

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Healthcare Preceptor Credit, Amend Definitions

BILL NUMBER: HB 306, HD1

INTRODUCED BY: JOHANSON, KITAGAWA

EXECUTIVE SUMMARY: Amends the definition of "preceptor" and "volunteer-based supervised clinical training rotation" to improve accessibility for providers to receive income tax credits for acting as preceptors. Includes the director of health on the preceptor credit assurance committee.

SYNOPSIS: Amends section 235-110.25(g), HRS, to define "preceptor" as a physician or osteopathic physician, licensed pursuant to chapter 453, an advanced practice registered nurse, licensed pursuant to chapter 457, or a pharmacist, licensed pursuant to chapter 461, who is a resident of Hawaii, 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" as a period of supervised clinical training to an eligible student that totals at least eighty hours of supervisory time annually, in which a preceptor provides personalized instruction, training, and supervision to an eligible student to enable the eligible student to obtain an eligible professional degree or training certificate; provided that, while a preceptor may be compensated for providing standard clinical services, the preceptor shall be: (1) Uncompensated for the clinical training above or beyond clinical salary or reimbursements for clinical services; or (2) Uncompensated from state general or tuition funds for the clinical training services.

Amends section 321-2.7(b), HRS, to include the director of health or the director's designee on the preceptor credit assurance committee established by that section.

Makes other technical and conforming changes.

EFFECTIVE DATE: 7/1/2060.

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 2/20/2021



**Written Testimony Presented Before the  
COMMITTEE ON FINANCE**

**Tuesday, February 23, 2021 at 2:00 p.m.**

**By**

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

**TESTIMONY IN STRONG SUPPORT on HB 306, HD1**

Chair Luke, Vice Chair Cullen, and members of the House Committee on Finance, thank you for the opportunity to testify in **strong support of this measure with recommendation for an amendment to clarify that the changes proposed in this measure will apply to all of calendar year 2021.** By way of this measure, Hawai'i State Center for Nursing does not ask for new or expanded appropriations to the tax credit program.

This measure, HB 306, HD1, proposes to: clarify the definition of “preceptor” to allow a broader array of specialty providers who engage teaching future primary care providers; to clarify the definition of “volunteer-based supervised clinical training rotation” related to time spent teaching students and what constitutes compensation for precepting; and amends the Preceptor Credit Assurance Committee to improve administration and roles. The proposed amendment would additionally allow the changes proposed to apply to all of calendar year 2021, enabling providers who are teaching as preceptors in the first half of the year to qualify for tax credits.

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 their respective practice areas. This program was intended to help alleviate the bottleneck within health education programs due to a shortage of clinical education sites and preceptors. Though the tax credits were secured for five years, fewer providers are eligible for the tax credit than the number of professionals that are actually precepting our local students.

In 2019, this program allocated 371 tax credits (\$371K) to 181 preceptors, and in 2020, 368 tax credits (\$368K) to 185 preceptors despite nearly double the amount of rotations being record into the tax credit record system. After many conversations with providers and the Preceptor Credit Assurance Committee, it is clear a much larger population of preceptors and clinical rotations support the development of a primary care providers but were ineligible for the preceptor tax credit. The main barriers identified were: 1) uncertainty about the definition of “uncompensated” relating to precepting; and 2) specializations considered supportive to primary care but not primary care itself.

The Hawai'i State Center for Nursing respectfully asks the Committee on Finance to pass HB 306, HD1 **with an amendment to clarify that the changes proposed in this measure will apply to all of calendar year 2021.** 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 House Committee on Finance  
Tuesday, February 23, 2021; 2:00 p.m.  
State Capitol, Conference Room 308  
Via Videoconference**

**RE: HOUSE BILL NO. 0306, HOUSE DRAFT 1, RELATING TO HEALTH.**

Chair Luke, Vice Chair Cullen, 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** House Bill No. 0306, House Draft 1, RELATING TO HEALTH.

The bill, as received by your Committee, would improve the accessibility of providers in receiving income tax credits in their capacity as "preceptors" in "volunteer-based supervised clinical training rotation", and adding the Director of Health as a member 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.

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 House Bill No. 0306, House Draft 1**  
**Tuesday, February 23, 2021; 2:00 p.m.**  
**Page 2**

We urge your favorable consideration of this bill.

