

**STATE OF HAWAII
DEPARTMENT OF HEALTH**

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**Testimony in SUPPORT of HB303 HD1
RELATING TO HEALTHCARE PRECEPTORS.**

REP. GREGGOR ILAGAN, CHAIR
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & TECHNOLOGY

Hearing Date: February 7, 2025

Room Number: 423

1 **Department Testimony: Department Testimony:** The Department of Health (DOH) supports
2 HB303 HD1.

3 Findings from the five-year evaluation of the Hawaii Preceptor Tax Credit Program, conducted
4 by the Preceptor Credit Assurance Committee, showed that offering income tax credits to
5 preceptors contributed to a 77% growth in the number of preceptors providing training and in 84
6 professionals becoming preceptors. Expanding the eligibility criteria to allow additional
7 healthcare professions to become preceptors and receive this tax credit would allow more
8 students to train and work in Hawaii, thereby contributing to our healthcare workforce strategy.

9 Thank you for the opportunity to testify.

10

JOSH GREEN M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
DEPARTMENT OF TAXATION

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GARY S. SUGANUMA
DIRECTOR

KRISTEN M.R. SAKAMOTO
DEPUTY DIRECTOR

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

TESTIMONY ON THE FOLLOWING MEASURE:

H.B. No. 303, H.D.1, Relating to Healthcare Preceptors

BEFORE THE:

House Committee on Economic Development & Technology

DATE: Friday, February 7, 2025

TIME: 10:15 a.m.

LOCATION: State Capitol, Room 423

Chair Ilagan, Vice-Chair Hussey, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding H.B. 303, H.D. 1, for your consideration.

H.B. 303, H.D. 1, amends section 235-110.25, Hawaii Revised Statutes, regarding the healthcare preceptor income tax credit, by:

- (1) amending the definition of “preceptor” and “volunteer-based supervised clinical training rotation” to include specialty providers who support the development and training of students in clinical health care practice;
- (2) removing “primary care” practice as a criteria to qualify as a preceptor;
- (3) amending the definition of “eligible professional degree or training certificate,” by adding students in the areas of physician assistants, dieticians, and social workers;
- (4) amending the definition of “eligible student” by adding physician assistant students, dietician students, social work students, or residents enrolled in an eligible academic program, residency program, or fellowship;
- (5) adding a definition for “residency program” to include residency or fellowship programs, nationally accredited through academia or employers;

- (6) amending the definition of “nationally accredited” to include nursing residents, pharmacy students, physician assistant students, dietician students, and social work students, that are each accredited by their unique accrediting bodies;
- (7) clarifying that a preceptor may be compensated through their clinical salary for providing standard clinical services, distinguishing those services from the volunteer-based supervised clinical training rotation that is applicable to this credit;
- (8) amending the preceptor credit assurance committee to include the Director of Health or the director’s designee, the Hawaii/Pacific basin area health education center, the center for nursing, and academic and residency programs with eligible students; and
- (9) accepting accreditation by any other accreditation body recognized by the preceptor credit assurance committee.

This measure has a defective effective date of July 1, 3000, provided that the expanded definitions in section 2 apply to taxable years beginning after December 31, 2025.

DOTAX can administer this measure for taxable years beginning after December 31, 2025.

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



**Testimony to the House Committee on Economic Development and Technology
Friday, February 7, 2025; 10:15 a.m.
State Capitol, Conference Room 423
Via Videoconference**

RE: HOUSE BILL NO. 0303, HOUSE DRAFT 1, RELATING TO HEALTHCARE PRECEPTORS.

Chair Ilagan, Vice Chair Hussey, 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. 0303, House Draft 1, RELATING TO HEALTHCARE PRECEPTORS.

By way of background, the HPCA represents Hawaii's Federally Qualified Health Centers (FQHCs). FQHCs provide desperately needed medical services at the frontlines to over 150,000 patients each year who live in rural and underserved communities. Long considered champions for creating a more sustainable, integrated, and wellness-oriented system of health, FQHCs provide a more efficient, more effective and more comprehensive system of healthcare.

