

# Study finds heavily indebted med students choosing primary care face greater financial challenges

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Researchers at Boston University and the Association of American Medical Colleges (AAMC) have determined that heavily indebted medical students choosing primary care careers will experience difficulty paying their student debt unless they consider alternative strategies to support repayment. These findings appear online in *Academic Medicine*, the peer-reviewed Journal of the AAMC.

Most medical school graduates have education [debt](#) and the average amount of education debt is increasing. In 2011, 86 percent had education debt at graduation, averaging \$161,290, the highest total to date. Among these indebted graduates, 23 percent of those at private medical schools graduated with loans of \$250,000 or more.

The authors used comprehensive financial-planning software developed by Lawrence Kotlikoff, PhD, professor of economics at Boston University and other economists, to model the annual finances for a fictional physician's household to compare the impact of various debt levels, repayment plans and living expenses across three specialties. To accurately develop this spending model, they used published data from federal and local agencies, real estate sources and national organizations. For their fictional indebted physician, the researchers created three career tracks: one as a [primary care](#) physician and two as higher-paying specialists (comparable to physicians in psychiatry or obstetrics/gynecology and in general surgery), each with a comparable

starting salary. They analyzed four education debt levels: \$150,000, \$200,000, \$250,000, and \$300,000. Among indebted medical school graduates in the class of 2011, in overlapping categories, 59 percent had education debt of \$150,000 or more, 33 percent had \$200,000 or more, 15 percent had \$250,000 or more, and five percent had \$300,000 or more.

The loan repayment scenarios they modeled included the standard 10-year plan and the extended 25-year plan. In total, they analyzed 384 different scenarios: 16 repayment plans at four different debt levels for three different career tracks in two different locations (Boston and Denver.)

The models indicate that recent medical school graduates, with the median amount of education debt (\$160,000) can enter primary care, raise a family, live in an expensive urban area and repay their debt within 10 years without incurring additional debt. To achieve all of these goals at the \$200,000 debt level, however, a primary care physician would need to consider an extended repayment plan and/or a federal loan repayment program, such as income-based repayment or the National Health Services Corps (NHSC). To achieve these goals at the \$250,000 or more debt level, a primary care physician would need to consider living in a more moderately priced area and/or choosing an extended 25-year repayment plan or a multi-year commitment to a federal loan forgiveness/repayment program.

The study's economic modeling of a physician's household income and expenses across a range of medical school borrowing levels in high- and moderate-cost living areas shows that physicians in all specialties, including primary care, can repay the current median level of education debt. At higher borrowing levels, even for physicians in comparatively lower-income primary care specialties, there are options to partially mitigate the economic impact of education debt repayment. These

options include: an extended repayment term or federal loan forgiveness/repayment program, such as income-based repayment (IBR), public service loan forgiveness (PSLF), and the NHSC. However, extended repayment incurs significant additional interest payments and loan forgiveness programs have restrictions.

"Our results show that student debt levels have become so high that a growing number of students will struggle on a primary care salary alone to repay educational loans and still have enough left over to cover other routine household expenses," notes senior author John Wiecha, MD, MPH, associate professor of family medicine at Boston University School of Medicine (BUSM) and an assistant dean for academic affairs at BUSM.

Lead author James Youngclaus, senior education analyst at the AAMC, adds "Our unique study used real world numbers to demonstrate that heavily indebted primary care graduates must be careful and strategic when making repayment and lifestyle choices."

Provided by Boston University Medical Center

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