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

**HB-306-HD-1**

Submitted on: 2/20/2021 7:33:02 PM

Testimony for FIN on 2/23/2021 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Rick Ramirez	Individual	Support	No

Comments:

I fully support the amendment of this statute and this bill. As a healthcare education society, we struggle with locating, securing, and providing preceptored experiences with knowledgeable providers of all specialties including primary care. AS a primary care provider, one must have knowledge of different specialties and this bill will help us gain those preceptors who were previously missed or denies because they were not deemed "primary care". It is in the specialists where advanced healthcare and knowledge takes place that further agent the education of the primary care provider. Allowing this bill to pass will enhance the education of our healthcare provider students significantly.

**HB-306-HD-1**

Submitted on: 2/21/2021 10:04:24 AM

Testimony for FIN on 2/23/2021 2:00:00 PM

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

Comments:

**HB 306 – relating to health**

Chair Luke and members of the House Finance Committee:

I am submitting personal testimony in support of HB306 HD1. I serve as the Dean of the John A. Burns School of Medicine (JABSOM). In conjunction with the other health science leaders at the University of Hawaii, I wish to note the importance of this bill to continuing engagement of rural and neighbor island practitioners in the training of health professionals in Hawaii.

This measure, HB 306 HD1, amends the definition of “preceptor” and “volunteer based supervised clinical training rotation” to allow providers in Hawaii to receive income tax credits for service as preceptors. By way of this measure, UH does not ask for new or expanded appropriations to the tax credit program.

The preceptor shortage for training health professionals is a shared crisis among many of the UH programs in nursing, medicine and pharmacy. In 2018, the Legislature passed Act 43 with the goal to help our state health profession training programs alleviate this crisis by offering state income tax credits for APRN, MD, DO, and Pharmacy providers who volunteer as preceptors.

In spite of the appreciation of the preceptor tax credit program, some primary care and specialty providers voiced concerns related to compensation and specialty practice language in the bill. This has resulted in fewer providers accessing this tax credit than anticipated, even though the allocation and credit cap was secured in 2018.

Preceptors, or employed clinical providers who teach students during their clinical workday, with no change to their workload, and no additional compensation for teaching, worry that their existing clinical salary might be perceived as compensation under the preceptor tax credit provision. Some preceptors also use their clinical practice earnings to fund a part-time appointment with UH JABSOM and have been excluded from the preceptor tax credit. 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.

JABSOM as well as other healthcare professions rely on volunteer preceptors who provide training and supervision to our students and residents. These preceptors play a vital role in educating the next generation of physicians, APRNs, pharmacists and other healthcare professions. The amendments to Act 43 SLH 2018 contained in HB 306 would expand the field of preceptors so that we may grow our training programs for primary care providers.

JABSOM thanks the House Finance 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 (in nursing, medicine, pharmacy) and improving access to care for the people in our state.

Jerris R. Hedges, MD

Dean, JABSOM

Kelley Withy, MD, PhD  
[kellywithy@gmail.com](mailto:kellywithy@gmail.com)

Testimony for the Committee on Finance

HB306 - Relating to Health

Chair Luke, Vice Chair Cullen and Members of the committee:

I am writing in **strong support** of HB306, which seeks to expand definitions for the Preceptor Tax Credit program in Hawaii. Hawaii's Preceptor Tax Credit program is in its third year. It rewards primary care providers who teach Hawaii's medical, nursing and pharmacy students. Impact to date is listed below:

Year	Preceptors	Total Tax Credits
2019	181	\$371,000
2020	185	\$368,000

I believe that expanding the definitions will create a larger pool of teaching professionals that will, in turn, allow us to increase our class sizes and create more healthcare providers. This is essential if we are to grow our health workforce. Our shortage of physicians has grown to over 1,000 when compared to a similar population on the Continental US. Therefore, we must do everything we can to expand our health workforce and I believe this is one of the methods for doing that.

Thank you for the opportunity to provide testimony and for your dedication to the people of Hawaii.

