

SB 2298

SD2 HD1

A BILL FOR AN ACT

RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS.

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

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



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

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

18 The legislature also finds that the development of new
19 clinical preceptors and training sites is increasingly
20 difficult. The cohort of preceptors consists largely of
21 volunteers who share the kuleana of educating the future



1 healthcare workforce. Yet, providers who offer such volunteer-
2 based education assume this responsibility above and beyond
3 their regular patient-care responsibilities, subjecting
4 themselves to preceptor fatigue, especially in busy clinical
5 settings. Developing sufficient clinical training opportunities
6 and field placements in areas of high demand requires a
7 sufficient number of appropriately trained preceptors, but the
8 limited availability of preceptors restricts in-state healthcare
9 academic institutions from expanding healthcare provider
10 training. Some states, including Maryland, Georgia, and
11 Colorado, have identified preceptor tax exemptions as a means to
12 increase the supply of health professional preceptors and
13 trainees.

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



1 psychology, physical therapist assistant, or pharmacy
2 professionals.

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

6 "§235- Healthcare preceptor tax credit. (a) There
7 shall be allowed to each taxpayer subject to the tax imposed by
8 this chapter, a healthcare preceptor tax credit for supervising
9 volunteer-based supervised clinical training rotations which
10 shall be deductible from the taxpayer's net income tax
11 liability, if any, imposed by this chapter for the taxable year
12 in which the credit is properly claimed.

13 (b) The amount of the credit determined under this section
14 for the taxable year shall be equal to \$1,000 for each
15 volunteer-based supervised clinical training rotation supervised
16 by the taxpayer; provided that the aggregate amount of tax
17 credit awarded to any taxpayer pursuant to this section shall
18 not exceed \$5,000 for any income tax year regardless of the
19 number of volunteer-based supervised clinical training rotations
20 supervised by the taxpayer.

21 (c) The director of taxation:



1 (1) Shall prepare any forms that may be necessary to claim
2 a tax credit under this section; and

3 (2) May require the taxpayer to furnish the certificate
4 issued under subsection (d) and any other reasonable
5 information necessary to ascertain the validity of the
6 claim for the tax credit made under this section.

7 (d) The preceptor credit assurance committee, established
8 pursuant to section 321- , shall:

9 (1) Maintain records of the names, addresses, and license
10 number of the qualified taxpayers claiming the credits
11 under this section; and

12 (2) Verify the number of volunteer-based supervised
13 clinical training rotations each taxpayer supervised
14 by verifying:

15 (A) That each taxpayer meets the requirements to
16 serve as a preceptor;

17 (B) The number of hours the taxpayer spent
18 supervising an eligible primary care student or
19 trainee in each volunteer-based supervised
20 clinical training rotation;



1 (C) That the eligible student or trainee was enrolled
2 in an academic program in this state; and

3 (D) Whether the taxpayer was uncompensated.

4 Upon each determination, the preceptor credit assurance
5 committee shall issue a certificate to the taxpayer verifying
6 the number of volunteer-based supervised clinical training
7 rotations supervised by the taxpayer.

8 (e) If in any taxable year the annual amount of certified
9 credits reaches \$2,000,000 in the aggregate, the preceptor
10 credit assurance committee shall immediately discontinue
11 certifying credits and notify the department of taxation. In no
12 instance shall the preceptor credit assurance committee certify
13 a total amount of credits exceeding \$2,000,000 per taxable year.
14 To comply with this restriction, the preceptor credit assurance
15 committee shall certify credits on a first come, first served
16 basis.

17 (f) A tax credit under this section that exceeds the
18 taxpayer's income tax liability may be used as a credit against
19 the taxpayer's income tax liability in subsequent years until
20 exhausted. All claims for tax credits under this section,
21 including any amended claims, shall be filed on or before the



1 end of the twelfth month following the close of the taxable year
2 for which the credits may be claimed. Failure to comply with
3 this subsection shall constitute a waiver of the right to claim
4 the credit.

5 (g) For the purpose of this section:

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

8 "Advanced practice registered nurse student" means an
9 individual participating in a degree-granting academic program
10 that is nationally accredited by the Commission on Collegiate
11 Nursing Education for the education of primary care advanced
12 practice registered nurses and recognized by the board of
13 nursing pursuant to chapter 457.

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

18 "Eligible professional degree or training certificate"
19 means a degree or certificate that fulfills a requirement to be
20 a dental hygienist pursuant to chapter 447, a physician or
21 osteopathic physician pursuant to chapter 453, an advanced



1 practice registered nurse pursuant to chapter 457, a physical
2 therapist assistant pursuant to chapter 461J, a pharmacist
3 pursuant to chapter 461, a psychologist pursuant to chapter 465,
4 or a social worker pursuant to chapter 467E.

5 "Eligible student or trainee" means an advanced practice
6 registered nurse student, dental hygienist student, medical
7 student, pharmacy student, psychology student, social work
8 student, or physical therapist assistant student who is a
9 resident of Hawaii.

10 "Medical student" means an individual participating in an
11 academic program nationally accredited by the Liaison Committee
12 on Medical Education or American Osteopathic Association
13 Commission on Osteopathic College Accreditation leading to the
14 doctor of medicine or doctor of osteopathic medicine degree.
15 For the purposes of this section the term medical student
16 includes graduates from Liaison Committee on Medical Education
17 and American Osteopathic Association Commission on Osteopathic
18 College Accreditation programs who have continued their
19 training, in the role of resident or fellow, to obtain the
20 additional qualifications needed for both medical licensure
21 pursuant to chapter 453 and specialty certification.



1 "Nationally accredited" means holding an institutional
2 accreditation by name for such primary care education pursuant
3 to chapter 447, 453, 457, 461, 461J, or 467E.

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

8 "Preceptor" means a dentist or dental surgeon licensed
9 pursuant to chapter 448, a physician or osteopathic physician
10 licensed pursuant to chapter 453, an advanced practice
11 registered nurse licensed pursuant to chapter 457, a pharmacist
12 licensed pursuant to chapter 461, a physical therapist licensed
13 pursuant to chapter 461J, a psychologist licensed pursuant to
14 chapter 465, or a social worker pursuant to chapter 467E who may
15 be either licensed or unlicensed.

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

20 "Physical therapist assistant student" means an individual
21 participating in an academic program that is nationally



1 accredited for the training of individuals to become registered
2 physical therapist assistants pursuant to chapter 461J.

3 "Resident of Hawaii" means having established the person's
4 domicile in the State and shows the person's intent is to make
5 Hawaii the person's primary residence or meets the criteria for
6 students or trainees in academic programs which have defined
7 application residency requirements which emphasize a holistic
8 commitment to Hawaii.

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

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



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

4 "§321- Preceptor credit assurance committee. (a) There
5 is established the preceptor credit assurance committee within
6 the department of health, to be convened by the university of
7 Hawaii Hawaii/Pacific basin area health education center and
8 center for nursing. The preceptor credit assurance committee
9 shall:

10 (1) Develop and implement a plan for allocating and
11 distributing healthcare preceptor tax credits under
12 section 235- including:

13 (A) A process to ensure that requests for credit are
14 reviewed and verifications are processed by the
15 thirtieth of January of each calendar year; and

16 (B) A documentation process for the deans, directors,
17 or their designees to qualify a preceptor for the
18 tax credit. This shall include:

19 (i) Preceptor name, address, place of practice,
20 and Hawaii provider license number;



- 1 (ii) Dates and hours of volunteer-based
2 supervised clinical rotation per eligible
3 student;
- 4 (iii) Attestation that the volunteer-based
5 supervised clinical rotation per eligible
6 student or trainee is uncompensated; and
- 7 (iv) Other information as identified as necessary
8 by the committee;
- 9 (2) Complete duties as described in section 235- ; and
- 10 (3) Be composed of representatives of academic programs
11 with eligible students or trainees.
- 12 (b) There shall be no civil liability for any member of
13 the preceptor credit assurance committee for any act done in
14 furtherance of the purpose for which the preceptor credit
15 assurance committee was established. The proceedings of
16 preceptor credit assurance committee authorized under this
17 section shall not be subject to part I of chapter 92.
- 18 (c) As used in this section:
- 19 "Academic program" shall have the same meaning as in
20 section 235- .



