



**STATE OF HAWAII**  
**DEPARTMENT OF HEALTH**  
P. O. Box 3378  
Honolulu, HI 96801-3378  
doh.testimony@doh.hawaii.gov

**Testimony in SUPPORT of SB31 SD1  
RELATING TO HEALTH.**

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

Hearing Date: February 27, 2020

Room Number: 211

- 1 **Fiscal Implications:** Unspecified impact to general fund revenues due to tax credit.
- 2 **Department Testimony:** The Department of Health supports amendments clarifying the
- 3 emphasis on primary care for the healthcare preceptor tax credit program, as well as other
- 4 amendments for conformance.
- 5 Thank you for the opportunity to testify.
- 6

**DAVID Y. IGE**  
GOVERNOR

**JOSH GREEN M.D.**  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**

P.O. BOX 259  
HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1540  
FAX NO: (808) 587-1560

**RONA M. SUZUKI**  
DIRECTOR OF TAXATION

**DAMIEN A. ELEFANTE**  
DEPUTY DIRECTOR

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

From: Rona M. Suzuki, Director  
Department of Taxation

**Re: S.B. 31, S.D. 2, Relating to Health**

Date: Thursday, February 27, 2020

Time: 10:35 A.M.

Place: Conference Room 211, State Capitol

The Department of Taxation (Department) supports S.B. 31, S.D. 2, and offers the following comments.

S.B. 31, S.D. 2, makes several amendments to the Healthcare Preceptor Tax Credit by amending section 235-110.25(g), Hawaii Revised Statutes. This measure expands the definition of "preceptor" to include more medical professionals whom the credit was initially intended to include. It is the Department's understanding that the Preceptor Credit Assurance Committee (PCAC) believes many otherwise qualified medical professionals would have been eligible for this credit but for the narrow definition of the term "preceptor."

The Department supports the expansion of the credit as proposed because it is being recommended by the PCAC. The PCAC has been well-organized from the beginning, has done an outstanding job as a tax credit certifying body, and is best suited to suggest amendments to better effectuate the credit.

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



**Testimony Presented Before the  
Senate Committee on Ways and Means  
Thursday, February 27, 2020 at 10:35 a.m.**

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

**TESTIMONY IN STRONG SUPPORT on SB 31, SD2**

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee on Ways and Means, thank you for the opportunity to testify **in strong support of this measure.**

This measure, SB 31, SD2, proposes to clarify the definition of preceptor to allow a broader array of specialties that help develop a future primary care provider, to clarify the definition of “volunteer-based supervised clinical training rotation” related to both time spent teaching students and what constitutes compensation for precepting, as well as making amendments to the Preceptor Credit Assurance Committee to improve administration and roles.

In 2018, the Hawai'i Legislature, in their great wisdom, enacted Act 43, which authorized and funded \$1.5 million in tax credits, annually for five years, tax credits for advanced practice registered nurse, physician and pharmacist professionals who train in-state students in the same practice areas. This program was intended to help alleviate the bottleneck within health education programs related to a shortage of clinical education sites and preceptors. To support the area of greatest need in health care, this tax credit was restricted to primary care providers only.

In 2019, this program was launched. As of the end of 2019, 375 individuals have registered for the program and 66,298 hours were recorded over 1,029 unique clinical training rotations. Despite 375 unique preceptors being entered into the system, only 197 preceptors were awarded a total of 367 tax credits. This is far below the estimated 1,200 tax credits estimated for 2019. After many conversations with providers and the academic programs included in the Preceptor Credit Assurance Committee, it is clear that there is a much larger population of preceptors and clinical rotations that support the development of a primary care provider, but were not eligible for the preceptor tax credit. The main barriers identified were 1) uncertainty about what uncompensated for precepting means and 2) specializing in supportive role to primary care, not primary care itself.

The Hawai'i State Center for Nursing respectfully asks the Committee on Ways and Means to pass SB 31, SD2 through your committee. The Center thanks your committee for its commitment to the people of Hawai'i, and ensuring access to high-quality health care by supporting local healthcare education and training initiatives.

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



**Testimony to the Senate Committee on Ways and Means  
Thursday, February 27, 2020; 10:35 a.m.  
State Capitol, Conference Room 211**

**RE: SENATE BILL NO. 0031, SENATE DRAFT 2, RELATING TO HEALTH.**

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

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA **SUPPORTS** Senate Bill No. 0031, Senate Draft 2, RELATING TO HEALTH.

The bill, as received by your Committee, would strengthen the Preceptor Tax Credit as a means of incentivizing volunteer preceptors to offer professional instruction, training, and supervision to students and residents seeking careers as healthcare providers by:

- (1) Improving accessibility for providers to receive income tax credits for acting as preceptors; and
- (2) Adjusting the membership of the Preceptor Credit Assurance Committee.