Kelley Withy, MD, PhD



**HB-306-HD-1**

Submitted on: 2/22/2021 8:40:24 AM

Testimony for FIN on 2/23/2021 2:00:00 PM

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

Comments:

**Written Testimony Presented Before the COMMITTEE ON FINANCE**

**Tuesday, February 23, 2021 at 2:00 p.m.**

**By Anne Scharnhorst, DNP, RN**

**TESTIMONY IN STRONG SUPPORT on HB 306, HD1**

Chair Luke, Vice Chair Cullen, and members of the House Committee on Finance, thank you for the opportunity to testify in **strong support of this measure with recommendation for an amendment to clarify that the changes proposed in this measure will apply to all of calendar year 2021**. By way of this measure, **Anne Scharnhorst** does not ask for new or expanded appropriations to the tax credit program.

This measure, HB 306, HD1, proposes to: clarify the definition of “preceptor” to allow a broader array of specialty providers who engage teaching future primary care providers; to clarify the definition of “volunteer-based supervised clinical training rotation” related to time spent teaching students and what constitutes compensation for precepting; and amends the Preceptor Credit Assurance Committee to improve administration and roles. The proposed amendment would additionally allow the changes proposed to apply to all of calendar year 2021, enabling providers who are teaching as preceptors in the first half of the year to qualify for tax credits.

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 their respective practice areas. This program was intended to help alleviate the bottleneck within health education programs due to a shortage of clinical education sites and preceptors. Though the tax credits were secured for five years,

fewer providers are eligible for the tax credit than the number of professionals that are actually precepting our local students.

In 2019, this program allocated 371 tax credits (\$371K) to 181 preceptors, and in 2020, 368 tax credits (\$368K) to 185 preceptors despite nearly double the amount of rotations being record into the tax credit record system. After many conversations with providers and the Preceptor Credit Assurance Committee, it is clear a much larger population of preceptors and clinical rotations support the development of a primary care providers but were ineligible for the preceptor tax credit. The main barriers identified were: 1) uncertainty about the definition of “uncompensated” relating to precepting; and 2) specializations considered supportive to primary care but not primary care itself.

**Anne Scharnhorst** respectfully asks the Committee on Finance to pass HB 306, HD1 **with an amendment to clarify that the changes proposed in this measure will apply to all of calendar year 2021.** 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.

**HB-306-HD-1**

Submitted on: 2/22/2021 8:49:28 AM

Testimony for FIN on 2/23/2021 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Patricia Bilyk	Individual	Support	No

Comments:

Representative Luke and Members of the House Finance Committee

RE: HB 306 HD1 Relating to Health

February 23, 2021 2pm

I am Patricia Bilyk an advanced practice nurse. I Strongly Support HB 306 HD1.

As a nurse practicing in the State for 49 years, I have often served as a preceptor to young RNs, many times without compensation. I do not regret this work because I feel it is my professional duty and community kuleana to share my professional nursing knowledge. Yet compensation in the form of tax credits for this work would have been most welcome especially as a mother with growing children.

I implore this Committee to pass this bill.

Thank you

Patricia L. Bilyk, APRN, MSN, MPH



## THE QUEEN'S HEALTH SYSTEMS

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To: The Honorable Sylvia Luke, Chair  
The Honorable Ty J. K. Cullen, Vice Chair  
Members, House Committee on Finance

From: Colette Masunaga, Director, Government Relations & External Affairs, The Queen's Health Systems

Date: February 23, 2021

Re: Support for HB306, HD1: Relating to Health

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The Queen's Health Systems (Queen's) is a nonprofit corporation that provides expanded health care capabilities to the people of Hawai'i and the Pacific Basin. Since the founding of the first Queen's hospital in 1859 by Queen Emma and King Kamehameha IV, it has been our mission to provide quality health care services in perpetuity for Native Hawaiians and all of the people of Hawai'i. Over the years, the organization has grown to four hospitals, and more than 1,500 affiliated physicians and providers statewide. As the preeminent health care system in Hawai'i, Queen's strives to provide superior patient care that is constantly advancing through education and research.

Queen's supports HB306, HD1, which amends the definition of "preceptor" and "volunteer-based supervised clinical training rotation" to improve accessibility for providers to receive income tax credits for acting as preceptors and includes the Director of Health on the Preceptor Credit Assurance Committee.