1 "Eligible student or trainee" shall have the same meaning
2 as in section 235- .

3 "Preceptor" shall have the same meaning as in section 235-
4 .

5 "Volunteer-based supervised clinical rotation" shall have
6 the same meaning as in section 235- ."

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

13 SECTION 5. New statutory material is underscored.

14 SECTION 6. This Act shall take effect on July 1, 3000;
15 provided that section 2 shall apply to taxable years beginning
16 after December 31, 2018.



Report Title:

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

Description:

Allows advanced practice registered nurses, physicians, dentists, psychologists, 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. Establishes the Preceptor Credit Assurance Committee to issue certificates to volunteer preceptors upon verifying that the volunteer preceptors meet the requirements of the tax credit. (SB2298 HD1)

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



**PRESENTATION OF THE
BOARD OF NURSING**

TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION AND COMMERCE

TWENTY-NINTH LEGISLATURE
Regular Session of 2018

Tuesday, March 20, 2018
2:00 p.m.

**TESTIMONY ON SENATE BILL NO. 2298, S.D. 2, H.D. 1, RELATING TO
HEALTHCARE PRECEPTOR TAX CREDITS.**

TO THE HONORABLE ROY M. TAKUMI, CHAIR, AND MEMBERS OF THE
COMMITTEE:

My name is Lee Ann Teshima, and I am the Executive Officer of the Board of Nursing (“Board”). Thank you for the opportunity to testify in support of this measure.

This measure allows certain 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 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 testify in support of S.B. 2298, S.D. 2, H.D. 1.

**PRESENTATION OF THE
BOARD OF PHARMACY**

TO THE HOUSE COMMITTEE ON
CONSUMER PROTECTION AND COMMERCE

TWENTY-NINTH LEGISLATURE
Regular Session of 2018

Tuesday, March 20, 2018
2:00 p.m.

**TESTIMONY ON SENATE BILL NO. 2298, S.D. 2, H.D. 1, RELATING TO
HEALTHCARE PRECEPTOR TAX CREDITS.**

TO THE HONORABLE ROY M. TAKUMI, 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 testify in support of this measure.

This measure allows certain 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 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 testify in support of S.B. 2298, S.D. 2, H.D. 1.



**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
TWENTY-NINTH LEGISLATURE, 2018**

ON THE FOLLOWING MEASURE:

S.B. NO. 2298, S.D. 2, H.D. 1, RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS.

BEFORE THE:

HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

DATE: Tuesday, March 20, 2018 **TIME:** 2:00 p.m.

LOCATION: State Capitol, Room 329

TESTIFIER(S): Russell A. Suzuki, Acting Attorney General, or
Hugh R. Jones, Senior Deputy Attorney General

Chair Takumi and Members of the Committee:

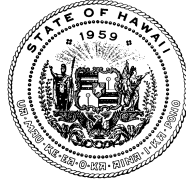
The purpose of this bill is to establish a new tax credit called the “health preceptor tax credit,” that creates a \$1,000 income tax credit for each “vounteer-based, supervised clinical training rotations” supervised by the taxpayer (up to \$5,000).

Although the tax credit purports to available to any taxpayer subject to Hawaii income taxes, certain provisons of House Draft 1 appear to discriminate in favor of Hawaii residents. Specifically, section 3 of House Draft 1 adds a new section to chapter 321, Hawaii Revised Statutes (“HRS”) to create a “preceptor credit assurance committee” that pursuant to subsection(d)(2) of the new chapter 235, HRS, section added by section 2 of this bill (page 5, line 7 to page 6, line 7) certifies that each taxpayer claiming the credit is an “eligible student” or “eligible primary care student.” The term “eligible student” is defined in such a manner as to limit the eligible student to “a student who is a resident of Hawaii” (page 8, lines 8-9).

The Equal Protection Clause prohibits discrimination against non-residents based solely on residency. See, e.g., *Williams v. Vermont*, 472 U.S. 14 (1985) (where a Use Tax credit for cars purchased in other states was found invalid because it applied only to Vermont residents). The Hawaii Supreme Court has recognized that the Equal Protection Clause applies where a tax operates unequally on persons or property of the same class. *In re Swann*, 7 Hawaii App. 390, 776 P.2d. 395 (1989).

Similarly, under the Privileges and Immunities Clause, a state may not impose higher taxes on a non-resident individual than it imposes on its own citizens. The Privileges and Immunities Clause provides “[t]he citizens of each State shall be entitled to all of the Privileges and Immunities of Citizens of the several States. U.S. Const. Art. IV, § 2.

This bill, if enacted, could be challenged as discriminatory against non residents. This defect could be remedied by defining “eligible student” in a manner that does not limit it to Hawaii residents. This could be done, for example by deleting “who is a resident of Hawaii” from the definition of eligible student, and deleting the definition of “Resident of Hawaii” on page 10, lines 3 through 8.



STATE OF HAWAII
DEPARTMENT OF HEALTH
P. O. Box 3378
Honolulu, HI 96801-3378
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**Testimony in SUPPORT of SB2298 SD2 HD1
RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS.**

REP. JOHN M. MIZUNO, CHAIR
HOUSE COMMITTEE ON HEALTH AND HUMAN SERVICES
Hearing Date: March 20, 2018 Room Number: 329

- 1 **Fiscal Implications:** Uncalculated impact to general revenues.

- 2 **Department Testimony:** The Department of Health supports the intent of SB2298 SD2 HD1,
3 which is to provide financial incentives for practicing health care providers to provide enriching
4 professional guidance. Primary care provider shortages – physicians and nurse practitioners –
5 are especially acute and a broad strategy that includes tax credits for health care preceptorships is
6 required.

- 7 The department acknowledges that tax credits may impact revenue receipts and thus defers to the
8 Department of Budget and Finance for economic implications, and to the Department of
9 Taxation for operational considerations.

- 10 **Offered Amendments:** N/A.

DAVID Y. IGE
GOVERNOR

DOUGLAS S. CHIN
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
DIRECTOR

DAMIEN A. ELEFANTE
DEPUTY DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF TAXATION**

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To: The Honorable Roy M. Takumi, Chair
and Members of the House Committee on Consumer Protection & Commerce

Date: Tuesday, March 20, 2018
Time: 2:00 P.M.
Place: Conference Room 329, State Capitol

From: Linda Chu Takayama, Director
Department of Taxation

Re: S.B. 2298, S.D. 2, H.D. 1, Relating to Healthcare Preceptor Tax Credits

The Department of Taxation (Department) offers the following comments on S.B. 2298, S.D. 2, H.D. 1, for the Committee's consideration.

S.B. 2298, S.D. 2, H.D. 1, 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, and \$2 million per year in the aggregate. S.B. 2298, S.D. 2, H.D. 1, also creates a preceptor credit assurance committee which certifies the number of volunteer-based supervised clinical training rotations and ceases issuing certificates when the amount of certified credits hits the aggregate cap. The bill has a defective effective date of July 1, 3000, and provides 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. The Department defers to the Department of the Attorney General on any issues that may arise with the inclusion of residency requirements for the tax credit.

Thank you for the opportunity to provide comments.



SB 2298 SD 2 HD 1 Testimony for House Committee on Consumer Protection and Commerce.

To the honorable Chair Takumi, Vice Chair Ichiyama and the members of the committee. My name is Carolyn Ma and I am the Dean of the Daniel K. Inouye College of Pharmacy (DKICP) at UH Hilo. I strongly support SB 2298 but with a preference for the SD 2 version that includes medical, nursing and pharmacy professions and students.

