

# SB2298

Measure Title:	RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS.
Report Title:	Registered Nurses; Doctors; Dentists; Dental Hygienists; Pharmacists; Psychologists; Preceptors; Tax Credits
Description:	Allows advanced practice registered nurses, physicians, dentists, and pharmacists to receive tax credits for acting as preceptors in volunteer-based supervised clinical training rotations provided to eligible students that enable the students to obtain an eligible healthcare professional degree or certificate.
Companion:	
Package:	None
Current Referral:	CPH, WAM
Introducer(s):	BAKER, INOUE, English, Galuteria, Kim, Nishihara, K. Rhoads, Ruderman

DAVID Y. IGE  
GOVERNOR

SHAN S. TSUTSUI  
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA  
DIRECTOR

DAMIEN A. ELEFANTE  
DEPUTY DIRECTOR

**STATE OF HAWAII**  
**DEPARTMENT OF TAXATION**  
830 PUNCHBOWL STREET, ROOM 221  
HONOLULU, HAWAII 96813  
<http://tax.hawaii.gov/>  
Phone: (808) 587-1540 / Fax: (808) 587-1560  
Email: Tax.Directors.Office@hawaii.gov

To: The Honorable Rosalyn H. Baker, Chair  
and Members of the Senate Committee on Commerce, Consumer Protection, and Health

Date: Thursday, February 1, 2018  
Time: 9:30 A.M.  
Place: Conference Room 229, State Capitol

From: Linda Chu Takayama, Director  
Department of Taxation

Re: S.B. 2298, Relating to Healthcare Preceptor Tax Credits

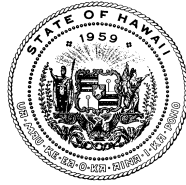
The Department of Taxation (Department) offers the following comments on S.B. 2298 for the Committee's consideration.

S.B. 2298 creates a nonrefundable healthcare preceptor tax credit for taxpayers who supervise volunteer-based supervised clinical training rotations. The credit is equal to \$1,000 for each rotation supervised, with a cap of \$5,000 per taxpayer. The bill further has an aggregate cap of \$2,000,000 per year. S.B. 2298 also creates a healthcare preceptor tax credit working group which certifies the number of volunteer-based supervised clinical training rotations and ceases issuing certificates when the amount of certified credits hits the \$2,000,000 cap. The bill is effective upon approval, provided that the tax credit is effective for taxable years beginning after December 31, 2018.

The Department appreciates the inclusion of an entity with subject matter expertise to help administer this tax credit by issuing certifications. If the Committee wishes to ensure the certifications are used to claim this tax credit, it may do so by making the following clarifying amendment to subsection (c):

- (c) The director of taxation:
  - (1) Shall prepare any forms that may be necessary to claim a tax credit under this section;
  - (2) May require the taxpayer to furnish the certificate issued under subsection (d) and any other reasonable information necessary to ascertain the validity of the claim for the tax credit made under this section; and
  - (3) May adopt rules pursuant to chapter 91 necessary to effectuate the purposes of this section.

Thank you for the opportunity to provide comments.



STATE OF HAWAII  
DEPARTMENT OF HEALTH  
P. O. Box 3378  
Honolulu, HI 96801-3378  
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**WRITTEN  
TESTIMONY ONLY**

**Testimony COMMENTING on SB2298  
RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS.**

SENATOR ROSALYN BAKER, CHAIR  
SENATE COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH  
Hearing Date: February 2, 2018 Room Number: 229

- 1 **Fiscal Implications:** Uncalculated impact to general revenues.
- 2 **Department Testimony:** The Department of Health supports the intent of SB2298, which is to
- 3 provide financial incentives for practicing health care providers to provide enriching professional
- 4 guidance. Primary care provider shortages – physicians and nurse practitioners – are especially
- 5 acute and a broad strategy that includes tax credits for health care preceptorships is required.
- 6 The department acknowledges that tax credits may impact revenue receipts and thus defers to the
- 7 Department of Budget and Finance for economic implications, and to the Department of
- 8 Taxation for operational considerations.
- 9 **Offered Amendments:** N/A.

**PRESENTATION OF THE  
BOARD OF NURSING**

TO THE SENATE COMMITTEE ON  
COMMERCE, CONSUMER PROTECTION, AND HEALTH

TWENTY-NINTH LEGISLATURE  
Regular Session of 2018

Thursday, February 1, 2018  
9:30 a.m.

**WRITTEN TESTIMONY ONLY**

**TESTIMONY ON SENATE BILL NO. 2298, RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS.**

TO THE HONORABLE ROSALYN H. BAKER, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Lee Ann Teshima, and I am the Executive Officer of the Hawaii State Board of Nursing ("Board"). Thank you for the opportunity to submit written testimony on this measure, which is a companion to H.B. 1967. I apologize for not being able to attend the hearing as I have a Board meeting scheduled at the same time. The Board supports S.B. 2298 but defers to the Department of Taxation on any possible fiscal impacts to the State.

This measure allows advanced practice registered nurses, physicians, dentists, and pharmacists to receive tax credits for acting as preceptors in volunteer-based supervised clinical training rotations provided to eligible students that enable the students to obtain an eligible healthcare professional degree or certificate.

The Board understands and appreciates the important role that preceptors play in the instruction, training, and supervision of students and residents seeking careers as healthcare providers in the State. Accordingly, the Board supports initiatives such as these.

Thank you for the opportunity to provide written testimony on S.B. 2298.

**PRESENTATION OF THE  
HAWAII MEDICAL BOARD**

TO THE SENATE COMMITTEE ON  
COMMERCE, CONSUMER PROTECTION, AND HEALTH

TWENTY-NINTH LEGISLATURE  
Regular Session of 2018

Thursday, February 1, 2018  
9:30 a.m.

**WRITTEN TESTIMONY ONLY**

**TESTIMONY ON SENATE BILL NO. 2298, RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS.**

TO THE HONORABLE ROSALYN H. BAKER, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Ahlani Quiogue, and I am the Executive Officer of the Hawaii Medical Board ("Board"). Thank you for the opportunity to submit written testimony on this measure, which is a companion to H.B. 1967. While the Board has not had an opportunity to review and discuss this measure, it is similar to a draft reviewed at the Board's January 11, 2018, meeting. At that meeting, the Board expressed its support for the proposal but defers to the Department of Taxation regarding any possible fiscal impacts to the State. The Board appreciates the intent of this bill and provides the following comments.

S.B. 2298 allows advanced practice registered nurses, physicians, dentists, and pharmacists to receive tax credits for acting as preceptors in volunteer-based supervised clinical training rotations provided to eligible students that enable the students to obtain an eligible healthcare professional degree or certificate.

The Board understands and appreciates the important role that preceptors play in the instruction, training, and supervision of students and residents seeking careers as healthcare providers in the State. Accordingly, the Board supports initiatives such as these.

Thank you for the opportunity to provide written testimony on S.B. 2298.

**PRESENTATION OF THE  
BOARD OF PHARMACY**

TO THE SENATE COMMITTEE ON  
COMMERCE, CONSUMER PROTECTION, AND HEALTH

TWENTY-NINTH LEGISLATURE  
Regular Session of 2018

Thursday, February 1, 2018  
9:30 a.m.

**WRITTEN TESTIMONY ONLY**

**TESTIMONY ON SENATE BILL NO. 2298, RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS.**

TO THE HONORABLE ROSALYN H. BAKER, CHAIR, AND MEMBERS OF THE COMMITTEE:

My name is Lee Ann Teshima, and I am the Executive Officer of the Board of Pharmacy ("Board"). Thank you for the opportunity to submit written testimony on this measure, which is a companion to H.B. 1967. I apologize for not being able to attend the hearing as I have a Board meeting scheduled at the same time. The Board supports S.B. 2298 but defers to the Department of Taxation regarding any possible fiscal impacts to the State.

This measure allows advanced practice registered nurses, physicians, dentists, and pharmacists to receive tax credits for acting as preceptors in volunteer-based supervised clinical training rotations provided to eligible students that enable the students to obtain an eligible healthcare professional degree or certificate.

The Board understands and appreciates the important role that preceptors play in the instruction, training, and supervision of students and residents seeking careers as healthcare providers in the State. Accordingly, the Board supports initiatives such as these.

Thank you for the opportunity to provide written testimony on S.B. 2298.



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
Senate Committee on Commerce, Consumer Protection, and Health  
February 1, 2018 at 9:30 a.m.

by

Mary G. Boland, DrPH, RN, FAAN  
Dean and Professor  
School of Nursing and Dental Hygiene

And

Michael Bruno, PhD  
Interim Vice Chancellor for Academic Affairs and Vice Chancellor for Research  
University of Hawai'i at Mānoa

### SB 2298 – RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS

Chair Baker, Vice Chair Tokuda, and members of the Senate Committee on Commerce, Consumer Protection, and Health:

I am testifying on behalf of the University of Hawai'i System with its graduate nursing, psychology, and social work programs as well as the John A. Burns School of Medicine and the Daniel K. Inouye College of Pharmacy in strong support of SB 2298 with amendments. This bill will support workforce development by establishing individual income tax credits for professionals who serve as uncompensated preceptors to UH students in the above professions.

Preceptors are licensed and practicing health care professionals who oversee a health professional student in gaining the clinical experience required by national accreditors and State of Hawai'i licensing boards. The uncompensated, voluntary precepting takes place at their place of employment and is above and beyond their patient care workload and employment responsibilities. Also, the preceptor must develop a set of coaching or teaching skills above and beyond that required for their employment. Such preceptors are committed to educating the next generation but are reporting increasing fatigue and burnout due to the competing demands on their time and we are facing a shortage of preceptors for all the health professions students. This shortage impacts the UH ability to accept Hawai'i students into our programs and prepare an adequate number of future professionals to meet the demands for healthcare providers for the people of Hawai'i. As demands increase on health care providers, they are requesting recognition for their preceptor activities to offset longer hours worked or fewer patient visits.