The bill, as received by your Committee, would:

- (1) Improve accessibility for providers to receive income tax credits for acting as preceptors;
- (2) Expand the list of preceptors and eligible students to include physician assistants, social workers, and licensed dieticians;
- (3) Expand eligibility for the tax credit to include accredited residency programs that require preceptor support; and
- (4) Revise the membership of the preceptor credit assurance committee to include the Director of Health and residency programs with eligible students.

This bill would take effect on July 1, 3000 and apply to taxable years beginning after December 31, 2025.

Testimony on House Bill No. 0303, House Draft 1
Friday, February 7, 2025; 10:15 a.m.
Page 2

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

This bill would enhance a financial incentive to improve the quality and stock of Hawaii's future healthcare workforce. Accordingly, we commend this effort and wish to participate in any and all discussions concerning workforce development.

We urge your favorable consideration of this bill.

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



February 7, 2025 at 10:15 am
Conference Room 423

House Committee on Economic Development and Technology

To: Chair Greggor Ilagan
Vice Chair Ikaika Hussey

From: Paige Heckathorn Choy
AVP, Government Affairs
Healthcare Association of Hawaii

Re: **Support**
HB 303 HD 1, Relating to Healthcare Preceptors

The Healthcare Association of Hawaii (HAH), established in 1939, serves as the leading voice of healthcare on behalf of 170 member organizations who represent almost every aspect of the health care continuum in Hawaii. Members include acute care hospitals, skilled nursing facilities, home health agencies, hospices, assisted living facilities and durable medical equipment suppliers. In addition to providing access to appropriate, affordable, high-quality care to all of Hawaii's residents, our members contribute significantly to Hawaii's economy by employing over 30,000 people statewide.

Thank you for the opportunity to **support** this measure, which seeks to expand the eligibility criteria for the healthcare preceptor tax credit in Hawaii and make other changes to strengthen the program. This program is important to addressing the pressing shortage of healthcare providers in our state by improving the accessibility of these tax credits for more provider types, including those who may provide specialty care.

Preceptors play an indispensable role in the education and training of our future healthcare workforce. They serve as experienced mentors, providing hands-on clinical training and supervision to students across various healthcare disciplines. This mentorship is vital for students to translate theoretical knowledge into practical skills, ensuring they are well-prepared to deliver high-quality patient care upon entering the workforce.

Expanding the eligibility for this successful program to include a broader range of healthcare providers will help incentivize more professionals to serve as preceptors. This expansion is expected to enhance the training opportunities for students and help to ensure a more robust pipeline of well-trained providers ready to meet the diverse healthcare needs of our population.

Thank you for hearing this important measure and your continued support for building a strong healthcare workforce in Hawaii.



UNIVERSITY OF HAWAII SYSTEM

‘ŌNAEHANA KULANUI O HAWAII

Legislative Testimony

Hō'ike Mana'o I Mua O Ka 'Aha'ōlelo

Testimony Presented Before the
House Committee on Economic Development & Technology
Friday, February 7, 2025 at 10:15 a.m.

By

T. Samuel Shomaker, Dean and
Kelley Withy, MD, Professor, Department of Family Medicine and Community Health,
Hawai'i/Pacific Basin Area Health Education Center (AHEC) Director

John A. Burns School of Medicine

And

Clementina D. Ceria-Ulep, Dean
UH School of Nursing and Dental Hygiene

University of Hawai'i at Mānoa and

And

Alex Ortega, Dean
UH Manoa Thompson School of Social Work and Public Health

And

Rae Matsumoto, Dean
UH Hilo Daniel K. Inouye College of Pharmacy

And

Michael Bruno, Provost
University of Hawai'i at Mānoa

And

Bonnie Irwin, Chancellor
University of Hawai'i at Hilo

HB 303 HD1 – RELATING TO HEALTHCARE PRECEPTORS

Chair Ilagan, Vice Chair Hussey and Members of the Committee:

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

Thank you for the opportunity to testify in **strong support** of HB 303 HD1 which amends the successful Preceptor Tax Credit program that allows for income tax incentives to health care providers who volunteer to provide clinical training for Hawaii's future health care workforce. The bill expands the definition of "preceptor" and "volunteer based supervised clinical training rotation" to improve accessibility for volunteer providers to receive income tax credits for serving as preceptors. The bill also removes "primary care" from the criteria to qualify as a preceptor, and adds physician assistants, social workers, and licensed dietitians to the list of preceptors as these

providers are invaluable to the training of future health care professionals and reflects Hawai'i's interprofessional training philosophy. The measure further expands eligibility for the tax credit to include accredited residency programs that require preceptor support.