In alignment of the bill's interest to support the shortage of primary care providers, pharmacists are considered, especially in the ambulatory care setting, primary care extenders working in partnership with physicians and APRN's. As examples of pharmacist's expanding scope of practice in primary care, pharmacists are given responsibility from physicians and APRN's begin, monitor and maintain drug therapies in chronic disease management (diabetes, cardiovascular disease, asthma, anticoagulation), medication therapy management, immunizations, antibiotic stewardship and various aspects of women's health such as contraceptive prescribing. The pharmacist's role in these aforementioned areas help to free up valuable time thereby increasing physician and APRN availability to see more patients or devote more time to patients with higher medically complex needs.

The DKICP established in 2006, has graduated over 500 graduates with the flagship degree Doctor of Pharmacy degree (PharmD). With an average student body of 320 students, more than 50% of our graduates are Hawaii residents of which most strive to remain in the islands to begin their healthcare careers in service to their communities. With pharmacy practice faculty fully integrated into their respective clinics and hospitals, the foundation of our experiential program reaches Oahu, Kauai Maui and Hawaii island. With an emphasis on rural healthcare and given the fact that five of six Hawaii counties are considered rural and underserved, our program as well as the pharmacy profession itself has demonstrated growing effectiveness on the quality of healthcare in this state.

The experiential portion comprises 30% of the four-year curriculum. Over the last four years, two required experiential rotations (ambulatory care, hospital acute care) have

experienced a 41% (ambulatory care clinics) and 90% (hospital) decrease in preceptor offerings. We have supported this significant decrease by:

1. Decreasing class size
2. Eliminating certain types of clinical rotations
3. Hiring as many Pharmacy Practice faculty as our budget allow

Of note, the DKICP experiential rotations in both of hospital and ambulatory care primary care areas are inter-professional with medical and nursing students as part of many experiential rotations. Although our college relies mainly on pharmacists as preceptors, both physicians, APRN's and nurses also precept our students as part of an interprofessional primary care healthcare team. Pharmacist preceptors also teach medical and nursing students on these experiential rotations and bring a valuable expertise on drug therapy and medication management. **Given this, we recommend a preference for the SD2 version of the bill that includes medical, nursing and pharmacy professions. In addition, please consider eligible academic programs that 50% or more of students are Hawai'i residents who may have a higher inclination to remain in the state for further career opportunities.**

Thank you for the opportunity to offer testimony on SB 2298 SD 2 HD 1.

SB-2298-HD-1

Submitted on: 3/18/2018 4:10:11 PM

Testimony for CPC on 3/20/2018 2:00:00 PM

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

Comments:

Written Testimony Submitted to the

House Committee on Consumer Protection & Commerce

March 20, 2018

By

J. Alan Otsuki, MD

SB 2298, SD2, HD1 –RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS

Chair Takumi, Vice Chair Ichiyama, and members of the committee:

Thank you for the opportunity to provide testimony in support of SB 2298, SD2, HD1. SB 2298, SD2, HD1 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, SD2, HD1 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 impacted by this bill consists of volunteers who share the responsibility and burden of training the future Hawaii healthcare workforce. Developing sufficient clinical training opportunities requires a sufficient number of preceptors. SB 2298, SD2, HD1 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.

My colleagues and I find that SB 2298, SD2, HD1 expands the professions whose preceptors may be eligible for the tax credit to include psychologists, physical therapy assistants and social workers. While we recognize that these professions play a vital role in the provision of healthcare in the state, we are concerned that the proposed expansiveness of the program initially may make the certification process burdensome and may exhaust the amount of tax credits allowed. ***Thus, we recommend that the bill be limited at this time to sustaining and growing the number of preceptors needed for medical, pharmacy and nursing practices.***

Further, we recommend that when addressing academic program eligibility, the bill explicitly state that ***“a majority of students (or a minimum of 50 enrolled students at any time) in an eligible academic program must be from Hawaii”***. Providing tax credits for the education of students from the mainland would likely not benefit the state as mainland students are far less likely to settle permanently in Hawai'i.

Thank you for the opportunity to provide testimony.

J. Alan Otsuki, MD

Associate Dean for Academic Affairs

John A. Burns School of Medicine

University of Hawai'i at Mānoa



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Consumer Protection and Commerce
Tuesday, March 20, 2018 at 2:00 p.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
Vice Chancellor for Research
University of Hawai'i at Mānoa

SB 2298 SD2 HD1 – RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS

Chair Takumi, Vice Chair Ichiyama, and members of the House Committee on Consumer Protection and Commerce:

I am testifying on behalf of the University of Hawai'i System with its graduate nursing, as well as the John A. Burns School of Medicine and the Daniel K. Inouye College of Pharmacy in support of SB 2298 SD2 HD1 with a strong preference for the SD2 version. This bill will support workforce development by establishing individual income tax credits for professionals who serve as uncompensated preceptors to UH students seeking a career in primary health care in Hawai'i.

The SB 2298 SD2 measure:

- Establishes a tax credit for primary care healthcare professionals who engage in preceptor activities for in-state primary care healthcare students.
- Defines primary care healthcare students as students enrolled in in-state, accredited academic programs of medicine, osteopathy and advanced practice nursing and pharmacy.
- Proposes a \$2 million annual cap for these tax credits.
- Establishes a preceptor credit assurance committee under the Department of Health to maintain records of the taxpayers claiming these tax credits and certify the number of volunteer-based supervised clinical training rotations.

In contrast to SB 2298, SD2 HD1, this measure as written in SB 2298, SD2 focuses clearly on primary care provider professions, of which the state is facing a critical shortage, including medicine, advanced practice nursing and pharmacy. The version ensures that the potential preceptor tax credits requested will not exceed the proposed credit capitation of \$2,000,000.00. Further, this focused composition of health professions will enable the preceptor credit assurance committee to demonstrate proof of concept and develop recommendations for the expansion to other health 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.

In Academic Year (AY) 2018-2019, there is a projected need of 1,410 supervised clinical rotations for students and trainees in medicine, osteopathy, graduate nursing, and pharmacy programs in Hawai'i. Estimating between a 2% and 8% growth in academic programs to meet the future healthcare demands, over six years, the expected need is 1,500-1,900 supervised clinical rotations. According to the preceptor tax credit allocation of \$1,000 per supervised clinical rotation, this equates to a \$1.5-\$1.9 million dollar budget by 2024.

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 revenue¹. 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 revenue².

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. Moreover, ensuring that the measure is focused will enable the UH to establish innovative efforts to mitigate healthcare workforce pipeline bottlenecks that can be scaled and spread to other health professions once initial success is demonstrated.

Therefore, on behalf of the UH health professions education programs, we respectfully request that SB 2298 pass as written in the SD2 version.

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

² 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>

SB2298sd2, hd1, RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS
House CPC Hearing
Tuesday, March 20, 2018 – 2:00 pm
Room 329
Position: Support

Chair Takumi, Vice Chair Ichiyama, and members of the House CPC Committee:

My name is __Trisha Yuen_____ and I am currently a Physical Therapy Assistant Student at Kapi’olani Community College. I am writing on behalf of myself, as a student, my colleagues and the clinical instructors that have helped to progress my education towards becoming a health professional.

We agree that Hawaii, as well as the rest of the nation, faces a widening gap between healthcare supply and demand, which will affect patients who may have longer wait times to see providers and may result in poorer and more costly health outcomes. Many healthcare professions are currently facing shortages in clinical education sites for us students. This bill attempts to address one aspect of this dilemma by offering tax credits to preceptors.

I and Kapi’olani Community College’s PTA program appreciates the inclusion of physical therapist preceptors. With direct access, physical therapists are part of the primary healthcare provider network and can alleviate delays in treatment and increase rehabilitation while reducing medical costs. Physical therapists (PTs) volunteer-supervise students on internships while managing and practicing in private clinics or healthcare institutions similar to advanced practice registered nurses, physicians, and pharmacists.

I support in-state programs such as Kapi’olani Community College’s Physical Therapist Assistant Program, whose clinical education has recently been affected by preceptor clinical sites requiring the school to pay a stipend of up to \$500 before they accept students. This has resulted in KCC losing 100% of their skilled nursing facility sites, which is a 25% reduction in total clinical sites. The proposed tax credit incentive would facilitate more PTs to train students, thus offsetting this loss

As a current Physical Therapy Assistant student, Your support of SB2298sd2, hd1 is appreciated. Thank you for the opportunity to testify. Thank you for the opportunity to testify.

