



Support the Future Physician Workforce: Address Medical Student Debt

AACOM recognizes the significant student loan debt burden that osteopathic medical students and graduates shoulder and its overall impact on physician workforce shortages. Many students enter medical school with debt from undergraduate education. Interest accrues on these loans over time and is frequently compounded by years of requisite post-graduate training, considerably inflating overall costs. Despite the economic sacrifice, 35 percent of osteopathic medical students who graduated in 2019 indicated that they planned to pursue a career serving vulnerable patients in underserved communities, making important contributions to patient care, medical research, and health¹.

Before the pandemic, our nation already faced a shortage of healthcare professionals. Now, more than ever, a robust workforce is critical to meet our country's growing healthcare needs. Osteopathic medical schools are working to meet this need. Colleges of osteopathic medicine are currently training 25 percent of the future physician workforce. Student loan debt relief would help make medical education more accessible and ease the significant financial burden faced by healthcare workers, including osteopathic medical school graduates, as they respond to COVID-19 and future public health crises. Supporting our country's physicians and medical students by reducing their outstanding medical education debt is in the nation's interest. **AACOM supports the reauthorization of the *Higher Education Act* and strongly urges Congress to maintain and preserve the following programs that help address graduate student debt.**

Maintain the Federal Direct Graduate PLUS (Grad PLUS) Loan Program

Grad PLUS loans are federal loans available to medical and other graduate and professional students for up to the total cost of their education, minus any other federal financial aid received. According to AACOM data, 87 percent of osteopathic medical students graduating in the 2019 – 2020 academic year reported having Grad PLUS loans with a mean loan debt of \$118,827².

Imposing any borrowing limits on Grad PLUS loans could inevitably force students to take out private loans that typically have higher interest rates and limited repayment options, resulting in additional financial strains for medical students and reduced access to medical education for certain student populations, which could further exacerbate the physician workforce shortage. It is crucial to uphold federal policies that encourage and support students who seek to attend medical school and become

physicians. **AACOM strongly urges Congress to maintain the current structure of the Grad PLUS Loan Program.**

Preserve the Public Service Loan Forgiveness (PSLF) Program

The PSLF Program was established under the *College Cost Reduction and Access Act of 2007* and signed into law by President George W. Bush. It incentivizes careers in public service by assisting qualified individuals as they work to give back to their communities. To be eligible a borrower must make 120 qualifying monthly payments under a repayment plan while working full-time for a qualifying employer, such as a government agency, tax-exempt non-profit organization, or non-exempt non-profit that provides public services. The PSLF Program is an investment in the health, education, and safety of America's communities.

Given that graduate students have more than double the average debt of undergraduate students, supporting federal policies that assist students pursuing a medical degree is critical to addressing physician workforce shortages across the country. The PSLF Program has encouraged physicians and other healthcare professionals to work in full-time public service positions in exchange for partial loan forgiveness after 120 qualifying payments. This program has been instrumental in strengthening access to healthcare in medically underserved areas. Non-profit hospitals and underserved communities have been employing the PSLF Program as a competitive recruiting tool to encourage physicians to practice in these areas, and it is vital to preserve this program for future borrowers. According to our recent data, 80 percent of graduating osteopathic medical students in the 2019 – 2020 academic year who planned to enter a loan forgiveness program intended to enter the PSLF Program.² **AACOM strongly urges Congress to preserve the PSLF Program, which supports medical and other health professions students pursuing careers in public service to care for our nation's patients.**

AACOM supports the following legislation in the 116th Congress:

Protecting Our Students by Terminating Graduate Rates that Add to Debt (POST GRAD) Act (H.R. 3418)

H.R. 3418, reintroduced by U.S. Representative Judy Chu (D-CA), would help graduate and professional students finance their education. This legislation would reinstate graduate and professional student eligibility for Federal Direct Subsidized Loans, which was eliminated by the *Budget Control Act of 2011*, by covering graduate and professional students' cost of interest accrued on federal loans while completing their education.

Resident Education Deferred Interest (REDI) Act (H.R. 1554)

H.R. 1554, reintroduced by U.S. Representative Brian Babin (R-TX), would help reduce the debt burden on medical residents who are unable to begin repaying their student loans. This legislation

would provide interest free deferment on student loans for borrowers serving in a medical or dental internship or residency program.

Foreign Medical School Accountability Fairness Act (S. 3058/H.R. 103)

Under current law, certain medical schools located in the Caribbean are exempt from meeting requirements that other foreign medical schools must meet to receive federal student financial aid. S. 3058/H.R. 103 would require that all foreign medical schools be held to the same minimum requirements to receive U.S. Department of Education Title IV federal financial aid. The bills, reintroduced by U.S. Senator Dick Durbin (D-IL) and U.S. Representative Michael Burgess (R-TX), would also require that the schools either have 60 percent non-U.S. citizen enrollment or have at least 75 percent of their students pass the U.S. Medical Licensing Exam.

For more information, please contact Judith Mun, Director of Government Relations, at jmun@aacom.org or (202) 844-4221.

¹ 2018 – 2019 AACOM Graduating Seniors Summary Report: https://www.aacom.org/docs/default-source/data-and-trends/aacom-2018-2019-academic-year-graduating-seniors-survey-summary-report.pdf?sfvrsn=b5310e97_4

² 2019 – 2020 AACOM Graduating Seniors Summary Report (preliminary data)