HB 3261: Health Care Provider Incentives

The Problem

According to the Health Care Workforce Committee, states across the nation are struggling to deal with shortages in the number of health care providers and with significant maldistribution of current providers, leaving many communities underserved. Oregon is not immune from this problem. Oregon suffers from an inadequate health care work force in rural and other underserved parts of the state.

Despite having practitioner-per-1,000 resident ratios—roughly equal to the national average—the distribution of providers throughout Oregon leaves many areas of the state without enough providers.

Oregon has provided a variety of financial incentives to help recruit providers to work in rural and underserved communities, and these programs are successful at increasing the number of practitioners who serve in those areas. Practitioners and students have access to about a dozen state and federal programs including tax credits, insurance subsidies, loan repayment, and loan forgiveness, set up at different times, with different criteria.

We need to make sure we're making the most of the $30M a biennium that we spend on incentives to recruit and retain health care professionals in rural and underserved areas.

Background

The 2015 Legislative Assembly enacted HB 3396, creating the Health Care Provider Incentive Fund to be administered by the Oregon Health Authority, and directed the Oregon Health Policy Board to evaluate the effectiveness of health care provider incentives and to produce recommendations for the Legislature regarding continuing, restructuring, consolidating, or repealing current incentives; prioritization of incentive funds to qualified providers; and consideration of new financial incentive programs.

We now have those recommendations, and this bill implements recommendations and technical changes to improve the incentives and provide the Health Policy Board with the tools and the authority to manage the programs in the incentive fund.

OHA contracted for a study to analyze existing incentive programs. The Health Care Workforce Committee also created a group that conducted

listening sessions in rural communities across the state in 2016. They heard from providers, community leaders, clinic administrators, public health officials, and other stakeholders.

The study found that all of Oregon's incentive programs "are successful in increasing the number of providers in rural areas in Oregon." But the programs can still be made more effective and holistic.

The first recommendation was to enhance the type and amount of data available to policymakers and program administrators. According to the Committee, increased data would "better enable ongoing analysis and evaluation of Oregon's provider incentive programs and better enable policymakers and administrators to invest limited state resources in a way to deliver the biggest return on its investment."

The Committee's second recommendation was to expand program awareness and ease of use to improve the utilization of the programs by prospective providers, including providing common applications and consolidating important information about the programs.

The Committee also recommended restructuring some existing programs for greater effectiveness. Enhancing the flexibility of programs could maximize their impact. To maximize recruitment and retention of providers, the Committee *strongly* recommended that more resources be directed to loan repayment programs. This would enable more providers to benefit from these programs, which would increase the overall benefit to underserved communities throughout the state.

The OHA and the Health Care Workforce Committee have started to implement recommendations within their authority such as data sets and best practices for recruitment and retention.

Bill Basics

Administrative changes

1. To improve Oregon's existing data collection and analysis efforts, OHA, in collaboration with the Office of Rural Health, will collect information from participants in the programs in order to evaluate program effectiveness, including more data on telemedicine services.

2. It directs development of a uniform application form for all provider incentive programs.

3. And maintaining a website with consolidated, important information about all of the programs.

4. Eligibility requirements adopted for the program will have to meet certain conditions, based on findings and recommendations from the study. For example, providers must be allowed to qualify for multiple incentives and must be allowed to qualify for an incentive for multi-year periods. This may help retain providers in the areas that need them most.

5. The eligibility requirements must give preference to certain applicants, such as those applicants willing to commit to extended periods of service in rural or underserved areas, or those who serve proportionately as least as many patients enrolled in the state medical assistance program and Medicare as the statewide ratio.

Incentives

You'll recall that we have loan forgiveness, loan repayment, and other types of financial incentives. I'll mention only the changes that are being recommended.

1. The bill allows for annual tax credit provisions for providers working at least 20 hours a week in a designated area. The amount of credit will be based on the location where the individual maintains an active practice:

    - For 20-50 miles away from a major population center or a qualified metropolitan statistical area: a $4,000 credit
    - For greater than 50 miles, a $5,000 credit
    - And for a county with a population density of six or fewer persons per square mile: a $7,000 credit
    - (the credit for 10-20 miles from an urban community was removed)[1]

[1] – saving roughly $966,000 per year

2. Creates an additional tax credit of $1,000 if the individual is certified as a preceptor who supervises students, interns, or residents in some health professional training programs. This will create an opportunity for providers to take on apprentices without hurting their bottom line.

3. Scholarship funds would be available to all non-profit Oregon schools with programs in the needed professions. The funds will be distributed proportionately[2], based on the percentage of Oregon students attending those schools. among the schools offering the training programs, e.g. OHSU, Comp NW, Pacific, U of Portland.

4. The bill expands the kinds of incentives that *may* be provided such as up to $25,000 for certain residency positions. And it adds *locum tenens* as an allowed incentive program.[3]

It's important to note that since the responsibility for reviewing incentive programs and allocating money will be under the purview of the Health Policy Board, this bill is designed to give them the tools they need to make the best decisions possible, and to give them additional flexibility in types of incentives that may be provided.

Amendment: This bill covers a number of moving parts. We have provided you with an amendment with a technical change, from the Health Care Workforce Committee to the Health Policy Board, to which it reports. There will undoubtedly be several more changes to propose in another amendment.

Conclusion

The use of these incentives to further encourage providers to practice in these underserved areas, combined with a more efficient and effective system, can help people in our state get the health care they need, regardless of where they live.

The 2015 legislation was the first step toward more comprehensive programming to address the distribution of health care providers in Oregon. This bill is the next step in – quoting the Healt6h Care Workforce Committee Report: "reworking our existing programs into a more flexible system of

[2] , based on the percentage of Oregon students attending those schools.
[3] ; this could be useful for temporary or short-term primary care access for underserved communities.

supports that can keep what works well, [and can] offer new approaches that should yield even more effective returns on our investments."