Respectfully,

____Trisha Yuen_____
Contact info__ty2@hawaii.edu_____

**Kapi'olani Community College
Physical Therapy Assistant Program**

SB2298sd2, hd1, RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS

House CPC Hearing

Tuesday, March 20, 2018 – 2:00 pm

Room 329

Position: Support

Chair Takumi, Vice Chair Ichiyama, and members of the House CPC Committee:

I am Michelle Dela Cruz, PT. I am testifying as an individual, a physical therapist and as an educator in support of SB2298sd2,hd1 relating to healthcare preceptor tax credits. I am the Academic Coordinator of Clinical Education (ACCE) at Kapi'olani Community College's Physical Therapy Assistant Program. We are a CAPTE accredited program with a PTA licensure pass rate of 92% + and a 100% employment rate. Our PTA program works closely with Hawaii's private and state hospitals, private outpatient and rehab facilities, long term care management services, and home care facilities to teach our Hawaii-based PTA students for a total of 4 internships or 680 hours of clinical education in Hawaii for each PTA student.

We agree that Hawaii, as well as the rest of the nation, faces a widening gap between healthcare supply and demand, which will affect patients who may have longer wait times to see providers and may result in poorer and more costly health outcomes. With direct access, physical therapists are part of the primary healthcare provider network and can alleviate delays in treatment and increase rehabilitation while reducing medical costs. Physical therapists (PTs) volunteer-supervise students on internships while managing and practicing in private clinics or healthcare institutions similar to advanced practice registered nurses, physicians, and pharmacists.

I and Kapi'olani Community College's PTA program appreciates the inclusion of physical therapist preceptors for our physical therapist assistant students. Kapi'olani Community College's PTA program lost 25% of our clinical affiliation sites due to a \$250 to \$500 stipend charged per internship by 100% of our Hawaii based skilled nursing facilities. This preceptor tax credit incentive for Hawaii's Physical Therapist would help Kapi'olani Community College's in-state program compete with private PT and PTA schools who are able to pay the stipend fee and also offer incentive access to extensive medical libraries or educational classes. The proposed tax credit incentive would facilitate more PTs to train students, thus offsetting this loss.

Your support of SB2298sd2, hd1 is appreciated. Thank you for the opportunity to testify. Please feel free to contact Michelle Dela Cruz, PT, at (808) 352-5222 for further information.

**Written Testimony Presented Before the
House Committee on Consumer Protection and Commerce
March 20, 2018 2:00 p.m.**

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

**IN STRONG SUPPORT
SB 2298, SD2 RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS**

Chair Takumi, Vice Chair Ichiyama, and members of the House Committee on Consumer Protection and Commerce, thank you for this opportunity to provide testimony in strong support of this bill, SB 2298 with preference for the SD2 version. This bill aims to address the primary care healthcare provider shortage, by establishing individual income tax credits for primary care healthcare professionals who voluntarily serve as preceptors.

In SB2298, SD2:

- Focuses the preceptor tax credits on primary care providers, of which we have a critical shortage;
- Establishes definition of primary care for the purpose of this measure;
- Clarifies in-state criteria for academic programs to ensure maximal impact to remain in this state; and
- Established clear definitions for residency of students and preceptors.

Additionally, by focusing the bill on primary care providers, this measure will:

- Enable the preceptor credit assurance committee to focus initial efforts on a high in-demand and low in-supply segment of healthcare;
- Enable the state to demonstrate efficacy of this concept; and
- Ensure that the total needed volunteer-based supervised clinical training rotations to meet current needs and grow capacity of our health professional programs do not far exceed the available preceptor tax credits, by cost and number, that would be made available through this measure.

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. A focused, deliverable approach to demonstrate efficacy of this concept will increase the likelihood of success and enable this innovative concept to be expanded to other health professions, once proof of concept is established.

Our in-state health professional academic programs rely on community providers to provide over 1,200 precepted 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 (HSCN) 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; and
- 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.

Research indicates that 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 several states:

- Maryland for medicine and advanced practice nurse preceptors;
- Georgia for medicine and advanced practice nurse preceptors; and
- Colorado for medicine, advanced practice nurse, and dentistry preceptors.

North Dakota, Utah and New York are currently underway with their own efforts to establish such healthcare provider preceptor tax credits.

With the goal of relieving 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 and a maximum of \$2,000,000.00 in tax credits, total.

In Academic Year (AY) 2018-2019, there is a projected need of 1,410 supervised clinical rotations for students and trainees in medicine, osteopathy, pharmacy, and graduate nursing programs in Hawai'i. Estimating between a 2% and 7% growth in academic programs to meet the future healthcare demands, over six years, the expected need is 1,500-1,900 supervised clinical rotations. According to the preceptor tax credit allocation of \$1,000 per supervised clinical rotation, this equates to a \$1.56-\$1.98 million dollar budget by 2024.

Economic advantages when health professionals reside and practice in localities have been established. Research shows 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 revenue¹. Physicians in Hawai'i contribute, on average, \$2,282,615 in direct economic output and \$110,494 in state and local tax revenue².

With this consideration, HSCN posits that this contribution to the primary care provider 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 will help Hawai'i close the gap of needed primary care healthcare professionals, thus ensuring timely access to highly qualified and safe healthcare professionals for all people, in all regions of our state.

Therefore, the HSCN respectfully requests that SB 2298 pass as written in the SD2 version through the House Committee on Consumer Protection and Commerce. HSCN appreciates your continuing support of nursing and access to safe, quality, and community-based health care in Hawai'i. Thank you for the opportunity to testify.

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

² 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>



HAWAII MEDICAL ASSOCIATION

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www.hawaiimedicalassociation.org

TO:

[COMMITTEE ON CONSUMER PROTECTION & COMMERCE](#)

Rep. Roy M. Takumi, Chair

Rep. Linda Ichiyama, Vice Chair

DATE: Tuesday, March 20, 2018

TIME: 2:00 P.M.

PLACE: Conference Room 329

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



To: The Honorable Roy M. Takumi, Chair
The Honorable Linda Ichiyama, Vice Chair
Members, Committee on Consumer Protection & Commerce

From: Joan Maeshiro, Advanced Practice Registered Nurse, The Queen's Medical Center

Date: March 16, 2018

Hrg: House Committee on Consumer Protection & Commerce Hearing; Tuesday, March 20, 2018 at 2:00PM in Room 329

Re: **Support for SB 2298, SD2, HD1, Relating to Healthcare Preceptor Tax Credits**

My name is Joan Maeshiro and I am an Advanced Practice Registered Nurse (APRN) at The Queen's Medical Center. I am in **support** of SB 2298, SD2, HD1, Relating to Healthcare Preceptor Tax Credits. This bill allows advanced practice registered nurses, physicians, dentists, psychologists, 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.

As you know, there is a shortage of primary, community-based and acute care providers in the state of Hawaii that is anticipated to worsen. It is important to support our up-and-coming advance practice nurse providers pursuing advance degrees at University of Hawaii in Manoa and Hawaii Pacific University. These students are preparing to fill these collaborative roles in our community and will need quality clinical education opportunities to complete their training.

I have been working closely with the School of Nursing and Dental Hygiene at Manoa, Hawaii Pacific University and the Hawaii State Center for Nursing representing The Queen's Medical Center. Every semester, there are about 20 to 30 students that look for preceptors in either primary or acute care settings. We have been able to match about 15 students per semester.

Although payments from Medicare exist to support the graduate training in medical education, graduate education for nursing is supported only through student tuition, scholarships and grants. One successful avenue to incentivize providers to participate is a tax credit for practitioners willing to volunteer their time and provide their expertise as mentors. Maryland¹ and Georgia already have similar tax incentive programs. I feel that having a tax credit would be a strong benefit that would help make graduate clinical precepting more inviting and rewarding to future preceptors.

