Tax Incentives for Precepting: How Do They Work and Are They Making a Difference?

**Moderator:** Annie Rutter, MD, MS, FAAFP
Academic Vice Chair & Director of Medical Student Education
Dept of Family & Comm Medicine, Albany Medical College, Albany, NY

**Ryan Biehle, MPH, MPA, CAE**
Executive Vice President & CEO, Colorado Academy of Family Physicians

**Becky Wimmer**
Executive Director, Maryland Academy of Family Physicians

**Fay Fulton, MHS**
Executive Vice President, Georgia Academy of Family Physicians

**Kelley Withy, MD, PhD**
Professor, Department of Family Medicine and Community Health
John A. Burns School of Medicine, University of Hawaii

**Kathy Pabst, MBA, CAE**
Executive Director, Missouri Academy of Family Physicians
Colorado’s Rural and Frontier Healthcare Preceptor Tax Credit

Ryan Biehle, MPH, MPA
Executive Vice President & CEO
Conflicts

• No conflicts of interest to disclose
Goals

Support Rural Medicine
- Shortage of rural primary care physicians/providers needs solving

Maintain & Increase Rural Preceptors
- Training falls to those who have been doing it
- Recruitment and Retention tool

Increase Students’ Rural Exposure
- More students wanting a rotation than there are preceptors
- Develop pipeline of rural physicians
Legislative History

• HB15-1238 – failed to pass
• HB16-1142: Created the Rural and Frontier Healthcare Preceptor Tax Credit
  • Had to explain what a preceptor is
  • Eligible for $1,000 tax credit for precepting students (not residents) for total of at least 4 weeks
    • Definition of week was controversial, plagued implementation
  • Primary Care Physician, PA, APRN, DDM, DDS eligible
  • Capped # of credits at 200 – complex, required certification for implementation

• 2017 – revisors bill allowed multiple preceptorships to meet eligibility
• HB19-1088
  • Update preceptorship definition – 4 working weeks or 20 business days
• 3-year Sunset, Up for Reauthorization in 2022
Tax Credit Utilization & Impact

<table>
<thead>
<tr>
<th>Tax Credit Utilization</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Preceptors</td>
<td>76</td>
<td>89</td>
</tr>
<tr>
<td>Total Cost to State</td>
<td>$76,000</td>
<td>$87,781</td>
</tr>
</tbody>
</table>

Preceptor Survey Data (n=178)
- 540 students precepted
- 93% preceptors reported the credit made it more likely they would precept in the future
- Most reported spending ~1 hour/day teaching
- 38% (35/92) reported previously hiring someone who rotated with their practice

*CO Dept. of Revenue 2020 Annual Report

2019 State of Colorado Audit
- Found credit to be “meeting its purpose, to some extent”

*COLORADO RURAL HEALTH CENTER SURVEY DATA
Income Tax Credit for Preceptors in Areas with Health Care Workforce Shortages

Overview:
• Serve as a preceptor in a preceptorship program approved by MDH and work
  1. At least 3 rotations with each rotation consisting of 160 hours (will be reduced to 100 hours this year)
  2. In an area identified as having a health care workforce shortage
• $1,000 tax credit for each eligible student rotation
Income Tax Credit for Preceptors in Areas with Health Care Workforce Shortages

Effect:
• 2019 Tax year
  o MDH approved 34 applications and awarded $149,000 in tax credits
  o $68,000 of which was awarded to licensed physicians
  o $81,000 was awarded to NPs
• Funding comes from state licensing board assessment and offset by a general fund
Georgia Preceptor Tax incentive Program

In 2014, Georgia became the first state to offer a tax deduction to community based physicians who provided uncompensated training to our state’s medical students.

In 2019, the tax deduction was replaced by a tax credit applicable to an individual’s state income tax.

Community based preceptors (licensed medical, osteopathic, advanced practice nurse, or physician assistant) who are not compensated for teaching, to earn tax credits for providing community based clinical training for students from the state’s public or private medical, osteopathic, advanced practice nursing, or physician assistant educational programs.

Annually, Physicians can earn a total of $8,500 tax credits
Coalition Included – All Medical Schools, Family Physicians, Pediatricians, OB Gyns, Internists, Residency Programs AND PHYSICIAN ASSISTANT AND NURSING GROUPS

Not about Scope of Practice – it WAS about increasing clinicians in the State of Georgia.

Also – Georgia has a high volume of medical students from international medical schools who are paying preceptors for rotations.
2019: In 2019, 2070 preceptors were registered, and 1170 qualified to receive tax deductions and received tax letters certifying eligibility.

2020: In 2020, 2951 preceptors were registered, and 1340 preceptors qualified and were issued a tax credit letter. To date, 3427 preceptors have registered.

