

STATE OF HAWAII  
DEPARTMENT OF HEALTH  
P. O. Box 3378  
Honolulu, HI 96801-3378  
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**Testimony in SUPPORT of SB1215 SD1  
RELATING TO ACCESS TO HEALTHCARE PRECEPTORS.**

SEN. DONOVAN M. DELA CRUZ, CHAIR  
SENATE COMMITTEE ON WAYS AND MEANS

Hearing Date: March 1, 2023

Room Number: 211

1 **Fiscal Implications:** N/A.

2 **Department Testimony:** The Department of Health (DOH) supports programs that encourage  
3 careers in health care, and recognizes that mentorship by experienced clinicians is a key aspect of  
4 training. DOH has overseen the health care preceptor tax credit program since its enactment in  
5 2018 and results are encouraging.

6 SB1215 SD1 Relating to Healthcare Preceptors will permit greater flexibility for the program to  
7 respond to individualized needs of specific communities.

8 Thank you for the opportunity to testify.

9 **Offered Amendments:** N/A.

10



# UNIVERSITY OF HAWAII SYSTEM

## ‘ŌNAEHANA KULANUI O HAWAII

### Legislative Testimony

#### Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the  
Senate Committee on Ways and Means  
Wednesday, March 1, 2023 at 10:10 a.m.

By

Lee Buenconsejo-Lum, Interim Dean and  
Kelley Withy, MD, Professor, Department of Family Medicine and Community Health,  
Hawaii/Pacific Basin Area Health Education Center (AHEC) Director

John A. Burns School of Medicine

And

Michael Bruno, Provost  
University of Hawai'i at Mānoa

### SB 1215 SD1 – RELATING TO HEALTHCARE PRECEPTORS

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

This testimony is presented on behalf of UH System, including John A. Burns School of Medicine (JABSOM), UH Mānoa Nancy Atmospera-Walch School of Nursing (NAWSON), the Thompson School of Social Work and Public Health, and the UH Hilo Daniel K. Inouye College of Pharmacy and School of Nursing.

Thank you for the opportunity to testify in **strong support** of SB 1215 SD1 which amends the successful Preceptor Tax Credit program that allows for income tax incentives to health care providers who volunteer to provide clinical training for Hawaii's future health care workforce. SB 1215 SD1 clarifies the definition of "preceptor" and "volunteer based supervised clinical training rotation" to improve accessibility for volunteer providers to receive income tax credits for serving as preceptors. Additionally, the measure adds physician assistants, social workers, and licensed dietitians to the list of preceptors as these providers are invaluable to the training of future health care professionals and reflects Hawaii's interprofessional training philosophy; and includes physician assistant, dietitian, and social worker students in the definition of eligible students who are also an integral part of the overall health care system.

In 2017, NAWSON identified a preceptor shortage. Preceptors are volunteer Advanced Practice Registered Nurses (APRN), physicians (MD), pharmacists (PH), and other healthcare professionals who volunteer their clinical time to teach our students. In speaking to fellow health professional programs, it became evident that the preceptor shortage was not ours alone, but a shared crisis among many of the UH programs in nursing, medicine and pharmacy. In 2018, the Legislature passed Act 43 with the goal to help our state health profession training programs alleviate this crisis by offering state income tax credits for APRN, MD, DO, and PH providers who volunteer as preceptors.

Although the preceptor tax credit program has been successful in attracting more healthcare professionals, questions remain as to the program's language regarding compensation and specialty practice language. This has resulted in fewer providers accessing this tax credit, even though the allocation and credit cap was secured in 2018.

Preceptors, or employed clinical providers who teach students during their workday, with no substantive change to their workload, and no additional compensation for teaching, are concerned that their existing clinical salary equates compensation under the preceptor tax credit provision. Therefore, clarifying the type of the compensation that a preceptor receives would assist in determining eligibility for the tax credit.