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

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.

**Testimony on Senate Bill No. 0031, Senate Draft 2**  
**Thursday, February 27, 2020; 10:35 a.m.**  
**Page 2**

This bill will insure that the Preceptor Tax Credit is able 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.

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



## THE QUEEN'S HEALTH SYSTEMS

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

From: Rowena Buffett Timms, Executive Vice President & Chief Administrative Officer, The Queen's Health Systems

Colette Masunaga, Manager, Government Relations & External Affairs, The Queen's Health Systems

Date: February 25, 2020

Hrg: Senate Committee on Ways and Means Decision Making; Thursday, February 27, 2020 at 10:35 AM in room 211

Re: **Support for SB31 SD2, Relating to Health**

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The Queen's Health Systems (Queen's) is a not-for-profit corporation that provides expanded health care capabilities to the people of Hawai'i and the Pacific Basin. Since the founding of the first Queen's hospital in 1859 by Queen Emma and King Kamehameha IV, it has been our mission to provide quality health care services in perpetuity for Native Hawaiians and all of the people of Hawai'i. Over the years, the organization has grown to four hospitals, 66 health care centers and labs, and more than 1,600 physicians statewide. As the preeminent health care system in Hawai'i, Queen's strives to provide superior patient care that is constantly advancing through education and research.

Queen's appreciates the opportunity to provide testimony in support of SB31 SD2, relating to health. The proposed measure revises the definition of "primary care providers" and "volunteer based supervised clinical training rotation" and revises the membership of the preceptor credit assurance committee to include the director of health and director of taxation.

Every semester, there are about 20 to 30 students that look for preceptors in either primary or acute care settings. By improving accessibility for more providers to receive the tax credit, this bill will benefit graduate clinical precepting by incentivizing providers to participate in graduate training and volunteer their time and provide their expertise as mentors

Thank you for the opportunity to testify on this measure.

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

Thursday, February 27, 2020 at 10:35 AM  
Conference Room 211

**Senate Committee on Ways and Means**

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

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

Re: **Testimony in Support of SB 31, SD2  
Relating to Health**

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

**I write in support of SB 31, SD2** which revises the definition of “primary care providers” and “volunteer based supervised clinical training rotation” to improve accessibility for providers to receive income tax credits for acting as preceptors.

Preceptors are volunteer Advanced Practice Registered Nurses (APRN), physicians (MD), pharmacists (PH), and other healthcare professionals who volunteer their clinical time to teach students in the healthcare fields. In 2018, the Legislature passed Act 43 with the goal to help our state health profession training programs alleviate this crisis by offering state income tax credits for APRN, MD, DO, and PH providers who volunteer as preceptors.

While the tax credit provides an incentive to the preceptors, the current statutory definitions have limited the number of preceptors who are eligible for the credit. The various healthcare professions rely on volunteer preceptors who provide training and supervision to medical students and residents, as well as a host of allied healthcare trainees. These preceptors play a vital role in educating the next generation of healthcare workers. The amendments contained in SB 31, SD2 would allow for the expansion of the field of preceptors so that we may grow our training programs for primary care providers.

Preceptors who work for hospitals or practice groups may have language in their contract that allows "employment" by UH to teach learners in their clinical settings. The "employment" is actually paid using "pass through money" from the hospital or practice

group (not state support). If these preceptors are excluded from receiving benefit from the tax credits, they may resign as faculty members for the state-based educational program and thus create accreditation challenges for these programs.

Thus, for those preceptors who hold faculty appointments paid by clinical practice activity, the new language spells out the type of state money which if being used to employ the faculty member would preclude participation in the tax credit program.

Thank you for the opportunity to testify.





# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
Senate Committee on Ways and Means  
Thursday, February 27, 2020 at 10:35 a.m.

By

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

and

Jerris Hedges, MD, Dean and Professor  
John A. Burns School of Medicine

and

Michael Bruno, PhD

Provost

University of Hawai'i at Mānoa

Bonnie Irwin, Chancellor

and

Carolyn Ma, PharmD, BCOP

Dean, Daniel K. Inouye College of Pharmacy

University of Hawai'i at Hilo

### SB 31 SD2 – RELATING TO HEALTH

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee on Ways and Means:

Thank you for the opportunity to testify in strong support of this measure. This measure, SB 31 SD2, amends the definition of preceptor to include preceptors who work in health specialties that support primary care as well as clarifying the definition of clinical rotation and compensation.

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

In spite of the appreciation of the preceptor tax credit program, primary care and specialty providers voiced concerns related to compensation and specialty practice.