From the data reported by the programs, 798 preceptors were eligible to receive a credit but did not register with the program. There were 28 of 29 eligible academic programs who provided rotation and training hour reports for a total 1,198,905 hours reported for the year. A total of $2,396,625 in tax credits have been certified by the Statewide AHEC for 2020 state income tax filings as of this date.

https://www.augusta.edu/ahec/ptip/
Based on the preliminary data, 62% of the credits were earned and awarded for MD/DO student support. APRN /Nurse practitioner students accounted for 26% while PA students accounted for 12%.

Training webinars were held for programs and preceptors, reinforcing process and procedures for the new program. Technical assistance and training to individual programs has been provided by the PTIP Program Office at the Statewide AHEC for approximately 29 programs totaling approximately 312 training hours.
Hawaii Preceptor Tax Credit
preceptortaxcredit.Hawaii.edu

Kelley withy@Hawaii.edu   Univ of HI Med School AHEC
Laura Reichhardt  LRNR@Hawaii.edu  Hawaii State Center for Nursing
Passed in 2018 legislative session (first attempt)
Started in 2019 for APRN, pharmacy, MD/DO students & residents

- $1,000/student, max $5,000/yr (400 hours over 5 students)
- Up to $1.5 million tax credit available, but we used less than $400K/yr both years (all from state funds)
- Only need to teach for 80 hours to get 1 credit
- The money goes to the individual, not the employer
- If a preceptor is compensated (money or blocked appointments) they don’t qualify
- Primary care vs. train future primary care
- In state/Out of state
- Inpatient/Outpatient
### Results

#### 2019

<table>
<thead>
<tr>
<th>License Type</th>
<th>Eligible Rotations</th>
<th>Total Credit:</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>APRN</td>
<td>61</td>
<td>$61,000.00</td>
<td>16%</td>
</tr>
<tr>
<td>DOS</td>
<td>13</td>
<td>$13,000.00</td>
<td>4%</td>
</tr>
<tr>
<td>MD</td>
<td>277</td>
<td>$277,000.00</td>
<td>75%</td>
</tr>
<tr>
<td>PH</td>
<td>20</td>
<td>$20,000.00</td>
<td>5%</td>
</tr>
</tbody>
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**Total:** $371,000

#### 2020

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<td>15</td>
<td>$15,000.00</td>
<td>4%</td>
</tr>
<tr>
<td>MD</td>
<td>261</td>
<td>$261,000.00</td>
<td>71%</td>
</tr>
<tr>
<td>Ph</td>
<td>31</td>
<td>$31,000.00</td>
<td>8%</td>
</tr>
</tbody>
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**Total:** $368,000

### Tax Credits by Number of Rotations

#### 2019

<table>
<thead>
<tr>
<th>Number of Credited Rotations per Preceptor</th>
<th>Eligible Rotations</th>
<th>Total Credit:</th>
<th>% of Total</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>80</td>
<td>$80,000.00</td>
<td>22%</td>
</tr>
<tr>
<td>2</td>
<td>104</td>
<td>$104,000.00</td>
<td>28%</td>
</tr>
<tr>
<td>3</td>
<td>66</td>
<td>$66,000.00</td>
<td>18%</td>
</tr>
<tr>
<td>4</td>
<td>56</td>
<td>$56,000.00</td>
<td>15%</td>
</tr>
<tr>
<td>5</td>
<td>65</td>
<td>$65,000.00</td>
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**Total:** $371,000

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<th>% of Total</th>
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<tr>
<td>1</td>
<td>93</td>
<td>$93,000.00</td>
<td>25%</td>
</tr>
<tr>
<td>2</td>
<td>94</td>
<td>$94,000.00</td>
<td>26%</td>
</tr>
<tr>
<td>3</td>
<td>48</td>
<td>$48,000.00</td>
<td>13%</td>
</tr>
<tr>
<td>4</td>
<td>48</td>
<td>$48,000.00</td>
<td>13%</td>
</tr>
<tr>
<td>5</td>
<td>85</td>
<td>$85,000.00</td>
<td>23%</td>
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**Total:** $368,000
Lessons learned

- Everyone wants in on it (all types of healthcare prov)
- Be very clear and very public about the requirements
  http://preceptortaxcredit.hawaii.edu/
- Getting departments to enter data is cumbersome, but they need to do this or there are some mad folks out there. (IT Savvy/Salesforce is our provider)
- What is “compensation”? What is Primary Care?
- Do regular updates and check ins, or you won’t get to celebrate New Year’s Eve (money goes to DOH so tax statement comes from DOH-(same as cesspool tax credit)
Forming the Team and Drafting the Bill

- Launching the idea:
  - Hearing successful attempts from national partners (GA, MD, CO)

- Gaining buy-in:
  - Asking the questions: who else is struggling? Do you want to partner? (NPs...Pharm)
  - Leading with emphasis on transparency and equity. All decisions were made with consensus and discussion. All communications were open.

