1. Desired date of publication in Maryland Register: 1/20/2017

2. COMAR Codification

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<tr>
<th>Title</th>
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3. Name of Promulgating Authority

Department of Health and Mental Hygiene

4. Name of Regulations Coordinator

Michele Phinney

Telephone Number
410-767-5623

Mailing Address

201 W. Preston Street

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Baltimore MD 21201

Email
michele.phinney@maryland.gov

5. Name of Person to Call About this Document

Jennifer Newman Barnhart

Telephone No.
410-767-5612

Email Address
jennifer.barnhart@maryland.gov

6. Check applicable items:

X- New Regulations
X- Amendments to Existing Regulations
   Date when existing text was downloaded from COMAR online: June 6, 2016.

_ Repeal of Existing Regulations
_ Recodification
_ Incorporation by Reference of Documents Requiring DSD Approval
_ Reproposal of Substantively Different Text:
   : Md. R
   (vol.) (issue) (page nos) (date)

Under Maryland Register docket no.: --P.

7. Is there emergency text which is identical to this proposal:
   _ Yes X- No

8. Incorporation by Reference
   _ Check if applicable: Incorporation by Reference (IBR) approval form(s) attached and 18
   copies of documents proposed for incorporation submitted to DSD. (Submit 18 paper copies
   of IBR document to DSD and one copy to AELR.)

9. Public Body - Open Meeting
   X- OPTIONAL - If promulgating authority is a public body, check to include a sentence in the
   Notice of Proposed Action that proposed action was considered at an open meeting held
   pursuant to General Provisions Article, §3-302(c), Annotated Code of Maryland.
   _ OPTIONAL - If promulgating authority is a public body, check to include a paragraph that
   final action will be considered at an open meeting.

10. Children's Environmental Health and Protection
    _ Check if the system should send a copy of the proposal to the Children's Environmental
    Health and Protection Advisory Council.

11. Certificate of Authorized Officer
    I certify that the attached document is in compliance with the Administrative Procedure Act. I
    also certify that the attached text has been approved for legality by Katherine Giblin and
    Claire Pierson, Assistant Attorney General. (telephone #410-767-3817/410-767-6526) on
    9/7/16 and 11/21/16. A written copy of the approval is on file at this agency.

Name of Authorized Officer
Van T. Mitchell
Title Secretary
Telephone No. 410-767-6500
Date December 12, 2016
Title 10
DEPARTMENT OF HEALTH AND MENTAL HYGIENE
Subtitle 01 PROCEDURES
10.01.01 Income Tax Credits for Preceptors in Areas with Health Care Workforce Shortages

Subtitle 27 BOARD OF NURSING
10.27.01 Examination and Licensure
   Authority: See proposal.

Notice of Proposed Action

[ ]

The Secretary of Health and Mental Hygiene proposes to adopt new Regulations .01—.11 under a new chapter COMAR 10.01.01 Income Tax Credits for Preceptors in Areas with Health Care Workforce Shortages and amend Regulation 02 under COMAR 10.27.01 Examination and Licensure.

This action was considered and approved by the Board of Nursing at its regular meeting on June 22, 2016, notice of which was placed on the Board’s web site on May 1 and June 1, 2016, pursuant to General Provisions Article, §3-302(c), Annotated Code of Maryland.

Statement of Purpose

The purpose of this action is to amend the Board of Nursing’s fee schedule to add the preceptor fund assessment for each Certified Registered Nurse Practitioner (NP) who renews their certification. The fees collected will fund the Nurse Practitioner Preceptorship Tax Credit Fund established under Senate Bill 411/HB 1494, 2016 Legislative session: Income Tax Credit for Preceptors in Areas with Health Care Workforce Shortage. Incidental to the amendment, clarifying changes are added and the annual fee schedule is repealed because everyone regulated by the Board is now on a biennial renewal fee schedule.

Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

Estimate of Economic Impact

I. Summary of Economic Impact.
The Nurse Practitioner (CRNP) renewal is a total of $171. The $15 preceptorship surcharge is a small percentage of the overall renewal fee. The tax benefit exists for Nurse Practitioners therefore this is not a substantial economic impact to professional Nurse Practitioners.

   Revenue (R+/R-)

II. Types of Economic Impact.

   Expenditure (E+/E-)   Magnitude
A. On issuing agency:

- (R+) $45,000
- (E+) $21,000-$57,000 Revenue transferred to State Fund

B. On other State agencies:
NONE

C. On local governments:
NONE

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<tr>
<th>Benefit (+)</th>
<th>Cost (-)</th>
<th>Magnitude</th>
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D. On regulated industries or trade groups:

- (1) Nurse Practitioners
  - (-) $45,000
- (2) Nurse Practitioner or Licensed Physician
  - (+) $21,000-$57,000

E. On other industries or trade groups:
NONE

F. Direct and indirect effects on public:

- (+) Indeterminate

III. Assumptions. (Identified by Impact Letter and Number from Section II.)

A(1). Every Nurse Practitioner who renews an advanced practice certification must pay the $15 biennial assessment as required by Health Occupations Article, §8-026, Annotated Code of Maryland. There are approximately 3,000 nurse practitioners who renew their licenses every year. 3,000 x $15 = $45,000.

