

A-Engrossed
House Bill 3245

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

Sponsored by Representative NATHANSON

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.

Amends tax credit for rural health care providers to include health care providers in nonrural medically underserved communities. Authorizes Office of Rural Health to designate medically underserved areas.

Applies to tax years beginning on or after January 1, 2016.
Takes effect on 91st day following adjournment sine die.

A BILL FOR AN ACT

1
2 Relating to a tax credit for health care providers in medically underserved areas; creating new
3 provisions; amending ORS 315.613, 315.616, 315.622, 442.563 and 442.570; repealing ORS 315.619,
4 442.561, 442.562 and 442.564; and prescribing an effective date.

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

6 **SECTION 1.** ORS 315.613 is amended to read:

7 315.613. (1) **As used in this section, "underserved community" means a population or ge-**
8 **ographic area that has been designated by the Office of Rural Health as medically under-**
9 **served.**

10 [(1)] (2) A resident or nonresident individual **who is** certified as eligible under ORS 442.563, **is**
11 licensed **as a physician or a physician assistant** under ORS chapter 677, [*who is engaged in the*
12 *practice of medicine, and who*] **and** is engaged for at least 20 hours per week, averaged over the
13 month, during the tax year in [*a rural practice*] **the practice of medicine serving an underserved**
14 **community**, shall be allowed an annual credit against taxes otherwise due under ORS chapter 316
15 in the sum of \$5,000 during the time in which the individual retains such practice. [*and membership*
16 *if the individual is actively practicing in and is a member of the medical staff of one of the following*
17 *hospitals:*]

18 [(a)] A type A hospital designated as such by the Office of Rural Health;]

19 [(b)] A type B hospital designated as such by the Office of Rural Health if the hospital is:]

20 [(A)] Not within the boundaries of a metropolitan statistical area;]

21 [(B)] Located 30 or more highway miles from the closest hospital within the major population center
22 in a metropolitan statistical area; or]

23 [(C)] Located in a county with a population of less than 75,000;]

24 [(c)] A type C rural hospital, if the Office of Rural Health makes the findings required by ORS
25 315.619;]

26 [(d)] A rural hospital that was designated a rural referral center by the federal government before

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 *January 1, 1989, and that serves a community with a population of at least 14,000 but not more than*
2 *19,000; or]*

3 *[(e) A rural critical access hospital.]*

4 *[(2) In order to claim the credit allowed under this section, the individual must remain willing*
5 *during the tax year to serve patients with Medicare coverage and patients receiving medical assistance*
6 *in at least the same proportion to the individual's total number of patients as the Medicare and medical*
7 *assistance populations represent of the total number of persons determined by the Office of Rural*
8 *Health to be in need of care in the county served by the practice, not to exceed 20 percent Medicare*
9 *patients or 15 percent medical assistance patients.]*

10 **(3) In order to claim the credit allowed under this section, the individual must remain**
11 **willing during the tax year to:**

12 **(a) Serve patients with Medicare coverage in a proportion to the individual's total num-**
13 **ber of patients that is no less than the lesser of:**

14 **(A) The percentage of the total number of persons in need of care in the county served**
15 **by the practice that have Medicare coverage, as determined by the Office of Rural Health;**
16 **and**

17 **(B) 20 percent; and**

18 **(b) Serve patients receiving medical assistance in a proportion to the individual's total**
19 **number of patients that is no less than the lesser of:**

20 **(A) The percentage of the total number of persons in need of care in the county served**
21 **by the practice that receive medical assistance, as determined by the Office of Rural Health;**
22 **and**

23 **(B) 15 percent.**

24 *[(3)] (4) A nonresident individual shall be allowed the credit under this section in the proportion*
25 *provided in ORS 316.117. If a change in the status of a taxpayer from resident to nonresident or from*
26 *nonresident to resident occurs, the credit allowed by this section shall be determined in a manner*
27 *consistent with ORS 316.117.*

28 *[(4)] (5) For purposes of this section, an "individual's practice" shall be determined on the basis*
29 *of actual time spent in practice each week in hours or days, whichever is considered by the Office*
30 *of Rural Health to be more appropriate. In the case of a shareholder of a corporation or a member*
31 *of a partnership, only the time of the individual shareholder or partner shall be considered and the*
32 *full amount of the credit shall be allowed to each shareholder or partner who qualifies in an indi-*
33 *vidual capacity.*

34 *[(5) As used in this section:]*

35 *[(a) "Type A hospital," "type B hospital" and "type C hospital" have the meaning for those terms*
36 *provided in ORS 442.470.]*

37 *[(b) "Rural critical access hospital" means a facility that meets the criteria set forth in 42 U.S.C.*
38 *1395i-4 (c)(2)(B) and that has been designated a critical access hospital by the Office of Rural Health*
39 *and the Oregon Health Authority.]*

40 **SECTION 2.** ORS 315.616 is amended to read:

41 **315.616. (1) As used in this section, "underserved community" means a population or ge-**
42 **ographic area that has been designated by the Office of Rural Health as medically under-**
43 **served.**

44 **(2) A resident or nonresident individual who is certified as eligible under ORS [442.561,**
45 **442.562,] 442.563 [or 442.564,] and is [licensed as a physician under ORS chapter 677, licensed as a**