A 2017 Hawai'i State Center for Nursing (HSCN) survey of in-state dental hygiene, pharmacy, medicine and graduate nursing schools found that all responding schools are moderately or very concerned about the small number of clinical training sites available for their students; more than 80% of in-state health profession schools had more difficulty finding clinical training sites in 2017 than in 2015; and over half of these

programs have limited enrollment due to the lack of training sites. As an example, the UH Mānoa School of Nursing and Dental Hygiene Doctor of Nursing Practice (DNP) Program graduates primary care nurse practitioners who manage patient panels, and assess, evaluate, diagnose, develop treatment plans including prescribing medication. Due to the lack of preceptors, we admit only 29% of the qualified Hawai'i applicants. Yet, the state has a continuing shortage of primary care providers.

Georgia, Maryland and Colorado have enacted legislation for preceptor individual income tax credits and Utah, North Dakota and New York currently are undertaking similar efforts to both maintain and grow the preceptor capacity in their states. The Hawai'i approach is highly interprofessional as we recognize the need for team care delivery to address community needs. By addressing the preceptor shortage as the University of Hawai'i system, we will move our state closer to sustainable interprofessional education and care delivery.

The UH notes the economic benefit provided by the health workforce. A North Carolina economic analysis found that each full time APRN in their state can contribute, minimally, \$273,000 in direct economic output and between \$11,800 and \$22,000 in state and local tax revenue<sup>1</sup>. A recent American Medical Association economic analysis found that physicians in Hawai'i contribute, on average, \$2,282,615 in direct economic output and \$110,494 in state and local tax revenue<sup>2</sup>.

A state investment in the healthcare professions academic pipeline through preceptor income tax-credits will improve the UH ability to develop and grow future healthcare professionals in this state, close the gap on the shortage of health care professionals, and increase economic revenues statewide.

The UH respectfully requests that the Senate Committee on Commerce, Consumer Protection and Health consider the attached amendment recommendations.

Amendments will:

- Add Social Work as eligible students, residents/trainees and preceptors;
- Amend the definition of "Nationally Accredited" to recognize the individual health professional academic accreditation as determined by its respective regulatory board or program; and
- Update the report title and description to reflect the above amendments.

Therefore, on behalf of the UH health professions education programs, we respectfully request that SB 2298 pass amended.

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<sup>1</sup> Conover, C., & Richards, R. (2015). Economic benefits of less restrictive regulation of advanced practice nurses in North Carolina. *Nursing Outlook*, 63(5), 585–592.

<sup>2</sup> American Medical Association [AMA]. (2018). The economic impact of physicians in Hawaii: State report. Retrieved from <https://www.physicianseconomicimpact.org/pdf/FullStateReports/HI-Study.pdf>



## ATTACHMENT WITH SUGGESTED AMENDMENTS TO SB 2298

Note: Suggested amendments are reflected in bold/highlighted text

Page 3, Lines 5-6

Developing sufficient clinical training opportunities **and field placements** in areas of high demand requires a sufficient number of appropriately trained preceptors, but the limited availability of preceptors restricts in-state healthcare academic institutions from expanding healthcare provider training.

Page 3, Lines 19-20

The purpose of this Act is to create a tax credit that encourages preceptors to offer professional instruction, training, and supervision to students and residents seeking careers as healthcare providers throughout Hawaii, with the intention of building capacity for clinical education at in-state academic programs that are nationally accredited for the training of medical, nursing, dental hygiene, **social work, psychology** or pharmacy professionals.

Page 7, Line 14-15

"Eligible professional degree or training certificate" means a degree or certificate that fulfills a requirement to be a dental hygienist pursuant to chapter 447, a physician or osteopathic physician pursuant to chapter 453, an advanced practice registered nurse pursuant to chapter 457, a pharmacist pursuant to chapter 461, ~~or~~ a psychologist pursuant to chapter 465, **or a social worker pursuant to chapter 467E.**

Page 7, Line 18

"Eligible student or trainee" means an advanced practice registered nurse student, dental hygienist student, medical student, pharmacy student, psychology student, **social work student,** or resident or similar health science trainee.

Page 8, Lines 16-17

"Preceptor" means a dentist or dental surgeon licensed pursuant to chapter 448, a physician or osteopathic physician licensed pursuant to chapter 453, an advanced practice registered nurse licensed pursuant to chapter 457, a pharmacist licensed pursuant to chapter 461, ~~or~~ a psychologist licensed pursuant to chapter 465, **or a social worker pursuant to chapter 467E who may be either licensed or unlicensed.**

Page 9, Between content on lines 4-5

**"Social worker student" means an individual participating in an academic program in this state that is nationally accredited for the training of social work professionals pursuant to chapter 467E.**

Page 10, after line 20

**(5) Deans or directors of each academic program that is nationally accredited for the training of psychology pursuant to chapter 465.**

**(6) Deans or directors of each academic program that is nationally accredited for the training of social work pursuant to chapter 467E.**

**Report Title:**

Registered Nurses; Doctors; Dentists; Dental Hygienists; Pharmacists; Psychologists; Preceptors; **Social Workers;** Tax Credits

**Description:**

Allows advanced practice registered nurses, physicians, dentists, **psychologists, and** pharmacists, **and social workers** to receive tax credits for acting as preceptors in volunteer-based supervised clinical training rotations provided to eligible students that enable the students to obtain an eligible healthcare professional degree or certificate.

**SB-2298**

Submitted on: 1/29/2018 7:53:54 PM

Testimony for CPH on 2/1/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Alan Otsuki	John A. Burns School of Medicine	Support	No

Comments:

Written Testimony Submitted to the

Senate Committee on Commerce, Consumer Protection and Health

February 1, 2018

By

J. Alan Otsuki, MD

**SB 2298 –RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS**

Chair Baker, Vice Chair Tokuda, and members of the committee:

Thank you for the opportunity to provide testimony in support of SB 2298. SB 2298 proposes to create a tax credit to encourage preceptors to offer professional instruction, training, and supervision to students and residents seeking careers as healthcare providers throughout Hawaii. The intent of the measure is to build capacity for clinical education for the training of medical, nursing, dental hygiene and pharmacy professionals. SB 2298 also establishes a working group within the Department of Health which will be convened by the University of Hawaii/Pacific Basin Area Health Education Center and center for nursing to create a comprehensive plan to address the preceptor shortages in Hawaii and to develop and implement a plan for allocating and distributing the healthcare preceptor tax credits.

Hawaii is facing a critical shortage of primary care healthcare providers. In the case of primary care physicians, the shortage is now calculated at 282 physicians statewide. This shortfall is projected to worsen with the increased demand for health care from an aging population and the retirement of an aging physician population creating access issues on Oahu and the neighbor islands. The need to educate and train more doctors to care for our citizens is now a key component to meeting the healthcare needs of our communities. However, the lack of clinical education sites in Hawaii and the inadequate supply of qualified primary care preceptors are limiting factors in our efforts to educate future doctors and other healthcare providers. The cohort of preceptors consists of volunteers who share the responsibility and burden of training the future healthcare workforce. Developing sufficient clinical training opportunities requires a sufficient number of preceptors. SB 2298 is a means of encouraging preceptors to begin offering as well as continuing to offer training and supervision to students (students includes newly graduated physicians, often referred to as residents or fellows who are receiving the additional training needed for state medical licensure and specialty certification through residency and fellowship programs) in the healthcare professions.

We respectfully suggest an amendment to the definition of “medical student” and “resident” or “fellow” for purposes of clarity. The US Dept of Education recognizes accrediting bodies for programs leading to the M.D. or D.O. degree in the United States. These accrediting bodies are the Liaison Committee on Medical Education, (LCME which accredits JABSOM’s M.D. program), and the Commission on Osteopathic College Accreditation (COCA) which accredits osteopathic physicians (D.O.). The body accrediting residencies and fellowships is the Accreditation Council on Graduate Medical Education (ACGME), a private, not-for-profit, 503(c) organization.

**The following amendment is suggested:**

“Medical student” means an individual participating in an academic program [that is nationally] accredited [for the training of physicians or osteopathic physicians pursuant to chapter 453] by the Liaison Committee on Medical Education or Commission on Osteopathic College Accreditation leading to the M.D. or D.O. degree. For the purposes of this section the term medical student includes graduates from LCME and COCA programs who have continued their training to obtain the additional qualifications needed for both medical licensure pursuant to chapter 453 and specialty certification. These LCME and COCA graduates are called “residents” or “fellows” who are in a graduate medical education program accredited by the ACGME.

Thank you for the opportunity to provide testimony.

J. Alan Otsuki, MD

Associate Dean of Academic Affairs

John A. Burns School of Medicine

University of Hawai'i at Mānoa



**Written Testimony Presented Before the  
Senate Committee on Commerce, Consumer Protection and Health  
February 1, 2018 9:30 a.m.**

**by  
Laura Reichhardt, MS, APRN, NP-C, Director  
Hawai'i State Center for Nursing  
University of Hawai'i at Mānoa**

**IN STRONG SUPPORT, WITH AMENDMENTS  
SB 2298 RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS**

Chair Baker, Vice Chair Tokuda, and members of the Senate Committee on Commerce, Consumer Protection and Health, thank you for this opportunity to provide testimony in strong support of this bill, SB 2298, with amendments. This bill aims to address the healthcare provider shortage, particularly in underserved areas, neighbor islands and in primary care, by establishing individual income tax credits for healthcare professionals who voluntarily serve as preceptors.

It is apparent in today's health care environment that a bottleneck to developing adequate numbers of healthcare providers, including advanced practice registered nurses, is the lack of qualified health provider preceptors. Precepted clinical experience is a mandatory component for health professional education. Without it, a student may not graduate, achieve national certification, or become licensed. Preceptors are licensed and practicing health care professionals who volunteer time during their work hours to oversee a health professional student, like an advanced practice nurse student. The clinical experience preceptors provide to students is in addition to their large patient care workload and is often uncompensated.

Our in-state health professional academic programs rely on community providers to provide over 1,000 preceptor rotations each year; however the need for preceptors is greater than the number of providers currently volunteering for this role. The Hawai'i State Center for Nursing conducted a survey of our in-state dental hygiene, graduate nursing, medicine and pharmacy programs which found that:

- 100% of our programs are moderately or very concerned about the number of clinical training sites available for their students
- More than 80% of in-state health profession schools had more difficulty finding clinical training sites in 2017 than in 2015.
- Over half of these programs have limited enrollment due to the lack of training sites

Outcomes of this preceptor shortage include health professional schools increasing the workload on their faculty to meet preceptor demands, increasing the number of students a preceptor oversees, and utilizing simulation in lieu of patient experience.