A(2). Based on the Health Resources and Service Administration (HRSA) database warehouse, as of 2015 Maryland had 32 primary care provider (PCP) HPSA across 16 jurisdictions, 46 MUA across 19 jurisdictions, 13 MUP across 7 jurisdictions. At an estimate of 1 preceptors per jurisdiction and at the minimum required rotation, the yearly allocated funds will be between $21,000 - $57,000. This money is placed into the Nurse Practitioner Preceptorship Tax Credit Fund and the returned as a tax credit to those who apply for a credit certificate and are approved.

D(1). See A.(1) above.

D(2). See A.(2) above.

F. It is anticipated that the indirect effect will attract more physicians or NPs to precept student NPs in health care workforce shortage areas with a resultant increase in primary care providers. Research has shown that NPs often stay in the area where they do their clinical training.

Economic Impact on Small Businesses

The proposed action has minimal or no economic impact on small businesses.
Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

Opportunity for Public Comment

Comments may be sent to Michele Phinney, Director, Office of Regulation and Policy Coordination, Department of Health and Mental Hygiene, 201 West Preston Street, Room 512, Baltimore, MD 21201, or call 410-767-6499; TTY:800-735-2258, or email to dhmh.regs@maryland.gov, or fax to 410-767-6483. Comments will be accepted through February 21, 2017. A public hearing has not been scheduled.

Economic Impact Statement Part C

A. Fiscal Year in which regulations will become effective: FY 2017
B. Does the budget for the fiscal year in which regulations become effective contain funds to implement the regulations?
C. If 'yes', state whether general, special (exact name), or federal funds will be used:
D. If 'no', identify the source(s) of funds necessary for implementation of these regulations:
E. If these regulations have no economic impact under Part A, indicate reason briefly:
F. If these regulations have minimal or no economic impact on small businesses under Part B, indicate the reason and attach small business worksheet.
Small businesses do not license or certify NPs.
G. Small Business Worksheet:

Attached Document:

Title 10
DEPARTMENT OF HEALTH AND MENTAL HYGIENE
Subtitle 01 PROCEDURES
10.01.01 Income Tax Credits for Preceptors in Areas with Health Care Workforce Shortages
.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 and Mental Hygiene 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 Department of Health and Mental Hygiene.
(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 and Mental Hygiene 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 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 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(8)(a)—(d) of this regulation.
(10) “Medically Underserved Population” means a population designated by the Health Resources and Services Administration 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.
(11) “Nurse practitioner” has the meaning stated in Health Occupations Article, §8–101, Annotated Code of Maryland.
(12) “Nurse Practitioner Preceptor Tax Credit Fund” means a special non-lapsing fund created by a $15 biennial increase in Nurse Practitioner license fee.
(13) “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.
(14) “Office of Student Financial Assistance” means the financial office that holds the Health Personnel Shortage Incentive Program.

(15) “Rotation” means a period of preceptorship greater than or equal to 160 hours between a student and a licensed physician or nurse practitioner.

(16) “Secretary” means the Secretary of Health and Mental Hygiene.

(17) “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 preceptorship program approved by the State Board of Nursing 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.
B. A nurse practitioner is eligible for an income tax credit if the individual served without compensation as a preceptor in a preceptorship program approved by the Board and worked:
   (1) A minimum of three rotations, each consisting of 160 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 on a:
      (a) Rolling basis; and
      (b) First-come, first-served basis;
   (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. Upon approval of an application, the Department shall issue an income tax credit certificate in the amount of $1,000 for each student for whom the nurse practitioner or licensed physician served as a preceptor for 160 hours without compensation.
B. Income tax credits shall be issued for the taxable year during which the nurse practitioner or licensed physician served as a preceptor without compensation.
C. 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.
D. 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 first of either occurrence:
   (1) Funding for income tax credits ceases to be available; or
   (2) June 30, 2021.
B. In the event that funding is not available, unless otherwise provided by law, the Department shall issue final income tax credits based on available funds.

