Say goodbye to physician residency—and medical student-loan debt?

NOV 3, 2022

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Medical student-loan debt, a figure that on average reaches about $200,000, looms large in many life decisions that physicians make as they exit training and enter practice. For some doctors, that figure can play a factor in evaluating their first position out of residency.

Salary, naturally, will be a factor in determining one’s ability to repay a loan in the most efficient way possible as too may be a signing bonus. In a competitive job market, employers are also offering another carrot to attract candidates: medical student-loan repayment.

For new and soon-to-be entrants to the physician job market, here’s a rundown of some key aspects of employer-sponsored loan repayment.

How common is it

The most common recruiting incentive offered by employers seeking to attract physicians, according to a 2022 report released by the physician recruiting firm Merritt Hawkins, a division of AMN Healthcare, was a signing or commencement bonus. The report indicates that those types of bonuses were offered in more than 90% of searches the firm conducted.

By contrast, 18% of Merritt Hawkins’ searches tracked in the report featured loan repayment, down from 21% the previous year. Educational loan repayment entails payment by the recruiting hospital or other facility of the physician’s medical student loans in exchange for a commitment to stay in the community for a given period of time.

The average amount of loan repayment offered in Merritt Hawkins job searches was a bit more than $100,000. In return, most applicants (77%) were required to stay in their position...
for three years.

“Educational loan repayment can be a significant factor as a recruiting incentive,” said Michael Belkin, a divisional vice president at Merritt Hawkins. “Large health systems are able to offer robust amounts in the range of $100,000-plus. Smaller systems and even private practices also are offering loan repayment, but the amount will be less.

“In all instances, the loan repayment will be tied to a forgiveness period. Loan repayment is a particularly significant part of the overall incentive package for searches in rural and other underserved locations.”

Though the volume of recruiting opportunities offering loan repayment was relatively low, Belkin did offer the caveat that the number is likely higher for young physicians and residents transitioning to practice because more established physicians have, in most instances, paid off their loans. As you continue the journey to being a young physician, the AMA Transition to Practice series has guidance and resources on deciding where to practice, negotiating an employment contract, managing work-life balance and other essential tips about starting in practice.

**How it can work**

When family physician Samantha Benz, MD, was looking for a post-residency job, she had a few key factors that guided her search such as work autonomy, practice culture and location. When she was down to a few final offers, the one that offered medical student-loan repayment stood out.

For a two-year commitment to stay in her position, Dr. Benz—with Aurora Health Care in Milwaukee—was given $100,000 that goes toward paying her loans. That incentive came on top of a signing bonus. Both the signing bonus and the payments her employer made toward her student-loan debt count as taxable income, which is different than loans that are forgiven through the Public Service Loan Forgiveness program.

“It was really appealing,” Dr. Benz said. “The way that it works out after the loan repayment ... basically all of my loans will be paid.”

“When I was comparing the two positions, one offered the medical student-loan repayment incentive and the other didn’t.”

Dr. Benz’s loan repayment stipend was paid as a lump sum. Because she had been making payments toward her loans during residency, while student loan interest was on pause for government loans, the sum she received as part of her recruiting incentive was enough to put her close to having her loans entirely repaid, she said.
“It made the one job more appealing,” said Dr. Benz who began her position with Advocate in mid-October. “Knowing that it would be close to complete was good to know.”

Get a to-do list for young physicians to get their finances on track.

**More about loan repayment**

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.

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