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

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

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

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

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

Practicum placements are a signature component of both undergraduate and graduate social work education. Students' work in community-based organizations provides

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

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

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

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



Written Testimony Presented Before the Committee Economic Development & Technology
February 5, 2025

By the Hawai'i Affiliate of the American College of Nurse-Midwives (HAA)

Re: HB 303 HD1 RELATING TO HEALTHCARE PRECEPTORS

To Chairperson Ilagan and Vice-Chair Hussey,

Thank you for the opportunity to offer comment on HB 303 HD1. We are pleased the bill is moving forward and continue to provide testimony in hopes our comments are taken into consideration. We provide testimony on behalf of our professional member organization, the Hawai'i Affiliate of the American College of Nurse-Midwives (HAA), whose mission is “to promote the health and well-being of women and newborns within their families and communities through the development and support of the profession of midwifery as practiced by Certified Nurse-Midwives (CNMs) and Certified Midwives (CMs).”

IN SUPPORT WITH COMMENT FOR HB 303 HD1

Currently in the State of Hawai'i, there is no school for midwifery for a student nurse midwife (SNM) pursuing a CNM credential nor for a student midwife (SM) pursuing a CM credential. All Hawai'i-based midwifery students must either travel to the continent for their masters degree or complete a remote program pending their ability to obtain clinical sites and preceptors. As none of these programs are based in Hawai'i, no preceptor of a SNM or SM can apply for a tax credit. We hope this bill can address this oversight.

As a part of the purpose of our organization to grow the profession, we offer support to student midwives. Listed on our midwife directory, there are 45 CNMs and one CM working in the State. From within this group, very few CNM and CM are in a position to precept, either due to institutional limitations or not having the required volume if in private practice. HAA members are intimately aware of the negative impact on aspiring students and their families due to this lack of access to clinical sites and preceptors.

This is also a social justice issue. As an organization, we are proud of our efforts to address issues of equity as it relates to education. Currently, there is only one Kānaka Maoli CNM working in the State. In the years to come, we hope there will be more and more representation of Native Hawaiian providers as

well as an expansion of providers from Pacific Islander communities. Any manner of incentive for working CNM and CMs who are in a position to precept will support ‘growing our own.’ The amendments we seek in this bill would be: 1) to include the CNM and CM within credentials eligible for a tax credit & 2) a provision for eligibility for a tax credit to be extended to those precepting to Hawai’i-based students to support growing our profession to serve their communities.

We appreciate your consideration of our testimony and we are available for comment via email.

Sincerely,

The Hawai’i Affiliate of ACNM Board

Annette Manant, PhD, ARPN, CNM President

Connie Conover, CNM, MSN Vice President & Treasurer

Margaret Ragen, CM, LM, MS Secretary & Affiliate Legislative Contact

acnmhawaiiaffiliate@gmail.com

<https://hawaiimidwives.org/>

Friday, February 7, 2025 at 10:15 AM
Via Video Conference; Conference Room 423

House Committee on Economic Development

To: Representative Greggor Ilagan, Chair
Representative Ikaika Hussey, Vice Chair

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

**Re: Testimony in Support of HB 303, HD1
Relating to Health Care Preceptors**

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

HPH writes in SUPPORT of HB 303, HD1 which amends the definition of “preceptor” and “volunteer-based supervised clinical training rotation” to improve accessibility for providers to participate in the preceptor tax credit program. The bill also removes “primary care” from the criteria to qualify as a preceptor, and adds physician assistants, social workers, and licensed dietitians to the list of preceptors as these providers are invaluable to the training of future health care professionals and reflects Hawai'i's interprofessional training philosophy. The measure further expands eligibility for the tax credit to include accredited residency programs that require preceptor support.

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

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

in primary care. Expanding the definition of “preceptor” to include other fields of practice would expand the pool of available preceptors to train new healthcare providers and allow for enhanced training opportunities to grow our workforce.

Thank you for the opportunity to testify.