Thank you for your time and attention to this important matter.

¹ <http://www.mdruralhealth.org/2017/01/05/income-tax-credit-for-preceptors/>



HAWAII CHAPTER - AMERICAN PHYSICAL THERAPY ASSOCIATION

(800) 554-5569 x13 • www.hapta.org • info@hapta.org

SB2298sd2, hd1, RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS

House CPC Hearing

Tuesday, March 20, 2018 – 2:00 pm

Room 329

Position: Support

Chair Takumi, Vice Chair Ichiyama, and members of the House CPC Committee:

I am Gregg Pacilio, physical therapist and Board President of the Hawaii Chapter of the American Physical Therapy Association (HAPTA), a non-profit professional organization serving more than 340 member Physical Therapists and Physical Therapist Assistants. We are movement specialists and are part of the spectrum of care for Hawaii, and provide rehabilitative services for infants and children, youth, adults and the elderly. Rehabilitative services are a vital part of restoring optimum functioning from neuromusculoskeletal injuries and impairments.

We agree that Hawaii, as well as the rest of the nation, faces a widening gap between healthcare supply and demand, which will affect patients who may have longer wait times to see providers and may result in poorer and more costly health outcomes.

Many healthcare professions are currently facing shortages in clinical education sites for students. This bill attempts to address one aspect of this dilemma by offering tax credits to preceptors.

HAPTA appreciates the inclusion of physical therapist preceptors for physical therapist assistant interns. With direct access, physical therapists are part of the primary healthcare provider network and can alleviate delays in treatment and increase rehabilitation while reducing medical costs. Physical therapists (PTs) volunteer-supervise students on internships while managing and practicing in private clinics or healthcare institutions similar to advanced practice registered nurses, physicians, and pharmacists.

HAPTA supports in-state programs such as Kapiolani Community College's Physical Therapist Assistant Program, whose clinical education has recently been affected by preceptor clinical sites requiring the school to pay a stipend of up to \$500 before they accept students. This has resulted in KCC losing 100% of their skilled nursing facility sites, which is a 25% reduction in total clinical sites. If added, the proposed tax credit incentive would facilitate more PTs to train students, thus offsetting this loss.

Your support of SB2298sd2, hd1 is appreciated. Thank you for the opportunity to testify. Please feel free to contact Justin Ledbetter, DPT, at (334) 740-0323 for further information.

Tuesday, March 20, 2018 at 2:00 pm
Conference Room 329

House Committee on Consumer Protection & Commerce

To: Representative Roy Takumi, Chair
Representative Linda Ichiyama, Vice Chair

From: Michael Robinson
VP, Government Relations

Re: Testimony in Support of SB 2298, SD2, HD1 – Relating to Healthcare Preceptor Tax Credits

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, SD2, HD1 which will support workforce development by establishing individual income tax credits for professionals who serve as uncompensated preceptors to students studying to become primary care physicians, osteopathic physicians and advanced practice registered nurses.

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 revenue¹. 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 revenue².

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.

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

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

² 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>

SB-2298-HD-1

Submitted on: 3/18/2018 8:39:55 PM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jake Blechta	ElixRx	Support	No

Comments:

My name is Jake Blechta and I am a pharmacist and preceptor and I support this bill. The official UH testimony from Dean Mary Boland on behalf of Medicine, Nursing and Pharmacy will be asking for the passing of this measure using the SB2298 SD2 version (APRN, medicine, pharmacy) **as the preference**. At this point, with the narrowed list of professions (SD2 version) it will be more feasible to implement and will remain within the requested tax credit budget, leaning to more likely success. Other professions can be added on in subsequent years and would be more of a housekeeping issue. Thank you.

Tuesday, March 20, 2018 at 2:00 pm
Conference Room 329

House Committee on Consumer Protection & Commerce

To: Representative Roy Takumi, Chair
Representative Linda Ichiyama, Vice Chair

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

**Re: Testimony in Support of SB 2298, SD2, HD1 – Relating to Healthcare
Preceptor Tax Credits**

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. In addition to Straub, Hawai'i Pacific Health includes Kapi'olani Medical Center for Women & Children, Pali Momi Medical Center and Wilcox Medical Center.

I write in strong support of SB 2298, SD2, HD1 which will support workforce development by establishing individual income tax credits for professionals who serve as uncompensated preceptors to students studying to be primary care physicians, osteopathic physicians, and advanced practice registered nurses.

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 revenue¹. 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 revenue².

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

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

² 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>

future healthcare professionals in this state, close the gap on the shortage of health care professionals, and increase economic revenues statewide.

Therefore, on behalf of Straub Medical Center, we respectfully request that SB 2298, SD2, HD1 be passed.

OFFICE OF INFORMATION PRACTICES

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TELEPHONE: 808-586-1400 FAX: 808-586-1412
EMAIL: oip@hawaii.gov

To: House Committee on Consumer Protection & Commerce

From: Cheryl Kakazu Park, Director

Date: March 20, 2018, 2:00 p.m.
State Capitol, Conference Room 329

Re: Testimony on S.B. No. 2298, S.D. 2, H.D. 1
Relating to Healthcare Preceptor Tax Credits

Thank you for the opportunity to submit testimony on this bill, which would allow specified health care providers to receive income tax credits for acting as preceptors in clinical training rotations. **The Office of Information Practices (OIP) takes no position on the substance of this bill, but questions a complete Sunshine Law exemption for the proposed Preceptor Credit Assurance Committee and offers an amendment to the bill.**

The proposed Committee is charged with developing and implementing a plan for certifying healthcare preceptor tax credits, including creating the processes for the review and verification of tax credits at the end of each calendar year and for the documentation required to certify a preceptor for the tax credit. The bill does not specifically state that the proposed Committee will be responsible for actually certifying preceptors for the tax credit and verifying tax credits, but those responsibilities may be intended to fall under “implement[ing]” the healthcare preceptor tax credit plan, which the Committee is charged with doing.

The proposed Committee is exempted entirely from the Sunshine Law at bill page 12, lines 15-17. **OIP questions why the Committee requires a**

complete exemption from the Sunshine Law. It seems likely that there would be some public interest in the process of **developing the processes** for certifying preceptors to receive tax credits, and verifying those credits, and there is no obvious reason why such discussions should not be open to public attendance and testimony. If the Committee is in fact going to be considering individuals' applications to be certified as health care preceptors, and reviewing their claimed tax credits, OIP recognizes that some of the information considered in that context may be more appropriately considered in a closed session. However, that could be addressed by creating an executive session purpose allowing the Committee to go into closed session to consider information affecting individuals' privacy.

OIP therefore recommends that this Committee delete the Sunshine Law exemption in subsection 321-__ (d) at bill page 12, lines 15-17. OIP further recommends that, if appropriate, this Committee replace it with the following:

“(d) The committee may hold a meeting closed to the public pursuant to section 92-4 for the purpose of considering information affecting the privacy of an individual, provided that information in which an individual has a significant privacy interest as provided in subsection 92F-14(b) shall be considered to be information affecting the privacy of an individual.” This proposed amendment would allow the committee to go into executive session under the Sunshine Law to consider information affecting an individual's privacy as defined in the Uniform Information Practices Act, and would provide clarity in how OIP will interpret this legislation under both laws that it administers.

Thank you for the opportunity to testify.



**WAIANAЕ COAST
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March 18, 2018

COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Rep. Roy M. Takumi, Chair

Rep. Linda Ichiyama, Vice Chair

DATE: Tues., March 20

TIME: 2:00 PM

PLACE: Conference Room 329

TESTIMONY in SUPPORT of SB2298 SD2 HD1, WITH AMENDMENTS: Relating to Healthcare Preceptor Tax Credits

SUBMITTED BY: Dr. Stephen Bradley, Chief Medical Officer, WAIANAЕ COAST COMPREHENSIVE HEALTH CENTER

The intent of this bill is to address the primary care provider shortage in Hawaii **BUT SB2298 SD2 HD1 eliminates the essential language that was in SB2298 SD1 and SD2: Academic program" means an academic degree granting or graduate medical education program that holds either its principal accreditation or a physical location in Hawaii that provides education to students of whom more than fifty per cent are residents of Hawaii.**

The current version of the bill, defining that an "Academic program" means an academic program that holds its principal accreditation in Hawaii, excludes support for the Waianae Coast Comprehensive Health Center's ATSU Osteopathic medicine program that was established to address the primary care provider shortage in Hawaii **by training Hawaii residents, being trained by Hawaii preceptors**, with the goal of increasing those who will then **practice in Hawaii**.

