

August 14, 2008

The Honorable Margaret Spellings  
U.S. Department of Education  
Attention: Ms. Nikki Harris  
1990 K Street, NW, Room 8033  
Washington, D.C. 20006-8502

**RE: Comments to the Department of Education (ED) proposed rule on the  
*Federal Perkins Loan Program, the Federal Family Education Loan Program, and  
the William D. Ford Federal Direct Loan Program, 34 CFR Parts 674, 682, and  
685 (July 1, 2008); Docket ID ED-2008-OPE-0009***

Dear Madam Secretary:

The undersigned organizations appreciate the opportunity to submit the following comments on the proposed rule that would amend the federal student loan program regulations in accordance with the “College Cost Reduction and Access Act” (CCRAA) (Public Law 110-84). We thank you for your leadership on this issue and commend you for maintaining the debt-to-income ratio (“20/220 pathway”) of the economic hardship loan deferment through July 1, 2009, which is the effective date of the new income-based repayment program (IBR). Under the Higher Education Act (HEA), the Secretary has discretion to establish additional eligibility criteria for economic hardship deferments through regulation. We urge you to reinstate the 20/220 pathway permanently or provide an equivalent funding mechanism for loan deferments so that medical residents continue to have an option to postpone loan payments, without facing financial penalties, during a crucial time in their training.

As you know, medical residents rely on the 20/220 pathway to help defray their high debt burden. Helping medical students finance their education and assisting medical students, resident physicians, and young physicians to better manage their high debt burden are top priorities for our organizations.

High medical student debt, averaging \$140,000 in 2007, is a significant hardship throughout the loan repayment period, particularly during the three to eight years of training in medical residency programs. The average first-year stipend for medical residents is less than \$45,000 and can be especially challenging for medical residents who pursue their training in urban areas where the cost of living is high. The high debt burden that many medical graduates face may influence their career choices. Borrowers with high loan debt may be deterred from entering public health service, practicing medicine in underserved areas, starting a career in medical education or research, or practicing primary care medicine. In addition, loan deferment programs like the 20/220 pathway are vital for ensuring that health care professionals represent the diverse makeup of the general population, and are available to communities across the country, particularly those in underserved areas.

There is a growing consensus that the U.S. faces a future shortage of physicians. The latest report from the Council on Graduate Medical Education (COGME) forecasts a shortage of 85,000 physicians by the year 2020. As we address the predicted physician workforce shortage, we must take into account the number of years it takes for fully trained physicians to enter the workforce. Upon completion of medical school, it takes an additional 3 to 7 years of graduate training so the medical training pipeline could last between 7 to 11 years after college. Moreover, our growing and aging population will significantly impact the U.S. physician supply as baby boomers begin to enter the Medicare program in 2012. Complicating student debt burden repayment could further deter students from pursuing a career in medicine, which could adversely affect our nation's access to care in the coming years.

Under the CCRAA and this proposed rule, effective July 1, 2009, medical residents will be eligible for the IBR, which caps loan repayments of participating borrowers at 15 percent of their income that exceeds 150 percent of the poverty line for the borrowers' family size. Unfortunately, the IBR does not offer medical residents the option to postpone loan repayment during their initial years of residency. Rather, medical residents wishing to postpone repayment have no alternative other than entering forbearance, during which interest accrues on their entire federal loan portfolio.

We are committed to working with you and Congress to take the necessary regulatory and legislative steps to reinstate the 20/220 pathway permanently or provide an equivalent funding mechanism for loan deferment that will enable medical students and residents to better manage their high debt burden during their residency.

Sincerely,

American Academy of Child and Adolescent Psychiatry  
American Academy of Dermatology Association  
American Academy of Family Physicians  
American Academy of Hospice and Palliative Medicine  
American Academy of Otolaryngology – Head and Neck Surgery  
American Academy of Pediatrics  
American Association of Clinical Urologists  
American Association of Colleges of Osteopathic Medicine  
American Association of Neurological Surgeons  
American College of Cardiology  
American College of Emergency Physicians  
American College of Obstetricians and Gynecologists  
American College of Neuropsychopharmacology  
American College of Osteopathic Internists  
American College of Osteopathic Surgeons  
American College of Physicians  
American College of Radiology

American College of Surgeons  
American Gastroenterological Association  
American Geriatrics Society  
American Medical Association  
American Medical Student Association  
American Osteopathic Academy of Orthopedics  
American Osteopathic Association  
American Psychiatric Association  
American Society for Clinical Pathology  
American Society for Metabolic and Bariatric Surgery  
American Society of Nephrology  
American Society for Reproductive Medicine  
American Society for Therapeutic Radiology and Oncology  
American Society of Anesthesiologists  
American Society of Hematology  
American Society of Pediatric Nephrology  
American Society of Plastic Surgeons  
Association of Academic Health Centers  
Association of American Medical Colleges  
College of American Pathologists  
Congress of Neurological Surgeons  
Heart Rhythm Society  
National Hispanic Medical Association  
Society for Cardiovascular Angiography and Interventions  
Society for Vascular Surgery  
Society of Hospital Medicine  
Society of Thoracic Surgeons  
The Endocrine Society

Medical Association of the State of Alabama  
Alaska State Medical Association  
Arizona Medical Association  
Arkansas Medical Society  
California Medical Association  
Colorado Medical Society  
Connecticut State Medical Society  
Medical Society of Delaware  
Medical Society of the District of Columbia  
Florida Medical Association Inc  
Medical Association of Georgia  
Hawaii Medical Association  
Idaho Medical Association  
Illinois State Medical Society  
Indiana State Medical Association

Infectious Diseases Society of America  
Iowa Medical Society  
Kansas Medical Society  
Kentucky Medical Association  
Louisiana State Medical Society  
Maine Medical Association  
MedChi, The Maryland State Medical Society  
Massachusetts Medical Society  
Michigan State Medical Society  
Minnesota Medical Association  
Mississippi State Medical Association  
Missouri State Medical Association  
Montana Medical Association  
Nebraska Medical Association  
Nevada State Medical Association  
New Hampshire Medical Society  
Medical Society of New Jersey  
New Mexico Medical Society  
Medical Society of the State of New York  
North Carolina Medical Society  
North Dakota Medical Association  
Ohio State Medical Association  
Oklahoma State Medical Association  
Oregon Medical Association  
Pennsylvania Medical Society  
Rhode Island Medical Society  
South Carolina Medical Association  
South Dakota State Medical Association  
Tennessee Medical Association  
Texas Medical Association  
Utah Medical Association  
Vermont Medical Society  
Medical Society of Virginia  
Washington State Medical Association  
West Virginia State Medical Association  
Wisconsin Medical Society  
Wyoming Medical Society