Historically, providers have engaged in precepting as a re-investment in their profession, however workload expectations and burnout are at an all-time high. Research indicates the financial incentive is one way to support, develop and grow the preceptor population of healthcare professionals. The concept of providing individual state income tax credits to healthcare professionals serving in voluntary, uncompensated preceptor roles has been passed in Georgia, Colorado and Maryland. North Dakota, Utah and New York are currently underway with their own efforts to establish such credits.

This bill aims to address two factors of the preceptor shortage with the aim of helping close the healthcare provider gap in our state.

1. Recognize and incent current preceptors for their current role through individual income tax credits. The intended outcome is to maintain the baseline preceptor population by creating an economic incentive for their voluntary work.
2. Grow the number of healthcare professionals who volunteer as preceptors, increasing the number of clinical rotations which a preceptor volunteers for, or both. The intended outcome is to grow the capacity of health education by expanding the preceptor population, across the state.

To achieve this incentive and goal to increase relieve the preceptor shortage, this bill proposes a \$1,000 individual income tax credit per in-state health professional student a health professional oversees in a preceptor role, with a maximum of \$5,000 tax credits per year per health professional.

To offset this expense, the Hawai'i State Center for Nursing respectfully requests the Senate Committee on Commerce, Consumer Protection and Health to consider the economic analysis of full practice authority nurse practitioners in North Carolina<sup>1</sup> which found that, for APRNs, on average:

- "Each full-time APRN generates between \$11,800 and \$22,000 annually in state and local tax revenue across the state."
- "Each new FTE APRN ... would support a minimum of \$273,000 in output across the state".

With this consideration, HSCN posits that this contribution to the healthcare profession academic pipeline through preceptor income tax-credits may be offset with greater revenue gains to the state as new healthcare professionals, such as APRNs, enter practice in Hawai'i. Simultaneously, this investment in the healthcare professional academic pipeline will help Hawai'i close the gap of needed healthcare professionals, thus ensuring timely access to highly qualified and safe healthcare professionals for all people, in all regions of our state.

Additionally, the HSCN respectfully requests that the Senate Committee on Commerce, Consumer Protection and Health consider the attached amendment recommendations. The proposed language is highlighted in yellow in the attached document. These amendments will:

- Add Social Work as eligible students, residents/trainees and preceptors
- Amend the definition of "Nationally Accredited" to recognize the individual health professional academic accreditation as determined by its respective regulatory board or program.
- Update the report title and description to reflect the above amendments.

Therefore, the HSCN respectfully requests that SB 2298 pass amended. We appreciate your continuing support of nursing and healthcare in Hawai'i. Thank you for the opportunity to testify.

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<sup>1</sup> Conover, C., & Richards, R. (2015). Economic benefits of less restrictive regulation of advanced practice nurses in North Carolina. *Nursing Outlook*, 63(5), 585–592.

Page 3, Lines 5-6

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Page 7, Line 14-15

"Eligible professional degree or training certificate" means a degree or certificate that fulfills a requirement to be a dental hygienist pursuant to chapter 447, a physician or osteopathic physician pursuant to chapter 453, an advanced practice registered nurse pursuant to chapter 457, a pharmacist pursuant to chapter 461, ~~or~~ a psychologist pursuant to chapter 465, **or a social worker pursuant to chapter 467E.**

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**Report Title:**

Registered Nurses; Doctors; Dentists; Dental Hygienists;  
Pharmacists; Psychologists; Preceptors; Social Workers; Tax  
Credits

**Description:**

Allows advanced practice registered nurses, physicians, dentists, psychologists, and pharmacists, and social workers to receive tax credits for acting as preceptors in volunteer-based supervised clinical training rotations provided to eligible students that enable the students to obtain an eligible healthcare professional degree or certificate.

**Thursday, February 1, 2018 at 9:30AM**  
**Conference Room 229**

Committee on Commerce, Consumer Protection, and Health

To: Senator Roslyn H. Baker, Chair  
Senator Jill N. Tokuda, Vice Chair

From: Michael Robinson  
VP, Government Relations

**Re: Testimony in Support of SB2298 – Relating to Healthcare Preceptor Tax Credits**

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My name is Michael Robinson, VP and Government Relations at Hawai'i Pacific Health. Hawai'i Pacific Health is a not-for-profit health care system with over 70 locations statewide including medical centers, clinics, physicians and other caregivers serving Hawai'i and the Pacific Region with high quality, compassionate care. Its four medical centers – Kapi'olani, Pali Momi, Straub and Wilcox – specialize in innovative programs in women's health, pediatric care, cardiovascular services, cancer care, bone and joint services and more. Hawai'i Pacific Health is recognized nationally for its excellence in patient care and the use of electronic health records to improve quality and patient safety.

I write in strong support of SB 2298 with amendments which will support workforce development by establishing individual income tax credits for professionals who serve as uncompensated preceptors to UH students in graduate nursing, psychology, social work programs, John A. Burns School of Medicine, and the Daniel K. Inouye College of Pharmacy.

Preceptors are licensed and practicing health care professionals who oversee a health professional student in gaining the clinical experience required by national accreditors and State of Hawai'i licensing boards. The uncompensated, voluntary precepting takes place at their place of employment and is above and beyond their patient care workload and employment responsibilities. Also, the preceptor must develop a set of coaching or teaching skills above and beyond that required for their employment. Such preceptors are committed to educating the next generation but are reporting increasing fatigue and burnout due to the competing demands on their time and we are facing a shortage of preceptors for all the health professions students. This shortage impacts the University of Hawai'i's ability to accept Hawai'i students into our programs and prepare an

adequate number of future professionals to meet the demands for healthcare providers for the people of Hawai'i. As demands increase on health care providers, they are requesting recognition for their preceptor activities to offset longer hours worked or fewer patient visits.

A 2017 Hawai'i State Center for Nursing (HSCN) survey of in-state dental hygiene, pharmacy, medicine and graduate nursing schools found that all responding schools are moderately or very concerned about the small number of clinical training sites available for their students; more than 80% of in-state health profession schools had more difficulty finding clinical training sites in 2017 than in 2015; and over half of these programs have limited enrollment due to the lack of training sites. As an example, the UH Mānoa School of Nursing and Dental Hygiene Doctor of Nursing Practice (DNP) Program graduates primary care nurse practitioners who manage patient panels, and assess, evaluate, diagnose, develop treatment plans including prescribing medication. Due to the lack of preceptors, they admit only 29% of the qualified Hawai'i applicants. Yet, the state has a continuing shortage of primary care providers.

Georgia, Maryland and Colorado have enacted legislation for preceptor individual income tax credits and Utah, North Dakota and New York currently are undertaking similar efforts to both maintain and grow the preceptor capacity in their states. The Hawai'i approach is highly interprofessional as we recognize the need for team care delivery to address community needs. By addressing the preceptor shortage as the University of Hawai'i system, we will move our state closer to sustainable interprofessional education and care delivery.

The University of Hawaii notes the economic benefit provided by the health workforce. A North Carolina economic analysis found that each full time APRN in their state can contribute, minimally, \$273,000 in direct economic output and between \$11,800 and \$22,000 in state and local tax revenue<sup>1</sup>. A recent American Medical Association economic analysis found that physicians in Hawai'i contribute, on average, \$2,282,615 in direct economic output and \$110,494 in state and local tax revenue<sup>2</sup>.

A state investment in the healthcare professions academic pipeline through preceptor income tax-credits will improve the University of Hawai'i's ability to develop and grow future healthcare professionals in this state, close the gap on the shortage of health care professionals, and increase economic revenues statewide.

I respectfully request that the Senate Committee on Commerce, Consumer Protection and Health consider the attached amendment recommendations. Amendments will:

- Add Social Work as eligible students, residents/trainees and preceptors;

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<sup>1</sup> Conover, C., & Richards, R. (2015). Economic benefits of less restrictive regulation of advanced practice nurses in North Carolina. *Nursing Outlook*, 63(5), 585–592.

<sup>2</sup> American Medical Association [AMA]. (2018). The economic impact of physicians in Hawaii: State report. Retrieved from <https://www.physicianseconomicimpact.org/pdf/FullStateReports/HI-Study.pdf>

- Amend the definition of “Nationally Accredited” to recognize the individual health professional academic accreditation as determined by its respective regulatory board or program; and
- Update the report title and description to reflect the above amendments.

Therefore, on behalf of Hawai'i Pacific Health, we respectfully request that SB 2298 pass amended.



**Thursday, February 1, 2018 at 9:30AM**  
**Conference Room 229**

Committee on Commerce, Consumer Protection, and Health

To: Senator Roslyn H. Baker, Chair  
Senator Jill N. Tokuda, Vice Chair

From: Art Gladstone  
CEO, Straub, and Chief Nurse Executive, HPH

**Re: Testimony in Support of SB2298 – Relating to Healthcare Preceptor Tax Credits**

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My name is Art Gladstone, CEO of Straub and Chief Nurse Executive, HPH. Founded in 1921, Straub Medical Center includes a 159-bed hospital in Honolulu, a network of neighborhood clinics and a visiting specialist program that reaches throughout the state of Hawai'i. With over 200 physicians who are leaders in their fields, Straub provides its patients with diagnoses and treatments for more than 32 different medical specialties, including bone and joint, heart, cancer, endocrinology/diabetes, family medicine, gastroenterology, geriatric medicine, internal medicine, vascular and urology. Straub is home to the Pacific Region's only multidisciplinary burn treatment center. The hospital consistently brings new technologies and innovative medical practices to Hawai'i, such as minimally invasive cardiac surgery and total joint replacement. Straub is an affiliate of Hawai'i Pacific Health, one of the state's largest health care providers and a not-for-profit health care system with over 70 locations statewide including medical centers, clinics, physicians and other caregivers serving Hawai'i and the Pacific Region with high quality, compassionate care.

I write in strong support of SB 2298 with amendments which will support workforce development by establishing individual income tax credits for professionals who serve as uncompensated preceptors to UH students in graduate nursing, psychology, social work programs, John A. Burns School of Medicine, and the Daniel K. Inouye College of Pharmacy.