Employed clinical providers who teach students during their workday, with no change to their workload, and no additional compensation for teaching, worry that their existing clinical salary equates compensation under the preceptor tax credit provision. Similarly, because over 90% of APRNs are employed, this worry affected our existing preceptors and potential new preceptors alike. Second, as all of our programs lead to primary care certifications and prepare future primary care practitioners, the educational programs require students to complete specialty rotations to deepen their ability to address common primary care conditions. These specialties include but are not limited to cardiology, endocrinology, pulmonology, and mental and behavioral health. These specialty rotations help the future provider learn when referral to specialists is necessary for a patient and to whom they can refer. The John A. Burns School of Medicine (JABSOM) as well as other healthcare professions rely on volunteer preceptors who provide training and supervision to our students and residents. These preceptors play a vital role in educating the next generation of physicians, APRNs, pharmacists and other healthcare professions. The amendments contained in SB 31, SD2 would expand the field of preceptors so that we may grow our training programs for primary care providers.

In addition, Clinical Pharmacy practitioners work differently than medical specialties. Although a pharmacist may receive a referral for a specific area of care, in order to help a patient in that specific area, they must deliver care to the patient from an overall standpoint. For example, if the primary care physician refers a patient to a certified diabetes pharmacist to initiate diabetes medication, this patient becomes part of the pharmacist's panel for ongoing medication management. In order to address the diabetes itself, it would be negligent for a pharmacist to not address the entire medication profile and the disease states prescribed for that condition. Ongoing management of all medications and diseases would have to be performed, thus this pharmacist is the primary care provider in regards to medication related diseases. Often times, this would mean managing cardiac conditions like hypertension, congestive heart failure and other types of chronic diseases. Many of our students will take primary care types of rotations, but may elect to take an area of specialty pharmacy practice. These rotations not only emphasize the specialty area, but would also concentrate on care on the chronic diseases or primary care areas.

The UH thanks your committee for hearing this measure and humbly asks you to pass this measure through your committee. Thank you for your longstanding support for state healthcare workforce development, healthcare education, nursing, medicine, pharmacy and improving access to care for the people in our state.

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

**Hearing: February 27, 2020, 10:35 AM  
State Capitol, Conference Room 211**

By Hawaii – American Nurses Association (Hawaii-ANA)



Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee on Ways and Means, thank you for the opportunity to testify **in strong support of this measure.**

This measure, SB 31, SD2, proposes to clarify the definition of preceptor to allow a broader array of specialties that help develop a future primary care provider, to clarify the definition of “volunteer-based supervised clinical training rotation” related to both time spent teaching students and what constitutes compensation for precepting, as well as making amendments to the Preceptor Credit Assurance Committee to improve administration and roles.

In 2018, the Hawai'i Legislature, in their great wisdom, enacted Act 43, which authorized and funded \$1.5 million in tax credits, annually for five years, tax credits for advanced practice registered nurse, physician and pharmacist professionals who train in-state students in the same practice areas. This program was intended to help alleviate the bottleneck within health education programs related to a shortage of clinical education sites and preceptors. To support the area of greatest need in health care, this tax credit was restricted to primary care providers only.

In 2019, this program was launched. As of the end of 2019, 375 individuals have registered for the program and 66,298 hours were recorded over 1,029 unique clinical training rotations. Despite 375 unique preceptors being entered into the system, only 197 preceptors were awarded a total of 367 tax credits. This is far below the estimated 1,200 tax credits estimated for 2019. After many conversations with providers and the academic programs included in the Preceptor Credit Assurance Committee, it is clear that there is a much larger population of preceptors and clinical rotations that support the development of a primary care provider, but were not eligible for the preceptor tax credit. The main barriers identified were 1) uncertainty about what uncompensated for precepting means and 2) specializing in supportive role to primary care, not primary care itself.

**Hawaii-ANA respectfully requests this measure be passed through this committee with the amendments to the definition of volunteer-based supervised clinical training rotation and preceptor credit assurance committee.** Suggested language is offered on the following page. Thank you for your continued support for measures that address the need for recruiting and retaining primary healthcare providers in Hawaii.

Contact information for Hawaii – American Nurses Association  
President: Katie Kemp, BAN, RN-BC  
Executive Director Dr. Linda Beechinor, APRN-Rx, FNP-BC  
phone (808) 779-3001  
500 Lunalilo Home Road, #27-E  
Honolulu Hawaii USA 96825

[president@hawaii-ana.org](mailto:president@hawaii-ana.org)  
[executivedirector@hawaii-ana.org](mailto:executivedirector@hawaii-ana.org)

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Technical Changes to Tax Credit for Medical Preceptors

BILL NUMBER: SB 31, SD-2

INTRODUCED BY: Senate Committee on Consumer Protection and Health

EXECUTIVE SUMMARY: Revises the definition of "primary care providers" and "volunteer based supervised clinical training rotation" to improve accessibility for providers to receive income tax credits for acting as preceptors. Revises preceptor credit assurance committee.

