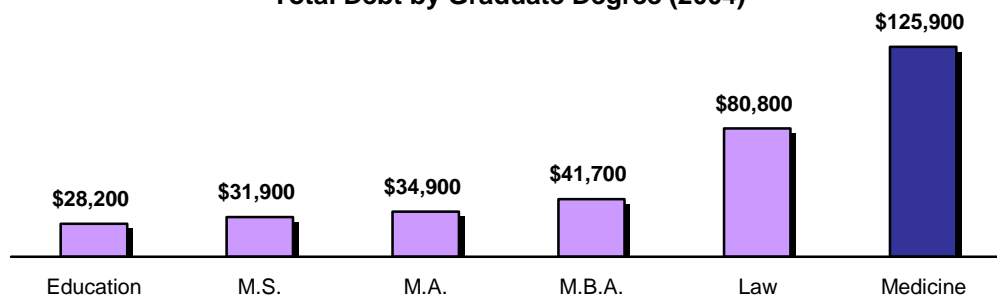




## Reducing Medical Student Debt Strengthens the Physician Workforce

The Council on Graduate Medical Education (COGME), authorized by Congress in 1986, projects a shortage of 85,000 physicians by 2020<sup>1</sup>, and the Association of American Medical Colleges (AAMC) estimates a shortage of at least 124,000 physicians by 2025<sup>2</sup>. With an average medical student debt for indebted graduates of \$155,000<sup>3</sup>, debt plays a major role in career decisions and physician shortages.

**Total Debt by Graduate Degree (2004)**



Source: Student Financing of Graduate and First-Professional Education: 2003-04. National Center for Education Statistics. 2005.

**Background:** Medical education remains the most expensive post-secondary education in the United States<sup>4</sup>, with 87.6% of medical school graduates carrying an average of \$155,000 in debt<sup>3</sup>. This high debt burden may affect students' choice of specialty or dissuade them from attending medical school, as well as negatively impacting diversity within medicine. Minority students cited cost of attendance as the top reason deterring them from applying to medical school<sup>5</sup>. Many medical residents, with a first-year median salary of \$45,700<sup>6</sup>, choose to defer repayment for the first three years of residency. The elimination of Economic Hardship Deferment, also known as "the 20/220 pathway," which expires on June 30, 2009, requires new residents to choose between making required monthly payments under Income Based Repayment or deferring under forbearance, which dramatically increases cost.

### The American Medical Association recommends:

- Creating more opportunities for debt relief through tuition assistance and loan forgiveness programs;
- Ensuring fair, low interest rates for medical students;
- Income tax exemptions for medical student scholarships;
- Including dependent costs in the "cost of attendance" definition to permit trainees to claim dependent costs in loan eligibility calculations;
- Expanding loan forgiveness programs to medical teaching faculty; and
- Reestablishing the "20/220 pathway" for economic hardship loan deferment.

### Benefits:

Reducing medical student indebtedness promotes diversity within medicine and may contribute to a reduction in the shortage of primary care physicians: tuition assistance programs; fair, low interest rates; and income tax exemptions for scholarships lower barriers to medical education for disadvantaged students. In addition, borrowers with less debt are more likely to start careers in medical education and research, practice medicine in medically underserved areas, or enter careers in public health service. Including dependent costs in the "cost of attendance" definition reduces the financial burden on students with families during their education.

<sup>1</sup> *Sixteenth Report: Physician Workforce Policy Guidelines for the United States, 2000-2020* (January 2005). COGME (<http://www.cogme.gov/pubs.htm>). Accessed February 3, 2009.

<sup>2</sup> *The Complexities of Physician Supply and Demand: Projections through 2025, November 2008* (November 2008). AAMC ([https://services.aamc.org/Publications/showfile.cfm?file=version122.pdf&prd\\_id=244&prv\\_id=299&pdf\\_id=122](https://services.aamc.org/Publications/showfile.cfm?file=version122.pdf&prd_id=244&prv_id=299&pdf_id=122)). Accessed February 3, 2009.

<sup>3</sup> *AAMC 2008 Graduation Questionnaire* (October 2008). AAMC (<http://www.aamc.org/gq>). Accessed February 4, 2009.

<sup>4</sup> *Student Financing of Graduate and First-Professional Education: 2003-04* (2005). National Center for Education Statistics (<http://nces.ed.gov/pubs2006/2006185.pdf>). Accessed February 11, 2009.

<sup>5</sup> *Medical School Tuition and Young Physician Indebtedness* (March 2004). AAMC ([https://services.aamc.org/publications/showfile.cfm?file=version21.pdf&prd\\_id=102&prv\\_id=113&pdf\\_id=21](https://services.aamc.org/publications/showfile.cfm?file=version21.pdf&prd_id=102&prv_id=113&pdf_id=21)). Accessed February 4, 2009.

<sup>6</sup> *Medical Student Education: Costs, Debt, and Loan Repayment Facts* (October 2008). AAMC (<http://www.aamc.org/programs/first/debtfactcard.pdf>). Accessed February 4, 2009.