

OREGON'S TRICARE TAX LEGISLATION – FACT SHEET

(HB 3201 and SB 1060)

Oregon legislation was passed in 2007 giving Oregon health care providers who have TRICARE contracts the benefit of a state income tax credit and/or a subtraction from federal taxable income beginning with tax year 2008 returns.

In the original 2007 HB3201, the subtraction was to have taken effect beginning with tax year 2007. However, SB1060, passed during the 2008 Oregon legislature special session, altered that effective date to tax year 2008.

PERTINENT EXCERPTS FROM HB3201:

Subtraction: There shall be subtracted from federal taxable income: any amount paid by the TRICARE military health care system to a health care provider during the first two years that the health care provider participates in the TRICARE system.

Credit: A health care provider who enters into a contract for the first time on or after January 1, 2007....shall be allowed a one-time credit....in the amount of \$2,500. Credits to the same provider in subsequent years will be in the amount of \$1,000. Credits to providers who were contracted with TRICARE prior to January 1, 2007 will be in the amount of \$1,000.

The Oregon Office of Rural Health (ORH) has the task of establishing eligibility criteria for the TRICARE benefit. The criteria for eligibility will change annually because the legislative language set limits on the number of health care providers who may be certified as eligible in any given year:

Tax year:

2008: 500 certifications
2009: 1000 certifications
2010: 1500 certifications
2011: 2000 certifications

ELIGIBILITY CRITERIA FOR TAX YEAR 2011

1. A health care provider must be contracted with TRICARE.
2. For the purposes of the TRICARE benefit, eligible health care providers **for tax year 2011** have been defined as follows:

MD or DO (physician), NP (nurse practitioner), or PA (physician assistant)
3. A health care provider must have seen TRICARE patients in the following numbers during calendar year 2011*:

Practice site location	Minimum number of TRICARE patients seen
Frontier community	At least one
Rural community that is not frontier	At least one
Urban community	More than 24

*** Number of patients seen and practice site locations are based solely upon data provided by TriWest.**

NOTIFICATION PROCESS

In February of calendar year 2012, ORH received 2011 data directly from TriWest (the administrator of the TRICARE program) and will notify those providers who are eligible for the Tax Credit and/or Subtraction. Notification, along with instructions on how to claim the credit or subtraction, will be sent via postal mail to providers' office addresses no later than February 28, 2012.