



### **SB 325 – RURAL MEDICAL TAX CREDIT – SUPPORT**

The Rural Medical Tax Credit allows a \$5,000 annual, nonrefundable credit against personal income taxes. This credit is one of the few tools rural communities have to attract and retain health care professionals.

#### **How the tax credit works:**

- The original statute, passed in 1990, covered physicians, physician assistants and nurse practitioners. Certified nurse anesthetists were added in 1991, podiatrists and dentists in 1995, and optometrists in 1997.
- Costs to administer the program are negligible and are covered by charging each applicant a \$45 processing fee.
- Physicians and other health care providers expect to work long hours for less money in rural areas. The tax credit helps make it possible for them to afford to live and work in a rural community.

#### **Eligibility:**

- Currently, at least 60% of the provider's practice, in terms of hours worked, must be spent in a qualifying rural area (see recommended changes below).
- Rural is defined as any area at least 10 miles from a major population center of 40,000 or more. There are six areas that large: Portland metro, Salem, Eugene/Springfield, Medford, Bend and Corvallis/Albany.
- Physicians on staff of a hospital in a metropolitan statistical area (MSA) are not eligible with the exception of Florence and Dallas.

#### **Cost:**

- In 2011, 2,009 practitioners qualified at a cost of \$8.5 M per year (\$17 M per biennium).

#### **Benefits:**

- Rural Oregonians would lose access to medical professionals if this credit were allowed to sunset. Even with the credit, in 2009 there were 335 physicians per 100,000 population in urban Oregon but only 135 physicians per 100,000 in rural Oregon.
- In a recent survey of tax credit recipients, 77% said they would consider leaving, would begin looking for other opportunities or would leave as soon as possible if this tax credit were eliminated.

#### **Recommended changes:**

- Change the practice requirement from 60% of one's practice to 20 hours per week. This means a retired physician who fills in one day a week or one day every other week would no longer qualify for the credit. Similarly, OHSU faculty who practice one day a week in a rural community would not qualify.
- Require that recipients keep their practice open to Medicare and Medicaid patients at least up to the same proportion as in their county.



# Oregon Rural Health Association

## 2013 LEGISLATIVE AGENDA

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