Similarly, because over 90% of APRNs are employed, this has affected existing preceptors as well as identifying potential new preceptors. Additionally, as all of our programs lead to primary care certifications and prepare future primary care providers, the educational programs require students to complete specialty rotations to deepen their ability to address common primary care conditions. These specialties include but are not limited to cardiology, endocrinology, pulmonology, and mental and behavioral health. These specialty rotations help the future provider learn when referral to specialists is necessary for a patient and how to refer.

JABSOM as well as other healthcare professions rely on volunteer preceptors who provide training and supervision to our students and residents. These preceptors play a vital role in educating the next generation of physicians, APRNs, pharmacists and other healthcare professions. The amendments to the definitions of "preceptor" and "volunteer-based supervised clinical training program" contained in the bill will expand the field of preceptors so that we may grow our training programs for primary care providers.

Practicum placements are a signature component of both undergraduate and graduate social work education. Students' work in community-based organizations provides space for their academic work to be applied to real world situations. In order for student practicums to occur, each student must be matched with an individual field instructor who is required by our accrediting body to be a social worker. With the current workforce shortage of social workers and the high needs for their services in the state and beyond, we find it increasingly difficult to recruit practicum instructors. A practicum instructor's work with a student is considered beyond the normal scope of their day to day duties. We recognize the tremendous resource social work practicum instructors provide and know the success of the preceptor tax credit in allied professions has been tremendous. Social workers in Hawai'i would very much welcome the opportunity to access this tremendous benefit to support a vital workforce for community wellbeing.

The education training path for a pharmacist differs from nursing and medicine as well as the way clinical pharmacists' practice. The pharmacy student training curriculum stresses foundation building in the first three years of a four-year curriculum. The final

fourth year includes both advanced primary care and specialty care pharmacy rotations. This training is based upon the profession's pharmacist role that combine both primary care (general medication management) and specialty disease management regardless of whether the practice setting is in the hospital or acute care setting, outpatient clinic or retail/specialty community pharmacy.

A pharmacist may receive a referral for a specific area of care (diabetes, blood pressure, asthma) however, in order to address the patient's specific need, review of the entire medication profile from a generalist standpoint must occur first. For example, a diabetes certified pharmacist receives a referral to initiate and maintain a diabetes medication(s) and monitor the disease. In order to manage the diabetes itself, the pharmacist must address the entire medication profile and all of the patient's disease states, especially chronic diseases that include major organ systems such as heart, kidney, liver and other major areas. Ongoing management of all medications and diseases is performed on a routine basis with the patient being part of the pharmacist's panel for ongoing management. This pharmacist becomes the 'primary' health care professional in regards to medication related diseases.

Thank you for your longstanding support of the state healthcare workforce development and healthcare education in Hawai'i.

JOSH GREEN M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**

Ka 'Oihana 'Auhau  
P.O. BOX 259

HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1540  
FAX NO: (808) 587-1560

GARY S. SUGANUMA  
DIRECTOR

KRISTEN M.R. SAKAMOTO  
DEPUTY DIRECTOR

**TESTIMONY OF  
GARY S. SUGANUMA, DIRECTOR OF TAXATION**

**TESTIMONY ON THE FOLLOWING MEASURE:**

S.B. No. 1215, S.D.1, Relating to Healthcare Preceptors

**BEFORE THE:**

Senate Committee on Ways and Means

**DATE:** Wednesday, March 1, 2023

**TIME:** 10:10 a.m.

**LOCATION:** State Capitol, Room 211

Chair Dela Cruz, Vice-Chair Keith-Agaran, and Members of the Committee:

The Department of Taxation ("Department") offers the following comments regarding S.B. 1215, S.D.1, for your consideration.

S.B. 1215, S.D.1, seeks to amend section 235-110.25, Hawaii Revised Statutes (HRS), relating to the healthcare preceptor income tax credit, by: (1) amending the definition of "preceptor" and "volunteer-based supervised clinical training rotation" to include specialty providers who support the development and training of students in primary care or behavioral health care; (2) amending the definition of "eligible professional degree or training certificate," and "eligible student" by adding students in the areas of physician assistants, social workers, and licensed dieticians to each; (3) including pharmacy students, physician assistant students, social work students, and dietician students, each accredited by their unique accrediting bodies, to the definition of "nationally accredited"; (4) clarifying that a preceptor may be compensated through their clinical salary for providing standard clinical services, delineating those services from the volunteer-based supervised clinical training rotation that is applicable to this credit; and (5) amending the preceptor credit assurance committee to include the Director of Health or the Director's designee, the Hawaii/Pacific basin area health education center, the center for nursing, and academic programs with eligible students.