- Being Evidence Based: establishing the data:
  - We had no preceptor shortage data.
    - Developed our own statement of need.
      - Hawaii Position Statement_Preceptor Shortage_HSCN_10242017_1
  - We had no preceptor demand data.
    - We developed our own demand assessment.
    - We projected it out both by class growth over past 2 school years and by department of labor projections.
Drafting the Bill

- Use examples of what was passed in other states
- Validate criteria and definitions with deans
- Start talking early and encourage the conversation by all partners
- Work with key legislator for drafting**
  - Senator connected us with the TOP tax drafter in the LRB
  - This reduced the holes in our draft before the session started
- Have a dollar ask. Be willing to bargain.
  - We limited # of rotations and came in with a defined dollar ask.
  - We told them from day one we will come down if that means we can pilot.
Communications

- Crafting the general message:
  - **No one knows what a preceptor is**
  - No one understands that:
    - Precepted healthcare clinical experience is a required component of healthcare education, and
    - It is a qualifier for graduation, certification and licensure, and
    - A shortage of preceptors both inhibits class sizes (in HI) and therefore limits production of future healthcare providers
  - Focus on your areas of greatest need (rural, primary care, etc)
  - Align with state strategies (rural initiatives, state health improvement plans, etc)
Distribute broadly and know you can’t please everyone

- Nearly all associate degree programs have a preceptor shortage. Many allied health bachelors programs have preceptor shortage. All wanted in.
- Our stance: let’s prove this concept and then expand
- We lost professions in the bill that we originally asked for (Social Work)
- Educate employers that this isn’t for them, it is for their employees
- Preceptors wanted credit for out-of-state students
Other info

- Crafting the testimony message
  - Economic contribution of healthcare providers
  - Description of preceptor
  - Dire consequences for each program
  - United voice

- Responsive to requests
  - We offered to draft all edits and promised less than a 24h turnaround
  - We provided data before anyone got a chance to ask
  - We shared communication outcomes with all legislators ASAP
HEALTHCARE PRECEPTOR WORKFORCE PROGRAM

Kathy Pabst, MBA, CAE
Executive Director
TO INSPIRE THOSE STUDENTS TO CONSIDER CHOOSING A PRIMARY CARE SPECIALTY AND LIVING AND PRACTICING IN A RURAL MISSOURI COMMUNITY

Legislation Considerations

- Legislation title
- Define primary care
- Identify providers (physicians, APRNs, physician assistants)
- Set amount of tax credit
- Funding source
- Administration

Ed Kraemer, MD, University of Missouri Kansas City
The Missouri Academy of Family Physicians (MAFP) supports training for students that emphasizes high quality, continuous, compassionate, and coordinated care through robust family medicine preceptorship programs. Evidence shows that early and consistent mentorship of medical students by preceptors increases the likelihood of these students choosing family medicine as a career. The MAFP will continue to advocate for students, preceptors, and institutions so they can create and maintain successful preceptorships.

The Role of Preceptors in Clinical Training

The purpose of preceptorship is to provide a one-on-one relationship with a student to help the student develop the needed clinical skills and practical experience working with patients to better understand the diversity within the patient population and treatment settings. Preceptors are usually not members of a school or residency program’s faculty but are often practicing clinicians at clinical sites or in some cases, private offices, which are often the most valuable type of preceptorship.

These arrangements provide students with necessary experience and challenge preceptors to keep up to date with current medical trends. However, many preceptors are concerned about increased time commitments from teaching that takes them away from their patients, leading to lower productivity in their role as physicians.

The Shortage of Primary Care Physician Preceptors

The current compensation model for primary care physicians does not include reimbursement for precepting and teaching students, even though medical training relies heavily on the concept. Thus, the supply of preceptors has been declining as more physicians are dropping out of the field and schools are unable to offer enough incentive for preceptors to stay. A 2016 Health Resources and Services Administration (HRSA) study on preceptors in North Carolina found that while most schools reported satisfaction with their current preceptors, two-thirds reported preceptors dropping out that year. Preceptors deserve both professional and financial recognition for their precepting duties as they are fulfilling an important role.

The Council of Academic Family Medicine’s Educational Research Alliance also conducted a 2016 survey of U.S. and Canadian family medicine department directors, which showed most directors among clerkship directors in sustaining their preceptorship programs. Among the 141 respondents, approximately 31 percent found it “somewhat difficult,” 35 percent found it “difficult,” and 27 percent found it “very difficult” to find family medicine sites for their students.
CHAMPIONS

- Legislators
- Health Care Disciplines
- Stakeholders
- Students
STFM Resources

Information for Preceptors on Incentives for Precepting:
https://www.teachingphysician.org/become-a-preceptor/incentives-for-precepting-2019

STFM Preceptor Expansion Initiative:
stfm.org/PreceptorExpansion

Precepting Resources for AAFP Chapters:
stfm.org/PreceptingResourcesForChapters