



November 16, 2015

TO: Members of the House Health Care Committee, Senate Health Care Committee, and Joint Committee on Ways and Means Subcommittee on Human Services  
FROM: Zeke Smith, Oregon Health Policy Board (OHPB) Chair  
Carla McKelvey, Oregon Health Policy Board (OHPB) Vice Chair

**SUBJECT: LEGISLATIVE UPDATE ON HOUSE BILL 3396: PROVIDER INCENTIVES FUND**

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Dear Senators Monnes Anderson and Bates, Representatives Nathanson and Greenlick,

This letter serves to provide an update on House Bill 3396, passed in the 2015 Legislative Session. The law requires the Oregon Health Policy Board to report on the implementation status of this statute in November 2015, during the 2016 Legislative Session, with final recommendations due by September 1, 2016.

HB 3396 extends the sunset on the existing rural health care provider tax credits for two years, through 2017, and makes minor adjustments concerning who may receive the credits. Additionally, the bill establishes the Health Care Provider Incentives Fund to fund an OHA directed provider incentives program. This component of the bill takes effect in January 2018, and is subject to further legislative action beforehand.

The bill also directs the Oregon Health Policy Board to study and evaluate the effectiveness of the financial incentives offered in Oregon to recruit and retain providers in "rural and medically underserved areas," and make recommendations to the Legislature regarding:

- Continuation, restructuring, consolidation or repeal of existing incentives;
- Priority for directing the incentives offered by the Health Care Provider Incentive Fund; and,
- Establishment of new financial incentive programs.

To complete the study, the Oregon Health Authority (OHA) issued a competitive request for proposals (RFP) to contract with an external party to evaluate Oregon's existing incentive programs. The contractor will develop recommendations based on results of the study for consideration by the Health Policy Board. Throughout the process, the selected contractor will consult with external and internal stakeholders, including the Health Care Workforce Committee, under the Health Policy Board. OHA staff will manage the vendor selection process and provide contract oversight.

**Key Milestones as of November 1, 2015:**

- Issued a RFP to complete the requirements specified in HB 3396.
- A broad array of stakeholders have been identified to assist the Health Care Work Force Committee, the contractor (TBD) and OHA staff in carrying out the provisions of HB 3396.

**Next Steps (December 2015-February 2016):**

- Selection of contractor and contract execution (anticipated by December 15)
- Convene large stakeholder group (anticipated by January 30)
- Next legislative update (February 2016 Session)

The Oregon Health Policy Board appreciates the opportunity to provide the Oregon Legislative Assembly with an update on the planning and initial implementation work for HB 3396.

Sincerely,



Zeke Smith, Chair, Oregon Health Policy Board



Carla McKelvey, Vice Chair, Oregon Health Policy Board