HB-303-HD-1

Submitted on: 2/5/2025 5:43:48 PM

Testimony for ECD on 2/7/2025 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Dr. Dean Shivvers	Hawaii State Chiropractic Association	Support	In Person

Comments:

The Hawaii Chiropractic Association supports this bill because it will encourage more medical professionals to come to our state.

Please consider adding Chiropractors as a category for eligibility.



DATE: 5 Feb 2025

TO: Chair Greggor Ilagan
Vice-Chair Ikaika Hussey
House Committee on Economic Development & Technology

FROM: Leocadia Conlon, PhD, MPH, PA-C
Legislative Liaison, Hawai'i Academy of Physician Assistants

RE: HB303 HD1 RELATING TO HEALTHCARE PRECEPTORS

Hearing Date/time: Wednesday 2-7-25 10:15 AM
Place: House conference room 423

Dear Chair Ilagan and Vice-Chair Hussey,

Thank you for the opportunity to provide testimony on HB303 HD1, which expands the definitions of preceptor and volunteer based supervised training rotations to improve accessibility for providers to receive income tax credits for acting as preceptors, including removing "primary care" from the criteria to qualify as a preceptor. Adds dietitians, physician assistants, and social workers to the list of preceptors and eligible students. Expands eligibility for the tax credit to include accredited residency programs that require preceptor support.

The Hawai'i Academy of Physician Assistants (HAPA) STRONGLY SUPPORTS HB303. HAPA is the Hawai'i state chapter of The American Academy of PAs.

HAPA supports HB303 HD1 because it will include physician assistants (PA) and physician assistant students in the Preceptor Tax Credit (PTC) program. This will create equitable opportunities for clinical education among PAs and advanced practice registered nurse (APRN) students of Hawai'i based academic institutions, and equity among PA and APRN preceptors who voluntarily supervise clinical training rotations; whereas currently only physicians and APRNs who precept medical or APRN students are eligible for the PTC. Additionally, the bill supports the clinical training requirements of PA, medical, and APRN students who must receive clinical training in a variety of clinical specialties as set by their respective national accreditation standards. Finally, this bill recognizes the importance of an interdisciplinary healthcare workforce by also including Social Workers and Dietitians and Social Work and Dietician students in the PTC.



The Hawai'i Academy of Physician Assistants recognizes that PA education in Hawai'i is crucial for expanding the state's healthcare workforce. The establishment of the Hawai'i Pacific University PA Program on O'ahu, and the University of Washington MEDEX PA Program on Hawai'i Island, further demonstrates a commitment to training PAs specifically prepared to serve Hawai'i's communities. By supporting clinical preceptors who supervise PA training throughout the state, we can better ensure that PA graduates secure employment and encourage them to build long-term careers in Hawai'i.

Physicians Assistants (PAs) are state-licensed, nationally certified medical providers, who receive rigorous medical training modeled on medical school curriculum. PAs play a critical role on healthcare delivery teams, and along with their physician and APRN counterparts, help ensure the delivery of high-quality healthcare. Amidst a statewide physician shortage, PAs are successfully filling critical gaps in healthcare and reducing health disparities by expanding access to care for communities in Hawai'i. PAs are found in every clinical setting and in every medical specialty and are authorized by the Affordable Care Act (ACA), along with physicians and APRNs, to serve as primary care providers (PCP) for their patients.

It is important to note that the proposed revisions to the PTC will not result in an increase in the Preceptor Tax Credit. The current cap on the tax credit is 1.5 million dollars/tax year. The program as it stands, awarded \$676,000 in tax credits in 2024, with a cumulative \$2,657,000 tax credits issued to Hawai'i's currently eligible preceptors since the program started in 2019. By expanding eligibility to include additional healthcare providers, these excess funds can be allocated more effectively to support a broader range of preceptors and students. Expanding this program ensures that these resources are used to maximize their impact on healthcare education, equality, and access.

Thank you for the opportunity to provide testimony on this important healthcare workforce issue.



To: The Honorable Greggor Ilagan, Chair
The Honorable Ikaika Hussey, Vice Chair
Members, House Committee on Economic Development & Technology

From: Jacce Mikulanec, Director, Government Relations, The Queen's Health Systems

Date: February 7, 2025

Re: Support for HB303 HD1: Relating to Healthcare Preceptors

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 10,000 affiliated physicians, caregivers, and dedicated medical staff statewide. As the preeminent health care system in Hawai'i, Queen's strives to provide superior patient care that is constantly advancing through education and research.