We ask that your committee replace the wording currently in the bill with the wording above from **SB2298 SD1 and SD2**

Without this wording change, it is an impediment to meet the primary care shortage needs in Hawaii. As a community health center whose board of directors and management are focused on meeting the health and wellness needs of the Waianae Coast and other medically underserved communities throughout the state, the consequence of eliminating Preceptor Tax Credit support to the Health Center's ATSU program works against the intent to address the severe shortage of primary care providers throughout the state.

BACKGROUND ON THE HEALTH CENTER'S COMMITMENT TO TRAINING:

The Health Center recognizes 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.

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.

Thank you for supporting the language change in **SB2298 SD2 HD1** and a long term vision to address the shortage of primary care providers in Hawaii.

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Healthcare Preceptor Tax Credits

BILL NUMBER: SB 2298, HD-1

INTRODUCED BY: House Committee on Health & Human Services

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 Preceptor Credit Assurance Committee, 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. The credit is nonrefundable.

Defines a preceptor as 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, a physical therapist licensed pursuant to chapter 461J, a psychologist licensed pursuant to chapter 465, or a social worker pursuant to chapter 467E who may be either licensed or unlicensed.

Provides that the preceptor credit assurance committee, 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.

Establishes a statewide aggregate cap on the credit of \$2 million. Credits will be certified on a first come, first served basis.

All claims for tax credits, 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. If not timely claimed, the credit is waived.

Adds a new section to chapter 321, HRS, to establish the preceptor credit assurance committee.

EFFECTIVE DATE: July 1, 3000; 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 preceptor in an amount previously determined by the new working group, it is questionable why the tax system needs to be involved. Write the person a check! The preceptor gets a financial benefit more quickly (upon receipt of the check, as opposed to a tax refund

Re: SB 2298, HD-1
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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 3/16/2018

SB-2298-HD-1

Submitted on: 3/19/2018 1:58:20 PM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Oahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i	Support	No

Comments:



**Testimony to the House Committee on Consumer Protection and Commerce
Tuesday, March 20, 2018; 2:00 p.m.
State Capitol, Conference Room 329**

RE: SUPPORTING THE INTENT OF SENATE BILL NO. 2298, HOUSE DRAFT 1, RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS.

Chair Takumi, Vice Chair Ichiyama, 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, House Draft 1, RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS.

The bill, as received by your Committee, would, among other things:

- (1) Establish an income tax credit to any taxpayer in an amount up of to \$1,000 for volunteer-based supervised clinical rotations for primary care physician students, advanced practice registered nurse students, pharmacist students, psychologist students, and social worker students;
- (2) 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;
- (3) Provide that the total amount of tax credit certificates that may be issued for each taxable year not exceed \$2,000,000;
- (4) Establish a Preceptor Credit Assurance Committee (Committee) to maintain records of the names, addresses and license numbers of qualified taxpayers claiming credits, and certifying the number of volunteer-based supervised clinical training rotations each taxpayer conducted, and issuing certificates to taxpayers verifying the number of volunteer-based supervised clinical training rotations that are supervised by the taxpayer;

Testimony on Senate Bill No. 2298, House Draft 1
Tuesday, March 20, 2018; 2:00 p.m.
Page 2

- (5) Provide that the Committee be established within the Department of Health (DOH) and convened by the University of Hawaii Hawaii/Pacific Basin Area Health Education Center, the Center for Nursing, and academic programs with eligible students;
- (6) Direct the Committee to develop a process to ensure that requests for credit are reviewed and verifications are processed no later than thirty days following the close of each calendar year;
- (7) Clarify that the tax credit be nonrefundable but may be used as a credit against the taxpayer's income tax liability in subsequent years until exhausted;
- (8) Require the DOH to report to the Legislature not later than June 30, 2024, including findings and a recommendation of whether the tax credit should be retained; and
- (9) Take effect on July 1, 3000, and apply to taxable years beginning after December 31, 2018, to facilitate continued discussion.

Senate Bill No. 2298, House Draft 1, is substantively the same as House Bill No. 1967, House Draft 2.

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.

Testimony on Senate Bill No. 2298, House Draft 1
Tuesday, March 20, 2018; 2:00 p.m.
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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.

Written Testimony Submitted to the
House Committee on Consumer Protection & Commerce
March 20, 2018
By

Kelley Withy, MD, PhD

SB 2298, SD2, HD1 –RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS

Chair Takumi, Vice Chair Ichiyama, and members of the committee:

Thank you for the opportunity to provide testimony in support of SB 2298, SD2, HD1. SB 2298, SD2, HD1 proposes to create a tax credit to encourage medical teachers “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 and pharmacy professionals. SB 2298, SD2, HD1 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, SD2, HD1 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 find that SB 2298, SD2, HD1 expands the professions whose preceptors may be eligible for the tax credit to include psychologists, physical therapy assistants and social workers. While we recognize that these professions play a vital role in the provision of healthcare in the state, we are concerned that the expansiveness of the

program initially may make the certification process burdensome and may exhaust the amount of tax credits allowed.

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

SB-2298-HD-1

Submitted on: 3/16/2018 4:42:23 PM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ronald Taniguchi, Pharm.D.	Individual	Support	No

Comments:

SB-2298-HD-1

Submitted on: 3/17/2018 8:22:05 AM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
David Cao	Individual	Support	No

Comments:

My name is David Cao. I am a student pharmacist and I support this bill. Thank you for allowing me to testify on SB2298 SD2 HD1.

SB-2298-HD-1

Submitted on: 3/17/2018 4:10:58 PM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ron Okamura	Individual	Support	No

Comments:

SB2298 SD2 HD1 provides relief to the members of our health care team for training future health care personnel. As a pharmacist, I strongly support the inclusion of the pharmacist preceptor and the pharmacy student.

SB-2298-HD-1

Submitted on: 3/17/2018 9:48:27 PM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kelli Goo	Individual	Support	No

Comments:

My name is Kelli Goo and I am a student pharmacist at the Daniel K. Inouye College of Pharmacy at University of Hawai'i at Hilo. I am writing to offer **strong support** for SB 2298.

Thank you for this opportunity to provide testimony.

SB-2298-HD-1

Submitted on: 3/18/2018 10:34:46 AM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
JACK FERNANDEZ	Individual	Support	No

Comments:

My name is Jack Fernandez, I am a pharmacist and preceptor and I support this bill. The official UH testimony from Dean Mary Boland on behalf of Medicine, Nursing and Pharmacy will be asking for the passing of this measure using the SB2298 SD2 version (APRN, medicine, pharmacy) **as the preference**. At this point, with the narrowed list of professions (SD2 version) it will be more feasible to implement and will remain within the requested tax credit budget, leaning to more likely success. Other professions can be added on in subsequent years and would be more of a housekeeping issue. Thank you for the opportunity and privilege to provide my testimony.

Written Testimony Submitted to the
House Committee on Consumer Protection & Commerce
March 20, 2018
By

Jerris Hedges, MD

SB 2298, SD2, HD1 –RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS

Chair Takumi, Vice Chair Ichiyama, and members of the committee:

Thank you for the opportunity to provide testimony in support of SB 2298, SD2, HD1. SB 2298, SD2, HD1 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, SD2, HD1 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 impacted by this bill consists of volunteers who share the responsibility and burden of training the future Hawaii healthcare workforce. Developing sufficient clinical training opportunities requires a sufficient number of preceptors. SB 2298, SD2, HD1 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.