Queen's supported the creation of the preceptor tax credit in 2018 as one of several methods to address the shortage of primary, community-based and acute care providers in the state of Hawai'i. One successful avenue to incentivize providers to participate as preceptors is a tax credit for practitioners willing to volunteer their time and provide their expertise as mentors. Queen's alone has approximately 111 residents and fellows in our residency program supported by preceptors. We support the amended definition of "preceptor" to include specialists which will further expand the diversity of preceptors in our residency and fellowship programs.

Queen's appreciates the opportunity to testify in support of HB306, HD1.

*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.*

**HB-306-HD-1**

Submitted on: 2/22/2021 8:46:10 AM

Testimony for FIN on 2/23/2021 2:00:00 PM

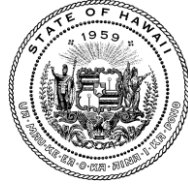
<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Lisa Rantz	Hawaii State Rural Health Association	Support	No

Comments:

The Hawaii State Rural Health Association strongly supports HB306 HD1, which amends the definition of preceptor and volunteer-based supervised clinical training rotation to improve accessibility for providers to receive income tax credits for acting as preceptors.

DAVID Y. IGE  
GOVERNOR

JOSH GREEN M.D.  
LT. GOVERNOR



ISAAC W. CHOY  
DIRECTOR OF TAXATION

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

To: The Honorable Sylvia Luke, Chair;  
The Honorable Ty J.K. Cullen, Vice Chair;  
and Members of the House Committee on Finance

From: Isaac W. Choy, Director  
Department of Taxation

Date: February 23, 2021  
Time: 2:00 P.M.  
Place: Via Video Conference, State Capitol

**Re: H.B. 306, H.D. 1, Relating to Health**

The Department of Taxation (Department) supports H.B. 306, H.D. 1, and offers the following comments for your consideration.

H.B. 306, H.D. 1, 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. H.D. 1 has a defective effective date of July 1, 2060.

It is the Department's understanding that the Preceptor Credit Assurance Committee believes many otherwise qualified medical professionals would have been eligible for this credit but for the narrow definition of the term "preceptor."

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



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
House Committee on Finance  
Tuesday, February 23, 2021 at 2:00 p.m.

By  
Mary G. Boland, DrPH, RN, FAAN  
Dean and Professor  
School of Nursing and Dental Hygiene  
University of Hawai'i at Mānoa

### HB 306 HD1 – RELATING TO HEALTH

Chair Luke, Vice Chair Cullen, and members of the House Committee on Finance:

This testimony is on behalf of UH System including UH Mānoa School of Nursing and Dental Hygiene (SONDH), John A. Burns School of Medicine (JABSOM), and the UH Hilo Daniel K. Inouye College of Pharmacy and School of Nursing.

Thank you for the opportunity to testify in strong support of this measure. This measure, HB 306 HD1, amends the definition of “preceptor” and “volunteer based supervised clinical training rotation” to improve accessibility for providers to receive income tax credits for acting as preceptors. By way of this measure, UH does not ask for new or expanded appropriations to the tax credit program.

In 2017, UH Mānoa 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 language in the bill. This has resulted in fewer providers accessing this tax credit, even though the allocation and credit cap was secured for them in 2018.

Preceptors, or 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. Some preceptors also use their clinical practice earnings to fund a part-time appointment with UH JABSOM and have been excluded from the preceptor tax credit.

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.

JABSOM as well as other healthcare professions rely on volunteer preceptors who provide training and supervision to our students and residents. These preceptors play a vital role in educating the next generation of physicians, APRNs, pharmacists and other healthcare professions. The amendments to Act 43, SLH 2018, contained in HB 306 HD1 would expand the field of preceptors so that we may grow our training programs for primary care providers.

The education training path for a pharmacist differs from nursing and medicine as well as the way clinical pharmacists' practice. Pharmacy student training curriculum stresses foundation building in the first three years of a four-year curriculum. The final fourth year includes both advanced primary care and specialty care type of pharmacy rotations. This training is based upon the profession's pharmacist role that combine both primary care (general medication management) and specialty disease management regardless of whether the practice setting is in the hospital or acute care setting, outpatient clinic or retail/specialty community pharmacy.

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

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.



