AMERICAN ACADEMY OF FAMILY PHYSICIANS
STRONG MEDICINE FOR AMERICA

STUDENT LOAN REPAYMENT PROGRAMS

AAFP Position

The AAFP supports the expansion of the primary care workforce to ensure that all Americans have access to a primary care patient-centered medical home. Debt incurred by pursuing medical training is a barrier to addressing access challenges. To address these workforce challenges, the AAFP supports efforts to reduce the debt burden incurred by physicians, including medical school educational loan forgiveness programs and low-interest loan programs for family medicine residents and practicing physicians. The Academy specifically calls for expanded funding for federal loan programs targeted to support family medicine and primary care, allowing the deferment of interest and principal payments on medical student loans until after completion of postgraduate training, allowing the tax-deductibility of interest on principal payment for such loans, and the development of innovative programs that promote medical training debt relief.

Federal Efforts

Per the Association of American Medical Colleges (AAMC) 2020 Medical School Graduation Questionnaire, over 70 percent of medical school students graduate with debt and the median medical school debt was reported at $200,000. For those in medical debt, 44.9 percent stated that they planned on entering a loan forgiveness program.

Passed by Congress in 2007, the College Cost Reduction and Access Act (CCRAA) authorized the Public Service Loan Forgiveness (PSLF) program. The PSLF program allows loan forgiveness for individuals, including physicians, after 10 years of "public service" to incentivize practice in non-profit settings. Of the 44.9 percent of students who planned on entering a loan forgiveness program, 79.3 percent identified the PSLF program as the program they planned on entering. Due to high demand in the PSLF program, Congress appropriated $700 million to temporarily expand the program in 2018.[1]

Unfortunately, of the 54,184 completed requests for the temporary program, only 661, or one percent of applicants, were approved, spending only $27 million of the $700 million appropriated. Over 70 percent of those requests were denied because the borrower had not submitted a PSLF application, with the remaining requests being denied because the borrower had not yet made 120 qualifying payments or had no qualifying federal loans. Additional challenges in the PSLF program include defining what constitutes a "public service job," determining what constitutes a "qualifying payment," the effects of loan consolidation on qualifying payments, and the challenges of administering the program in coordination among the Department of Education, loan services, and borrowers.[2]

National Health Service Corps

The National Health Service Corps (NHSC) offers loan repayment assistance to support health care clinicians who work in a health professional shortage area (HPSA). Under the program, licensed primary care providers may earn up to $50,000 towards student loans for a two-year commitment at an approved area that has a health professional shortage. The participants must serve as a primary care

[1] U.S. Government Accountability Office. (2019). "Public Service Loan Forgiveness: Improving the Temporary Expanded Process Could Help Reduce Borrower Confusion." Web.
[2] Hegji A. (2018). "The Public Service Loan Forgiveness Program: Selected Issues." *Congressional Research Service.* Web.

medical, dental, or mental/behavioral health clinician and can choose to serve longer for additional loan repayment support.

The NHSC also offers a State Loan Repayment Program which provides cost-sharing grants to states to assist them in funding loan repayment programs for primary care providers working in HPSAs in their state. However, states must opt into this program, therefore requiring matching funds from the state and administration of the program by a state agency. According to the AAMC's State and Federal Repayment, Loan and Scholarship database there are 74 different programs in 37 different states and DC operating under the NHSC's state loan repayment program. The AAMC's searchable database includes various types of debt relief programs including loan repayment, loan forgiveness, and scholarship programs. Loan repayment programs are also available through the armed services.

The American Rescue Plan provided an additional $800 million in funding for NHSC loan forgiveness and scholarship programs. In 2021, Senator Dick Durbin introduced the Strengthening America's Health Care Readiness Act (S. 54), supported by the AAFP, which would authorize a further $5 billion in funding for the NHSC for fiscal year 2021 in order to address workforce shortages and health disparities highlighted by the COVID-19 pandemic. The AAFP endorsed the Student Loan Forgiveness for Frontline Health Workers Act (H.R. 2418) introduced by Representative Carolyn Maloney which would forgive outstanding private and federal loans for healthcare workers who treated patients with COVID-19. The Academy also endorsed the COMMUNITIES Act (H.R. 4185), introduced by Representative Bobby Rush, which would institute 100% loan repayment under the NHSC Loan Repayment Program if a primary care clinician commits to serving in an eligible underserved community for five years.

State Efforts

Many states may have their own, non-federal student loan repayment assistance plans for physicians. Currently, 41 states and D.C. have programs that offer student loan repayment or special pay for doctors who commit to practice in medically underserved areas.[3] For example, Iowa has two separate programs – the Primary Care Recruitment and Retention Endeavor (PRIMECARRE) and the Rural Iowa Primary Care Loan Repayment Program. The PRIMECARRE offers full-time family physicians $50,000 per year in return for a two-year practice commitment working in a public or non-profit site located in a HPSA. The Rural Iowa Primary Loan Repayment Program provides $40,000 per year in loan repayment incentives to individuals that practice in specified locations with a five-year commitment. The program is limited to students who attend the Des Moines University College of Osteopathic Medicine or the University of Iowa Carver College of Medicine.

Most programs serve as incentives to recruit physicians to rural areas. Some states, by contrast, have programs specifically tailored to address urban health care shortages, including Minnesota's Urban Physician Loan Forgiveness Program, which requires participants to actively practice for three years in an urban community in Minneapolis or St. Paul.

In the 2021 legislative session, bills that would establish or expand loan repayment or forgiveness programs were introduced in at least 15 states. Legislation passed in Arizona builds upon their existing loan repayment program for primary care physicians and other practitioners who practice in rural federally designated HPSAs or medically underserved areas and agree to provide a sliding fee scale for medically uninsured patients. Applicants working in an Indian Health Service facility are not required to provide a sliding fee scale. Physicians can receive up to $65,000 towards their student loans per year for the first two years of service and $35,000 for subsequent years. Legislation introduced in Delaware would have created a loan repayment program for new primary care providers who work in underserved areas and accept Medicaid and Medicare patients. Providers would have been able to receive up to $50,000 a year for a maximum of four years.

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[3] Health Resources and Services Administration, National Health Service Corps. "State Loan Repayment Program Contacts." Web.