Queen's **supports** HB303 HD1, which expands eligibility for the health care preceptor tax credit by clarifying that preceptors may be compensated for standard clinical services and including specialties that support the development and training of students in primary care, 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 131 residents and fellows in our residency program supported by preceptors. We support the amended definition of "preceptor" to include specialists which will further expand the diversity of preceptors in our residency and fellowship programs.

Thank you for the opportunity to testify on this measure.

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



**Written Testimony Presented Before the
House Committee on Economic Development & Technology
Friday, February 7, 2025 at 10:15 am
Conference Room 423 and videoconference
By
Laura Reichhardt, APRN, AGPCNP-BC
Director, Hawai'i State Center for Nursing
University of Hawai'i at Mānoa**

TESTIMONY IN STRONG SUPPORT on H.B. 303 H.D. 1

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

This measure, H.B. 303, H.D. 1, proposes to clarify the definition of preceptor to allow a broader array of specialty providers who engage in teaching future primary care providers, clarify the definition of “volunteer-based supervised clinical training rotation” related to both time spent teaching students and what constitutes compensation for precepting, and amend the Preceptor Credit Assurance Committee to improve administration and roles. In addition, this measure increases access to the tax credit program by including all specialties who engage in precepting, and expand the professions to include physician assistants, social work, and registered dietitians. The proposed changes are in line with the recommendations in the five-year assessment of the Preceptor Tax Credit Program.

MAINTAIN	ADD	CHANGE
<ul style="list-style-type: none"> • Keep the process that local schools submit clinical rotation information; • Keep the requirement that preceptors must self-verify their location, license information, specialty, and lack of existing compensation for precepting; and • Keep, and clarify, the requirement that the tax credit is for non-compensated precepting activities only. 	<ul style="list-style-type: none"> • Add additional healthcare provider professions with schools in Hawai'i, including physical therapy, occupational therapy, social work, registered dietitians, and physician assistants. 	<ul style="list-style-type: none"> • Remove primary care specialty requirement for preceptors; and • Remove requirement that only preceptor education for primary care students may be eligible for tax credits.

TABLE I: RECOMMENDATION SUMMARY FROM THE PRECEPTOR NEEDS ASSESSMENT

The mission of the Hawai'i State Center is to engage in nursing workforce research, promote best practices and disseminate knowledge, cultivate a diverse and well-prepared workforce, support healthy work environments, champion lifelong learning, and strategically plan for sound nursing workforce policy.

In 2018, the Hawai'i Legislature, in their great wisdom, enacted Act 43, which authorized and funded \$1.5 million in 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 related to a shortage of clinical education sites and preceptors. The tax credit program has successfully grown the preceptor base over time (Figure 4). However, there is room to expand the program even with the positive growth.

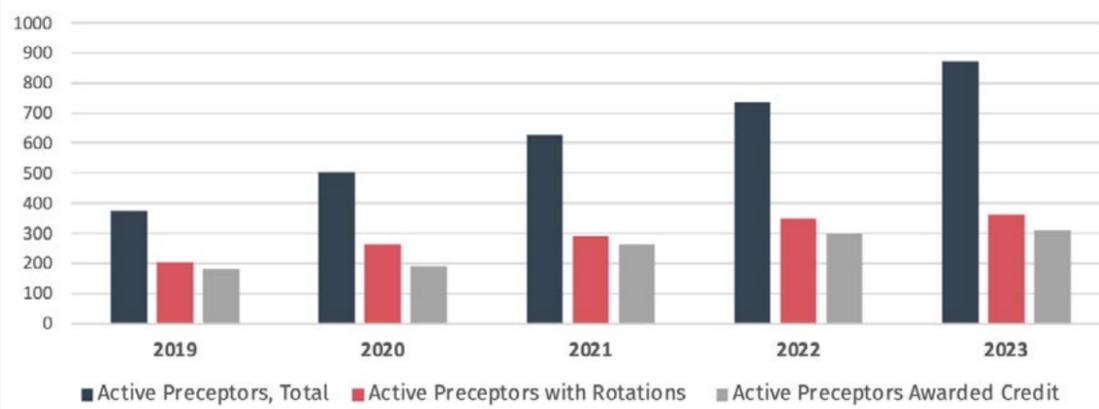


FIGURE 4: GROWTH IN PRECEPTORS, REGISTERED, WITH ROTATIONS AND RECEIVING TAX CREDITS

While the program is achieving the established goals, there is room to grow.