Preceptors are licensed and practicing health care professionals who oversee a health professional student in gaining the clinical experience required by national accreditors and State of Hawai'i licensing boards. The uncompensated, voluntary precepting takes place at their place of employment and is above and beyond their patient care workload and employment responsibilities. Also, the preceptor must develop a set of coaching or teaching skills above and beyond that required for their employment. Such preceptors are committed to educating the next generation but are reporting increasing fatigue and

burnout due to the competing demands on their time and we are facing a shortage of preceptors for all the health professions students. This shortage impacts the University of Hawai'i's ability to accept Hawai'i students into our programs and prepare an adequate number of future professionals to meet the demands for healthcare providers for the people of Hawai'i. As demands increase on health care providers, they are requesting recognition for their preceptor activities to offset longer hours worked or fewer patient visits.

A 2017 Hawai'i State Center for Nursing (HSCN) survey of in-state dental hygiene, pharmacy, medicine and graduate nursing schools found that all responding schools are moderately or very concerned about the small number of clinical training sites available for their students; more than 80% of in-state health profession schools had more difficulty finding clinical training sites in 2017 than in 2015; and over half of these programs have limited enrollment due to the lack of training sites. As an example, the UH Mānoa School of Nursing and Dental Hygiene Doctor of Nursing Practice (DNP) Program graduates primary care nurse practitioners who manage patient panels, and assess, evaluate, diagnose, develop treatment plans including prescribing medication. Due to the lack of preceptors, they admit only 29% of the qualified Hawai'i applicants. Yet, the state has a continuing shortage of primary care providers.

Georgia, Maryland and Colorado have enacted legislation for preceptor individual income tax credits and Utah, North Dakota and New York currently are undertaking similar efforts to both maintain and grow the preceptor capacity in their states. The Hawai'i approach is highly interprofessional as we recognize the need for team care delivery to address community needs. By addressing the preceptor shortage as the University of Hawai'i system, we will move our state closer to sustainable interprofessional education and care delivery.

The University of Hawaii notes the economic benefit provided by the health workforce. A North Carolina economic analysis found that each full time APRN in their state can contribute, minimally, \$273,000 in direct economic output and between \$11,800 and \$22,000 in state and local tax revenue<sup>1</sup>. A recent American Medical Association economic analysis found that physicians in Hawai'i contribute, on average, \$2,282,615 in direct economic output and \$110,494 in state and local tax revenue<sup>2</sup>.

A state investment in the healthcare professions academic pipeline through preceptor income tax-credits will improve the University of Hawai'i's ability to develop and grow future healthcare professionals in this state, close the gap on the shortage of health care professionals, and increase economic revenues statewide.

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<sup>1</sup> Conover, C., & Richards, R. (2015). Economic benefits of less restrictive regulation of advanced practice nurses in North Carolina. *Nursing Outlook*, 63(5), 585–592.

<sup>2</sup> American Medical Association [AMA]. (2018). The economic impact of physicians in Hawaii: State report. Retrieved from <https://www.physicianseconomicimpact.org/pdf/FullStateReports/HI-Study.pdf>

I respectfully request that the Senate Committee on Commerce, Consumer Protection and Health consider the attached amendment recommendations. Amendments will:

- Add Social Work as eligible students, residents/trainees and preceptors;
- Amend the definition of “Nationally Accredited” to recognize the individual health professional academic accreditation as determined by its respective regulatory board or program; and
- Update the report title and description to reflect the above amendments.

Therefore, on behalf of Straub Medical Center, we respectfully request that SB 2298 pass amended.







# WAIANAE COAST COMPREHENSIVE HEALTH CENTER

[www.wcchc.com](http://www.wcchc.com)

January 31, 2018

## COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH

Senator Rosalyn H. Baker, Chair

Senator Jill N. Tokuda, Vice Chair

DATE: Thursday, February 1, 2018

TIME: 9:30 AM

PLACE: Conference Room 229

**TESTIMONY in SUPPORT of SB2298 (WITH CHANGES):** Relating to Healthcare Preceptor Tax Credits

### **SUBMITTED BY:**

Dr. Stephen Bradley, Chief Medical Officer

WAIANAE COAST COMPREHENSIVE HEALTH CENTER

The Waianae Coast Comprehensive Health Center provides 200,000 primary care visits annually to families, of which 67% have incomes below federal poverty levels. **Although we support the intent of SB2298, we ask that the Committee consider replacing the definition:**

**“Academic program means an academic program that holds its principal accreditation in Hawaii.”**

We recognize that there is worsening shortage of Primary Care Providers (PCP's) in Hawaii. This situation is particularly acute in medically underserved areas (MUA's) of our State. In these MUA's, medical complexity and social conditions combine to create the need for enhanced recruitment strategies, to shift some professional education to community based settings, and to structure this training around comprehensive team based care. In an effort to address this shortage, we have been partnered with educational institutions for many years to train at our facility.

Our legislature may not know that **each year at the Health Center we are training approximately 83 health care professionals. We provide these programs at little or no cost to our State.** Our students and their training programs are as follows:

- 5 psychology interns from various programs in Hawaii.
- 10 Bachelor of Science in Nursing under UH – Hilo School of Nursing.

- 24 nurse practitioner students from UH School of Nursing and Hawaii Pacific University.
- 2 social work Interns from UH-School of Social Work.
- 2 pharmacy Interns from UH-Hilo School of Pharmacy.
- 6 Nurse Practitioner Residents under the CHC, Inc. in Connecticut.
- 4 dental residents under the Lutheran Medical Center-New York.
- 30 osteopathic medical students under the A.T. Still University (ATSU) School of Osteopathic Medicine program from Mesa, Arizona (*no cost to State*).

In July 2007, the Health Center was selected as one of 11 ATSU “hub sites” located at community health center campuses across the country. This innovative program was developed in response to the critical nationwide shortage of primary care doctors. The medical students spend their second, third and fourth year of training at the Health Center. We are unique in the fact that our medical students stay in the same rural community for three years. Our Waianae doctors, and other professionals, serve as faculty.

**Since 2011, 62 doctors have graduated from the Waianae Campus of ATSU-SOMA with 76% choosing primary care for their residency.**

**The language we seek to revise would not allow our Hawaii licensed primary care physicians from participating in the program if it is through ATSU’s accredited program.**

While beyond the scope of this legislation, we also urge the legislature to pursue an expanded approach to addressing primary care and provider shortages in the future. Serious thought should be given to developing a robust Community Health Center-based Family Practice Residency system. We are losing too many Hawaii trained doctors to “mainland” residency programs.

It has been proven that providers stay in the areas where they complete their residency in a given specialty. If we need PCP’s, the best place to train them is an institution where that is the mainstay of practice within our home state. In truth, we will never be able to produce enough providers for our needs internally and, even though Hawaii is a wonderful place to live, many providers return to the mainland after a short period of time due to our elevated cost of living and lower salaries relative to most mainland localities. **Perhaps future expansion of tax relief could be offered to primary care providers willing to practice in medically underserved areas of our State.**

Thank you for considering the importance of this language change to SB2298 and your long term vision to address the shortage of primary care providers in Hawaii.

**SB-2298**

Submitted on: 1/30/2018 2:39:27 PM

Testimony for CPH on 2/1/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Thomas Yamachika	Tax Foundation of Hawaii	Comments	Yes

Comments:

SUBJECT: INCOME, Healthcare Preceptor Tax Credits

BILL NUMBER: HB 1967; SB 2298 (Identical)

INTRODUCED BY: HB by EVANS, CREAGAN, LOWEN, MIZUNO, NAKASHIMA, SAN BUENAVENTURA, TODD; SB by BAKER, INOUE, English, Galuteria, Kim, Nishihara, K. Rhoads, Ruderman

EXECUTIVE SUMMARY: This bill provides a credit for doctors who teach other doctors. It is much simpler and much less expensive in administrative costs for the Healthcare Preceptor Working Group, or the agency to which it is attached, to cut a check to any qualifying physician.

SYNOPSIS: Adds a new section to chapter 235, HRS, to allow a healthcare preceptor tax credit for supervising volunteer-based supervised clinical training rotations. The amount of the credit is \$1,000 for each rotation supervised by the taxpayer, to a maximum of \$5,000 per taxable year.

Provides that the healthcare preceptor tax credit working group, which is established by the bill, will maintain records of the taxpayers qualifying for credit and certify the credit amount. The certificate of the credit amount would be submitted with the taxpayer's return.

Adds a new section to chapter 321, HRS, to establish the healthcare preceptor tax credit working group.

EFFECTIVE DATE: Upon approval; the credit applies to taxable years beginning after December 31, 2018.

STAFF COMMENTS: A tax return is one of the most complicated documents for government agencies to process. The administrative costs associated with each one can quickly make heads spin. If the only action that is going to be requested of the tax system is to credit the account of a participating doctor in an amount previously determined by the new working group, it is questionable why the tax system needs to be

involved. Write the participating doctor a check! The participating doctor gets a financial benefit more quickly (upon receipt of the check, as opposed to a tax refund issued in the middle or end of the following year) and state government is spared the gargantuan effort needed to issue a refund (working group certifies credit, taxpayer submits credit to DOTAX, DOTAX asks DAGS to cut a refund check, DAGS issues the check).

Digested 1/29/2018



**Testimony to the Senate Committee on Commerce, Consumer Protection, and Health**  
**Thursday, February 1, 2018; 9:30 a.m.**  
**State Capitol, Conference Room 229**

**RE: SUPPORTING THE INTENT OF SENATE BILL NO. 2298, RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS.**

Chair Baker, Vice Chair Tokuda, and Members of the Committee:

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA **SUPPORTS THE INTENT** of Senate Bill No. 2298, RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS.

