

HOD Action: Resolution 304 referred

AMERICAN MEDICAL ASSOCIATION HOUSE OF DELEGATES

Resolution: 304
(A-08)

Introduced by: Michigan Delegation
Subject: Medical Student Debt Crisis
Referred to: Reference Committee C
(David M. Lichtman, MD, Chair)

1 Whereas, Michigan State Medical Society (MSMS) policy states that adequate financial aid
2 systems should be available for financially needy medical students (policy established prior to
3 1990); and
4
5 Whereas, MSMS policy opposes mid-year or retroactive increases in tuition for students of
6 medical and related health professional schools in the state of Michigan; and
7
8 Whereas, The state's medical schools have experienced exorbitant increases in tuition above
9 the national average over the last four years, as follows: University of Michigan resident 16
10 percent, non-resident 19 percent; Michigan State University resident 27 percent, non-resident
11 27 percent; Wayne State University resident 52 percent, non-resident 47 percent; national
12 public resident 20 percent, non-resident 11 percent; national private resident 14 percent, non-
13 resident 13 percent; and
14
15 Whereas, In addition to tuition, there is also considerable personal debt and opportunity cost for
16 medical students who are in school for four years, followed by an additional three to nine years
17 of training; and
18
19 Whereas, Medical students increasingly must rely on student loans to compensate for increases
20 in tuition, fees, cost of living, and other expenses¹; and
21
22 Whereas, Medical students are at a significant salary disadvantage when they begin loan
23 repayment during residency¹ compared to other professionals, nurses, physical therapists, and
24 most others; and
25
26 Whereas, Loan repayment options have become stricter, which impacts medical and other
27 professional students more than most students in the fact that the Department of Education has
28 indicated that it intends to continue the abolishment of loan payment deferment options for
29 economic hardship (20/220 pathway) during residency as of July 1, 2009², which means that
30 residents will be making loan payments of at least \$1,400/month on an average \$160,000 debt
31 over a 25-year repayment plan or roughly 50 percent of post-tax income based on \$40,000
32 resident annual salary; interest rates on student loans have increased from three percent to
33 seven percent APR within the last two years; current laws allow only one loan consolidation
34 after graduation, which means that residents cannot reconsolidate if interest rates are to drop
35 back down in the future; and if residents defer interest payments during residency, the
36 accumulated interest approximates an additional year of tuition based on seven percent APR on
37 an average student debt of \$160,000 for three years; and

1 Whereas, Overall medical student debt, not just tuition, is increasing at seven percent per year,
2 while physician incomes are increasing at only three percent per year³; and
3

4 Whereas, The Association of American Medical Colleges uses these trends to project that
5 graduates today pay an average of 12-15 percent of their after-tax income to student debt, while
6 graduates in 2033 will be paying almost 30-50 percent of their after-tax income to student debt;
7 and
8

9 Whereas, Statewide medical student survey results sent to all medical students with a 40
10 percent response rate (N=1,229) indicate that: our average graduating Michigan medical
11 student debt is \$155,500 versus the national average of \$120,000 public schools to \$160,000 in
12 private schools; more than 45 percent of Michigan medical students indicate that debt is
13 important or very important in their choice of specialty, which is much higher than three percent
14 reported in young physicians in 1991⁴; Michigan medical students indicate considerable interest
15 in debt relief measures such as scholarships or loan repayment programs in exchange for
16 practicing in the state, and similar programs have already been implemented with greater
17 repayment values in other states with up to \$150,000 possible⁵ compared to our Michigan
18 Essential Health Provider Program/SLRP with \$25,000 possible for two years service; and
19 Michigan medical student debt has become the MSMS Student Section's most important
20 advocacy issue in the coming year; and
21

22 Whereas, The current situation puts graduating Michigan medical students in a financial crisis to
23 meet their loan obligations on a resident's salary, and projections suggest that the best and
24 brightest candidates will be financially discouraged from pursuing a career in medicine,
25 especially in primary care; and
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27 Whereas, These financial difficulties will dissuade premedical students, especially those from
28 diverse backgrounds, from entering the profession at a time when our state is projected to have
29 a physician shortage; therefore be it
30

31 **RESOLVED**, That our American Medical Association pursue long-term solutions to the student
32 debt crisis by hiring an economic consulting firm to analyze the feasibility of novel solutions
33 including 1) competency-based curriculums that shorten the length of undergraduate education
34 and medical school, 2) work-study opportunities, 3) paid rotating internships for fourth-year
35 students who have passed initial licensing exams and have the training equivalents of mid-level
36 providers, 4) financial investment funds that match parental savings, 5) relief for dual degrees
37 not covered by the National Institute of Health, 6) pursuit of government Medicare funding for
38 undergraduate medical education funding, and 7) implementing international medical student
39 tuition models, among other viable options. (Directive to Take Action)

Received: 05/07/08

¹ Widge, Alik, et. al. Final Draft of the Report of the American Medical Association, Medical Student Section, Task Force on Medical Student Debt 2003. Figure 1.

² American Medical Association, Medical Student Section, Governmental Relations Advocacy Fellow Report dated March 12, 2008 after Department of Education's 3rd rule-making session, final regulations are pending for public comment in the next few months.

³ Association of American Medical Colleges. Medical School Tuition and Young Physician Indebtedness. October 2007.

⁴ Baker LC, Barker DC. Factors associated with the perception that debt influences physicians' specialty choices. *Academic Medicine*. 1997 72:1088-109.

⁵ Widge, Alik, et al. pg 10 and pg 20.