



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Finance
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By

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SB 2298 SD2 HD2 – RELATING TO HEALTHCARE PRECEPTOR TAX CREDITS

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

I am testifying on behalf of the University of Hawai'i System with its graduate nursing, as well as the John A. Burns School of Medicine and the Daniel K. Inouye College of Pharmacy in support of SB 2298 SD2 HD2 with a strong preference for this bill focusing on primary care including advanced practice nursing, medicine and pharmacy. This bill will support workforce development by establishing individual income tax credits for professionals who serve as uncompensated preceptors to UH students seeking a career in primary health care in Hawai'i.

The SB 2298 SD2 HD2 measure:

- Establishes a tax credit for healthcare professionals who engage in preceptor activities for in-state primary care healthcare students
- Defines healthcare students as students enrolled in in-state, accredited academic programs including advanced practice nursing, medicine, pharmacy, social work, psychology, dental hygiene and physical therapy assistants
- 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

The UH System recognizes the considerable demand on all health profession programs to ensure preceptor placements. However, to ensure this effort may demonstrate outcomes, the UH System is requesting the consideration of establishing this tax credit for primary care so that outcomes may be demonstrated to the Hawai'i Legislature prior to expanding this to additional health profession academic programs. This will ensure that the potential preceptor tax credits requested will not exceed the proposed credit capitation of \$2,000,000 annually over the span of the six years proposed for this credit.

Additionally, this effort will then directly address the primary care workforce shortage that affects all islands and regions of Hawai'i.

Preceptors are licensed and practicing health care professionals who oversee a health professional student in gaining the clinical experience required by national accreditors and State of Hawai'i licensing boards. The uncompensated, voluntary precepting takes place at their place of employment and is above and beyond their patient care workload and employment responsibilities. Also, the preceptor must develop a set of coaching or teaching skills above and beyond that required for their employment. Such preceptors are committed to educating the next generation but are reporting increasing fatigue and burnout due to the competing demands on their time and we are facing a shortage of preceptors for all the health professions students. This shortage impacts the UH ability to accept Hawai'i students into our programs and prepare an adequate number of future professionals to meet the demands for healthcare providers for the people of Hawai'i. As demands increase on health care providers, they are requesting recognition for their preceptor activities to offset longer hours worked or fewer patient visits.

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

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

In Academic Year (AY) 2018-2019, there is a projected need of 1,410 supervised clinical rotations for students and trainees in medicine, osteopathy, graduate nursing, and pharmacy programs in Hawai'i. Estimating between a 2% and 8% growth in academic programs to meet the future healthcare demands, over six years, the expected need is 1500-1900 supervised clinical rotations. According to the preceptor tax credit allocation of \$1,000 per supervised clinical rotation, this equates to a \$1.5-\$1.9 million dollar budget by 2024.

The UH notes the economic benefit provided by the health workforce. A North Carolina economic analysis found that each full time APRN in their state can contribute, minimally, \$273,000 in direct economic output and between \$11,800 and \$22,000 in state and local tax revenue¹. A recent American Medical Association economic analysis found that physicians in Hawai'i contribute, on average, \$2,282,615 in direct economic output and \$110,494 in state and local tax revenue².

A state investment in the healthcare professions academic pipeline through preceptor income tax-credits will improve the UH ability to develop and grow future healthcare professionals in this state, close the gap on the shortage of health care professionals, and increase economic revenues statewide. Moreover, ensuring that the measure is focused will enable the UH to establish innovative efforts to mitigate healthcare workforce pipeline bottlenecks that can be scaled and spread to other health professions once initial success is demonstrated.

Therefore, on behalf of the UH health professions education programs, we respectfully request that SB 2298 SD2 HD2 pass with the recommendation to focus initial efforts on the primary care workforce.

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

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