The bill, as received by your Committee, would:

- (1) Establish an income tax credit to any taxpayer in an amount up of to \$1,000 for volunteer-based supervised clinical training rotations that the taxpayer provides in the role of “preceptor” for the applicable tax year;
- (2) Define “preceptor” as an advanced practice nurse, a doctor of allopathic medicine, doctor of osteopathic medicine, a pharmacist, a doctor of psychology, or dentist or dental surgeon;
- (3) Provide that the credit not exceed \$5,000 for any one income tax year regardless of the number of volunteer-based supervised clinical training rotations undertaken by the taxpayer during the applicable income tax year or the number of eligible students or trainees the taxpayer instructs;
- (4) Provide that the total amount of tax credit certificates that may be issued for each taxable year not exceed \$2,000,000;
- (5) Establish a Health Provider Preceptor Tax Credit Working Group (Working Group) to be convened by the Hawaii Pacific Region Area Health Education Center and the Hawaii State Center for Nursing;
- (6) Direct the Working Group to certify that each taxpayer satisfies the requirements for allowance of the tax credit; and
- (7) Require the Department of Health to evaluate the efficacy of the healthcare preceptor tax credit and report findings and recommendations to the 2024 Legislature.

Federally Qualified Health Centers (FQHCs) provide desperately needed medical services at the frontlines in rural communities. Long considered champions for creating a more sustainable, integrated, and wellness-oriented system of health, FQHCs provide a more efficient, more effective and more comprehensive system of health.

The State of Hawaii is experiencing a severe shortage of health care professionals in the workforce, especially in rural areas. Recent studies note that the current shortage of physicians is at 20% of the total full-time equivalent positions throughout the State. The shortage is especially severe in the fields of primary care, infectious diseases, colorectal surgery, pathology, general surgery, pulmonology, neurology, neurosurgery, orthopedic surgery, family medicine, cardiothoracic surgery, rheumatology, cardiology, hematology/oncology, and pediatric subspecialties of endocrinology, cardiology, neurology, hematology/oncology, and gastroenterology.

This bill would create a financial incentive to enhance the quality and stock of Hawaii's future healthcare workforce. Accordingly we commend this effort and wish to participate in any and all discussions concerning workforce development. From a practical standpoint, however, we do raise the following points concerning the bill as it is presently drafted:

- (1) It is unclear who would receive the tax credit. The tax credit would be eligible to any taxpayer who "provides volunteer-based supervised clinical training rotations". . . "in the role of 'preceptor'". "Preceptor" is defined as an advanced practice nurse, a doctor of allopathic medicine, doctor of osteopathic medicine, a pharmacist, a doctor of psychology, or dentist or dental surgeon who is licensed in the state. The professional who serves as the preceptor would be eligible for the tax credit, even if the professional merely staffs a program that is established and run by a health care facility or program. If the intention is to provide non-governmental health care organizations the tax credit if they establish and operate training or residency programs, than that needs to be specified in the bill. However, if the tax credit is intended to go to the professionals who staff these training or residency programs, then that also needs to be specified in the operating language of the bill.
- (2) It is unclear what a "volunteer-based supervised clinical training rotation" is. While it might be the intention of the drafters to require training to be Hawaii-based, nowhere in the operating statute is there any requirement that the volunteer-based supervised clinical training rotation be accredited, nor situated in the State. Furthermore, with efforts to promote telehealth, could supervision be done by a professional situated outside the State or on another island?
- (3) It is unclear whether this credit is refundable or non-refundable. If the intent of this measure is to allow health care facilities that establish and operate training programs to be the recipients of the tax credit, refundability will be key to whether this measure will be of assistance. Because many facilities are tax-exempt, a nonrefundable tax credit would only apply to tax liability. If they are tax exempt, they would have little or no tax liability and as such, they would not benefit from this measure. However, if it is a refundable tax credit, any amount over the tax liability would go to the applicant as cash from the State.

Testimony on Senate Bill No. 2298

February 1, 2018; 9:30 a.m.

Page 3

**It is in the spirit of collaboration and we offer these observations. It is our hope that the bill can be refined to address these issues so that the tax credit can and will be utilized by FQHCs to develop more internship and training opportunities throughout the State.**

For these reasons, we **SUPPORT THE INTENT** of this measure and urge your favorable consideration to facilitate continued discussion on this very important issue.

In advance, thank you for your consideration of our testimony.





## **HAWAII MEDICAL ASSOCIATION**

1360 S. Beretania Street, Suite 200, Honolulu, Hawaii 96814  
Phone (808) 536-7702 Fax (808) 528-2376  
[www.hawaiimedicalassociation.org](http://www.hawaiimedicalassociation.org)

TO:  
COMMITTEE ON COMMERCE, CONSUMER PROTECTION, AND HEALTH  
Senator Rosalyn H. Baker, Chair  
Senator Jill N. Tokuda, Vice Chair

DATE: Thursday, February 1, 2018  
TIME: 9:30 AM  
PLACE: Conference Room 229

FROM: Hawaii Medical Association  
Dr. Christopher Flanders, DO, Executive Director  
Lauren Zirbel, Community and Government Relations

### **Re: SB 2298 RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS**

#### **Position: SUPPORT**

On behalf of the physician and medical student members of the Hawaii Medical Association, we are writing regarding our ongoing commitment to reform of the health care system.

This measure would allow healthcare providers to receive tax credits for acting as preceptors in volunteer-based supervised clinical training rotations provided to eligible students that enable the students to obtain an eligible healthcare professional degree or certificate.

The University of Hawaii's Physician Workforce Assessment found Oahu needs 381 physicians, up from 339 last year, while the Big Island is short 196 providers, compared with the 183 needed last year. Maui County has a deficit of 139, up from 125, while Kauai needs 53 doctors, down from 62.

Primary care providers are the largest group in short supply, followed by infectious disease specialists on Oahu and Kauai, colorectal surgeons on the Big Island and geriatric doctors in Maui County.

The health care industry for years has struggled to recruit doctors, particularly to rural communities on the neighbor islands. To improve our severe shortage we must train, recruit and improve our medical practice climate. This measure is a small step towards achieving this very necessary goal.

#### **HMA OFFICERS**

President – William Wong, Jr., MD    President-Elect – Jerry Van Meter, MD    Secretary – Thomas Kosasa, MD  
Immediate Past President – Bernard Robinson, MD    Treasurer – Elizabeth A. Ignacio, MD  
Executive Director – Christopher Flanders, DO



**HAWAII GOVERNMENT EMPLOYEES ASSOCIATION**  
AFSCME Local 152, AFL-CIO

**RANDY PERREIRA**, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Twenty-Ninth Legislature, State of Hawaii  
The Senate  
Committee on Commerce, Consumer Protection, and Health

Testimony by  
Hawaii Government Employees Association

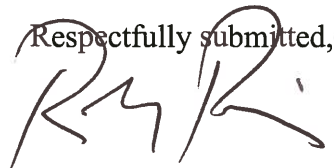
January 29, 2018

S.B. 2298 RELATING TO  
HEALTHCARE PRECEPTOR TAX CREDITS

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports S.B. 2298, which would allow healthcare professionals to receive tax credits for acting as preceptors in a volunteer-based training program for eligible students to obtain a professional degree or certificate in healthcare.

We recognize that the current shortage of healthcare providers and access to healthcare is a prevalent issue. There must be a balance between healthcare workforce supply and demand in order to ensure that there is an adequate workforce of qualified healthcare providers for the people of Hawai'i. Establishing tax exemptions for preceptor programs would encourage preceptors to participate in the training and instruction of students and residents seeking careers as healthcare providers in Hawaii.

Thank you for the opportunity to testify in strong support of S.B. 2298.

Respectfully submitted,  


Randy Perreira  
Executive Director

**Written Testimony Presented Before the  
Senate Committee on Commerce, Consumer Protection and Health  
February 1, 2018 9:30 a.m.  
Amy Thomas, MSN, APRN, FNP, Past President  
American Organization of Nurse Executives—Hawai'i Chapter**

**IN STRONG SUPPORT, WITH AMENDMENTS  
SB 2298 RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS**

Chair Baker, Vice Chair Tokuda, and members of the Senate Committee on Commerce, Consumer Protection and Health, thank you for this opportunity to provide testimony in strong support of this bill, SB 2298, with amendments. This bill aims to address the healthcare provider shortage, particularly in underserved areas, neighbor islands and in primary care, by establishing individual income tax credits for healthcare professionals who voluntarily serve as preceptors.

It is apparent in today's health care environment that a bottleneck to developing adequate numbers of healthcare providers, including advanced practice registered nurses, is the lack of qualified health provider preceptors. Precepted clinical experience is a mandatory component for health professional education. Without it, a student may not graduate, achieve national certification, or become licensed. Preceptors are licensed and practicing health care professionals who volunteer time during their work hours to oversee a health professional student, like an advanced practice nurse student. The clinical experience preceptors provide to students is in addition to their large patient care workload and is often uncompensated.

Our in-state health professional academic programs rely on community providers to provide over 1,000 preceptor rotations each year; however the need for preceptors is greater than the number of providers currently volunteering for this role. The Hawai'i State Center for Nursing conducted a survey of our in-state dental hygiene, graduate nursing, medicine and pharmacy programs which found that:

- 100% of our programs are moderately or very concerned about the number of clinical training sites available for their students
- More than 80% of in-state health profession schools had more difficulty finding clinical training sites in 2017 than in 2015.
- Over half of these programs have limited enrollment due to the lack of training sites

Outcomes of this preceptor shortage include health professional schools increasing the workload on their faculty to meet preceptor demands, increasing the number of students a preceptor oversees, and utilizing simulation in lieu of patient experience.

Historically, providers have engaged in precepting as a re-investment in their profession, however workload expectations and burnout are at an all-time high. Research indicates the financial incentive is one way to support, develop and grow the preceptor population of healthcare professionals. The concept of providing individual state income tax credits to healthcare professionals serving in voluntary, uncompensated preceptor roles has been passed in Georgia, Colorado and Maryland. North Dakota, Utah and New York are currently underway with their own efforts to establish such credits.

This bill aims to address two factors of the preceptor shortage with the aim of helping close the healthcare provider gap in our state.

1. Recognize and incent current preceptors for their current role through individual income tax credits. The intended outcome is to maintain the baseline preceptor population by creating an economic incentive for their voluntary work.
2. Grow the number of healthcare professionals who volunteer as preceptors, increasing the number of clinical rotations which a preceptor volunteers for, or both. The intended outcome is to grow the capacity of health education by expanding the preceptor population, across the state.

