

Sponsor Written Testimony

Uploaded by: Delegate Lewis, R. Delegate Lewis, R.

Position: FAV

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.

HB0595 - Income Tax - Credit for Physician Precept

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Susan O'Neill, Chair

Charlotte Davis, Executive Director

Testimony in Support of
House Bill 595 – Income Tax – Credit for Physician Preceptors in Areas With Health Care Workforce Shortages
Ways and Means Committee
February 12, 2026

The Rural Maryland Council supports **House Bill 595 – Income Tax – Credit for Physician Preceptors in Areas With Health Care Workforce Shortages**. HB 595 would expand and improve the existing Preceptor Tax Credit Program by altering eligibility for a State income tax credit for physician preceptors in designated health care workforce shortage areas. The bill removes the requirement that students in a physician preceptorship must be enrolled in a Maryland medical school or training program and reduces the number of required hours for a preceptor rotation in community-based clinical training, making the credit more accessible and responsive to current workforce needs. The bill applies to taxable years beginning after December 31, 2025.

The Preceptor Tax Credit Program was created to strengthen Maryland's health care workforce by encouraging licensed professionals to serve as preceptors, providing critical, hands-on clinical learning experiences in underserved areas. Currently, the program authorizes a tax credit against State income tax for individuals, including physicians, who serve without compensation as preceptors in defined preceptorship programs and work in areas with health care workforce shortages. A qualifying preceptorship pairs a medical student or nurse practitioner student with a licensed physician or nurse practitioner for structured clinical training.

Maryland continues to face health care workforce shortages, especially in rural and medically underserved areas. Encouraging preceptorships through tax incentives increases the number of trained clinicians and supports retention of providers who understand and serve community needs. By broadening eligibility and reducing barriers to participation, HB 595 will help more physicians serve as preceptors and better support clinical training opportunities in shortage areas, ultimately contributing to a stronger, more resilient health care workforce across the State.

The Rural Maryland Council respectfully requests your favorable support of HB 595.

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Uploaded by: Steve Wise

Position: FAV



House Ways and Means Committee

February 12, 2026

House Bill 595 – *Income Tax – Credit for Physician Preceptors in Areas With Health Care Workforce Shortages – Alterations*
POSITION: SUPPORT

The Maryland Academy of Family Physicians (MDAFP) is the largest professional medical specialty society in Maryland, with nearly 1,400 members who are practicing family physicians, family physicians in training, and medical students. The Academy requests your **support** for House Bill 595.

This bill proposes two changes to the Physician Preceptor Tax Credit, which provides a tax credit of up to \$1,000 for a physician located in a workforce shortage area who provides clinical experience to a medical school student free of charge. It is important to note from the start that the bill should have no fiscal impact because the total amount of tax credits that are allowed under the law is already capped at \$100,000, and this bill does not change that.

The goal of the bill is to increase the utilization of the tax credit and to lure more physicians to the State. Currently, the tax credit is underutilized, with only \$37,000 of the available \$100,000 having been distributed in 2024. MDAFP believes the following two changes will help increase its use.

The first change the bill makes is to the number of required hours needed to get the tax credit from 100 to 90, exactly as was done in a bill relative to a nursing preceptor tax credit bill this past year, also sponsored by Delegate Lewis.

The second change is that current law requires the medical student to be in a medical school *in the State*. This means physicians are not eligible for the tax credit if a medical student from Washington DC, Pennsylvania, or Virginia wants to come and gain clinical experience here in an underserved area. So, for example, with a student from Maryland who is attending George Washington Medical School and wants to come to get training with a physician in Montgomery County, the physician is not eligible for the tax credit because the student is not from a medical school in the State. Same would be true in Western Maryland if a University of Pittsburgh medical student wanted to get experience there. This restrictive language is NOT found in similar tax credit statutes that apply to nurse practitioners and physician assistants, so this would be making the physician tax credit law the same as those.

The tax credit is one small tool in the State's toolbox to get current Maryland physicians to help attract medical students to Maryland, in particular its underserved areas, and hopefully stay here.

For these reasons, MDAFP asks for your support of House Bill 595.

For more information call:

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FINAL HB595 Preceptor Tax Credit_K. Jacobson SWA 2

Uploaded by: Jeanette Ortiz

Position: FWA

**Written Testimony in Support With Amendments
House Bill 595 – Physician Preceptor Tax Credit
February 12, 2026**

Chair Wilkins, Vice Chair Feldmark, and Members of the Committee,

Thank you for the opportunity to provide testimony on House Bill 595. As Maryland works to address physician shortages, especially in primary care and underserved areas, supporting preceptors is essential.

However, I respectfully urge the Committee to adopt amendments to ensure this bill advances Maryland’s medical education and workforce goals without unintended consequences. This tax credit was initially developed to aid with the recruitment and retention of preceptors for our state medical school.

Impact on Maryland’s Public Medical School

The University of Maryland School of Medicine (UMSOM) is currently expanding its enrollment from one hundred sixty students to one hundred seventy-five, with plans to reach two hundred students by 2031. This expansion represents a significant state investment in growing Maryland’s physician workforce. At the same time, UMSOM already faces shortages of community-based clinical preceptors required for core rotations.

HB 595 would remove the requirement that students be enrolled in a Maryland medical school for preceptors to qualify for the tax credit. Without a priority provision, this change would create direct competition for a limited pool of community-based preceptors between UMSOM students and students from neighboring institutions such as Georgetown, Penn State, West Virginia University, Thomas Jefferson, and even Caribbean medical schools.

Because preceptor capacity is finite, this change risks subsidizing clinical training for out-of-state institutions while constraining Maryland’s own public medical school at the very moment when UMSOM’s class size expansion is increasing demand for placements.

Recommended Amendment: Maryland Student Priority

I respectfully recommend that the bill be amended to create a two-tiered tax credit structure, such that Maryland medical school preceptors receive priority over those teaching students from out-of-state.



Such an amendment would:

1. Protect UMSOM's ability to accommodate its planned enrollment expansion.
2. Ensure Maryland's tax dollars primarily support Maryland medical education.
3. Support preceptors to teach out-of-state students when capacity exists.
4. Align the tax credit program with Maryland's long-term physician workforce goals.

I have spoken with stakeholders involved in initiating this legislation, including representatives from the Maryland Academy of Family Physicians as well as MedChi, and there is openness to a tiered system that prioritizes UMSOM preceptors and Maryland medical students ahead of others. This approach would preserve the bill's intent while preventing unintended harm to Maryland's public medical education infrastructure.

Fiscal Considerations

While on the surface there is no direct fiscal impact to the University of Maryland, Baltimore or the state, there is potential indirect impact if increased competition for preceptors forces UMSOM to develop stipends or alternative, potentially more costly, clinical training arrangements to secure adequate placements for its expanding class.

Conclusion

Maryland has made a clear commitment to expanding physician training capacity through UMSOM. HB 595 can support that goal if structured to ensure that Maryland students and their preceptors are prioritized, enabling us to "grow our own" workforce.

For these reasons, I respectfully request that the Committee issue a favorable report on HB 595 with amendments establishing priority for tax credit eligibility for UMSOM preceptors.

Thank you for your consideration and for your continued commitment to strengthening Maryland's physician workforce. Please do not hesitate to reach out to me or UMB Director of Government Affairs, Jeanette Ortiz, at 410.703.5352 or jeanette.ortiz@umaryland.edu if we can provide any additional information.

Katherine Jacobson, MD, FAAFP
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Program Director, Maryland Area Health Education Center
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