Department of Taxation Testimony  
S.B. 1215, S.D.1  
March 1, 2023  
Page 2 of 2

This measure has a defective effective date of December 31, 2050, provided that section 2, relating to the tax credit amendments, applies to taxable years beginning after December 31, 2023.

The Department notes that the healthcare preceptor income tax credit has an aggregate cap of \$1.5 million and estimates no material revenue impact for budgeting purposes.

The Department further notes that it is able to administer this measure by the current effective date.

Thank you for the opportunity to provide comments on this measure.

Wednesday, March 1, 2023 at 10:10 AM  
Via Video Conference; Conference Room 211

**Senate Committee on Ways and Means**

To: Senator Donovan Dela Cruz, Chair  
Senator Gil Keith-Agaran, Vice Chair

From: Michael Robinson  
Vice President, Government Relations & Community Affairs

**Re: Testimony in Support of SB 1215, SD1  
Relating to Health Care Preceptors**

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My name is Michael Robinson, and I am the Vice President of Government Relations & Community Affairs at Hawai'i Pacific Health. Hawai'i Pacific Health is a not-for-profit health care system comprised of its four medical centers – Kapi'olani, Pali Momi, Straub and Wilcox and over 70 locations statewide with a mission of creating a healthier Hawai'i.

HPH writes in SUPPORT of SB 1215, SD1 which amends the definition of “preceptor” and “volunteer-based supervised clinical training rotation” to improve accessibility for providers to participate in the preceptor tax credit program. The bill also adds physician assistants, social workers, and licensed dietitians to the list of preceptors as these providers are invaluable to the training of future health care professionals and reflects Hawai'i's interprofessional training philosophy; and includes physician assistant, dietitian, and social worker students in the definition of eligible students who are also an integral part of the overall health care system.

Preceptors are advanced practice registered nurses (APRN), physicians (MD), pharmacists (PH), and other healthcare professionals who volunteer their clinical time to teach and train students. The lack of sufficient numbers of healthcare professionals to act as preceptors impacts many of the University of Hawai'i's programs in nursing, medicine and pharmacy in terms of the programs' ability to train students. Passed in 2018, the preceptor tax credit has helped to increase the pool of health profession training programs and alleviate the crisis of the preceptor shortage. The preceptor tax credit offers state income tax credits for APRN, MD, DO, and PH providers who volunteer as preceptors.

While the tax credit provides an incentive to the preceptors, the current statutory definitions have limited the number of preceptors who are eligible for the credit. Physicians who maintain a primary care practice in the state provide a valuable service, however, physicians in other fields of specialty practice also are vital to providing training

in primary care. Expanding the definition of “preceptor” to include other fields of practice would expand the pool of available preceptors to train new healthcare providers.

The inclusion of additional health care providers who can act as preceptors and the addition of other categories of health care students as reflected in this measure will expand the program and allow for enhanced training opportunities to grow our workforce. Additionally, clarifying the definition of the form of compensation allowable enables more healthcare providers to act as preceptors.

Thank you for the opportunity to testify.



**Testimony to the Senate Committee on Ways and Means  
Wednesday, March 1, 2023; 10:10 a.m.  
State Capitol; Conference Room 211  
Via Videoconference**

**RE: SENATE BILL NO. 1215, SENATE DRAFT 1, RELATING TO HEALTHCARE PRECEPTORS.**

Chair Dela Cruz, Vice Chair Keith-Agaran, 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** Senate Bill No. 1215, Senate Draft 1, RELATING TO HEALTHCARE PRECEPTORS.