To achieve this incentive and goal to increase relieve the preceptor shortage, this bill proposes a \$1,000 individual income tax credit per in-state health professional student a health professional oversees in a preceptor role, with a maximum of \$5,000 tax credits per year per health professional.

To offset this expense, the American Organization of Nurse Executives (AONE)---Hawai'i Chapter respectfully requests the Senate Committee on Commerce, Consumer Protection and Health to consider the economic analysis of full practice authority nurse practitioners in North Carolina<sup>1</sup> which found that, for APRNs, on average:

- "Each full-time APRN generates between \$11,800 and \$22,000 annually in state and local tax revenue across the state."
- "Each new FTE APRN ... would support a minimum of \$273,000 in output across the state".

With this consideration, the AONE Hawai'i Chapter posits that this contribution to the healthcare profession academic pipeline through preceptor income tax-credits may be offset with greater revenue gains to the state as new healthcare professionals, such as APRNs, enter practice in Hawai'i. Simultaneously, this investment in the healthcare professional academic pipeline will help Hawai'i close the gap of needed healthcare professionals, thus ensuring timely access to highly qualified and safe healthcare professionals for all people, in all regions of our state.

Additionally, the AONE Hawai'i Chapter respectfully requests that the Senate Committee on Commerce, Consumer Protection and Health consider the attached amendment recommendations. The proposed language is highlighted in yellow in the attached document. These amendments will:

- Add Social Work as eligible students, residents/trainees and preceptors
- Amend the definition of "Nationally Accredited" to recognize the individual health professional academic accreditation as determined by its respective regulatory board or program.
- Update the report title and description to reflect the above amendments.

Therefore, AONE Hawai'i Chapter respectfully requests that SB 2298 pass amended. We appreciate your continuing support of nursing and healthcare in Hawai'i. Thank you for the opportunity to testify.

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<sup>1</sup> Conover, C., & Richards, R. (2015). Economic benefits of less restrictive regulation of advanced practice nurses in North Carolina. *Nursing Outlook*, 63(5), 585–592.

Page 3, Lines 5-6

Developing sufficient clinical training opportunities **and field placements** in areas of high demand requires a sufficient number of appropriately trained preceptors, but the limited availability of preceptors restricts in-state healthcare academic institutions from expanding healthcare provider training.

Page 3, Lines 19-20

The purpose of this Act is to create a tax credit that encourages preceptors to offer professional instruction, training, and supervision to students and residents seeking careers as healthcare providers throughout Hawaii, with the intention of building capacity for clinical education at in-state academic programs that are nationally accredited for the training of medical, nursing, dental hygiene, **social work, psychology** or pharmacy professionals.

Page 7, Line 14-15

"Eligible professional degree or training certificate" means a degree or certificate that fulfills a requirement to be a dental hygienist pursuant to chapter 447, a physician or osteopathic physician pursuant to chapter 453, an advanced practice registered nurse pursuant to chapter 457, a pharmacist pursuant to chapter 461, ~~or~~ a psychologist pursuant to chapter 465, **or a social worker pursuant to chapter 467E.**

Page 7, Line 18

"Eligible student or trainee" means an advanced practice registered nurse student, dental hygienist student, medical student, pharmacy student, psychology student, **social work student,** or resident or similar health science trainee.

Page 8, Lines 16-17

"Preceptor" means a dentist or dental surgeon licensed pursuant to chapter 448, a physician or osteopathic physician licensed pursuant to chapter 453, an advanced practice registered nurse licensed pursuant to chapter 457, a pharmacist licensed pursuant to chapter 461, ~~or~~ a psychologist licensed pursuant to chapter 465, **or a social worker pursuant to chapter 467E who may be either licensed or unlicensed.**

Page 9, Between content on lines 4-5

**"Social worker student" means an individual participating in an academic program in this state that is nationally accredited for the training of social work professionals pursuant to chapter 467E.**

Page 10, after line 20

**(5) Deans or directors of each academic program that is nationally accredited for the training of psychology pursuant to chapter 465.**

(6) Deans or directors of each academic program that is nationally accredited for the training of social work pursuant to chapter 467E.

**Report Title:**

Registered Nurses; Doctors; Dentists; Dental Hygienists;  
Pharmacists; Psychologists; Preceptors; Social Workers; Tax  
Credits

**Description:**

Allows advanced practice registered nurses, physicians, dentists, psychologists, ~~and~~ pharmacists, and social workers to receive tax credits for acting as preceptors in volunteer-based supervised clinical training rotations provided to eligible students that enable the students to obtain an eligible healthcare professional degree or certificate.

**SB-2298**

Submitted on: 1/29/2018 11:35:13 AM

Testimony for CPH on 2/1/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Katherine Finn Davis	UH School of Nursing and Dental Hygiene	Support	No

Comments:

Aloha,

Having a robust preceptor pool for our advanced practice nursing students is critical to developing a well-trained cadre of graduates. Passing this bill would support our preceptors to train students and help us develop the healthcare providers our state so desperately needs.

**SB-2298**

Submitted on: 1/26/2018 7:05:35 AM

Testimony for CPH on 2/1/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Yvonne Geesey		Support	No

Comments:

Mahalo for such a creative solution! This bill may help us address the critical shortage of APRN preceptors we are experiencing in the Aloha State.



**SB-2298**

Submitted on: 1/28/2018 9:06:32 AM

Testimony for CPH on 2/1/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jerris Hedges		Support	No

Comments:

Written Testimony Submitted to the  
Senate Committee on Commerce, Consumer Protection and Health  
February 1, 2018  
By Jerris Hedges, MD

**SB 2298 –RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS**

Chair Baker, Vice Chairs Tokuda, and members of the committees:

Thank you for the opportunity to provide testimony in support of SB 2298. SB 2298 proposes to create a tax credit to encourage preceptors to offer professional instruction, training, and supervision to students and residents seeking careers as healthcare providers throughout Hawaii. The intent of the measure is to build capacity for clinical education for the training of medical, nursing, dental hygiene and pharmacy professionals. SB 2298 also establishes a working group within the Department of Health which will be convened by the University of Hawaii/Pacific basin area health education center and center for nursing to create a comprehensive plan to address the preceptor shortages in Hawaii and to develop and implement a plan for allocating and distributing the healthcare preceptor tax credits.

Hawaii is facing a critical shortage of primary care healthcare providers. In the case of primary care physicians, the shortage is now calculated at 282 physicians statewide. This shortfall is projected to worsen with the increased demand for health care from an aging population and the retirement of an aging physician population creating access issues on Oahu and the neighbor islands. The need to educate and train more doctors to care for our citizens is now a key component to meeting the healthcare needs of our communities. However, the lack of clinical education sites in Hawaii and the inadequate supply of qualified primary care preceptors are limiting factors in our efforts to educate future doctors and other healthcare providers. The cohort of preceptors consists of volunteers who share the responsibility and burden of training the future healthcare workforce. Developing sufficient clinical training opportunities requires a sufficient number of preceptors. SB 2298 is a means of encouraging preceptors to begin offering as well as continuing to offer training and supervision to students (students includes newly graduated physicians, often referred to

as residents or fellows who are receiving the additional training needed for state medical licensure and specialty certification through residency and fellowship programs) in the healthcare professions.

We respectfully suggest an amendment to the definition of “medical student” and “resident” or “fellow” for purposes of clarity. The US Dept of Education recognizes accrediting bodies for programs leading to the M.D. or D.O. degree in the United States. These accrediting bodies are the Liaison Committee on Medical Education, (LCME which accredits JABSOM’s MD program), and the Commission on Osteopathic College Accreditation (COCA) which accredits osteopathic physicians (DO). The body accrediting residencies and fellowships is the Accreditation Council on Medical Education (ACGME), a private, not-for-profit, 503(c) organization.

The following amendment is suggested:

“Medical student” means an individual participating in an academic program [that is nationally] accredited [~~for the training of physicians or osteopathic physicians pursuant to chapter 453~~] by the Liaison Committee on Medical Education (LCME) or Commission on Osteopathic College Accreditation (COCA) leading to the MD or DO degree. For the purposes of this section the term medical student includes graduates from LCME and COCA programs who have continued their training to obtain the additional qualifications needed for both medical licensure pursuant to chapter 453 and specialty certification. These LCME and COCA graduates are called “residents” or “fellows” who are in a graduate medical education program accredited by the ACGME.

Thank you for the opportunity to provide testimony.

Jerris Hedges, MD  
Professor & Dean  
John A. Burns School of Medicine  
University of Hawai’i at Mānoa

**SB-2298**

Submitted on: 1/30/2018 12:05:12 PM

Testimony for CPH on 2/1/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Monica Esquivel MS RD		Comments	No

## Comments:

In addition to the shortage in mentioned health care providers and practitioners, we are experiencing, Nationwide, a shortfall in preceptors available to supervised dietetic interns. Dietetic interns complete 1200 hours of supervised practice under a Registered Dietitian (RD) in order to become eligible to take the exam to become an RD. RDs in Hawaii are licensed professionals, the experts in delivering nutrition care to both treat and prevent a wide array of diseases. The shortfall in RD preceptors across the country has led to a limited number of students who are able to continue on the pathway to becoming an RD and serve this critical health care need. Please consider adding licensed RDs to this bill.

**SB-2298**

Submitted on: 1/29/2018 7:29:32 PM

Testimony for CPH on 2/1/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Kathleen Yokouchi	Hawaii State Center for Nursing	Support	No

Comments:

In strong support.

**SB-2298**

Submitted on: 1/30/2018 4:44:01 AM

Testimony for CPH on 2/1/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Teresa Parsons		Support	No

Comments:

Chair Baker and members of the committee,

Mahalo for the opportunity to submit testimony in STRONG SUPPORT of this measure. As a practicing Nurse Practitioner in Hawai'i since 2007, I routinely host NP students in clinical rotations. Although my patient template remains the same, I forego breaks and often lunch to ensure a rich learning environment. Since 2013, I volunteered as a NP through the Red Cross for the opportunity to work with NP students. I log an average of 20 hours a month as a volunteer provider. While I do this to assist in the education of advance practice nurses and improve access for the people of Hawai'i, it would be a welcome acknowledgement to receive a modest tax credit.