My colleagues and I find that SB 2298, SD2, HD1 expands the professions whose preceptors may be eligible for the tax credit to include psychologists, physical therapy assistants and social workers. While we recognize that these professions play a vital role in the provision of healthcare in the state, we are concerned that the proposed

expansiveness of the program initially may make the certification process burdensome and may exhaust the amount of tax credits allowed. ***Thus, we recommend that the bill be limited at this time to sustaining and growing preceptors needed for medical, pharmacy and nursing practices.***

Further, we recommend that when addressing academic program eligibility, the bill explicitly state that ***“a majority of students (or a minimum of 50 enrolled students at any time) in an eligible academic program must be from Hawaii”***. Mainland students are far less likely to settle permanently in Hawaii.

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-HD-1

Submitted on: 3/18/2018 12:49:09 PM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Camlyn Masuda	Individual	Support	No

Comments:

SB-2298-HD-1

Submitted on: 3/18/2018 1:59:37 PM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Louis Lteif	Individual	Support	No

Comments:

My name is Louis Lteif and I am a pharmacist and preceptor and I support this bill. The official UH testimony from Dean Mary Boland on behalf of Medicine, Nursing and Pharmacy will be asking for the passing of this measure using the SB2298 SD2 version (APRN, medicine, pharmacy) **as the preference.**

Thank you

SB-2298-HD-1

Submitted on: 3/18/2018 4:06:30 PM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kathleen Yokouchi	Individual	Support	No

Comments:

SB-2298-HD-1

Submitted on: 3/18/2018 7:08:38 PM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Ha Tran	Individual	Support	No

Comments:

To whom it may concern,

I am a student pharmacist and I support this bill. Thank you for your time.

Ha Tran

SB-2298-HD-1

Submitted on: 3/18/2018 7:29:16 PM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Wailua Brandman	Individual	Support	No

Comments:

I am a Psychiatric Mental Health Clinical Nurse Specialist and Nurse Practitioner in private practice. We have no graduate programs in Hawaii to prepare APRNs in psychiatry and mental health. All the students I precept are residents of Hawaii who have to acquire their advanced degrees in this specialty from programs at accredited schools on the mainland. I have precepted students from Frontier University, Rush University, University of Arizona, and have students waiting for upcoming semesters from Johns Hopkins University and St. Louis University, all of whom are Hawaii residents and plan to practice in Hawaii, on Oahu, Maui and Hawaii Island. My graduate degree is from Yale University and my post-masters certificate is from California State University Long Beach. We desperately need PMH practitioners in Hawaii. It seems discriminatory to exclude those of us who are contributing to the PMH workforce in Hawaii when we precept students from mainland universities. It also seems unwise to disallow highly, top notch schools with online programs for Hawaii residents that require the student obtain a local preceptor. (see:

(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 a degree-granting academic program that is nationally accredited by the Commission on Collegiate Nursing)

Though their out of state schools do not contribute to the tax revenue in our state now, their students will greatly contribute to future tax revenues when they enter practice in our state. It appears to be a win/win situation to offer tax deductions to practitioners who precept these students who will contribute greater tax revenues over the course of their practice careers than the perceived loss of revenues the state will incur by offering the tax deductions to their preceptors.

Please amend this bill to include those of us who precept students from out of state universities..

Mahalo for the opportunity to testify, and for your enduring support of APRNs and improved access to healthcare for our citizens.

Wailua Brandman APRN FAANP

Ke`ena Mauiola Nele Paia, LLC

SB-2298-HD-1

Submitted on: 3/18/2018 10:13:24 PM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Gary Glauberman	Individual	Support	No

Comments:

SB-2298-HD-1

Submitted on: 3/18/2018 11:56:08 PM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melissa Machida	Individual	Support	No

Comments:

My name is Melissa Machida and I am a pharmacist and preceptor and I support this bill. The official UH testimony from Dean Mary Boland on behalf of Medicine, Nursing and Pharmacy will be asking for the passing of this measure using the SB2298 SD2 version (APRN, medicine, pharmacy) **as the preference.**

SB-2298-HD-1

Submitted on: 3/19/2018 1:24:50 AM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Koryn-Michele Kinoshita Yuen	Individual	Support	No

Comments:

My name is Koryn-Michele Kinoshita Yuen and I am a pharmacist and preceptor and I support this bill. The official UH testimony from Dean Mary Boland on behalf of Medicine, Nursing and Pharmacy will be asking for the passing of this measure using the SB2298 SD2 version (APRN, medicine, pharmacy) **as the preference.**

Thank you.

SB-2298-HD-1

Submitted on: 3/19/2018 6:07:28 AM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Crystal Tsuda	Individual	Support	No

Comments:

My name is Crystal Tsuda and I am a pharmacist and preceptor and I support this bill. The official UH testimony from Dean Mary Boland on behalf of Medicine, Nursing and Pharmacy will be asking for the passing of this measure using the SB2298 SD2 version (APRN, medicine, pharmacy) **as the preference.**

SB-2298-HD-1

Submitted on: 3/19/2018 7:05:30 AM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Christopher Nakagawa	Individual	Support	No

Comments:

I am a student pharmacist and I strongly support this bill.

SB-2298-HD-1

Submitted on: 3/19/2018 6:56:51 AM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jarred Prudencio	Individual	Support	No

Comments:

My name is Jarred Prudencio and I am a pharmacist in Hilo, writing in support of this bill. The official UH testimony from Dean Mary Boland on behalf of Medicine, Nursing and Pharmacy will be asking for the passing of this measure using the SB2298 SD2 version (APRN, medicine, pharmacy) as the preference. Having completed my education here in Hilo, I've seen first-hand the amount of time and commitment our preceptors dedicate to educating the future of Hawaii's healthcare, and this bill would be of great help to encourage their continued efforts.

SB-2298-HD-1

Submitted on: 3/19/2018 8:04:07 AM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Chad Kawakami	Individual	Support	No

Comments:

Dear Sir / Ma'am,

My name is Dr. Chad Kawakami and I am a pharmacist and preceptor. I STRONGLY support this bill. The official UH testimony from Dean Mary Boland on behalf of Medicine, Nursing and Pharmacy will be asking for the passing of this measure using the SB2298 SD2 version (APRN, medicine, pharmacy) **as the preference.**

Thank you very much for your consideration.

Humbly submitted,

Chad Kawakami

SB-2298-HD-1

Submitted on: 3/19/2018 8:10:57 AM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
lehua kay	Individual	Support	No

Comments:

My name is Dr. Lehua Kay and I am a pharmacist and preceptor and I support this bill. The official UH testimony from Dean Mary Boland on behalf of Medicine, Nursing and Pharmacy will be asking for the passing of this measure using the SB2298 SD2 version (APRN, medicine, pharmacy) **as the preference.**

Thank you,

Lehua Kay, PharmD, BCPP

SB-2298-HD-1

Submitted on: 3/19/2018 8:15:08 AM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Carol Omura China	Individual	Support	No

Comments:

My name is Carol Omura China and I am a clinical pharmacist and preceptor and I support this bill. The official UH testimony from Dean Mary Boland on behalf of Medicine, Nursing and Pharmacy will be asking for the passing of this measure using SB2298 SD2 version (APRN, medicine, pharmacy) **as the preference**. At this point, with the narrowed list of professions (SD2 version) it will be more feasible to implement and will remain with the requested tax credit budget, leaning to more likely success. Other professions can be added on in subsequent years and would be more of a housekeeping issue. Thank you.

SB-2298-HD-1

Submitted on: 3/19/2018 9:04:25 AM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Katherine Finn Davis	Individual	Support	No

Comments:

Written Testimony Presented Before the

House Committee on Consumer Protection and Commerce

March 20, 2018 2:00 p.m.

by

Katherine Finn Davis, PhD, APRN, CPNP

IN STRONG SUPPORT

SB 2298, SD2 RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS

Chair Takumi, Vice Chair Ichiyama, and members of the House Committee on Consumer Protection and Commerce,

Thank you for this opportunity to provide testimony in strong support of this bill, SB 2298 with preference for the SD2 version. This bill aims to address the primary care healthcare provider shortage, by establishing individual income tax credits for primary care healthcare professionals who voluntarily serve as preceptors.

