

# Oregon Veterans' Home Physician

ORS 315.624	Year Enacted:	2007	Transferable:	No
	Length:	1	Means Tested:	No
TER 1.449	Refundable:	No	Carryforward:	None
	Kind of cap:	Credit Amount	Inflation Adjusted:	No

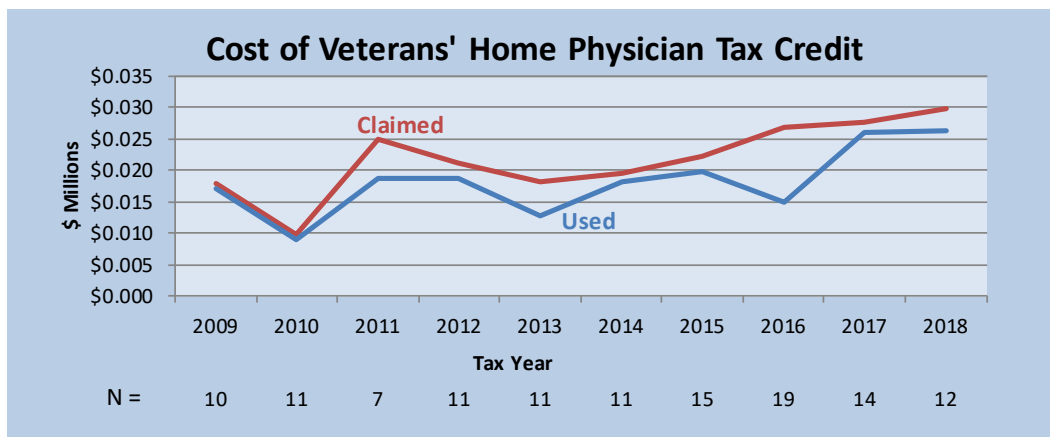
## Policy Purpose

Testimony for the 2007 implementing legislation (HB 3201) suggests that the **policy purpose of the tax credit is to increase the number of health care professionals providing long-term care to Oregon veterans, thereby increasing the number of veterans receiving such care.** The credit effectively increases the after-tax take-home pay for physicians providing the qualifying care. This may entice some physicians to provide these services who otherwise would not.

## Description

Physicians who provide medical care to residents of an Oregon Veterans' Home are allowed a credit against personal income taxes. The credit is \$1,000 for every eight residents to whom the physician provides care, up to \$5,000. To qualify for the credit, a physician cannot miss more than five percent of scheduled visits with residents as verified by a letter from the Oregon Veterans' Home. The letter must be submitted with the corresponding tax return. A qualifying taxpayer may claim both this credit and the rural medical practitioner tax credit.

The chart below shows that the cost of this credit has varied between \$10,000 and \$30,000 per year between 2009 and 2018. On average, use of this tax credit has equaled about 85 percent of amount claimed meaning some taxpayers are not receiving the full available credit benefit. A second Veterans' Home opened in 2014 in Lebanon causing a slight uptick in credit use. On average, about 15 taxpayers per year have claimed the credit since the opening of the second Veterans' Home.



## Policy Analysis

Given the policy discussions at the time this tax credit was created, the key issue is whether the tax credit increases the number of medical providers offering their services to patients in an Oregon Veterans' Home. Communication with The Dalles Oregon Veterans' Home described difficulty in attracting

physicians to follow patients of the home, though the greater community also has a shortage of physicians (Maitland, 2020).

In 1995 the Legislature authorized the creation of two long-term care facilities for Oregon veterans. The first home opened in The Dalles in 1997. The Home can care for as many as 151 residents who need long-term care in a care facility that provides skilled nursing, Alzheimer’s and dementia-related care, and inpatient and outpatient rehabilitative care to veterans, their spouses and parents who have lost a child to war-time service .

A second home (OVH-Lebanon) opened in Lebanon in 2014 that can house up to 154 residents. Per OVH-Lebanon’s website the Home is...

*Organized around the idea of an intentional community or neighborhood, this new veterans' home offers residents a way to maximize normal living environments and routines, provides autonomy, a sense of community, and quality of life. The campus consists of four neighborhoods, up to three houses per neighborhood, and each house accommodates up to 14 eligible residents (Oregon Veterans' Home Lebanon, 2020).*

Legislation in 2011 enabled a third home to be built in Roseburg though the facility has yet to break ground due to funding issues.

No other state is known to offer a similar tax credit.

### *Similar Incentives Available in Oregon*

The table below details the direct funding legislatively appropriated to the Oregon Veterans’ Homes for the 2019-21 biennium. Home operations are funded by Other Funds, consisting primarily of resident-related income, including federal VA payments, Medicare, Medicaid, insurance, and private payments. Other Funds revenues from the sale of veteran’s license plates and donations from the charitable checkoff income tax program also support the Veterans’ Homes. The Oregon Department of Veteran Affairs received federal Coronavirus Aid, Relief and Economic Security (CARES) Act Provider Relief Fund general and targeted distributions in 2019-21 for Oregon Veterans’ Homes healthcare-related expenses and lost revenues attributable to COVID-19. General Fund is appropriated for debt service on general obligation bonds issued in 2019 for capital improvements to the Homes.

<b>Direct Spending Program</b>	<b>2019-21 Legislatively Adopted Budget (\$M)</b>		
	<b>General Fund</b>	<b>Other Funds</b>	<b>Federal Funds</b>
Oregon Veterans' Home	\$0.4	\$87.1	\$1.7

### *Other Issues*

The administrative costs of this tax credit are born by the DOR, the Oregon Veterans’ Home (tracking services) and medical providers. The marginal cost to DOR is likely to be minimal and the cost to taxpayers pertains to maintaining tax records in the event they are subject to an audit.