A vast majority of practitioners provide valuable (and critical) education to ensure the educational opportunities for tomorrow's health care providers.

Mahalo for considering my testimony in STRONG SUPPORT of SB 2298 to extend a tax credit for preventing advance practice nurses.

**Written Testimony Presented Before the  
Senate Committee on Commerce, Consumer Protection and Health  
February 1, 2018 9:30 a.m.**

by  
**Susan Lee, BSN, RN, WCC**

**IN STRONG SUPPORT  
S.B. 2298 RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS**

Chair Baker, Vice Chair Tokuda, and members of the Senate Committee on Commerce, Consumer Protection and Health, thank you for this opportunity to provide testimony in strong support of this bill, S.B. 2298, with amendments. This bill aims to address the healthcare provider shortage, particularly in underserved areas, neighbor islands and in primary care, by establishing individual income tax credits for healthcare professionals who voluntarily serve as preceptors.

It is apparent in today's health care environment that a bottleneck to developing adequate numbers of healthcare providers, including advanced practice registered nurses, is the lack of qualified health provider preceptors. Precepted clinical experience is a mandatory component for health professional education. Without it, a student may not graduate, achieve national certification, or become licensed. Preceptors are licensed and practicing health care professionals who volunteer time during their work hours to oversee a health professional student, like an advanced practice nurse student. The clinical experience preceptors provide to students is in addition to their large patient care workload and is often uncompensated.

Our in-state health professional academic programs rely on community providers to provide over 1,000 preceptor rotations each year; however the need for preceptors is greater than the number of providers currently volunteering for this role. The Hawai'i State Center for Nursing conducted a survey of our in-state dental hygiene, graduate nursing, medicine and pharmacy programs which found that:

- 100% of our programs are moderately or very concerned about the number of clinical training sites available for their students
- More than 80% of in-state health profession schools had more difficulty finding clinical training sites in 2017 than in 2015.
- Over half of these programs have limited enrollment due to the lack of training sites

Outcomes of this preceptor shortage include health professional schools increasing the workload on their faculty to meet preceptor demands, increasing the number of students a preceptor oversees, and utilizing simulation in lieu of patient experience.

Historically, providers have engaged in precepting as a re-investment in their profession, however workload expectations and burnout are at an all-time high. Research indicates the financial incentive is one way to support, develop and grow the preceptor population of healthcare professionals. The concept of providing individual state income tax credits to healthcare professionals serving in voluntary, uncompensated preceptor roles has been passed in Georgia, Colorado and Maryland. North Dakota, Utah and New York are currently underway with their own efforts to establish such credits.

This bill aims to address two factors of the preceptor shortage with the aim of helping close the healthcare provider gap in our state.

1. Recognize and incent current preceptors for their current role through individual income tax credits. The intended outcome is to maintain the baseline preceptor population by creating an economic incentive for their voluntary work.
2. Grow the number of healthcare professionals who volunteer as preceptors, increasing the number of clinical rotations which a preceptor volunteers for, or both. The intended outcome is to grow the capacity of health education by expanding the preceptor population, across the state.

To achieve this incentive and goal to increase relieve the preceptor shortage, this bill proposes a \$1,000 individual income tax credit per in-state health professional student a health professional oversees in a preceptor role, with a maximum of \$5,000 tax credits per year per health professional.

To offset this expense, **[Individual/Organization]** respectfully requests the Senate Committee on Commerce, Consumer Protection and Health to consider the economic analysis of full practice authority nurse practitioners in North Carolina<sup>1</sup> which found that, for APRNs, on average:

- “Each full-time APRN generates between \$11,800 and \$22,000 annually in state and local tax revenue across the state.”
- “Each new FTE APRN ... would support a minimum of \$273,000 in output across the state”.

With this consideration, **[Individual/Organization]** posits that this contribution to the healthcare profession academic pipeline through preceptor income tax-credits may be offset with greater revenue gains to the state as new healthcare professionals, such as APRNs, enter practice in Hawai'i. Simultaneously, this investment in the healthcare professional academic pipeline will help Hawai'i close the gap of needed healthcare professionals, thus ensuring timely access to highly qualified and safe healthcare professionals for all people, in all regions of our state.

Additionally, **[Individual/Organization]** respectfully requests that the Senate Committee on Commerce, Consumer Protection and Health consider the attached amendment recommendations. The proposed language is highlighted in yellow in the attached document. These amendments will:

- Add Social Work as eligible students, residents/trainees and preceptors
- Amend the definition of “Nationally Accredited” to recognize the individual health professional academic accreditation as determined by its respective regulatory board or program.
- Update the report title and description to reflect the above amendments.

Therefore, **[Individual/Organization]** respectfully requests that S.B. 2298 pass amended. We appreciate your continuing support of nursing in Hawai'i. Thank you for the opportunity to testify.

Susan Lee

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<sup>1</sup> Conover, C., & Richards, R. (2015). Economic benefits of less restrictive regulation of advanced practice nurses in North Carolina. *Nursing Outlook*, 63(5), 585–592.

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# A BILL FOR AN ACT

RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

SECTION 1. The legislature finds that demand for healthcare providers in Hawaii is growing because of an increase in population size, particularly among the aged population; an improvement in access to care due to broader insurance coverage; and a higher prevalence of chronic diseases. At the same time, there is a primary care provider shortage in Hawaii that will be exacerbated by the projected retirements of current physicians and advanced practice registered nurses. If nothing is done to address the gap between healthcare supply and demand, patients will suffer from longer wait times to see providers and poorer health outcomes. Even more so, the evolution of healthcare delivery means academic institutions across Hawaii face challenges in ensuring an adequate number of future healthcare professionals who are well-distributed by location and by specialty and who are prepared to deliver healthcare in primary, specialty, and behavioral health care in rural, urban, and suburban settings across Hawaii. Thus, the legislature



acknowledges that in order to meet these growing healthcare demands, the State must work with academic institutions and healthcare professionals to ensure that there is an adequate and well-prepared healthcare workforce.

The legislature further finds that Hawaii high school students and residents are interested in pursuing careers in the healthcare service industry. However, in-state educational institutions are constrained by the lack of clinical education sites in Hawaii and the limited supply of qualified primary and specialty care preceptors. The legislature recognizes that current efforts are underway to address these clinical site limitations, including travel support from health professional schools in Hawaii for students and residents who are incurring high costs for training away from their home island. With out-of-state training having such a high cost, the State must consider expanding in-state healthcare provider education capacity.

The legislature also finds that the development of new clinical preceptors and training sites is increasingly difficult. The cohort of preceptors consists largely of volunteers who share the kuleana of educating the future healthcare workforce. Yet, providers who offer such volunteer-based education assume this responsibility above and beyond their regular patient-care responsibilities, subjecting themselves to preceptor fatigue, especially in busy clinical settings. Developing sufficient clinical training opportunities and field placements in areas of high demand requires a sufficient number of appropriately trained

preceptors, but the limited availability of preceptors restricts in-state healthcare academic institutions from expanding healthcare provider training. Some states, including Maryland, Georgia, and Colorado, have identified preceptor tax exemptions as a means to increase the supply of health professional preceptors and trainees.

The purpose of this Act is to create a tax credit that encourages preceptors to offer professional instruction, training, and supervision to students and residents seeking careers as healthcare providers throughout Hawaii, with the intention of building capacity for clinical education at in-state academic programs that are nationally accredited for the training of medical, nursing, dental hygiene, social work, psychology or pharmacy professionals.

SECTION 2. Chapter 235, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

**"§235- Healthcare preceptor tax credit. (a) There shall be allowed to each taxpayer subject to the tax imposed by this chapter, a healthcare preceptor tax credit for supervising volunteer-based supervised clinical training rotations which shall be deductible from the taxpayer's net income tax liability, if any, imposed by this chapter for the taxable year in which the credit is properly claimed.**

**(b) The amount of the credit determined under this section for the taxable year shall be equal to \$1,000 for each volunteer-based supervised clinical training rotation supervised by the**

taxpayer; provided that the aggregate amount of tax credit awarded to any taxpayer pursuant to this section shall not exceed \$5,000 for any income tax year regardless of the number of volunteer-based supervised clinical training rotations supervised by the taxpayer.

(c) The director of taxation:

- (1) Shall prepare any forms that may be necessary to claim a tax credit under this section;
- (2) May require the taxpayer to furnish reasonable information to ascertain the validity of the claim for the tax credit made under this section; and
- (3) May adopt rules pursuant to chapter 91 necessary to effectuate the purposes of this section.

(d) The healthcare preceptor tax credit working group, established pursuant to section 321- , shall:

- (1) Maintain records of the names and addresses of the qualified taxpayers claiming the credits under this section; and
- (2) Certify the number of volunteer-based supervised clinical training rotations each taxpayer supervised by verifying for each volunteer-based supervised clinical training rotation the number of hours the taxpayer spent supervising an eligible student or trainee and whether the taxpayer was uncompensated.

Upon each determination, the healthcare preceptor tax credit working group shall issue a certificate to the taxpayer verifying the number of volunteer-based supervised clinical training rotations supervised by the taxpayer.

(e) If in any taxable year the annual amount of certified credits reaches \$2,000,000 in the aggregate, the healthcare preceptor tax credit working group shall immediately discontinue

certifying credits and notify the department of taxation. In no instance shall the healthcare preceptor tax credit working group certify a total amount of credits exceeding \$2,000,000 per taxable year. To comply with this restriction, the healthcare preceptor tax credit working group shall certify credits on a first come, first served basis.

(f) A tax credit under this section that exceeds the taxpayer's income tax liability may be used as a credit against the taxpayer's income tax liability in subsequent years until exhausted. All claims for tax credits under this section, including any amended claims, shall be filed on or before the end of the twelfth month following the close of the taxable year for which the credits may be claimed. Failure to comply with this subsection shall constitute a waiver of the right to claim the credit.

(g) For the purpose of this section:

"Academic program" means an academic program that holds its principal accreditation in Hawaii.

"Advanced practice registered nurse student" means an individual participating in an academic program that is nationally accredited for the training of individuals to become advanced practice registered nurses pursuant to chapter 457.

"Dental hygienist student" means an individual participating in an academic program that is nationally accredited for the training of dental hygienists or expanded dental hygienist pursuant to chapter 447.