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



To: The Honorable Representative Sylvia Luke, Chair of the  
House Committee on Finance

From: Hawaii Association of Professional Nurses (HAPN)  
Subject: HB306 HD1 – Relating to Health

Hearing: February 23, 2021, 2p.m.

Aloha Representative Luke, Chair; Representative Cullen, Vice Chair, and Committee Members,

Thank you for the opportunity to submit testimony regarding HB306 HD1. HAPN is in **strong support of this measure with recommendation for an amendment to clarify that the changes proposed in this measure will apply to all of the year 2021.** This measure will broaden the array of specialists who contribute to the education and development of Hawaii's future healthcare providers through clarifying the definition of "volunteer-based supervised clinical training rotation". This is related to both time spent teaching students and what constitutes compensation for precepting, and amends the Preceptor Credit Assurance Committee to improve administration and roles. **The proposed amendment would additionally allow the changes proposed to apply to all of 2021, enabling providers who are teaching as preceptors in the first half of the year to qualify for tax credits.**

This measure is supported by a wide coalition of community, academic entities, and students and HAPN joins in the support for this bill. Our interest is to ensure that all APRNs who participate in the education and training of APRN students experience the same benefits as a result of precepting students and mentoring them while they continue their education. One student member of HAPN notes that she is in the process of obtaining her FNP certification and finding a preceptor has been difficult. Including providers who participate in the teaching and clinical experience of a student from a program located in Hawaii will increase the number of preceptors to aide in their development.

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

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

Respectfully,  
Dr. Jeremy Creekmore, APRN  
HAPN President

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

**HB-306-HD-1**

Submitted on: 2/22/2021 9:20:06 AM

Testimony for FIN on 2/23/2021 2:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Lisa Rantz	Hilo Medical Center Foundation	Support	No

Comments:

Preceptors are critical to sustaining our healthcare workforce; without preceptors, our students and resident physicians would not be able to perform clinical rotations to learn the critical skills necessary to care for patients. This is an essential piece to the puzzle to make our healthcare system sustainable in Hawaii.

**Written Testimony Presented Before the  
COMMITTEE ON FINANCE  
Tuesday, February 23, 2021 at 2:00 p.m.  
By**

**LATE**

Wendy Suetsugu, JD, MSN, RN/Clinical Placement Director  
University of Hawaii at Manoa, School of Nursing and Dental Hygiene

**TESTIMONY IN STRONG SUPPORT on HB 306, HD1**

Chair Luke, Vice Chair Cullen, and members of the House Committee on Finance, thank you for the opportunity to testify in **strong support of this measure with recommendation for an amendment to clarify that the changes proposed in this measure will apply to all of calendar year 2021.** By way of this measure, **Wendy Suetsugu** does not ask for new or expanded appropriations to the tax credit program.

This measure, HB 306, HD1, proposes to: clarify the definition of “preceptor” to allow a broader array of specialty providers who engage teaching future primary care providers; to clarify the definition of “volunteer-based supervised clinical training rotation” related to time spent teaching students and what constitutes compensation for precepting; and amends the Preceptor Credit Assurance Committee to improve administration and roles. The proposed amendment would additionally allow the changes proposed to apply to all of calendar year 2021, enabling providers who are teaching as preceptors in the first half of the year to qualify for tax credits.

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 their respective practice areas. This program was intended to help alleviate the bottleneck within health education programs due to a shortage of clinical education sites and preceptors. Though the tax credits were secured for five years, fewer providers are eligible for the tax credit than the number of professionals that are actually precepting our local students.

In 2019, this program allocated 371 tax credits (\$371K) to 181 preceptors, and in 2020, 368 tax credits (\$368K) to 185 preceptors despite nearly double the amount of rotations being record into the tax credit record system. After many conversations with providers and the Preceptor Credit Assurance Committee, it is clear a much larger population of preceptors and clinical rotations support the development of a primary care providers but were ineligible for the preceptor tax credit. The main barriers identified were: 1) uncertainty about the definition of “uncompensated” relating to precepting; and 2) specializations considered supportive to primary care but not primary care itself.

**Wendy Suetsugu** respectfully asks the Committee on Finance to pass HB 306, HD1 **with an amendment to clarify that the changes proposed in this measure will apply to all of calendar year 2021.** 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.