AAFP
AMERICAN ACADEMY of FAMILY PHYSICIANS

September 15, 2025

The Honorable Linda McMahon
Secretary
U.S. Department of Education
400 Maryland Avenue SW
Washington, D.C. 20202-3100

RE: William D. Ford Federal Direct Loan (Direct Loan) Program Proposed Rule; Docket ID ED-2025-OPE-0016

Dear Secretary McMahon:

On behalf of the American Academy of Family Physicians (AAFP), representing 128,300 family physicians, residents, and medical students across the country, I write in response to the Department of Education's (the Department) William D. Ford Federal Direct Loan (Direct Loan) Program proposed rule. The AAFP appreciates the Department's desire and intent to preserve the integrity of the Public Service Loan Forgiveness (PSLF) program by ensuring that taxpayer-funded benefits are not extended to individuals employed by organizations engaged in illegal or unethical activities, and we support efforts to prevent abuse of federal programs. We oppose, however, proposed changes to redefine a "qualifying employer" under the PSLF program and urge the Department to withdraw this proposed rule. If the Department will not withdraw it, we request that it be substantially revised to protect physicians — particularly family physicians — whose ability to serve patients in rural and underserved communities often depends on their employers' eligibility for the PSLF program. **Should the Department choose to proceed, we strongly recommend the following changes**:

- Remove provisions that allow employers to be determined ineligible by the Secretary of Education (the Secretary) without due process;
- Narrow and clarify the criteria for employers to be determined ineligible for the PSLF program to avoid unintended exclusions, particularly refining and limiting the definition of "substantial illegal purpose";
- Ensure PSLF program eligibility is preserved for physicians working in nonprofit and government health systems, regardless of unrelated actions by other departments within the same organization; and
- Establish clear and fair appeals and corrective action plan processes for employers, as well as robust educational resources for employers.

<u>The Impact of Student Debt on the Physician Workforce and Patients' Access to Care</u>

Physicians are the most likely professionals to carry student loan debt, with 81 percent of those with Doctor of Medicine degrees having graduate school debt and 80 percent owing due to undergraduate education.[i] The high burden of medical education debt, averaging between $200,000 and $250,000, undermines progress towards a robust health care workforce by putting medical education out of reach for many potential physicians and exacerbating existing

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physician shortages.[ii] **Given that primary care is the only health care component where an increased supply is associated with better population health and improved patient outcomes, maintaining and expanding physicians' access to student debt relief programs would improve our nation's health care system**.[iii]

Research has shown that student loan repayment programs directly impact physicians' choices about whether to pursue a career in primary care, as well as the geographic and demographic areas in which they choose to practice.[iv] In a recent survey of AAFP members, over 68 percent of respondents reported participation in a loan repayment program. Of those respondents, 75 percent utilize the PSLF program. Our members shared that the PSLF program is especially important for residents and new family physician recruitment in rural and underserved areas. **Family physicians are often the only source of care in these areas, and we support programs and initiatives that ensure financial stability for physicians serving rural communities, which increases those communities' access to quality care for all populations**.

Recent data from the American Board of Family Medicine (ABFM) shows that PSLF program participation among early-career family physicians tripled between 2016 and 2020, highlighting the number of new primary care physicians who want to serve their fellow Americans.[v] The PSLF program has enabled many primary care physicians to return to practice in their rural hometowns, choosing public service careers they love. Without it, many would have been forced to leave public service for the private sector, leaving critical health needs unmet. Under the rule as written, family physicians working under contract with hospitals and health systems who are enrolled in the PSLF program face the risk that their employer could be determined ineligible and removed from the program. The proposed rule sets no process for employees to seek recourse in such cases, which means physicians under contract would then be stuck working for an employer who is no longer deemed eligible for the PSLF program. **Restricting PSLF program employer eligibility could discourage medical graduates from entering family medicine or accepting positions in high-need areas, which would exacerbate existing workforce shortages, limit communities' access to essential care, and compromise public health outcomes. We urge the Department to recognize the PSLF program's importance in building a strong primary care workforce**.