SYNOPSIS: Amends section 235-110.25, HRS, to change the definition of "preceptor" to be a practitioner who maintains a professional practice in this State and whose specialty supports the development and training of an eligible student in primary care.

Amends the definition of "volunteer-based supervised clinical training rotation" to be a period of supervised clinical training to an eligible student or students that totals at least eighty hours of supervisory time annually, in which a preceptor (1) provides personalized instruction, training, and supervision to an eligible student or students to enable the eligible student or students to obtain an eligible professional degree or training certificate, and (2) who may be compensated for providing standard clinical services, but is uncompensated for the clinical training above or beyond clinical salary or reimbursements for clinical services or is uncompensated from state general or tuition funds for the clinical training services.

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

Makes other technical and conforming changes.

EFFECTIVE DATE: Upon approval.

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

The bill appears to make technical changes in the law and does not appear to have significant revenue impact.

Digested 2/25/2020

**LATE**

**SB-31-SD-2**

Submitted on: 2/26/2020 3:34:30 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Lisa Rantz	Testifying for Hawaii State Rural Health Association	Support	No

Comments:

Testimony Presented Before the  
Senate Committee on Ways and Means

SB 31 - Relating to Preceptor Tax Credit

Chair Donovan M. Dela Cruz, Vice-Chair Gilbert S.C. Keith-Agaran  
and Members of the committee:

I am writing in **strong support** of SB 31, which changes the Preceptor Tax Credit law to revise the definition of "primary care providers" and "volunteer based supervised clinical training rotation" to improve accessibility for providers to receive income tax credits for acting as preceptors.

Hawaii has a shortage of over 800 doctors, and almost all other types of primary care and behavioral healthcare workers. The loan repayment program is one of the best methods of encouraging providers to work in the areas of need.

In the first year, only 191 providers met the Preceptor Tax Credit criteria. The changes will help to recruit additional providers to teach our Hawaii students. This is essential to build our workforce.

Mahalo!

Thank you for the opportunity to provide testimony.

Kelley Withy, MD, PhD

**SB-31-SD-2**

Submitted on: 2/25/2020 4:43:00 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kathleen Yokouchi	Individual	Support	No

Comments:

**SB-31-SD-2**

Submitted on: 2/25/2020 4:43:53 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Susan Lee	Individual	Support	No

Comments:



**SB-31-SD-2**

Submitted on: 2/25/2020 4:50:47 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

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

Comments:

**TESTIMONY IN STRONG SUPPORT on SB 31, SD2**

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee on Ways and Means, thank you for the opportunity to testimony to testify **in strong support of this measure.**

This measure, SB 31, SD2, proposes to clarify the definition of preceptor to allow a broader array of specialties that help develop a future primary care provider, to clarify the definition of “volunteer-based supervised clinical training rotation” related to both time spent teaching students and what constitutes compensation for precepting, as well as making amendments to the Preceptor Credit Assurance Committee to improve administration and roles.

In 2018, the Hawai'i Legislature, in their great wisdom, enacted Act 43, which authorized and funded \$1.5 million in tax credits, annually for five years, tax credits for advanced practice registered nurse, physician and pharmacist professionals who train in-state students in the same practice areas. This program was intended to help alleviate the bottleneck within health education programs related to a shortage of clinical education sites and preceptors. To support the area of greatest need in health care, this tax credit was restricted to primary care providers only.

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**Anne Scharnhorst** respectfully asks the Committee on Ways and Means to pass SB31 SD2 through your committee. **Anne Scharnhorst** thanks your committee for its

commitment to the people of Hawai'i, and ensuring access to high-quality health care by supporting local healthcare education and training initiatives.

**SB-31-SD-2**

Submitted on: 2/25/2020 5:14:39 PM

Testimony for WAM on 2/27/2020 10:35:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Yvonne Geesey	Individual	Support	No

Comments:

**LATE**

**SB-31-SD-2**

Submitted on: 2/26/2020 3:58:47 PM  
Testimony for WAM on 2/27/2020 10:35:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Annette Manant	Individual	Support	No

Comments:

As a champion for nursing excellence and trusted collaborative partner developing a healthcare workforce committed to the promise of quality care for all the people of Hawai'i, preceptors contribute to this partnership immeasurably. Incentives to support this vision are important.