By way of background, the HPCA represents Hawaii's Federally Qualified Health Centers (FQHCs). FQHCs provide desperately needed medical services at the frontlines to over 150,000 patients each year who live in rural and underserved 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 healthcare.

This measure, as received by your Committee, would:

- (1) Improve accessibility for providers to receive income tax credits for acting as preceptors;
- (2) Add behavioral health care, physician assistants, social workers, and licensed dieticians to the list of preceptors; and
- (3) Revise the membership of the Preceptor Credit Assurance Committee to include the Director of Health.

This bill would also take effect upon December 31, 2050, and apply to taxable years beginning after December 31, 2022.

**Testimony on Senate Bill No. 1215, Senate Draft 1**  
**Wednesday, March 1, 2023; 10:10 a.m.**  
**Page 2**

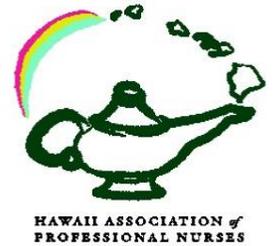
The State of Hawaii is experiencing a severe shortage of health care professionals in the workforce, especially in rural areas. Recent studies note that the current shortage of physicians is at 20% of the total full-time equivalent positions throughout the State. The shortage is especially severe in 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 enhance a financial incentive to improve 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.

**We urge your favorable consideration of this bill.**

Thank you for the opportunity to testify. Should you have any questions, please do not hesitate to contact Public Affairs and Policy Director Erik K. Abe at 536-8442, or [eabe@hawaiiipca.net](mailto:eabe@hawaiiipca.net).

## Hawai'i Association of Professional Nurses (HAPN)



To: The Honorable Senator Donovan Dela Cruz, Chair of the Senate Committee on Ways and Means

From: Hawaii Association of Professional Nurses (HAPN)  
Subject: SB1215 SD1 – Relating to Healthcare Preceptors; in Support

Hearing: March 1, 2023, 10:10a.m.

Aloha Senator Dela Cruz, Chair; Senator Keith-Agaran, Vice Chair, and Committee Members,

Thank you for the opportunity to submit testimony regarding SB1215 SD1. HAPN is in **strong support as amended**. This measure will broaden the array of specialists who contribute to the education and development of Hawaii's future healthcare providers. This measure also clarifies the definition of "volunteer-based supervised clinical training rotation". This is related to both time spent teaching students and what constitutes compensation for precepting, and amends the Preceptor Credit Assurance Committee to improve administration and roles.

We appreciate the amendment to the definition of preceptor that includes a definition of behavioral health. There are two universities in Hawaii that now provide mental healthcare education and training for psychiatric mental health nurse practitioners.

This measure is supported by a wide coalition of community, academic entities, and students and HAPN joins in the support for this bill. Our interest is to ensure that all APRNs who participate in the education and training of Hawaii's APRN students experience the same benefits as a result of precepting students and mentoring them while they continue their education.

APRNs have played an important role in the healthcare of our communities and have a vast base of knowledge and experience that we can share with tomorrow's new professionals. While precepting students is important, it is also something that takes time. Sharing with these preceptors these benefits could ensure that more preceptors are available to help train our students. This will in turn improve access to care for all patients as we have competent providers in our communities providing much needed care.

HAPN's mission, to be the voice of APRNs in Hawaii, has been the guiding force that propelled us to spearhead the advancement of patients' access to healthcare as well as supporting the recognition of the scope of practice for APRNs in Hawaii which led us to full practice authority. We have worked to improve the physical and mental health of our communities.

Thank you for the opportunity to share the perspective of HAPN with your committee. Thank you for your enduring support of the nursing profession in the Aloha State.

Respectfully,  
Dr. Jeremy Creekmore, APRN  
HAPN President

Dr. Bradley Kuo, APRN  
HAPN Legislative Committee, Chair  
HAPN Past President

27 Feb 2023

TO: Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair  
Senate Committee on Ways and Means

RE: Testimony in support of SB1215 SD1, Relating to Health Care Preceptors

HRG: 1 March 2023, 10:10 AM, Conference Room 211 & Videoconference

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the committee,

I am writing this letter **in support of SB1215 SD1**, Relating to Health Care Preceptors. This bill will amend the definition of “preceptor” and “volunteer-based supervised clinical training rotation” to improve accessibility for providers to receive income tax credits for acting as clinical preceptors; add physician assistants, social workers and licensed dieticians to the list of preceptors eligible for the tax credit; include physician assistant, social worker and dietician students in the definition of eligible students.

