AMERICAN ASSOCIATION OF
COLLEGES OF OSTEOPATHIC MEDICINE

American Association of Colleges of Osteopathic Medicine
Submitted to the Senate Health, Education, Labor and Pensions Committee

Concerning Higher Education Act Reauthorization
February 23, 2018

We welcome the opportunity to offer comments on the reauthorization of the *Higher Education Act* (HEA). AACOM supports the Committee in its goal to protect students and promote principles of accountability across the education continuum to ensure students are well-informed and receive a cost-effective and high-quality education, leading to a skilled workforce for our nation.

AACOM represents the 34 accredited colleges of osteopathic medicine in the United States. These colleges are accredited to deliver instruction at 49 teaching locations in 32 states. In the current academic year, these colleges are educating nearly 29,000 future physicians—more than 20 percent of all U.S. medical students. Six of the colleges are public and 28 are private institutions.

As policymakers consider changes to the HEA, we believe it is critical to understand the factors unique to medical education and the training of future physicians. As you may know, osteopathic medical school graduates must attend four years of medical school and then are required to complete additional graduate medical education (GME) training for an additional three to seven years. During this GME training, residents earn a stipend; however, that stipend is not sufficient to begin full repayment on student loans, and furthermore, is not reflective of a future physician's practice salary.

Medical residents heavily depend upon federal financial aid programs such as income-based repayment or forbearance to reduce or postpone their obligations until they become independent, fully licensed physicians, earning their full salary. Proposals to create a cohort repayment rate is concerning to AACOM member institutions. Most osteopathic medical schools have extremely low default rates. In fact, some institutions have a zero percent default rate. If enacted, this could be significantly detrimental to medical schools, students, and residents. Moreover, by linking Title IV institutional eligibility decisions to provisions outlined in our comments, it could severely jeopardize or penalize medical students who rely on various federal financial aid assistance programs to help fund their education. This, in turn, threatens to exacerbate the nation's physician workforce shortage.

The percentage of federal student loan dollars that have been repaid five years after borrowers leave a school does not portray an accurate representation of the number of medical school graduates who can pay back their loans in their allocated timeframe. Because of their lengthy GME training, many osteopathic medical graduates are still receiving a stipend instead of their full salary five years after graduation. Therefore, this proposal would present an inaccurate

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representation of their ability to pay back federal loans. While we understand the importance of the HEA reauthorization enforcing accountability and creating appropriate oversight of the federal financial aid system, we strongly urge you to take into consideration the unintended consequences these proposals could have for all U.S. medical schools and their students.

As the nation faces a physician workforce shortage, especially in rural and underserved areas, educating and sustaining a diverse future workforce is critical to meet the nation's evolving health care needs. Particularly considering the growing shortage of primary care physicians, it is necessary that the HEA reauthorization allow for federal policies that support a pathway for future osteopathic physicians, including primary care physicians who choose to enter a less lucrative specialty and those who desire to serve medically underserved communities. The osteopathic medical community has a proven track record of addressing the physician workforce shortage by producing primary care physicians. According to our current data, 33 percent of osteopathic medical school graduates indicated their intent to specialize in the primary care specialties of family practice, general internal medicine, or general pediatrics. The federal financial aid system should continue to support programs that enable physicians to follow a less lucrative career path, to serve their communities, and still pay back their federal student loans.

The Public Service Loan Forgiveness (PSLF) Program has encouraged physicians and other health care professionals to work in full-time public service positions in exchange for partial forgiveness after ten years of consecutive payments. The PSLF Program has been critical in recruiting physicians, especially in medically underserved areas, to meet our nation's growing health care needs. Non-profit hospitals and underserved areas have been employing the PSLF Program as a competitive recruiting tool to encourage physicians to practice in these communities, and it is critical to preserve this program for future borrowers. AACOM strongly supports the PSLF Program and urges the Committee to preserve this important program to support medical and other health professions students pursuing careers caring for patients across our nation.

Grad PLUS loans are available to medical and other graduate and professional students for up to the total cost of attendance. Imposing any borrowing limits on these loans would force students to take out private loans that typically have higher interest rates and limited repayment options, which could seriously impair medical students, especially those from lower socio-economic backgrounds who rely on Grad PLUS to finance their medical education. These loans are critical for medical students to help finance their education, and it is essential that the program is sustained for the next generation of physicians. By capping federal borrowing for medical and other health professions students, our nation's health care sector could be particularly hard hit. For example, if enacted, the borrowing caps in the *PROSPER Act* would leave a nearly $93,000 funding gap for the average osteopathic medical student to support their training over a four-year period.

Data from the U.S. Department of Education (USDE) and the White House Office of Management and Budget show that graduate students are a safe investment. They are least likely to default on their loans (6.6%), and those with Grad PLUS loans default even less (5.9%). Restricting access to these loans could constrain and deter future physicians from specializing in primary care, further exacerbating the primary care workforce shortage. It is crucial that the government uphold federal policies that support students who seek to attend medical school, not dissuade them. AACOM strongly urges Congress to maintain the Grad PLUS Loan Program to support future physicians.

Further, we encourage the Committee to take into account the high graduate interest rate caps. Currently, interest rate caps for Federal Stafford and Grad PLUS loans are 9.5 percent and 10.5 respectively. Interest rates are projected to reach their caps in the coming years, which will result in a massive spike in accrued interest that will nearly double the cost of repayment on loan interest. AACOM urges the Senate HELP Committee to lower these high interest rate caps for graduate students.

We continue to express serious concerns with certain federal regulations and policies that cause undue financial and administrative reporting burdens for osteopathic medical schools and contribute to increased costs for the students they train. As currently written, the USDE's Gainful Employment regulations create extraordinary conditions that highly qualified for-profit U.S. medical schools must meet to receive Title IV federal financial aid funding and completely disregard factors unique to medical education. Furthermore, we are concerned with the potential federal overreach, should these requirements be revised to apply to all U.S. medical schools.

AACOM supports the equity and consistency of federal policies that impact all U.S. medical schools, whether these institutions are public, non-profit, or for-profit institutions. Osteopathic medical students follow a common sequence of coursework, clinical training, and the completion of national board exams. Therefore, when calculating debt-to-earnings rates, we continue to maintain that income during residency training is not an appropriate measure; we urge Congress to establish an alternative reporting structure so that rates more accurately reflect the loan repayment behavior, earnings, and timeline of a medical student. AACOM requests that the Committee reject a one-size-fits-all approach and provide flexibility for all U.S. medical schools and students pursuing medical education and exempt them from these requirements.

Finally, we believe all foreign medical schools should be held to the same minimum requirements to receive USDE Title IV federal financial aid funding. Under current law, certain non-U.S. medical schools are exempt from meeting requirements that others must meet to receive federal student financial aid. We urge the Committee to include the *Foreign Medical School Accountability Fairness Act* in the HEA reauthorization.

Thank you for the opportunity to share our views. AACOM looks forward to continuing to work closely with you to find successful solutions to ensure medical schools and the students they train are well-served by the HEA reauthorization.

If you have any questions or require further information, please contact Pamela Murphy, Senior Vice President of Government Relations, at 301-908-2137 or pmurphy@aacom.org.