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

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

The Hawai'i State Center for Nursing respectfully asks the Committee to pass this measure 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 is to engage in nursing workforce research, promote best practices and disseminate knowledge, cultivate a diverse and well-prepared workforce, support healthy work environments, champion lifelong learning, and strategically plan for sound nursing workforce policy.

TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: NET INCOME, Expand Healthcare Preceptor Credit

BILL NUMBER: HB 303 HD 1

INTRODUCED BY: House Committee on Health

EXECUTIVE SUMMARY: Expands the definitions of "preceptor" and "volunteer-based supervised clinical training rotation" to improve accessibility for providers to receive income tax credits for acting as preceptors, including removing "primary care" from the criteria to qualify as a preceptor. Adds dietitians, physician assistants, and social workers to the list of preceptors and eligible students. Expands eligibility for the tax credit to include accredited residency programs that require preceptor support. Adds the Director of Health and residency programs with eligible students to the Preceptor Credit Assurance Committee.

SYNOPSIS: Amends section 235-110.25(g), HRS, to add definitions for dietitian student, physician assistant student and social work student and adds these professions to the definition of "eligible student" and "Preceptor" for purposes of the healthcare preceptor income tax credit.

Amends section 235-110.25(g), HRS, to add a definition for residency program.

Amends section 235-110.25(g), HRS, definition of eligible student to add students enrolled in a residency program or fellowship.

Amends section 235-110.25(g), HRS, definition of "volunteer-based supervised clinical training rotation" to allow a preceptor to be compensated for providing standard clinical services, while providing that the preceptor be uncompensated for (1) the clinical training above or beyond clinical salary or reimbursements for clinical services, or 2) the provision of clinical training services from tuition funds or from state general funds.

Makes other conforming changes to section 235-110.25(g).

Amends section 321-2.7(a)(2)(C), HRS, to add attestation provisions if the preceptor is compensated.

Amends section 321-2.7(b), HRS, to revise the membership of the preceptor credit assurance committee, adding the director of health or the director's designee, and representatives of academic programs with eligible students and residency programs with eligible students.

EFFECTIVE DATE: July 1, 3000; Section 2 applicable to taxable years beginning after December 31, 2025.

STAFF COMMENTS: The credit for healthcare preceptors was added by Act 43, SLH 2018. This measure appears to arise from the department of health's first five-year evaluation of

Re: HB 303 HD 1
Page 2

the program made to the 2024 Legislature. The evaluation noted an increase in preceptors and recommended the addition of other classes of health care providers.

The bill, by allowing physician assistants, dieticians, and social workers into the program and removing the current restriction to primary care, scales the program up and will have a revenue impact.

Digested: 2/5/2025



Testimony presented before the
Senate Committee on Health and Human Services
February 7, 2025

Dr. Corrie L. Sanders on behalf of
The Hawai'i Pharmacists Association (HPhA)

Honorable Chair Ilagan, Vice Chair Hussey, and Members of the Committee,

Thank you for the opportunity to testify in **strong support of HB 303** which amends the successful Preceptor Tax Credit program that allows for income tax incentives to health care providers who volunteer to provide clinical training for Hawaii's future healthcare workforce. This bill also expands the definition of "preceptor" and "volunteer based supervised clinical training rotation" and removes "primary care" from the criteria to qualify as a preceptor while adding other care professionals for eligibility with the inclusion of residency programs.

We would like to acknowledge the interdisciplinary working group within the University of Hawai'i System to expand these tax credits across various health professions. We strongly support the reasoning outlined by this team to **further expand this initiative to include pharmacy residents and pharmacy residency preceptors** across the state that continue to educate and train the next generation of practicing pharmacists without any financial incentive.

On behalf of the Hawai'i Pharmacists Association, mahalo for this opportunity to testify in support of HB 303 with amendments.

