)(b). Interest earned by the fund shall be credited  
4 to the fund.

5 [(5)] (4) There is established in the State Treasury a fund, separate and distinct from the Gen-  
6 eral Fund, to be known as the ASPIRE Program Fund. Moneys received from donations and grants  
7 shall be credited to the ASPIRE Program Fund. Moneys in the fund are continuously appropriated  
8 to the commission for the purposes of investment, as provided by ORS 293.701 to 293.857, and for  
9 carrying out the provisions of ORS 348.500. Interest earned by the fund shall be credited to the fund.

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

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

17 (B) Grants, gifts or donations received by the commission for the program.

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

20 **SECTION 6.** ORS 677.141 is amended to read:

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

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

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

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

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

31 [(d) *Participate in the primary care provider loan repayment program created in ORS 413.233;*  
32 *or*]

33 [(e)] (d) Assert a lien for services under ORS 87.555.

34 (3) A physician licensed under ORS 677.139 shall comply with all patient confidentiality re-  
35 quirements of this state, except as those requirements are expressly prohibited by the law of any  
36 other state of the United States where a person's medical records are maintained.

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

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

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

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

45 (b) For which the taxpayer meets the eligibility requirements of ORS 315.613.

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

2       **SECTION 9.** ORS 348.303, 413.127, 413.233, 442.573, 442.574, 676.550, 676.552, 676.554 and  
3       **676.556** are repealed.

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

5       **SECTION 11.** Sections 1, 2 and 13 of this 2015 Act and the amendments to ORS 677.141  
6       by section 6 of this 2015 Act become operative on January 1, 2018.

7       **SECTION 12.** The repeal of ORS 348.303, 413.127, 413.233, 442.573, 442.574, 676.550, 676.552,  
8       **676.554** and **676.556** by section 9 of this 2015 Act becomes operative January 2, 2018.

9       **SECTION 13.** (1) Service agreements under ORS 442.574 and 348.303 that are in effect on  
10       the operative date of this section shall remain in effect for the term specified in the agree-  
11       ment.

12       (2) Individuals participating in the primary care provider loan repayment program on the  
13       operative date of this section shall continue to participate for the duration of the term of the  
14       individual's commitment made pursuant to ORS 413.233.

15       (3) Nothing in the repeal of ORS 348.303, 413.233 and 442.574 relieves a person of a liabil-  
16       ity, duty or obligation accruing under or with respect to ORS 348.303, 413.233 and 442.574.  
17       Payments made by participants to discharge an obligation arising under ORS 348.303 (6) or  
18       (7), 413.233 (2)(e) or 442.574 shall be deposited to the Health Care Provider Incentive Fund  
19       established in section 1 of this 2015 Act.

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

22       (5) Any unexpended balances of moneys in the Primary Health Care Loan Forgiveness  
23       Program Fund are transferred to the Health Care Provider Incentive Fund established under  
24       section 1 of this 2015 Act and shall be used by the Oregon Health Authority to carry out  
25       section 2 of this 2015 Act and to administer the service agreements entered into pursuant  
26       to ORS 442.574 that remain in effect under subsection (1) of this section.

27       **SECTION 14.** The Office of Rural Health and the Oregon Health Authority shall take any  
28       actions before January 1, 2018, that are necessary in order to carry out the provisions of  
29       section 13 of this 2015 Act on and after January 1, 2018.

30       **SECTION 15.** This 2015 Act being necessary for the immediate preservation of the public  
31       peace, health and safety, an emergency is declared to exist, and this 2015 Act takes effect  
32       on its passage.

33