It is well known that Hawai'i is facing a critical shortage of healthcare providers throughout the state. Furthermore, students in Hawai'i who are interested in pursuing a career in healthcare often must leave the state in order to pursue their clinical education due to lack of clinical sites and limited number of clinical preceptors. Therefore, programs like the Preceptor Tax Credit to support providers who volunteer their time to train the next generation of healthcare professionals are crucial. The Preceptor Tax Credit Program has demonstrated positive outcomes with a 76% increase in the number of clinical provider registrations into the program between 2019-2021. With new programs emerging such the the Hawai'i Pacific University Physician Assistant Program, and the need to improve the interdisciplinary healthcare workforce, expanding the preceptor tax credit to include physician assistants, social workers, and dieticians, and physician assistant, social worker, and dietician students, is timely .

Expanding the definition of a preceptor in the Preceptor Tax Credit Program to also include specialty providers is also supported with this testimony. All medical and healthcare professional programs require students to complete specialty rotations to deepen their knowledge and ability to address a variety of medical conditions. I can speak directly to the importance of including specialty providers in preparing physician assistant students for the primary care workforce. Primary care practice is complex and requires a physician assistant to utilize clinical reasoning skills with a comprehensive system-based approach to health and disease. Exposure to in-depth comprehensive training across a

range of medical specialties is required for physician assistant students to reach this level of skill. This is also enforced by accreditation standards. Specifically, the Accreditation Review Commission on the Education of the Physician Assistant (ARC-PA) requires physician assistant students to have clinical education experiences in seven core areas: family medicine, internal medicine/inpatient, pediatrics, OBGYN, behavioral health, emergency medicine and general surgery. These are requirements, and not simply suggestions, in order for students to fulfill graduate physician assistant competencies and be eligible to sit for the national certification exam.

In summary, **this testimony is in strong support of SB1215 SD1** which supports healthcare professional education in Hawai'i and state healthcare workforce development. Mahalo for your time and consideration. I am grateful for the opportunity to provide testimony on this important issue. I am happy to answer any questions you may have and can be reached at [lconlon@hpu.edu](mailto:lconlon@hpu.edu)

Sincerely,

A handwritten signature in black ink that reads "Leocadia P. Conlon". The signature is written in a cursive style with a large initial 'L'.

Leocadia P. Conlon, PhD, MPH, PA-C  
Associate Professor and Program Director  
Physician Assistant Program

Testimony of  
Jonathan Ching  
Government Relations Director

Before:  
Senate Committee on Ways and Means  
The Honorable Donovan M. Dela Cruz, Chair  
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair

March 1, 2023  
10:10 a.m.  
Conference Room 211 and Via Videoconference

**Re: SB 1215, SD1, Relating to Healthcare Preceptors**

Chair Dela Cruz, Vice Chair Keith-Agaran, and committee members, thank you for this opportunity to provide testimony on SB 1215, SD1, which expands the definition of preceptor to allow for improved accessibility for providers to receive income tax credits.

**Kaiser Permanente Hawai'i SUPPORTS SB 1215, SD1.**

Kaiser Permanente Hawai'i is one of the nation's largest not-for-profit health plans, serving 12.6 million members nationwide, and more than 269,000 members in Hawai'i. In Hawai'i, more than 4,200 dedicated employees and more than 650 Hawai'i Permanente Medical Group physicians and advance practice providers work in our integrated health system to provide our members coordinated care and coverage. Kaiser Permanente Hawai'i has more than 20+ medical facilities, including our award-winning Moanalua Medical Center. We continue to provide high-quality coordinated care for our members and deliver on our commitment to improve the health of our members and the 1.4 million people living in the communities we serve.