We want a healthier America, just as this administration does, and a healthier America requires a robust and well-educated workforce to support patients. The PSLF program is a vital tool in recruiting and retaining family physicians in public service roles. Undermining it would worsen the existing shortage of primary care physicians, projected to reach 40,000 by 2036.[vi] Without the PSLF program, many medical students already burdened with significant educational debt will choose higher-paying specialties or forgo studying medicine altogether. Studies show that more than 40 percent of physicians rely on the PSLF program, and family

physicians are among the most reliant.[vii] That means fewer primary care physicians, fewer clinics, and fewer options for patients if this proposed rule is finalized.

Ambiguous Definitions, Standards; Lack of Appeals Process

As written, the proposed rule would allow employers to be disqualified from the PSLF program based on vague and undefined standards, even without a criminal conviction or due process. In particular, the proposed definition of "substantial illegal purpose" is overly broad and may inadvertently disqualify legitimate nonprofit organizations that serve vulnerable populations. This could have a significant chilling effect on the health care workforce, especially in large health systems where a single office's alleged violation could jeopardize PSLF program eligibility for hundreds or thousands of physicians who had no involvement in the matter. Family physicians working in community health centers, rural health clinics, nonprofit hospitals, and other safety-net institutions would be particularly vulnerable, and these are the exact physicians who most often need and benefit from the PSLF program. **Disqualifying employers from PSLF program eligibility based on loosely defined criteria could undermine patient access to care in underserved areas by preventing physicians from practicing in those communities. We urge the Department not to finalize ambiguous definitions that will lead to unnecessary confusion and increased risks for employers**.

The proposed rule also lacks clear mechanisms for employers to contest determinations of ineligibility. While we appreciate the Department proposing a corrective action plan process as discussed below, **we object to the lack of an appeals process in the proposed rule**. Should there be a missing piece of information or other minor issue, employers deserve the opportunity to amend or clarify the record before having their PSLF program eligibility revoked. **We strongly urge the Department to develop and implement an appeals process as part of the updated employer eligibility requirements**.

The rule outlines three items a corrective action plan would need to have to be approved by the Secretary:

1. A certification that the employer is no longer engaging in activities that have a substantial illegal purpose;
2. A report describing the employer's compliance controls that are designed to ensure that the employer will not engage in activities that have a substantial illegal purpose in the future; and
3. Any other terms or conditions imposed by the Secretary designed to ensure that employers do not engage in actions or activities that have a substantial illegal purpose.

However, due to the overly broad definition of "substantial illegal purpose" mentioned previously, it is unclear as to what any of the three criteria mean and what would actually be

required of an employer seeking to regain eligibility in the PSLF program. **The AAFP urges the Department to establish transparent review, appeal, and corrective action plan processes to ensure fairness and due process, including developing robust resources to support employers navigating appeals and corrective action plan processes**.

Gender-Affirming Care-Related Provisions

Family physicians consistently deliver comprehensive, evidence-based care tailored to the individual needs of their patients, including gender-affirming care, when clinically appropriate. As such, AAFP policy supports access to gender-affirming care for gender-diverse adults and emancipated minors. We are concerned that this proposed rule may introduce barriers that delay or deny access to care. These barriers not only compromise health outcomes but also undermine the principles of patient autonomy and patient-centered care. The AAFP strongly supports an informed consent model rather than a diagnostic model as the preferred approach to providing gender-affirming care. This model respects patient autonomy, facilitates shared decision-making, and ensures that care is grounded in patient choice and sound clinical evidence. In contrast, policies that rely on non-clinical standards or impose rigid diagnostic standards to provide this care risk exacerbating poor health outcomes among already vulnerable populations.

