AMERICAN ACADEMY of FAMILY PHYSICIANS

May 8, 2025

The Honorable Tim Walberg
Chairman
Committee on Education and the Workforce
U.S. House of Representatives
2266 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Bobby Scott
Ranking Member
Committee on Education and the Workforce
U.S. House of Representatives
2101 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Walberg and Ranking Member Scott:

On behalf of the American Academy of Family Physicians (AAFP), which represents 128,300 physicians and medical students, I write to express our concerns regarding the *Student Success and Taxpayer Savings Plan* that was passed by the House Education and the Workforce Committee this week and is intended to be included in the upcoming reconciliation package.

The AAFP appreciates the Committee's efforts to address the cost of education, and we applaud the inclusion of a provision that would allow medical residents to defer interest on their federal student loans. This is a policy that the Academy has advocated strongly in support of alongside numerous other medical and dental organizations. However, other provisions in the bill raise significant concerns for the primary care workforce and would potentially mitigate any savings medical residents receive from interest deferment.

The AAFP has long raised the alarm about the shortage of primary care physicians in the U.S., particularly the supply of family physicians, who provide comprehensive, longitudinal primary care services for patients across the lifespan, including chronic disease management, treatment of acute illnesses, and preventive care. We believe there are significant opportunities to partner with the Committee to strengthen and expand upon programs that incentivize individuals to work in primary care, particularly those programs that encourage physicians to practice in geographic areas with the greatest need. Unfortunately, we are concerned that a number of provisions within this bill would only further erode the primary care workforce and disproportionately affect rural and underserved areas who are already experiencing physician shortages.

Caps on Student Loan Borrowing

The Academy firmly agrees that the cost of higher education should be thoroughly examined and that comprehensive policy discussions at both the federal and state level are necessary to reduce the cost of tuition. However, capping the amount of federal student loans an individual can take out will fail to accomplish the Committee's desire to lower tuition costs at universities and instead place an undue burden on students. This is especially true for current

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and future medical students who come from lower income backgrounds and wish to pursue a career in primary care.

The average student loan debt that medical students take out for four years of medical school, undergraduate studies, and higher education is on average between $200,000 and $250,000.[i] This number will only continue to increase as the cost of medical school continues to rise. While lowering tuition and mitigating student debt is a key issue for family physicians and residents, limiting the borrowing ability of students is not the solution. Placing caps on student loan borrowers will create a system in which individuals who do not need to utilize federal student loan programs will benefit. This could create a health care workforce that is not necessarily based on merit and motivation but on financial abilities and familial legacies.

Primary care specialties such as family medicine disproportionately attract individuals from lower-income backgrounds in comparison with other medical specialties.[ii] Student loans cover not only tuition for lower-income students, but provide necessary financial support for other expenses that allow them to make their dream of practicing medicine a reality. Oftentimes these students need to cover daily living expenses to be able to focus on their studies and clinical training.

Capping federal student loans will only further contract the already diminishing primary care workforce. It is projected that we will face a shortage of up to 40,400 primary care physicians by 2036.[iii] Yet primary care is the only health care component where an increased supply is associated with better population health and improved patient outcomes.[iv] Restricting the ability of low-income students – who are more likely to choose primary care – to borrow what they need to complete their training will only exacerbate the shortage of primary care physicians. And unfortunately, we are already seeing how that story unfolds: increases in chronic conditions, a sicker overall population, and patients relying on more expensive care settings, all of which directly contradicts this administration's stated goals of improving America's health.

<u>Restrictions on Public Service Loan Forgiveness (PSLF)</u>

Given our collective agreement that the cost of higher education and subsequent high levels of student loan debt need to be addressed, the AAFP is particularly concerned about provisions of this legislation that may alter or reduce eligibility for federal loan repayment or forgiveness programs for medical professionals.

Physicians incur the same cost for their medical education whether they enter primary care or other specialties, but once they complete their training, primary care physicians have more difficulty managing their debt due to lower income. When measuring debt as a ratio to income, primary care physicians have approximately double the debt burden as those entering surgical specialties.[v] Research has also shown that loan forgiveness or repayment programs directly influence physicians' choices about whether to choose primary care

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specialties.[vi] Family physicians in particular have relatively low median salary averages ($221,419) in comparison with other non-primary care specialties ($413,915).[vii] Loan repayment programs can be effective in reducing these salary disparity concerns and give family physicians some financial incentive to stay in a field that offers a much lower salary on average.

In addition to specialty choice, student loan debt can also affect decisions related to where a resident chooses to train and ultimately where they practice. This is especially important in rural areas, as evidence shows a direct correlation between where a resident trains and where they end up practicing.[viii] While 20 percent of the U.S. population lives in rural communities, only 12 percent of primary care physicians and eight percent of subspecialists practice in these areas.[ix] However, this bill's proposal to disallow residents to participate in PSLF will further disincentivize residents and physicians from practicing in rural areas, thus exacerbating an already severe access to care issue in those communities.

