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## **Title 10**

# **MARYLAND DEPARTMENT OF HEALTH**

### **Subtitle 01 PROCEDURES**

#### ***10.01.01 Income Tax Credits for Preceptors in Areas with Health Care Workforce Shortages***

#### **Statement of Purpose**

The purpose of this action is to increase the nurse practitioner workforce in rural and medically underserved areas by maximizing the use of the Income Tax - Credit for Preceptors in Areas with Health Care Workforce Shortages according to SB 436 (Chapter 234) and HB 683 (Chapter 235), Acts of 2017 and SB 411 (Chapter 385) and HB 1494 (Chapter 386), Acts of 2016.

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#### ***10.01.01 Income Tax Credits for Preceptors in Areas with Health Care Workforce Shortages***

*Authority: Tax-General Article, §§10-738 and 10-739, Annotated Code of Maryland*

##### ***.01 Purpose and Effective Date.***

*A. Effective July 1, 2016, there is an income tax credit for nurse practitioners and physicians that serve as preceptors in health care workforce shortage areas.*

*B. This chapter describes the procedures used by the Secretary of Health to monitor, evaluate eligibility, and issue income tax credits for nurse practitioners and physicians that serve as preceptors in health care workforce shortage areas.*

##### ***.02 Definitions.***

*A. In this chapter, the following terms have the meanings indicated.*

*B. Terms Defined.*

*(1) "Applicant" means an individual:*

*(a) Who has submitted an application to the Department for an income tax credit for serving as a preceptor; and*

*(b) Whose status for receipt of a tax credit has not yet been determined.*

*(2) "Board" means the State Board of Nursing.*

*(3) "Department" means the Maryland Department of Health.*

*(4) "Health care workforce shortage area" means:*

*(a) A health professional shortage area;*

*(b) A medically underserved area;*

*(c) A medically underserved population;*

*(d) Federally designated rural areas;*

*(e) State defined shortage areas;*

*(f) State defined rural areas; or*

*(g) Other areas defined as in need by the Secretary of Health or Governor or as otherwise determined by the Department in consultation with the Governor's Workforce Development Board.*

*(5) "Health Personnel Shortage Incentive Program" means grants to eligible institutions offering educational programs leading to licensure, certification or registration in health occupations determined to be in short supply.*

*(6) "Health Professional Shortage Area" means an area as defined by the Health Resources and Services Administration of the United States Department of Health and Human Services as having too few primary medical care providers, dental care providers, or mental health care providers either by geographic, demographic, or institutional comprehensive health center, federally qualified health center, or public facility.*

- (7) "Income tax credit" means a nonrefundable credit against State income tax.
- (8) "Licensed physician" means an individual who is licensed to practice medicine under Health Occupations Article, Title 14, Annotated Code of Maryland.
- (9) "Medically Underserved Area" means an area designated by the Health Resources and Services Administration of the United States Department of Health and Human Services as having:
- (a) Too few primary care providers;
  - (b) High infant mortality;
  - (c) High poverty;
  - (d) High elderly population; or
  - (e) A combination of §B(9)(a)—(d) of this regulation.
- (10) "Medically Underserved Population" means a population designated by the Health Resources and Services Administration of the United States Department of Health and Human Services as having:
- (a) Too few primary care providers;
  - (b) High infant mortality;
  - (c) High poverty;
  - (d) High elderly population; or
  - (e) A combination of §B(10)(a)—(d) of this regulation.
- (11) "Nurse practitioner" has the meaning stated in Health Occupations Article, §8-101, Annotated Code of Maryland.
- (12) "Nurse Practitioner Preceptorship Tax Credit Fund" means a special non-lapsing fund created by a \$15 biennial increase in Nurse Practitioner license fee.
- (13) "Office of Student Financial Assistance" means the office in the Maryland Higher Education Commission that administers the Health Personnel Shortage Incentive Program.
- (14) "Preceptorship program" means an organized system of clinical experience that, for the purpose of attaining specified learning objectives, pairs:
- (a) An enrolled student of a liaison committee on medical education-accredited medical school in the State or an individual in a postgraduate medical training program in the State with a licensed physician who meets the qualifications as a preceptor; or
  - (b) A nurse practitioner student enrolled in a nursing education program that is recognized by the Board with a nurse practitioner or licensed physician who meets the qualifications as a preceptor.
- (15) "Rotation" means a period of preceptorship greater than or equal to:
- (a) 100 hours between a nurse practitioner student and a licensed physician or nurse practitioner; or
  - (b) 160 hours between a medical student and a licensed physician
- (16) "Taxable year" means the annual accounting period for keeping records and reporting income and expenses that starts on January 1 and ends on December 31 of the same year.

### **.03 Eligibility.**

- A. A licensed physician is eligible for an income tax credit if the individual served without compensation as a:
- (1) Physician preceptor in a physician preceptorship program authorized by an accredited medical school in the State and worked:
    - (a) A minimum of three rotations, each consisting of 160 hours of community-based clinical training; and
    - (b) In a health care workforce shortage area; or
  - (2) Preceptor in a Board approved nurse practitioner program and worked:
    - (a) A minimum of three rotations, each consisting of 100 hours of community-based clinical training; and
    - (b) In a health care workforce shortage area.
- B. A nurse practitioner is eligible for an income tax credit if the individual served without compensation as a preceptor in a Board approved nurse practitioner program and worked:
- (1) A minimum of three rotations, each consisting of 100 hours of community-based clinical training; and
  - (2) In a health care workforce shortage area.