1 *physician assistant under ORS chapter 677,* licensed as a nurse practitioner under ORS chapter 678,
2 **licensed as a clinical nurse specialist under ORS chapter 678,** licensed as a certified registered
3 nurse anesthetist under ORS chapter 678, licensed as a dentist under ORS chapter 679, **licensed**
4 **as a podiatrist under ORS chapter 677,** or licensed as an optometrist under ORS 683.010 to
5 683.340 is entitled to the tax credit described in ORS 315.613 [*even if not a member of the hospital*
6 *medical staff*] if [*the Office of Rural Health certifies that*] the individual[.] **is engaged for at least**
7 **20 hours per week, averaged over the month, during the tax year in a practice serving an**
8 **underserved community.**

9 [(1) *Is engaged for at least 20 hours per week, averaged over the month, during the tax year in a*
10 *rural practice; and*]

11 [(2)(a) *If a physician or a physician assistant, can cause a patient to be admitted to the hospital;*]

12 [(b) *If a certified registered nurse anesthetist, is employed by or has a contractual relationship with*
13 *one of the hospitals described in ORS 315.613 (1); or*]

14 [(c) *If an optometrist, has consulting privileges with a hospital listed in ORS 315.613 (1). This*
15 *paragraph does not apply to an optometrist who qualifies as a “frontier rural practitioner,” as defined*
16 *by the Office of Rural Health.*]

17 **(3) In order to claim the credit allowed under this section, a nurse practitioner, clinical**
18 **nurse specialist, certified registered nurse anesthetist, dentist, podiatrist or optometrist**
19 **must remain willing during the tax year to:**

20 **(a) Serve patients with Medicare coverage in a proportion to the individual’s total num-**
21 **ber of patients that is no less than the lesser of:**

22 **(A) The percentage of the total number of persons in need of care in the county served**
23 **by the practice that have Medicare coverage, as determined by the Office of Rural Health;**
24 **and**

25 **(B) 20 percent; and**

26 **(b) Serve patients receiving medical assistance in a proportion to the individual’s total**
27 **number of patients that is no less than the lesser of:**

28 **(A) The percentage of the total number of persons in need of care in the county served**
29 **by the practice that receive medical assistance, as determined by the Office of Rural Health;**
30 **and**

31 **(B) 15 percent.**

32 **SECTION 3.** ORS 442.563 is amended to read:

33 442.563. (1) The Office of Rural Health shall establish criteria for certifying individuals eligible
34 for the tax credit authorized by ORS 315.613[,] **and** 315.616 [*or 315.619*]. Upon application therefor
35 **and upon a finding that the applicant meets the eligibility criteria established by the office,**
36 the office shall certify individuals eligible for the tax credit authorized by ORS 315.613 **and**
37 **315.616.**

38 (2) [*The classification of rural hospitals for purposes of determining eligibility under this section*
39 *shall be the classification of the hospital in effect on January 1, 1991.*] **The office shall establish**
40 **criteria for designating populations or geographic areas as medically underserved with re-**
41 **spect to each category of health care provider eligible for the tax credit authorized by ORS**
42 **315.613 and 315.616. In establishing such criteria, the office shall convene and consult with a**
43 **group of health care workforce advisers.**

44 **SECTION 4.** ORS 315.619, 442.561, 442.562 and 442.564 are repealed.

45 **SECTION 5.** ORS 315.622 is amended to read:

1 315.622. (1) A resident or nonresident individual who is certified as eligible under ORS [442.561
2 to 442.570] **442.566** and who is licensed as an emergency medical services provider under ORS
3 chapter 682 shall be allowed a credit against the taxes that are otherwise due under ORS chapter
4 316 if the Office of Rural Health certifies that the individual provides volunteer emergency medical
5 services in a rural area that comprise at least 20 percent of the total emergency medical services
6 provided by the individual in the tax year.

7 (2) The amount of the credit shall equal \$250.

8 (3) A nonresident shall be allowed the credit under this section in the proportion provided in
9 ORS 316.117. If a change in the status of a taxpayer from resident to nonresident or from nonresi-
10 dent to resident occurs, the credit allowed by this section shall be determined in a manner consist-
11 ent with ORS 316.117.

12 (4) As used in this section, "rural area" means a geographic area that is located at least 25
13 miles from any city with a population of 30,000 or more.

14 **SECTION 6.** ORS 442.570 is amended to read:

15 442.570. (1) There is established in the State Treasury a fund, separate and distinct from the
16 General Fund, to be known as the Primary Care Services Fund. Moneys in the Primary Care Ser-
17 vices Fund are continuously appropriated to the Oregon Department of Administrative Services for
18 allocation to the Office of Rural Health for investments as provided by ORS 293.701 to 293.857, for
19 expenses and payments by the office in carrying out the purposes of ORS 315.613, 315.616,
20 [315.619,] 353.450, 442.470, 442.503 and 442.561 to 442.570. Interest earned by the fund shall be cred-
21 ited to the fund.

22 (2) The office shall seek matching funds from the federal government and from communities that
23 benefit from placement of participants under ORS 442.561 to 442.570. The office shall establish a
24 program to enroll interested communities in this program and deposit moneys from the matching
25 funds in the Primary Care Services Fund. In addition, the office shall explore other funding sources
26 including federal grant programs.

27 **SECTION 7.** The amendments to ORS 315.613 and 315.616 by sections 1 and 2 of this 2015
28 Act apply to tax years beginning on or after January 1, 2016.

29 **SECTION 8.** This 2015 Act takes effect on the 91st day after the date on which the 2015
30 regular session of the Seventy-eighth Legislative Assembly adjourns sine die.

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