"Eligible professional degree or training certificate" means a degree or certificate that fulfills a requirement to be a dental hygienist pursuant to chapter 447, a physician or osteopathic physician pursuant to chapter 453, an advanced practice registered nurse pursuant to chapter 457, a pharmacist pursuant to chapter 461, or a psychologist pursuant to chapter 465, or a social worker pursuant to chapter 467E.

"Eligible student or trainee" means an advanced practice registered nurse student, dental hygienist student, medical student, pharmacy student, psychology student, social work student, or resident or similar health science trainee.

"Medical student" means an individual participating in an academic program that is nationally accredited for the training of physicians or osteopathic physicians pursuant to chapter 453.

"Nationally accredited" means holding an institutional accreditation by name to offer post-secondary education as a United States-based institution from a national accrediting agency recognized by the United States Department of Education.

"Pharmacy student" means an individual participating in an academic program that is nationally accredited for the training of individuals to become registered pharmacists pursuant to chapter 461.

"Preceptor" means a dentist or dental surgeon licensed pursuant to chapter 448, a physician or osteopathic physician licensed pursuant to chapter 453, an advanced practice registered nurse licensed pursuant to chapter 457, a pharmacist licensed pursuant to chapter 461, or a psychologist licensed pursuant to chapter

465, or a social worker pursuant to chapter 467E who may be either licensed or unlicensed.

"Psychology student" means an individual participating in an academic program that is nationally accredited for the training of individuals to become psychologists pursuant to chapter 465.

"Resident or similar health science trainee" means a post-graduate health science trainee enrolled in an accredited academic program that is nationally accredited for such training pursuant to chapter 447, 453, 457, 461, or 465.

"Social worker student" means an individual participating in an academic program in this state that is nationally accredited for the training of social work professionals pursuant to chapter 467E.

"Volunteer-based supervised clinical training rotation" means an uncompensated period of supervised clinical training or field work on behalf of an eligible student or trainee that totals at least eighty hours of supervisory time annually, in which a preceptor provides personalized instruction, training, and supervision that is offered to an eligible student or trainee to enable the eligible student or trainee to obtain an eligible professional degree or training certificate."

SECTION 3. Chapter 321, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

**"§321- Healthcare preceptor tax credit working group.** (a) There is established the healthcare preceptor tax credit working group within the department of health, to be

convened by the University of Hawaii Hawaii/Pacific basin area health education center and center for nursing. The working group shall:

- (1) Discuss and create a comprehensive plan to address healthcare preceptor shortages in this State; and
- (2) Develop and implement a plan for allocating and distributing healthcare preceptor tax credits under section 235- .

(b) The working group shall be composed of the following members or their designees:

- (1) Deans or directors of each academic program that is nationally accredited for the training of dental hygienists pursuant to chapter 447;
- (2) Deans or directors of each academic program that is nationally accredited for the training of physicians or osteopathic physicians pursuant to chapter 453;
- (3) Deans or directors of each academic program that is nationally accredited for the training of advanced practice registered nurses pursuant to chapter 457; and
- (4) Deans or directors of each academic program that is nationally accredited for the training of pharmacists pursuant to chapter 461.
- (5) Deans or directors of each academic program that is nationally accredited for the training of psychology pursuant to chapter 465.
- (6) Deans or directors of each academic program that is nationally accredited for the training of social work pursuant to chapter 467E.

(c) As used in this section:

"Academic program" shall have the same meaning as in section 235- .

"Nationally accredited" shall have the same meaning as in section 235- ."

SECTION 4. The department of health shall evaluate the efficacy of the healthcare preceptor tax credit established by this Act and submit a report to the legislature no later than June 30, 2024, which shall include the department's findings and a recommendation of whether the tax credit should be retained or repealed.

SECTION 5. New statutory material is underscored.

SECTION 6. This Act shall take effect upon its approval; provided that section 2 shall apply to taxable years beginning after December 31, 2018.

INTRODUCED BY: \_\_\_\_\_

**Report Title:**

Registered Nurses; Doctors; Dentists; Dental Hygienists;  
Pharmacists; Psychologists; Preceptors; Social Workers; Tax  
Credits

**Description:**

Allows advanced practice registered nurses, physicians, dentists, psychologists, and pharmacists, and social workers to receive tax credits for acting as preceptors in volunteer-based supervised clinical training rotations provided to eligible students that enable the students to obtain an eligible healthcare professional degree or certificate.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*



Written Testimony Submitted to the  
Senate Committee on Commerce, Consumer Protection and Health  
February 1, 2018  
By

Kelley Withy, MD, PhD

SB 2298 –RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS

Chair Baker, Vice Chair Tokuda, and members of the committee:

Thank you for the opportunity to provide testimony in support of SB 2298. SB 2298 proposes to create a tax credit for healthcare workers licensed in Hawaii who train our up and coming Hawaii physicians, nurse practitioners, pharmacists, psychologists and social workers. Without more teachers, we cannot train more future providers.

The intent of the measure is to build capacity for clinical education for the training of medical, nursing, dental hygiene and pharmacy professionals. SB 2298 also establishes a working group within the Department of Health which will be convened by the University of Hawaii/Pacific basin area health education center and center for nursing to create a comprehensive plan to address the preceptor shortages in Hawaii and to develop and implement a plan for allocating and distributing the healthcare preceptor tax credits.

Hawaii is facing a critical shortage of primary care healthcare providers. In the case of primary care physicians, the shortage is now calculated at 282 physicians statewide. This shortfall is projected to worsen with the increased demand for health care from an aging population and the retirement of an aging physician population creating access issues on Oahu and the neighbor islands. The need to educate and train more doctors to care for our citizens is now a key component to meeting the healthcare needs of our communities. However, the lack of clinical education sites in Hawaii and the inadequate supply of qualified primary care preceptors are limiting factors in our efforts to educate future doctors and other healthcare providers. The cohort of preceptors consists of volunteers who share the responsibility and burden of training the future healthcare workforce. Developing sufficient clinical training opportunities requires a sufficient number of preceptors. SB 2298 is a means of encouraging preceptors to begin offering as well as continuing to offer training and supervision to students (students includes newly graduated physicians, often referred to as residents or fellows who are receiving the additional training needed for state medical licensure and specialty certification through residency and fellowship programs) in the healthcare professions.

We respectfully suggest an amendment to the definition of “medical student” and “resident” or “fellow” for purposes of clarity. The US Dept of Education recognizes accrediting bodies for programs leading to the M.D. or D.O. degree in the United States. These accrediting bodies are the Liaison Committee on Medical Education,

(LCME which accredits JABSOM's MD program), and the Commission on Osteopathic College Accreditation (COCA) which accredits osteopathic physicians (DO). The body accrediting residencies and fellowships is the Accreditation Council on Medical Education (ACGME), a private, not-for-profit, 503(c) organization.

**The following amendment is suggested:**

"Medical student" means an individual participating in an academic program [that is nationally] accredited [for the training of physicians or osteopathic physicians pursuant to chapter 453] by the Liaison Committee on Medical Education or Commission on Osteopathic College Accreditation leading to the MD or DO degree. For the purposes of this section the term medical student includes graduates from LCME and COCA programs who have continued their training to obtain the additional qualifications needed for both medical licensure pursuant to chapter 453 and specialty certification. These LCME and COCA graduates are called "residents" or "fellows" who are in a graduate medical education program accredited by the ACGME.

Thank you for the opportunity to provide testimony.

Kelley Withy, M.D. Ph.D., Professor, Department of Family Medicine and Community Health  
Hawaii/Pacific Basin Area Health Education Center (AHEC) Director  
John A. Burns School of Medicine, University of Hawaii

Written Testimony Presented Before the  
Senate Committee on Commerce, Consumer Protection, and Health

February 1, 2018 9:30 AM  
by  
Dr. Linda Beechinor, APRN, FNP-BC

SB 2298 RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS

Chair Baker, Vice Chair Tokuda, and members of the Senate Committee on Commerce, Consumer Protection, and Health thank you for this opportunity to provide testimony in strong support for SB2298, Relating to Healthcare Preceptor Tax Credits.

I am a family nurse practitioner, practicing in Honolulu for the past 20 years, and a nurse educator having taught in several local nursing programs.

This bill endeavors to establish tax credits for professional healthcare providers (advanced practice registered nurses, physicians, dentists, and pharmacists) who currently offer their time and expertise to educate primary care providers in Hawaii without compensation. This is an innovative idea that has demonstrated success in some mainland states, in addressing the problem of insufficient clinical sites to meet the needs of healthcare professional students.

I respectfully request that SB 2298 pass out of this committee. Thank you for your continued support of the healthcare provider education in our community.

Dr. Linda Beechinor, APRN-Rx, FNP-BC  
500 Lunalilo Home Road, #27-E  
Honolulu Hawaii USA 96825

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**SB-2298**

Submitted on: 1/31/2018 9:59:54 AM

Testimony for CPH on 2/1/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Crystal Costa		Support	No

Comments:

**SB-2298**

Submitted on: 1/31/2018 3:27:26 PM

Testimony for CPH on 2/1/2018 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Dr. Cyndy Endrizal, RDN, FAND	Wahiawa Center for Community Health	Support	Yes

Comments:

I am President of the Hawaii Academy of Nutrition and Dietetics. I am in full support of SB 2298 with only one request:

Please consider adding the medical profession of Registered Dietitian Nutritionist. As part of the academic undergraduate Dietetics program and Internship at UH - we do not have enough clinical rotation sites. We should be included in this bill.

Mahalo.

On behalf of dietitians of the Hawaii Academy of Nutrition and Dietetics

I would like to provide testimony commenting that **Registered Dietitians** should be an **additional healthcare professional** that could receive a tax credit for volunteer mentoring clinical dietetic students and interns.

The mentoring from an experienced dietitian is essential to adequately training dietetic students and interns in Medical Nutrition Therapy- the assessing, planning and monitoring of patients in healthcare. Similar to nurses, physicians, dentists etc, this mentoring from advanced dietetic practitioners is often provided on a volunteer basis and is part of the supervised hour required by dietetic students and interns to obtain their professional registered standing.

Ruby Hayasaka  
808 220-1215