In SB2298, SD2:

- Focuses the preceptor tax credits on primary care providers, of which we have a critical shortage;
- Establishes definition of primary care for the purpose of this measure;
- Clarifies in-state criteria for academic programs to ensure maximal impact to remain in this state;

and

- Established clear definitions for residency of students and preceptors.

Additionally, by focusing the bill on primary care providers, this measure will:

- Enable the preceptor credit assurance committee to focus initial efforts on a high in-demand and low in-supply segment of healthcare;
- Enable the state to demonstrate efficacy of this concept; and
- Ensure that the total needed volunteer-based supervised clinical training rotations to meet current needs and grow capacity of our health professional programs do not far exceed the available preceptor tax credits, by cost and number, that would be made available through this measure.

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. A focused, deliverable approach to demonstrate efficacy of this concept will increase the likelihood of success and enable this innovative concept to be expanded to other health professions, once proof of concept is established.

Our in-state health professional academic programs rely on community providers to provide over 1,200 precepted 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 (HSCN) 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; and
- 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.

Research indicates that 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 several states:

- Maryland for medicine and advanced practice nurse preceptors;
- Georgia for medicine and advanced practice nurse preceptors; and
- Colorado for medicine, advanced practice nurse, and dentistry preceptors.

North Dakota, Utah and New York are currently underway with their own efforts to establish such healthcare provider preceptor tax credits.

With the goal of relieving 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 and a maximum of \$2,000,000.00 in tax credits, total.

In Academic Year (AY) 2018-2019, there is a projected need of 1,410 supervised clinical rotations for students and trainees in medicine, osteopathy, pharmacy, and graduate nursing programs in Hawai'i. Estimating between a 2% and 7% growth in academic programs to meet the future healthcare demands, over six years, the expected need is 1,500-1,900 supervised clinical rotations. According to the preceptor tax credit allocation of \$1,000 per supervised clinical rotation, this equates to a \$1.56-\$1.98 million dollar budget by 2024.

Economic advantages when health professionals reside and practice in localities have been established. Research shows 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^[1]. Physicians in Hawai'i contribute, on average, \$2,282,615 in direct economic output and \$110,494 in state and local tax revenue^[2].

With this consideration, HSCN posits that this contribution to the primary care provider 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 will help Hawai'i close the gap of needed primary care healthcare professionals, thus ensuring timely access to highly qualified and safe healthcare professionals for all people, in all regions of our state.

Therefore, I respectfully request that SB 2298 pass as written in the SD2 version through the House Committee on Consumer Protection and Commerce. HSCN appreciates your continuing support of nursing and access to safe, quality, and community-based health care in Hawai'i. Thank you for the opportunity to testify.

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

[2] 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>

SB-2298-HD-1

Submitted on: 3/19/2018 9:24:29 AM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kerri Okamura	Individual	Support	No

Comments:

My name is Kerri Okamura. I am a pharmacist and preceptor and I support this bill, SB2298 SD2, which includes APRN, medicine and pharmacy.

SB-2298-HD-1

Submitted on: 3/19/2018 10:24:25 AM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Laurene Itoman	Individual	Support	No

Comments:

My name is Laurene Itoman and I am a pharmacist and preceptor and I support this bill. The official UH testimony from Dean Mary Boland on behalf of Medicine, Nursing, and Pharmacy will be asking for the passing of this measure using the SB2298 SD2 version (APRN, medicine, pharmacy) as the preference

Thank you

Laurene Itoman

SB-2298-HD-1

Submitted on: 3/19/2018 9:48:29 AM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Diaa Eldin Zaed	Individual	Support	No

Comments:

Aloha,

My name is Diaa Eldin Zaed. I am a pharmacist and preceptor and i support this bill. The official UH testimony from Dean Mary Boland on behalf of Medicine, Nursing and Pharmacy will be asking for the passing of this measure using the SB2298 SD2 version (APRN, medicine, pharmacy) **as the preference.**

Mahalo and Imua,

SB-2298-HD-1

Submitted on: 3/19/2018 10:29:16 AM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Sabrina Allen	Individual	Support	No

Comments:

To whom it may concern,

My name is Sabrina and I am a pharmacist and preceptor that strongly supports this bill. Specifically the measure using the SSB2298 SD2 version (aprn,medicine, and pharmacy) as the preference.

As a preceptor, I fill that this bill would be beneficial to the education of our students. Precepting is often times highly time consuming with no compensation for the significant time lost. However, good preceptors is what students need to develop into competent pharmacists. This bill would entice more opportunities and preceptors for students, which in the long run would boost education, and improve the efficiency of our healthcare system.

Mahalo,

Dr. Sabrina Allen, pharmD, BCPS

SB-2298-HD-1

Submitted on: 3/19/2018 10:58:00 AM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Anne Scharnhorst	Individual	Support	No

Comments:

SB-2298-HD-1

Submitted on: 3/19/2018 11:13:24 AM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Tehane Han	Individual	Support	No

Comments:

My name is Tehane Han. I am a pharmacist and preceptor. I support this bill and the official UH testimony from Dean Mary Boland on behalf of Medicine, Nursing and Pharmacy that will be asking for the passing of this measure using the SB2298 SD2 version (APRN, medicine, pharmacy) **as the preference.**

SB-2298-HD-1

Submitted on: 3/19/2018 11:24:49 AM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Keri Oyadomari	Individual	Support	No

Comments:

My name is Keri Oyadomari and I am a pharmacist and preceptor and I support this bill. The official UH testimony from Dean Mary Boland on behalf of Medicine, Nursing and Pharmacy will be asking for the passing of this measure using the SB2298 SD2 version (APRN, medicine, pharmacy) as the preference.

Thank you.

SB-2298-HD-1

Submitted on: 3/19/2018 11:28:54 AM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Derek Tengan	Individual	Support	No

Comments:

SB-2298-HD-1

Submitted on: 3/19/2018 12:12:24 PM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Anne Wheelock	Individual	Support	No

Comments:

My name is Anne Wheelock and I am a pharmacist (here in Honolulu) and preceptor and I support this bill. The official UH testimony from Dean Mary Boland on behalf of Medicine, Nursing and Pharmacy will be asking for the passing of this measure using the SB2298 SD2 version (APRN, medicine, pharmacy) **as the preference.**

Thank you, in advance, for your support of this bill.

Sincerely,

Anne Wheelock

SB-2298-HD-1

Submitted on: 3/19/2018 12:19:01 PM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Nelson Nako	Individual	Support	No

Comments:

My name is Nelson Nako, Pharm.D. and I am a pharmacist and preceptor and I support this bill. The official UH testimony from Dean Mary Boland on behalf of Medicine, Nursing and Pharmacy will be asking for the passing of this measure using the SB2298 SD2 version (APRN, medicine, pharmacy) **as the preference.**

SB-2298-HD-1

Submitted on: 3/19/2018 12:31:15 PM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Eve Teeter-Balin	Individual	Support	No

Comments:

I am strongly in support for SB2298 SD2 HD1.

SB-2298-HD-1

Submitted on: 3/19/2018 1:22:40 PM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Wesley Sumida	Individual	Support	No

Comments:

My name is Wesley Sumida and I am a pharmacist in support of this bill. The official UH testimony from Dean Mary Boland on behalf of Medicine, Nursing and Pharmacy will be asking for the passing of this measure using the SB2298 SD2 version (APRN, medicine, pharmacy) **as the preference.**

Thank you for the opportunity to offer this testimony.

SB-2298-HD-1

Submitted on: 3/19/2018 4:28:56 PM

Testimony for CPC on 3/20/2018 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Prabu Segaran	Individual	Support	No

Comments:

My name is Prabu Segaran and I am a pharmacist and preceptor and I support this bill