Very Respectfully,

Corrie L. Sanders, PharmD., BCACP, CPGx
Executive Director, Hawai'i Pharmacists Association

Hawai'i Association of Professional Nurses (HAPN)



To: The Honorable Representative Greggor Ilagan, Chair of the House Committee on Economic Development & Technology

From: Hawai'i Association of Professional Nurses (HAPN)

Subject: HB303 – Relating to Healthcare Preceptors

Hearing: February 7, 2025, 10:15 a.m.

Aloha Chair Ilagan, Vice Chair Hussey, and Members of the Committee,

On behalf of the Hawai'i Association of Professional Nurses (HAPN), we strongly support HB303, which enhances the healthcare preceptor tax credit program. This bill is a crucial step toward addressing Hawaii's ongoing healthcare workforce shortages by expanding eligibility and increasing accessibility for providers who serve as preceptors.

Strengthening Preceptor Accessibility and Incentives

HB303 includes key updates recommended by the House Committee on Health (HLT) to improve provider participation in the tax credit program. These updates will:

1. Expand Preceptor Eligibility and Accessibility

- Amend the definitions of “preceptor” and “volunteer-based supervised clinical training rotation” to ensure that a broader range of healthcare providers can qualify for the tax credit.
- Remove the restriction requiring preceptors to serve in primary care, recognizing the need for training across all specialties, including behavioral health, geriatrics, and specialty care.

2. Broaden the List of Eligible Preceptors and Students

- Include physician assistants, social workers, and licensed dietitians as eligible preceptors.
- Ensure that students in accredited residency programs requiring preceptor support qualify for the tax credit program.

3. Support Residency Programs that Require Preceptor Training

- Expand eligibility to include accredited residency programs that rely on preceptors, providing much-needed support for the development of advanced clinical training opportunities in Hawaii.

4. Enhance the Preceptor Credit Assurance Committee

- Revise the membership to include the Director of Health and representatives from residency programs with eligible students, ensuring a more comprehensive oversight and support structure for preceptors.

The Impact of HB303 on APRNs and Hawaii's Healthcare Workforce

APRNs are a critical part of Hawaii's healthcare system, providing high-quality, patient-centered care across diverse specialties. HB303 ensures that APRN students have increased access to preceptors and clinical training opportunities, strengthening the pipeline of future providers in Hawaii.

By removing barriers and expanding tax credit eligibility, this bill encourages more experienced healthcare professionals to serve as preceptors, directly improving the availability of training opportunities for APRN students. Additionally, by including residency programs, HB303 enhances post-graduate training, ensuring that newly trained healthcare professionals are well-prepared to serve in Hawaii's communities.

HAPN's Commitment to Supporting HB303

HAPN remains committed to advocating for policies that support APRNs and improve healthcare access across the state. HB303 aligns with our mission to ensure a sustainable, well-trained healthcare workforce by incentivizing experienced providers to mentor the next generation of professionals.

Conclusion

HB303 is a vital measure that strengthens Hawaii's preceptor tax credit program, expanding access to clinical training for APRNs, physician assistants, social workers, dietitians, and medical residents. These changes are essential to improving provider retention and addressing Hawaii's healthcare workforce shortages.

We respectfully urge the committee to pass this measure and appreciate your dedication to strengthening Hawaii's healthcare system.

Mahalo for the opportunity to provide testimony in strong support of HB303. Please do not hesitate to contact us if additional information is needed.

Respectfully,

Dr. Jeremy Creekmore, APRN
HAPN President



HAWAII HEALTH SYSTEMS
C O R P O R A T I O N

"Quality Healthcare For All"

COMMITTEE ON ECONOMIC DEVELOPMENT & TECHNOLOGY

Representative Greggor Ilagan, Chair
Representative Ikaika Hussey, Vice-Chair

February 7, 2025

10:15 AM

Hawaii State Capitol

Room 423 & Via Videoconference

Support of H.B. 303, HD1

RELATING TO HEALTHCARE PRECEPTORS

Expands the definitions of "preceptor" and "volunteer-based supervised clinical training rotation" to improve accessibility for providers to receive income tax credits for acting as preceptors, including removing "primary care" from the criteria to qualify as a preceptor.