Subtitle 27 BOARD OF NURSING

10.27.01 Examination and Licensure
Authority: Health General Article, §§ 8-205 and 8-312; Tax-General Article, §10-738, Annotated Code of Maryland
10.27.01.02 (June 6, 2016)

.02 Fees.
A.—C. (text unchanged)
D. Annual Renewal Fees.
   (1) Annual renewal fees shall apply only to registered or licensed practical nurses who are required to renew annually on or before December 31, 2013, in accordance with Regulation .12A(1) and (2) of this chapter.
   (2) Annual renewal fees are as follows:
      (a) Annual renewal for a registered or licensed practical nurse — $55;
      (b) Registered nurse and licensed practical nurse volunteer license — $20;
      (c) Inactive license renewal for registered or licensed practical nurse — $20; and
      (d) Advanced practice certification renewal fees are in addition to the registered nurse renewal fee:
         (i) Renewal of each registered nurse certification in advanced practice — $5; and
(ii) Certificate renewal for forensic nurse examiner or workers’ compensation medical case manager — $5.]

[E.] D. Biennial renewal fees are as follows:

(1) — (4) (text unchanged)

(5) Advanced Practice certification [renewal] and specialty nursing certification renewal fees are in addition to the registered nurse renewal fee and are as follows:

(a) Renewal of each registered nurse certification in Advanced Practice — $10; [and]

(b) Certificate renewal for specialty areas regulated by the Board:

(i) (text unchanged)

(ii) Workers’ compensation medical case manager — $10[; and]

(c) Nurse practitioners (NP), in addition to the registered nurse and advanced practice renewal fees, the Nurse Practitioner Preceptorship Tax Credit Fund fee --- $15.


VAN T. MITCHELL
Secretary of Department of Health and Mental Hygiene

FEE JUSTIFICATION FOR
PROPOSED COMAR 10.01.01 and 10.27.01.02

(1) Explain/justify why an increase or decrease is necessary:

Senate Bill 411/HB 1474 (Chapters 385 and 386, respectively), 2016 Legislative session, entitled Income Tax – Credit for Preceptors in Areas With Health Care Workforce Shortages. This bill establishes an income tax credit for Physicians and Nurse Practitioners. A biennially fee of $15 will offset the cost of the tax credit. The Board of Nursing will collect the fee and pay it into the special non-lapsing fund. The fund consists of revenue distributed to the fund under Health Occupation Article, §8-206, Annotated Code of Maryland.

Healthcare Workforce Shortage Area is defined as follow;

- Health professional Shortage Area (HPSA)
- Medically Underserved Area (MUA)
- Medical Underserved Population (MUP)
- Federally Designated Rural Areas
- State Defined Shortage Areas
- State Defined Rural Areas
- Other area defined as in need by the Secretary of Health and Mental Hygiene or Governor
- Otherwise determined by the department in consultation with the Governor’s Workforce Development board.

(2) How much money is needed to operate effectively or to eliminate an operating fund deficit?

The exact number of Nurse Practitioners who precept in a workforce shortage area is unknown. Based on the Health Resources and Service Administration (HRSA) database warehouse, as of 2015 Maryland had 32 primary care provider (PCP) HPSA across 16 jurisdictions, 46 MUA across 19 jurisdictions, 13 MUP across 7 jurisdictions. At an estimate of 1 preceptors per jurisdiction and at the minimum required rotation, the yearly allocated funds will be between $21,000 - $57,000. Approximately 3,000 nurse practitioners renew their advanced practice certification every year, a total revenue of $45,000. The Board started collecting the fee on July 1, 2016. By the end of the tax year (December 31, 2016) there should be approximately $22,500 in collected fees for the special fund. The fund should be able to cover any claims for preceptor hours between July 1st – December 31st.

(3) In what year was the most recent fee increase?

For the Board of Nurses, the last RN and LPN renewal fee increase was in 2008. The fees for Advanced Practice Certification have not increased since at least 2000.
(4) Is the fee revenue retained by the Proposing Unit or passed through to a national organization that administers a uniform licensing exam?

No.

(5) Describe any measures taken to mitigate the need for increased revenue:

N/A.

(6) Describe any special circumstances that have had an adverse impact on the Proposing Unit’s operating expenses.

None.

(7) Describe any consideration given by the Proposing Unit as to the hardship a fee increase may have on the regulated profession.

Neither the Department nor the Board of Nurses anticipate that the $15 biennial fee will be a hardship.

(8) Describe any efforts to solicit the opinions of licensees regarding the Proposing Unit’s effectiveness and performance.

All Nurse Practitioner professional associations and the Maryland Nurses’ Association supported the legislation. It was also supported by the University of Maryland and MedChi. The Board posted a notice on its web site after the legislation passed. No adverse comments have been received. Coppin State, Johns Hopkins University School of Medicine, University of Maryland Medical System, and University of Maryland School of Nursing had questions seeking clarification about the eligibility of the preceptor tax credit. Those questions have been addressed and responses are attached as an addendum.