PSLF waiver could offer a Halloween treat for physicians

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Jesse Ehrenfeld, MD, MPH, expected to be paying his medical student loans for three decades. A limited waiver that allows more loans and payment types to be covered under the Public Service Loan Forgiveness program has enabled him to entirely wipe out his student loan payments in about half that time eliminating more than $63,000 of medical education debt.

“I have worked for nonprofit hospitals and the federal government my entire career as a physician and was paying as little as I could on a 30-year repayment plan on a low interest rate,” said Dr. Ehrenfeld, the AMA’s president-elect who hosted a recent AMA Advocacy Insights webinar on the waiver.

“Since I wasn’t on an income-based repayment program, under the traditional program, my payments would not count toward loan forgiveness. But because of this one-time waiver, suddenly I had 120 qualifying payments. I got the incredible letter in May saying my balance had been forgiven. I can’t tell you how incredible an opportunity this is.”

Dr. Ehrenfeld isn’t one of a fortunate few; to date, the Department has approved nearly $13 billion in forgiveness for more than 211,000 borrowers through the Limited PSLF Waiver. In advance of the waiver’s Oct. 31 deadline, here’s a look at some of the key details for borrowers looking to understand if and how it can help them.

How it works

News headlines on the student-loan landscape have largely been dedicated to a recent executive order that offers up to $20,000 of loan forgiveness for borrowers under a certain income threshold. The PSLF waiver, however, is likely to be more impactful for physicians.

The PSLF program offers debt relief to physicians and others who make 120 qualifying payments on their educational loans while working for a nonprofit or government-run entity. Over the years, the
program has come in for much criticism. By giving physicians and other borrowers a chance to get past payments counted toward the PSLF if they were working for qualifying employers and have federal student loan debt, the waiver aims to alleviate some of the confusion surrounding the programs.

The PSLF waiver has allowed borrowers to gain, on average, more than a year’s worth of credit toward their required tally for loan forgiveness, according to Ashley Harrington, senior adviser to the chief operating officer in the U.S. Department of Education’s Office of Federal Student Aid.

**Broadening the PSLF**

In the past, not all federal repayment counted as qualifying payments for PSLF. This waiver program allows those payments to count, Harrington explained.

“Under these time-limited rules, you can get credit for any prior period of repayment—no matter the loan program, no matter the payment plan, no matter whether you made a payment in full or made it on time,” she said.

If borrowers were making repayments under programs such as Perkins and Fell loans, this waiver allows them to get credit under the PSLF program. That was previously unavailable. For borrowers to get credited for those payments, they must have had federally held loans and been working for a qualified employer at the time of those payments. To get the credit, you have to apply for a qualified payment program and the waiver by Oct. 31.

Learn what Biden’s student-loan plan means for resident physicians.

**Consolidation**

For borrowers who only have federal direct loans, the only circumstance in which they would have to consolidate under the waiver is if those loans had been in repayment for different periods of time.

This is notable for physicians who had undergraduate loans, took time between college and medical school to work full-time for a qualifying public service entity. In those instances, if you consolidate under the waiver, the previous time spent working in a public-service capacity prior to medical school could count toward the 120 payments required for loan forgiveness.

For borrowers in programs such as a Perkins or Fell loan, the best path is to consolidate into a federal direct loan and fill out a waiver form by the deadline.
Read more about AMA policy on medical education costs and student debt, last updated in 2021. Also learn about the AMA’s support for congressional legislation to enable a 401(k) match for doctors paying off student loans and to give borrowers interest-free deferment on their student loans while in residency training.