Adds dieticians, physician assistants, and social workers to the list of preceptors and eligible students. Expands eligibility for the tax credit to include accredited residency programs that require preceptor support. Adds the Director of Health and residency programs with eligible students to the Preceptor Credit Assurance Committee. Applies to taxable years beginning after 12/31/2025. Effective 7/1/3000. (HD1)

Edward N. Chu

President & Chief Executive Officer
Hawaii Health Systems Corporation

On behalf of the Hawaii Health Systems Corporation (HHSC) Corporate Board of Directors, thank you for the opportunity to present testimony in **support of HB 303, HD1**.

The challenges in healthcare workforce shortages facing especially Hawaii's neighbor islands are well-known. Expanding and continuing to support the preceptor tax credit is one of the avenues Hawaii can take to work towards cultivating a dynamic healthcare workforce for all of Hawaii.

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

HB-303-HD-1

Submitted on: 2/5/2025 5:31:35 PM

Testimony for ECD on 2/7/2025 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Dr. Scott Deane D.C.	Individual	Support	Written Testimony Only

Comments:

I am in support of this bill to help the chiropractic profession. It will increase the availability of care that can be provided while reducing cost to patients. It will allow for mentorship opportunities and elevate the level of chiropractic care in our state.

HB-303-HD-1

Submitted on: 2/5/2025 5:48:23 PM

Testimony for ECD on 2/7/2025 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Joseph Leonardi	Individual	Support	Written Testimony Only

Comments:

I support this bill in that it will provide decreased costs to patients of Hawai'i and improve the health care delivery system in our state.

Additionally, I ask that the comittie please consider including chiropractors as category for eligibility.

Thank you.
Joseph Leonardi, D.C.

HB-303-HD-1

Submitted on: 2/5/2025 5:52:07 PM

Testimony for ECD on 2/7/2025 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Julia Goodman	Individual	Support	Written Testimony Only

Comments:

Please consider including chiropractors as a category for eligibility. This will help reduce the cost of care for chiropractic patients.

Dr. Julia Goodman DC

HB-303-HD-1

Submitted on: 2/6/2025 9:58:53 AM

Testimony for ECD on 2/7/2025 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
LILY VAN	Individual	Support	Written Testimony Only

Comments:

Honorable Chair Ilagan, Vice Chair Hussey, and Members of the Committee,

Thank you for the opportunity to testify in **strong support of HB 303** which amends the successful Preceptor Tax Credit program that allows for income tax incentives to health care providers who volunteer to provide clinical training for Hawaii’s future healthcare workforce. This bill also expands the definition of “preceptor” and “volunteer based supervised clinical training rotation” and removes “primary care” from the criteria to qualify as a preceptor while adding other care professionals for eligibility with the inclusion of residency programs.

I would like to acknowledge the work of the interdisciplinary working group within the University of Hawai’i System to expand these tax credits across various health professions. As a pharmacy residency program director, I recognize the importance of training and keeping our local healthcare professionals within our state. In order to maintain opportunities for post-doctoral training of pharmacists, we need to ensure that our preceptors are also appropriately supported.

I strongly support the **expansion of this initiative to include pharmacy residents and pharmacy residency preceptors** across the state that continue to educate and train the next generation of practicing pharmacists without any financial incentive.

Thank you for this opportunity to testify in support of HB 303 with amendments.

Respectfully,

Lily Van, PharmD, BCACP, CDCES

HB-303-HD-1

Submitted on: 2/7/2025 11:15:10 AM

Testimony for ECD on 2/7/2025 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Christina Marzo	Individual	Support	Written Testimony Only

Comments:

I support this measure.

HB-303-HD-1

Submitted on: 2/7/2025 11:15:21 AM

Testimony for ECD on 2/7/2025 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Katherine Rice	Individual	Support	Written Testimony Only

Comments:

I support this measure.

HB-303-HD-1

Submitted on: 2/7/2025 11:35:26 AM

Testimony for ECD on 2/7/2025 10:15:00 AM

Submitted By	Organization	Testifier Position	Testify
Nicole Mahealani Lum	Individual	Support	Written Testimony Only

Comments:

Aloha, I support this measure. There is a dire shortage of health care providers in the State of Hawaii, especially primary care. Clinical preceptors are vital to the education and training of students and residents pursuing careers in healthcare. This bill would help to support and incentivize more health professionals to precept future health care providers. Thank you, Dr. Nicole Mahealani Lum, D.O.