Kaiser Permanente Hawai'i supports SB 1215, SD1 because it would expand the definition of "preceptor" to acknowledge the many medical specialists that support the training of primary care students and who would be eligible for the credit but for the narrow definition of the term. Training for primary care requires precepting experiences with both primary care providers and specialist providers. In 2022, our preceptors supported over 219 individual rotations in internal medicine, family medicine, pediatrics, obstetrics and gynecology, geriatrics, continuing care, and sports medicine. In addition, our preceptors supported over 100 rotations throughout inpatient nursing.

Since the enactment of Act 43, Session Laws of Hawai'i 2018, fewer advanced practiced registered nurses, physicians and pharmacists are eligible for the tax credit than the number that are teaching our local students.

Mahalo for the opportunity to testify on this important measure.



TO: Senate Committee on Ways and Means  
Senator Donovan M. Dela Cruz, Chair  
Senator Gilbert S.C. Keith-Agaran, Vice Chair

Hearing Date/Time: Wednesday, March 1, 2023 10:10 a.m.

Place: Conference Room 211 & Videoconference State Capitol

**Re: SB1215 SD1, Relating to Healthcare Preceptors**

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Committee Members,

Thank you for the opportunity to provide testimony on SB1215 SD1, which seeks to expand the definition of preceptor to allow for improved accessibility for providers to receive income tax credits.

**Hawai'i Academy of Physician Assistants (HAPA) STRONGLY SUPPORTS SB1215**

HAPA is the Hawai'i state chapter of The American Academy of Physician Assistants.

HAPA is **in support of SB1215 SD1**, which seeks to:

- (1) Amend the definitions of "preceptor" and "volunteer-based supervised clinical training rotation" to improve accessibility for providers to receive income tax credits for acting as preceptors;
- (2) Add physician assistants, social workers, behavioral health care, and licensed dietitians to the list of preceptors, provided that any recognized preceptor may train any eligible student to become eligible for the preceptor tax credit;
- (3) Include physician assistant, dietitian, and social worker students in the definition of eligible students; and
- (4) Revise the membership of the preceptor credit assurance committee to include the director of health.

It is well known that Hawai'i is facing a critical shortage of health care providers throughout the state. Furthermore, students in Hawai'i who are interested in pursuing a career in healthcare often must leave the state to pursue their clinical education due to lack of clinical sites and limited number of clinical preceptors.

HAPA appreciates the existing healthcare preceptor income tax credit established under section 235-110.25, Hawai'i Revised Statutes, to incentivize volunteer preceptors to offer professional instruction, training, and supervision to students and residents seeking careers as health care providers in the State. Programs like this support providers who volunteer their



time to train the next generation of healthcare providers are crucial. The Preceptor Tax Credit Program has demonstrated positive outcomes with a 76% increase in the number of clinical provider registrations into the program between 2019-2021. With new physician assistant training programs emerging in Hawai'i such as the Kona-based MEDEX program and the Hawai'i Pacific University program, and the need to improve the interdisciplinary healthcare workforce, expanding the preceptor tax credit to include physician assistants, social workers, behavioral healthcare, and licensed dietitians is critical.

Physician assistants are state-licensed, nationally certified medical providers, who receive rigorous medical training modeled on medical school curriculum. Physician Assistant training programs typically require thousands of hours of prior clinical care experience before matriculation is even considered. Physician Assistants are highly skilled clinicians who diagnose illness, develop and manage treatment plans, prescribe medications, and perform medical interventions and procedures, as delegated by their collaborating physician or physician group. Physician Assistants are found in every clinical setting and in every medical specialty. Physician assistants are authorized by the Affordable Care Act, along with physicians and APRNs, to serve as primary care provider (PCP) for their patients.

**In summary, HAPA supports SB1215 SD1, which amends the definitions of "preceptor" and "volunteer-based supervised clinical training rotation" to improve accessibility for providers to receive income tax credits for acting as preceptors and seeks to expand the definition of preceptor to include physician assistants, social workers, behavioral healthcare, and licensed dietitians.**

Thank you for the opportunity to testify in support of this important legislation.

