

LETTERHEAD

Sponsor Testimony

HB 595 – Income Tax – Credit for Physician Preceptors in Areas with Health Care Workforce Shortages – Alterations

Thank you, Chair Wilkins, Vice Chair Charkoudian and members of the Ways and Means Committee. I am Delegate Robbyn Lewis here on behalf of HR 595.

This is a health care workforce bill that will help increase the number of trained physicians. You might wonder why a bill like this ended up in your committee.

It is because the bill works by incentivizing experienced doctors to train medical students with a modest tax credit.

As members of this committee know well: if you want less of something, you tax it; want more of something? Then offer an incentive. In this case, we need more physicians, so let's offer an incentive, in the form of a tax credit, to get more medical students trained to become physicians. This incentive-based training strategy will produce more physicians and thus help close the physician shortage.

And we are facing a serious physician shortage here in Maryland – it's a national crisis. According to the latest [report from the Association of American Medical Colleges](#), within ten years, we will be short tens of thousands of physicians. The shortfall will be particularly acute among primary care providers and in primary care deserts, especially in rural areas. Nationwide, rural areas are projected to face a 56% shortage compared with 6% in urban areas, further widening health disparities, like lower life expectancy in low-income, rural areas. (Citation: [The First Step to Addressing the Physician Shortage. Nicolle McMann et al. Stat. Jan 25, 2026.](#))

No single policy will close to the physician shortage. While this legislature has already passed several policies to get us started, like the Medical Graduates Act (HB 757 of 2024) to make a real difference, we must unblock a key bottleneck: training opportunities.

That is where this bill comes in. HB 595 does two things. First, it expands medical student eligibility, and it incentivizes experienced physicians to serve as clinical trainers.

Under current law, licensed physicians who serve as unpaid preceptors may qualify for a state income tax credit if they supervise Maryland-based medical students in community-based clinical settings located in designated health care workforce shortage areas.

HB 595 unblocks the choke points. First, it removes the requirement that eligible medical students do not have to be enrolled in a Maryland medical school or training program; they can come from other states. Students who train here may be more likely to remain here to practice, which would grow our population of doctors.

Second, HB 595 reduces the required number of hours per clinical rotation from 100 hours to 90 hours. Experienced physicians are more likely to serve as trainers, or preceptors, with this more manageable time commitment.

With regard to fiscal impact, HB 595 does not increase the value of the tax credit, the maximum credit per physician, or the annual statewide cap on tax credit certificates, which remains at \$100,000 per taxable year. While the bill may modestly increase participation by making the program more accessible, any increase in utilization would still occur entirely within existing statutory limits.

Additionally, the bill may generate long-term cost savings that are not immediately reflected in the fiscal note. By encouraging more physicians to serve as preceptors in workforce shortage areas, the State supports a stronger pipeline of future providers who are more likely to practice in underserved communities. Improved provider availability can reduce reliance on emergency care, prevent delays in treatment, and improve health outcomes, particularly in areas where access is currently limited.

In this sense, the bill represents a strategic investment rather than a new expenditure: a modest, targeted incentive that supports medical education, strengthens workforce development, and helps address structural shortages in Maryland's health care system without expanding overall costs.

Some concerns have been raised that allowing students from medical schools outside of Maryland to count toward the preceptor tax credit could reduce opportunities for in-state medical students. However, under current law, the full amount of the available tax credit is not being utilized. This bill is intended to address that gap by increasing participation in the program, not by displacing Maryland students. By bringing additional students into clinical training experiences in Maryland, particularly in workforce shortage areas, we expand, rather than limit, opportunities and strengthen the likelihood that those students will remain in the state to practice.

In closing, HB 595 reflects a thoughtful, targeted approach to supporting medical education and addressing workforce shortages across Maryland. It respects physicians' time, reflects real-world training conditions, and strengthens communities that rely most on these providers.

Thank you for your time and consideration, and I respectfully request a favorable report for HR 595.