



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
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by

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SB 2298 SD1 – RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS

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

I am testifying on behalf of the University of Hawai'i System with its graduate nursing, as well as the John A. Burns School of Medicine and the Daniel K. Inouye College of Pharmacy in strong support of SB 2298 SD1 with recommended amendments. This bill will support workforce development by establishing individual income tax credits for professionals who serve as uncompensated preceptors to UH students seeking a career in primary health care in Hawai'i.

The SB 2298 SD1 measure:

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

Preceptors are licensed and practicing health care professionals who oversee a health professional student in gaining the clinical experience required by national accreditors and State of Hawai'i licensing boards. The uncompensated, voluntary precepting takes place at their place of employment and is above and beyond their patient care workload and employment responsibilities. Also, the preceptor must develop a set of coaching or teaching skills above and beyond that required for their employment. Such preceptors are committed to educating the next generation but are reporting increasing fatigue and burnout due to the competing demands on their time and we are facing a shortage of

preceptors for all the health professions students. This shortage impacts the UH ability to accept Hawai'i students into our programs and prepare an adequate number of future professionals to meet the demands for healthcare providers for the people of Hawai'i. As demands increase on health care providers, they are requesting recognition for their preceptor activities to offset longer hours worked or fewer patient visits.

A 2017 Hawai'i State Center for Nursing (HSCN) survey of in-state dental hygiene, pharmacy, medicine and graduate nursing schools found that all responding schools are moderately or very concerned about the small number of clinical training sites available for their students; more than 80% of in-state health profession schools had more difficulty finding clinical training sites in 2017 than in 2015; and over half of these programs have limited enrollment due to the lack of training sites. As an example, the UH Mānoa School of Nursing and Dental Hygiene Doctor of Nursing Practice (DNP) Program graduates primary care nurse practitioners who manage patient panels, and assess, evaluate, diagnose, develop treatment plans including prescribing medication. Due to the lack of preceptors, we admit only 29% of the qualified Hawai'i applicants. Yet, the state has a continuing shortage of primary care providers.

Georgia, Maryland and Colorado have enacted legislation for preceptor individual income tax credits and Utah, North Dakota and New York currently are undertaking similar efforts to both maintain and grow the preceptor capacity in their states. The Hawai'i approach is highly interprofessional as we recognize the need for team care delivery to address community needs. By addressing the preceptor shortage as the University of Hawai'i system, we will move our state closer to sustainable interprofessional education and care delivery.

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

The UH notes the economic benefit provided by the health workforce. A North Carolina economic analysis found that each full time APRN in their state can contribute, minimally, \$273,000 in direct economic output and between \$11,800 and \$22,000 in state and local tax revenue¹. A recent American Medical Association economic analysis

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

found that physicians in Hawai'i contribute, on average, \$2,282,615 in direct economic output and \$110,494 in state and local tax revenue².

A state investment in the healthcare professions academic pipeline through preceptor income tax-credits will improve the UH ability to develop and grow future healthcare professionals in this state, close the gap on the shortage of health care professionals, and increase economic revenues statewide.

Further, UH health professions education programs asks that the Senate Committee on Ways and Means consider pharmacy's integral role in primary care management and care by adding the pharmacy profession to the eligible professions for this tax credit. The attached recommended language for an SD2:

- Adds pharmacists as eligible for the preceptor tax credit.
- Includes the profession of pharmacy in the terms preceptor, eligible student, eligible professional degree or training certificate, and nationally accredited.

Therefore, on behalf of the UH health professions education programs, we respectfully request that SB 2298 SD1 pass amended.

² American Medical Association [AMA]. (2018). The economic impact of physicians in Hawaii: State report. Retrieved from <https://www.physicianseconomicimpact.org/pdf/FullStateReports/HI-Study.pdf>

ATTACHMENT WITH SUGGESTED AMENDMENTS TO SB 2298 SD1

Note: Suggested amendments are reflected as highlighted bracketed text

Proposed SD2 adds pharmacists as eligible for the preceptor tax credit. Includes the profession of pharmacy in the terms preceptor, eligible student, eligible professional degree or training certificate, and nationally accredited.

Page 3 Line 20

The purpose of this Act is to create a tax credit that encourages preceptors to offer professional instruction, training, and supervision to students and residents seeking careers as primary care physicians and advanced practice registered nurses throughout Hawaii, with the intention of building capacity for clinical education at in-state academic programs that are nationally accredited for the training of primary care physicians[, and] advanced practice registered nurses [and pharmacists].

Page 4 Line 8

"§235- Healthcare preceptor tax credit. (a) There shall be allowed to each taxpayer subject to the tax imposed by this chapter, a healthcare preceptor tax credit for volunteer-based supervised clinical rotations for primary care physician students[, and] advanced practice registered nurse students [and pharmacy students], which shall be deductible from the taxpayer's net income tax liability, if any, imposed by this chapter for the taxable year in which the credit is properly claimed.

Page 7 Line 19

"Eligible professional degree or training certificate"
means a degree or certificate that fulfills a requirement to be
a physician or osteopathic physician pursuant to chapter 453,
[or] an advanced practice registered nurse pursuant to chapter
457 [, or a pharmacist pursuant to chapter 461].

Page 8 Line 2

"Eligible student" means an advanced practice registered
nurse student, [or] medical student[, or pharmacy student]
enrolled in an academic program and is a resident of Hawaii.

Page 8, Line 19

"Nationally accredited" means holding an institutional
accreditation by name to offer post-secondary medical primary
care education. Accreditation for medical students shall be
offered by the Liaison Committee on Medical Education or
American Osteopathic Association Commission on Osteopathic
College Accreditation. Accreditation for advanced practice
registered nurse students shall be offered by the Commission on
Collegiate Nursing Education. [Accreditation for pharmacy
students shall be offered by the Accreditation Council for
Pharmacy Education.]

Page 8 Line 21- Page 9 Line 3

"Preceptor" means a physician or osteopathic physician
licensed pursuant to chapter 453, [or] an advanced practice

registered nurse licensed pursuant to chapter 457 [, or a pharmacist pursuant to chapter 461] who is a resident of Hawaii and who maintains a professional primary care practice in this State.

Report Title:

Primary Care Providers; Advanced Practice Registered Nurses; Doctors; [Pharmacists]; Preceptors; Income Tax Credit

Description:

Allows advanced practice registered nurses, [~~and~~] physicians [and pharmacists] to receive income tax credits for acting as preceptors in volunteer-based supervised clinical training rotations provided to eligible students that enable the students to obtain an eligible healthcare professional degree or certificate. (SD1)