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# A BILL FOR AN ACT

RELATING TO HEALTHCARE PRECEPTORS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that there is a shortage  
2 of primary care providers in the State, which will be  
3 exacerbated by the projected retirements of current physicians,  
4 advanced practice registered nurses, and pharmacists. Training  
5 for primary care requires precepting experiences with both  
6 primary care providers and specialist providers. Although  
7 students from Hawaii are interested in pursuing careers in the  
8 healthcare service industry in Hawaii, in-state educational  
9 institutions are constrained by the lack of clinical education  
10 sites in Hawaii and limited supply of qualified preceptors. One  
11 way to encourage the participation of preceptors is to offer an  
12 income tax credit for health care professionals who serve as  
13 preceptors.

14           The purpose of the existing healthcare preceptor income tax  
15 credit established under section 235-110.25, Hawaii Revised  
16 Statutes, is to incentivize volunteer preceptors to offer  
17 professional instruction, training, and supervision to students



1 and residents seeking careers as health care providers. During  
2 the first-year implementation of the tax credit, a large number  
3 of providers trained eligible students in 2019, but only a small  
4 subset met the eligibility requirements due to the primary care  
5 qualifying criteria.

6 The legislature further finds that training physicians,  
7 advanced practice registered nurses, and pharmacists in primary  
8 care requires training from specialties that support primary  
9 care, in addition to training from primary care providers. The  
10 legislature also finds that the compensation limits for a  
11 preceptor providing a volunteer-based supervised clinical  
12 training rotation should be clarified to facilitate the  
13 preceptor credit assurance committee's implementation of the tax  
14 credit.

15 Therefore, the purpose of this Act is to:

- 16 (1) Clarify the limits of when a preceptor may be  
17 compensated for the provision of standard clinical  
18 services while providing a volunteer-based supervised  
19 clinical training rotation;



- 1 (2) Amend the definition of "preceptor" to improve
- 2 accessibility for providers to receive income tax
- 3 credits for acting as preceptors; and
- 4 (3) Revise the membership of the preceptor credit
- 5 assurance committee to include the director of health.

6 SECTION 2. Section 235-110.25, Hawaii Revised Statutes, is  
7 amended as follows:

8 1. By amending subsection (b) to read:

9 "(b) The amount of the credit shall be equal to \$1,000 for  
10 each volunteer-based supervised clinical training rotation  
11 supervised by the taxpayer, up to a maximum of \$5,000 per  
12 taxable year, regardless of the number of volunteer-based  
13 supervised clinical training rotations supervised by the  
14 taxpayer. A taxpayer who is a preceptor may be compensated for  
15 providing standard clinical services; provided that the taxpayer  
16 shall be:

- 17 (1) Uncompensated for the clinical training above or
- 18 beyond clinical salary or reimbursements for clinical
- 19 services; or



1           (2) Uncompensated from tuition funds or from state general  
2           funds for the provision of clinical training  
3           services."

4           2. By amending subsection (g) to read:

5           "(g) For the purposes of this section:

6           "Academic program" means an academic degree granting  
7 program or graduate medical education program that:

8           (1) Holds either its principal accreditation or a physical  
9           location in Hawaii; and

10          (2) Provides education to students, of whom more than  
11          fifty per cent are residents of Hawaii.

12          "Advanced practice registered nurse student" means an  
13 individual participating in a nationally accredited academic  
14 program that is for the education of advanced practice  
15 registered nurses and recognized by the state board of nursing  
16 pursuant to chapter 457.

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



1 "Eligible student" means an advanced practice registered  
2 nurse student, medical student, or pharmacy student who is  
3 enrolled in an academic program.

4 "Medical student" means an individual participating in a  
5 nationally accredited academic program leading to the medical  
6 doctor or doctor of osteopathy degree. "Medical student"  
7 includes graduates from nationally accredited academic programs  
8 who have continued their training, in the role of resident or  
9 fellow, to obtain the additional qualifications needed for  
10 medical licensure, pursuant to chapter 453, or specialty  
11 certification.

12 "Nationally accredited" means holding an institutional  
13 accreditation by name to offer post-secondary medical primary  
14 care education. Accreditation for medical students shall be  
15 offered by the Liaison Committee on Medical Education or  
16 American Osteopathic Association Commission on Osteopathic  
17 College Accreditation. Accreditation for advanced practice  
18 registered nurse students shall be offered by the Commission on  
19 Collegiate Nursing Education.

