



March 12, 2008

The Honorable George Miller  
Chair  
Committee on Education and Labor  
2181 Rayburn House Office Building  
United States House of Representatives  
Washington, DC 20515

Dear Mr. Chairman:

On behalf of the physician and medical education membership of the American Medical Association (AMA) and the Association of American Medical Colleges (AAMC), we urge you to reinstate the debt-to-income ratio pathway ("20/220 pathway") of the economic hardship deferment in the conference report to accompany the Higher Education Act (HEA) Reauthorization to assist medical residents during this crucial time in their training.

As you know, medical residents rely on the 20/220 pathway to help defray their high debt burden. Helping medical students finance their education and assisting medical students, resident physicians, and young physicians to better manage their high debt burden are top legislative priorities for the AMA and the AAMC.

High medical student debt, averaging \$140,000 in 2007, is a significant hardship throughout the loan repayment period, particularly during the three to eight years of training in medical residency programs. The average first-year stipend for medical residents is less than \$45,000 and can be especially challenging for residents who pursue their training in urban areas where the cost of living is high. The high debt burden that many medical graduates face often influences their career choices. Borrowers with high loan debt may be deterred from entering public health service, practicing medicine in underserved areas, starting a career in medical education or research, or practicing primary care medicine.

There is a growing consensus that the United States faces a future shortage of physicians. In its last report in 2005, the Council on Graduate Medical Education (COGME) predicted a shortage of 85,000 physicians by the year 2020. Complicating student debt burden repayment could further deter students from pursuing a career in medicine.

Under Public Law 110-84, after July 1, 2009, medical residents will be eligible for the income-based repayment program, which caps participating borrowers at 15 percent of their income that

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exceeds 150 percent of the poverty line for the borrowers' family size. Unfortunately, the new income-based repayment program does not offer medical residents the option to postpone loan repayment during their initial years of residency. Rather, medical residents wishing to postpone repayment may be forced to enter forbearance, during which interest accrues on their entire federal loan portfolio.

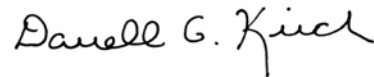
Following the enactment of Public Law 110-84, the Department of Education (ED) used its regulatory authority to retain the 20/220 pathway and sent a letter to Congress confirming this action. Throughout the 2007-2008 negotiated rulemaking process, the Department stood by this commitment by retaining the 20/220 pathway language in proposed draft regulations. However, we were disappointed to learn that on March 5, 2008, the ED reversed its position and pulled the 20/220 pathway language from the proposed draft regulations. We urge you to work with the Department and take the necessary legislative steps to reinstate the 20/220 pathway or provide an equivalent funding mechanism for loan deferment in the final HEA reauthorization conference report.

We look forward to working with you to address this pressing issue.

Sincerely,



Michael D. Maves, MD, MBA  
Executive Vice President, CEO  
American Medical Association



Darrell G. Kirch, MD  
President and CEO  
Association of American Medical Colleges