Sincerely,

Scott A. Denny, MSPA PA-C  
Legislative Liaison, Hawai'i Academy of Physician Assistants (HAPA)



## THE QUEEN'S HEALTH SYSTEM

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To: The Honorable Donovan M. Dela Cruz, Chair  
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair  
Members, Senate Committee on Ways and Means

From: Jace Mikulanec, Director, Government Relations, The Queen's Health System

Date: March 1, 2023

Re: Testimony in support of SB1215 SD1: Relating to Health Care Preceptors

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The Queen's Health System (Queen's) is a nonprofit corporation that provides expanded health care capabilities to the people of Hawai'i and the Pacific Basin. Since the founding of the first Queen's hospital in 1859 by Queen Emma and King Kamehameha IV, it has been our mission to provide quality health care services in perpetuity for Native Hawaiians and all of the people of Hawai'i. Over the years, the organization has grown to four hospitals, and more than 10,000 affiliated physicians, caregivers, and dedicated medical staff statewide. As the preeminent health care system in Hawai'i, Queen's strives to provide superior patient care that is constantly advancing through education and research.

Queen's **supports** SB1215 SD1, which expands the definition of preceptor to allow for improved accessibility for providers to receive income tax credits.

Queen's supported the creation of the preceptor tax credit in 2018 as one of several methods to address the shortage of primary, community-based and acute care providers in the state of Hawai'i. One successful avenue to incentivize providers to participate as preceptors is a tax credit for practitioners willing to volunteer their time and provide their expertise as mentors. Queen's alone has approximately 106 residents and fellows in our residency program supported by preceptors. We support the amended definition of "preceptor" to include specialists which will further expand the diversity of preceptors in our residency and fellowship programs.

Thank you for the opportunity to testify in support of SB 1215 SD1.

*The mission of The Queen's Health System is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.*

**TAX FOUNDATION OF HAWAII**

126 Queen Street, Suite 305

Honolulu, Hawaii 96813 Tel. 536-4587

**SUBJECT:** INCOME, Expand eligibility for the health care preceptor credit to physician's assistant, dietician, and social worker students

**BILL NUMBER:** SB 1215 SD 1

**INTRODUCED BY:** Senate Committee on Health and Human Services

**EXECUTIVE SUMMARY:** Expands the definition of preceptor to allow for improved accessibility for providers to receive income tax credits.

**SYNOPSIS:** Amends section 235-110.25, HRS, by expanding the eligibility for the credit to students training to be a physician assistant (HRS chapter 453), dietician (HRS chapter 448B) or social worker (HRS chapter 467E).

Also amends the definition of "volunteer-based supervised clinical training rotation" to allow the preceptor to be compensated for providing standard clinical services, while providing that the preceptor be uncompensated for (1) the clinical training above or beyond clinical salary or reimbursements for clinical services; or (2) the provision of clinical training services from tuition funds or from state general funds.

Amends section 321-2.7, HRS, to add the director of health or designee to the preceptor credit assurance committee.

Makes other technical and conforming amendments.

**EFFECTIVE DATE:** December 31, 2050; provided that section 2 shall apply to taxable years beginning after December 31, 2023.

**STAFF COMMENTS:** The credit for healthcare preceptors was added by Act 43, SLH 2018. This act requires the department of health to evaluate the efficacy of this credit and report to the 2024 legislature.

The bill, by allowing physician's assistants, dieticians, and social workers into the program, appears to be scaling the program up a bit and will have revenue impact. The bill may be premature given that the efficiency of the credit program has not yet been reported on.

Digested: 2/27/2023

**Written Testimony Presented Before the Senate  
Committee on Ways and Means**

**Wednesday, March 1, 2023 at 10:10 A.M.  
Conference Room 211 and via Videoconference**

**By  
Laura Reichhardt, APRN, AGPCNP-BC  
Director, Hawai'i State Center for Nursing  
University of Hawai'i at Mānoa**

**TESTIMONY IN STRONG SUPPORT on S.B. 1215, S.D. 1**

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee, thank you for the opportunity to testify in **strong support of this measure**. By way of this measure, Hawai'i State Center for Nursing does not ask for new or expanded appropriations to the tax credit program.