Family physicians utilize PSLF at high rates. In a recent survey of AAFP members, more than 75 percent of respondents that are in a loan repayment program said they either were currently or had previously been enrolled in the PSLF program. In that same survey, many members shared stories of returning to practice in their rural hometowns — choosing public service careers they love — because PSLF made it possible. Without it, many would have been forced to leave public service for the private sector, leaving critical health needs unmet. Supporting debt relief for family physicians doesn't just strengthen our health care system — it also boosts entire local economies. Studies have shown that a rural primary care physician generates an estimated $1.4 million in annual economic activity and over 26 local jobs.[x] Clinic employment, inpatient and outpatient services, and purchasing of local goods and services all contribute to these impacts. Given the number of health care workers who have left the field post-pandemic, it is crucial for the U.S. to explore how we can motivate physicians and support staff to stay in health care, particularly in rural and underserved communities. **Preserving and strengthening avenues for loan repayment such as PSLF could give family physicians who want to practice in rural areas greater financial freedom to start businesses, employ others, and provide invaluable health care and economic activity in their communities** .

PSLF and other loan repayment programs could also incentivize primary care physicians to seek the independent practice model. Family physicians have changed the way they practice significantly in recent years, and mitigating student debt would free up capital for family physicians who wish to own or work in a private practice. In 2011, 37 percent of AAFP members surveyed reported that they were sole or partial owners of their practice. In 2024, that number fell to 21 percent, with many factors contributing to this shift.[xi] Underinvestment in primary care, overwhelming administrative burden, rising practice costs, and inadequate payment are just some of the variables fueling the loss of small and solo practices. Solo and small practices are essential small businesses. Congress should provide them with every

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possible incentive to not only continue to provide medical care to their communities, but to thrive in their role as employers and economic influencers as well.

Deferment of Interest While in Residency

As noted earlier, the AAFP applauds the inclusion of an interest deferment for federal student loans during residency in this legislation. We have long supported bipartisan and bicameral legislation that would codify this interest deferment, particularly because medical resident salaries average $64,000 per year, while their average student debt load is more than triple that amount and accrues interest rapidly. Residents who experience a substantial increase in their loan debt, simply as a result of the interest they accrue while receiving their required training, are also less likely to remain in rural and underserved areas after their training concludes because of the need to seek higher paying salaries to mitigate that ever-growing debt.[xii] This impact on practice choice due to financial constraints is why the AAFP has supported the *Resident Education Deferred Interest Act* throughout multiple congresses.

However, the positive financial impact of this deferral would be greatly weakened by the above proposals within this bill, which are counterproductive to the goal of providing medical residents with true financial relief. While we appreciate the Committee's recognition that a low-salaried resident shouldn't be further financially burdened with significant interest accrual on their student loan debt, it should not be at the expense of other programs and policies that also serve to lower the student loan debt many take on to complete their training.

Additional Policies of Concern

The *Student Success and Taxpayer Savings Plan* also includes a few other provisions that may further undermine the recruitment and retention of physicians into primary care. These include eliminating the $2,500 tax deduction of student loan interest that certain physicians are eligible for. This deduction is only available to those that make lower levels of income, which for physicians often means they are working in primary care and in rural areas.

In addition, determining the level of federal student aid one can receive based on a "median cost of college" does not take into account the need for many students to use federal student loans to pay for their living expenses. Given the increased cost of living in certain areas, capping loan amounts based on a median cost of tuition will only force students to make education choices based on financial viability, not on where and in what type of specialty they would like to practice.

Thank you for the opportunity to provide this feedback. The AAFP looks forward to working with the Committee to ensure that policies included in the reconciliation package and beyond continue to support a strong and well-trained primary care workforce that can provide the best possible health care to patients nationwide. If you have additional questions please contact Megan Mortimer, Manager, Legislative Affairs at mmortimer@aafp.org.

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Sincerely,

Steve Furr, M.D., FAAFP

Steve Furr, MD, FAAFP
American Academy of Family Physicians, Board Chair

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[ii] What Influences Medical Student & Resident Choices? – Robert Graham Center

[iii] GlobalData Plc. March 2024. The Complexities of Physician Supply and Demand: Projections From 2021 to 2036. AAMC. https://www.aamc.org/media/75236/download

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[vii] US Residency Competitiveness, Future Salary, and Burnout in Primary Care vs Specialty Fields | Medical Education and Training | JAMA Internal Medicine | JAMA Network

[viii] The Distribution of Additional Residency Slots to Rural and Underserved Areas | Health Disparities | JAMA | JAMA Network

[ix] American Academy of Family Physicians. Bipartisan Medicare GME Working Group Draft Proposal Outline and Questions for Consideration. Statement of the American Academy of Family Physicians by Tochi Iroku-Malize, MD, MPH, MBA, FAAFP to the U.S. Senate Committee on Finance. June 24, 2024. https://www.aafp.org/dam/AAFP/documents/advocacy/workforce/gme/LT-SenateFinance-GMEDraftOutline-062424.pdf.

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[xi] American Academy of Family Physicians. Consolidation and corporate ownership in health care: trends and impacts on access, quality, and costs. Statement of the American Academy of Family Physicians by R. Shawn Martin to the U.S. Senate Committee on Finance. Accessed November 4, 2024. www.aafp.org/dam/AAFP/documents/advocacy/delivery/acos/TS-SenateFinanceCommittee-Consolidation-060823.pdf

[xii] Medscape Residents Salary & Debt Report 2021

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