20 "Pharmacy student" means an individual participating in an  
21 academic program that is nationally accredited for the training



1 of individuals to become registered pharmacists pursuant to  
2 chapter 461.

3 "Preceptor" means a physician or osteopathic physician[~~7~~]  
4 licensed pursuant to chapter 453, an advanced practice  
5 registered nurse[~~7~~] licensed pursuant to chapter 457, or a  
6 pharmacist[~~7~~] licensed pursuant to chapter 461, who is a  
7 resident of Hawaii [~~and who~~], maintains a professional [~~primary~~  
8 ~~care~~] practice in this State[~~7~~], and whose specialty supports  
9 the development and training of an eligible student in primary  
10 care.

11 "Primary care" means the principal point of continuing care  
12 for patients provided by a healthcare provider, including health  
13 promotion, disease prevention, health maintenance, counseling,  
14 patient education, diagnosis and treatment of acute and chronic  
15 illnesses, and coordination of other specialist care that the  
16 patient may need.

17 "Volunteer-based supervised clinical training rotation"  
18 means [~~an uncompensated~~] a period of supervised clinical  
19 training [~~of~~] to an eligible student that totals at least eighty  
20 hours of supervisory time annually, in which a preceptor  
21 provides personalized instruction, training, and supervision to



1 an eligible student to enable the eligible student to obtain an  
2 eligible professional degree or training certificate."

3 SECTION 3. Section 321-2.7, Hawaii Revised Statutes, is  
4 amended as follows:

5 1. By amending subsections (a) and (b) to read:

6 "(a) There is established the preceptor credit assurance  
7 committee within the department of health. The committee shall  
8 develop and implement a plan for certifying healthcare preceptor  
9 tax credits under section 235-110.25, including:

10 (1) Developing a process ensuring that requests for credit  
11 certification are reviewed and verifications are  
12 processed no later than thirty days following the  
13 close of each calendar year; and

14 (2) Developing the documentation process for the committee  
15 to certify a preceptor for the tax credit; provided  
16 that the documentation to be collected shall include:

17 (A) The preceptor's name, address, place of practice,  
18 and Hawaii provider license number;

19 (B) Dates and hours of volunteer-based supervised  
20 clinical training rotation per eligible student;



- 1 (C) Attestation that the preceptor is uncompensated  
2 for the volunteer-based supervised clinical  
3 training rotation[~~;~~ and]:  
4 (i) Above or beyond clinical salary or  
5 reimbursements for clinical services; or  
6 (ii) From tuition funds or from state general  
7 funds;  
8 (D) Itemized specialties that support the development  
9 and training of the eligible student in primary  
10 care; and  
11 [~~(D)~~] (E) Other information deemed necessary by the  
12 committee.  
13 (b) The committee shall be composed of [~~representatives~~]:  
14 (1) The director of health or the director's designee; and  
15 (2) Representatives of:  
16 [~~(1)~~] (A) The Hawaii/Pacific basin area health education  
17 center;  
18 [~~(2)~~] (B) The center for nursing; and  
19 [~~(3)~~] (C) Academic programs with eligible students."  
20 2. By amending subsection (e) to read:





1           "(e) As used in this section, "academic program",  
2 "eligible student", "preceptor", "primary care", and "volunteer-  
3 based supervised clinical training rotation" shall have the same  
4 meanings as in section 235-110.25."

5           SECTION 4. Statutory material to be repealed is bracketed  
6 and stricken. New statutory material is underscored.

7           SECTION 5. This Act shall take effect on July 1, 2060;  
8 provided that section 2 shall apply to taxable years beginning  
9 after December 31, 2021.

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# H.B. NO. 1975 H.D. 1

**Report Title:**

Preceptors; Healthcare Preceptor Tax Credit; Compensated;  
Volunteer-based Supervised Clinical Training; Preceptor Credit  
Assurance Committee

**Description:**

Clarifies the limits of when a preceptor may be compensated for standard clinical services while providing a volunteer-based supervised clinical training rotation. Amends the definition of "preceptor" 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. Effective 7/1/2060. (HD1)

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