This measure, **S.B. 1215, S.D. 1**, proposes to clarify the definition of preceptor to allow a broader array of specialty providers who engage teaching future primary care providers, clarify the definition of “volunteer-based supervised clinical training rotation” related to both time spent teaching students and what constitutes compensation for precepting, and amend the Preceptor Credit Assurance Committee to improve administration and roles. In addition, the S.D. 1 version includes preceptor activities for future behavioral health professionals. This amendment will expand support for behavioral health education, which is in dire need of support and expansion in our state. The state also currently has multiple in-state schools who provide behavioral health education to residents.

In 2018, the Hawai'i Legislature, in their great wisdom, enacted Act 43, which authorized and funded \$1.5 million in tax credits, annually for five years, for advanced practice registered nurse (APRN), physician, and pharmacist professionals who train in-state students in their respective practice areas. This program was intended to help alleviate the bottleneck within health education programs related to a shortage of clinical education sites and preceptors. Though the tax credits were secured for five years, fewer advanced practice registered nurses, physicians, and pharmacists are eligible for the tax credit than the number that are actually teaching our local students.

In 2019, this program allocated 371 tax credits (\$371K) to 181 preceptors, and in 2020, 368 tax credits (\$368K) to 185 preceptors, despite nearly double the amount of rotations being recorded into the tax credit record system. 2021 secured 559 tax credits (\$559K) for 253 preceptors. For 2022, 636 (\$636K) tax credits were issued to 298 preceptors.

**While the program is achieving the established goals, the number of preceptors who were eligible for tax credits and met all criteria to earn the tax credit are consistently less than the total APRNs, physicians, and pharmacists on record for providing voluntary clinical teaching or being interested in teaching.**

The main barriers identified were 1) uncertainty about what uncompensated for precepting means and 2) specializing in a supportive role to primary care, not primary care itself. These preceptors add value and depth to the education and experience for the healthcare students they support. Upon analysis of the total rotations, improving access will not exceed the total available funds allocated to this program.

*The mission of the Hawai'i State Center for Nursing is that through collaborative partnerships, the Center provides accurate nursing workforce data for planning, disseminates nursing knowledge to support excellence in practice and leadership development, promotes a diverse workforce, and advocates for sound health policy to serve the changing health care needs of the people of Hawai'i.*

As one of the two administering organizations of the Preceptor Tax Credit program and Preceptor Credit Assurance Committee, the Center has verified that Social Work, Physician Assistants, and Registered Dieticians have the same professional criteria that currently enables us to maintain a functioning program for APRNs, physicians, and pharmacists. These criteria include: 1) professionals maintaining licensure in Hawai'i; 2) in-state schools that maintain preceptor coordination; 3) preceptor education that occurs during education enrollment (as opposed to post-graduation activities); and 4) schools with national accreditation. These standards are used in the verification process to ensure eligibility of preceptors and participating academic programs, as defined in H.R.S. 235-110.45 and H.R.S. 321-2.7.

Further, based on the current performance and anticipated growth in the tax credit allocations by expanding the tax credits beyond primary care, funds still remain. The Preceptor Credit Assurance Committee voted in favor of supporting other critically-needed health professions by way of this program considering that there is a need, an ability to maintain the program's legally mandated verification requirements, and fiscal capacity.

The Hawai'i State Center for Nursing respectfully asks the Committee to pass **S.B. 1215, S.D. 1**, through your committee. The Center thanks your committee for its commitment to the people of Hawai'i, and ensuring access to high-quality health care by supporting local healthcare education and training initiatives.

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**LATE**

**SB-1215-SD-1**

Submitted on: 2/28/2023 8:23:08 PM

Testimony for WAM on 3/1/2023 10:10:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Thomas H Joslyn	Testifying for APRN	Support	Written Testimony Only

Comments:

Good idea. Please support. Thank you.