Issue Brief:
20/220 and Access to Care

What is the 20/220 Rule?

Residents are eligible for loan repayment deferral if:

- Their income does not exceed the greater of either the minimum wage rate or 100 percent of the poverty line for a family of two; OR
- Their debt-to-income ratio is under 220 percent of the poverty line for a family of two,
- AND their debt burden is greater than 20% of their income. [1]

How does elimination of the 20/220 Rule affect access to care?

- High levels of debt may affect specialty choice (away from primary care).
- Debt burdens fall more heavily on underrepresented minority groups.
- These groups are thus dissuaded from practicing in medically underserved areas. [2,3]

What options exist with the elimination of the 20/220 Rule?

- Forbearance
  - Borrowers who don't qualify for economic hardship deferment and
  - Can't afford to make payments
  - Can only go into forbearance
  - Interest will accrue on loans during forbearance
- Income-based Repayment
  - Starts July 1, 2009
    - Note the gap between the end of 20/220 and the start of IBR
  - Caps participating borrowers' loan payments
    - 15 percent of their income over 150 percent of the poverty line
  - Payments are applied first to the interest, then to the principal
  - No minimum debt/maximum income

Current Action on the 20/220 Rule:

- Congress' work on higher education debt is not over
- Senators Richard Burr (R-NC) and Johnny Isakson (R-GA) have introduced a Senate bill to permanently reinstate 20/220 (S.2303). [4]
- Representatives Walberg (R-MI) and Boustany (R-LA) have introduced a House bill to permanently reinstate 20/220 (H.R.4344).[4]

More Information:

- ***Current Action on the 20/220 rule:*** http://www.ama-assn.org/go/deferment
- ***Contact Congress about the 20/220 rule:*** http://capwiz.com/ama/issues/alert/?alertid=10524271&type=co

Contact Us:

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References: (1) http://www.ama-assn.org/ama1/pub/upload/mm/16/hr2269talkingpoints.pdf **(2)** http://www.ama-assn.org/ama1/pub/upload/mm/15/debt_report.pdf **(3)** http://www.kaisernetwork.org/health_cast/uploaded_files/092105_amsa_implications_transcript.pdf **(4)** http://www.ama-assn.org/go/deferment