### **.04 Application and Application Process.**

- A. Applicant.
- (1) An applicant shall submit:
    - (a) A completed application to the Department on the form designated by the Department that includes responses to applicable questions; and
    - (b) Supporting documentation required by the Department.
  - (2) An applicant may voluntarily withdraw the application without prejudice.
  - (3) An applicant may submit a new application subject to §C of this regulation.
- B. The Department shall:
- (1) Approve applications during the application period;
  - (2) Approve the application if the:
    - (a) Application is complete; and
    - (b) Applicant is determined to be eligible;
  - (3) Disapprove the application if the:

- (a) Application is incomplete;
  - (b) Applicant fails to provide sufficient information or documentation to determine eligibility; or
  - (c) Applicant provides the appropriate documentation but is determined ineligible; and
  - (4) Provide the applicant with written notice of the final disposition of the application within 45 calendar days.
- C. The Department shall receive applications by January 5 of the taxable year following the taxable year during which the rotation was completed.

**.05 Verification and Audit of Income Tax Credits.**

- A. The Department may:
- (1) Request from an applicant or preceptor additional information to verify statements in an application for an income tax credit; and
  - (2) Use independent verification, such as a preceptor list and preceptor completion letters received by the medical and nursing schools, to verify information reported on an application for an income tax credit.
- B. The Comptroller shall retain its audit authority under Tax-General Article, Annotated Code of Maryland.

**.06 Income Tax Credits.**

- A. On approval of an application, the Department shall issue an income tax credit certificate in the amount of \$1,000 for each nurse practitioner or licensed physician who served as a preceptor for a nurse practitioner student:
- (1) For a minimum of three rotations, each consisting of 100 hours of community-based clinical training;
  - (2) Without compensation; and
  - (3) In a health care workforce shortage area.
- B. The Department shall issue an income tax credit certificate in the amount of \$1,000 for each licensed physician who served as a preceptor for a medical student:
- (1) For a minimum of three rotations, each consisting of 160 hours of community-based clinical training;
  - (2) Without compensation; and
  - (3) In a health care workforce shortage area.
- C. Income tax credits shall be issued for the taxable year during which the nurse practitioner or licensed physician served as a preceptor without compensation.
- D. The total amount of an income tax credit allowed for an individual in a taxable year may not exceed the:
- (1) Maximum credit amount of \$10,000; or
  - (2) State income tax imposed for that individual for that taxable year.
- E. Any unused amount of an income tax credit for a taxable year may not be carried over to any other taxable year.

**.07 Nurse Practitioner Preceptorship Tax Credit Fund.**

- A. The purpose of the Nurse Practitioner Preceptorship Tax Credit Fund is to offset the costs of the income tax credit for nurse practitioner preceptors.
- B. The Fund is:
- (1) A special continuing, non-lapsing fund pursuant to Tax-General Article, §10-738, Annotated Code of Maryland; and
  - (2) Not subject to the State Finance and Procurement Article, §7-302, Annotated Code of Maryland.
- C. The Fund consists of:
- (1) Revenue distributed to the Fund under Health Occupations Article, §8-206, Annotated Code of Maryland;
  - (2) Money appropriated in the State budget to the Fund; and
  - (3) Any other money from any other source accepted for the benefit of the Fund.
- D. Except when the Comptroller transfers an amount equal to an income tax credit certificate issued from the Fund to the General Fund of the State, pursuant to Tax-General Article, §10-738, Annotated Code of Maryland, money credited or appropriated to the Fund will remain in the Fund.

**.08 Physician Preceptorship Income Tax Credits.**

Each year an amount not exceeding \$100,000 of the unspent portion of the money that is transferred to the Office of Student Financial Assistance for use for the Health Personnel Shortage Incentive Grant Program may be transferred to or revert to the General Fund of the State in order to offset the costs of the income tax credit for physician preceptors.

**.09 Limits and Excess Amounts.**

- A. The amount of income tax credit stated in the income tax credit certificate may not exceed \$10,000 for any individual in any taxable year.
- B. Physician Preceptorship Program.
- (1) The Department may not issue more than \$100,000 in income tax credit certificates for each taxable year.
  - (2) If the aggregate amount of income tax credit certificates issued during a taxable year totals less than \$100,000, the excess amount may be issued for income tax credit certificates in the next taxable year.
- C. Nurse Practitioner Preceptorship Program Fund.
- (1) The total amount of income tax credit certificates issued by the Department shall be the lesser of:
    - (a) The total funds in the Nurse Practitioner Preceptorship Tax Credit Fund for that year; or
    - (b) \$100,000.

(2) Any excess amount of income tax credits for a taxable year may be issued under income tax credit certificates in the next taxable year.

**.10 Responsibilities of the Comptroller.**

*On notification that an income tax credit certificate has been issued by the Department, the Comptroller shall transfer an amount equal to the income tax credit amount stated in the income tax credit certificate from the Nurse Practitioner Preceptorship Tax Credit Fund to the General Fund.*

**.11 Expiration of Program.**

A. This chapter remains in effect until the earlier of:

- (1) The date that funding for income tax credits ceases to be available; or
- (2) June 30, 2021.

B. The Department shall issue final income tax credits based on available funds.

**DENNIS SCHRADER**

**Secretary of Health**