Further, the physician-patient relationship is the foundation of effective, patient-centered care. Within this relationship, physicians earn the trust necessary to understand a patient's full medical, social, and family history. This insight is critical for accurate diagnosis, prevention, and treatment, and patients recognize its value. A 2025 poll on health information and trust revealed 85 percent of respondents having a "great deal" or "fair amount" of trust in their doctor's health recommendations, exceeding trust in major health agencies and public officials.[viii]

Immigration-Related Provisions

The AAFP believes that all people should have access to essential health care services, regardless of their immigration status. Migrant and seasonal workers provide essential services in the U.S., and their health and well-being should be considered by physicians and public health officials. We believe that appropriate medical care decision-making occurs between the physician and the patient, and we oppose actions that would criminalize the provision of medical care to undocumented foreign-born individuals or require health care workers to collect and report data regarding a patient's legal residency status.

Discrimination-Related Provisions

The AAFP believes all U.S. citizens should be treated fairly within the administration of federal programs, and we strongly support the principle that hiring, credentialing, and privileging decisions for physicians should be based solely on verifiable professional criteria. A diverse family medicine workforce enables all family physicians to provide more accessible, inclusive, comprehensive, responsive, and culturally effective care to reduce or eliminate health disparities. We believe that a diverse family medicine workforce is essential to improving patient outcomes and society's overall health, and we oppose actions that would seek to prevent culturally competent care from being available to all patients. The AAFP believes that by encouraging diversity in their physician workforces, physician groups and health care systems can help ensure their ability to deliver culturally competent care to all segments of their patient populations. As such, we support diversity, equity, and inclusion initiatives in all levels of medical education, including the expansion of recruitment efforts to diversify medical education learners.

Statutory Authority

The Department's proposed rule relies on broad rulemaking authority governed by Title IV of the Higher Education Act (HEA) of 1965 to redefine "qualifying employer" for the purposes of the PSLF program. Across HEA's 50-year history, amendments and reauthorizations of the law have generally expanded, rather than limited, opportunities for students to spend and owe less on higher education. Additionally, the HEA does not authorize the Department to introduce subjective or politically influenced criteria such as "substantial illegal purpose" into the definition of qualifying employment.

The proposed rule's reliance on the Internal Revenue Service's (IRS) "Illegality Doctrine" to justify employer disqualification appears legally tenuous. While the IRS uses this doctrine to determine tax-exempt status under Section 501(c)(3) of the Internal Revenue Code, its application to PSLF program eligibility lacks statutory grounding and risks inconsistent enforcement. The Department's attempt to adopt this framework for the PSLF program introduces ambiguity and undermines the legal clarity required for effective administration of federal programs.

Only Congress has the authority to substantively alter the PSLF program's eligibility criteria. The Department's effort to redefine qualifying employment through regulation exceeds its delegated authority and would set a concerning precedent. **The AAFP urges the Department to respect the statutory boundaries established by the HEA and to refrain from implementing regulatory changes beyond its authority that could destabilize the PSLF program and jeopardize access to loan forgiveness for physicians serving in public service roles**.

Conclusion

The AAFP urges the Department to use its authority to advance policies that provide meaningful debt relief to physician borrowers. As previously noted, addressing medical education debt can help alleviate physician shortages and improve access to high-quality care for patients. Student loan debt can prevent students from going to medical school, as well as prevent physicians from choosing primary care over other specialties and joining or opening practices in rural and other underserved communities. **Providing debt relief to physicians and medical students would therefore advance several goals that are in line with the President's national strategies and executive orders to invest in rural communities, support physician and patient choice, and address our nation's chronic disease crisis**. As such, the AAFP urges the Department to prioritize patients' access to health care nationwide and withdraw this proposed rule.

Thank you for the opportunity to provide written comments on this important topic and its potential impact on primary care access in the U.S. Family physicians are committed to serving their communities, and the PSLF program is a vital support system to the administration's mission of better health for all. We urge the Department to consider the potential real-world impacts of this regulation on America's health care system, and we remain committed to working with the Department and other stakeholders to advance student debt relief policies that will help bolster our health care workforce and advance access to high-quality primary care for every individual. For more information or questions, please contact David Tully, Vice President, Government Relations, at dtully@aafp.org.

Sincerely,

Steve Furr, M.D., FAAFP

Steven P. Furr, MD, FAAFP
Board Chair
American Academy of Physicians

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