Physicians deserve answers as public service loan forgiveness program hangs in the balance

August 27 2018

Credit: CC0 Public Domain

With medical school loan debt averaging $200,000, many physicians pursue the Public Service Loan Forgiveness Program that eliminates federal student loans after 10 years of service in the public sector. But the fate of the program hangs in the balance, as government officials signal a desire to end it, leaving physicians in a lingering uncertainty that's unnecessary and unfair, health policy experts from the Perelman School of Medicine at the University of Pennsylvania and three other medical institutions argue in a new commentary published in the *Annals of Internal Medicine*.

"There are justifiable reasons to support the program and also justifiable reasons to change it," senior author David A. Asch, MD, a professor of Medicine and Medical Ethics and Health Policy and executive director of the Penn Center for Health Care Innovation, and his colleagues wrote. "But there are no justifiable reasons to keep recent graduates in suspense."

The program, which began in 2007 under President George W. Bush, forgives remaining federal debt for borrowers who have made 120 payments or 10 years' worth of loan repayments while employed at nonprofit or public institutions. Those conditions are particularly favorable for physicians, as most begin their careers in residency programs—which counts towards years of repayment—at nonprofit medical centers or hospitals, and often continue in that setting afterwards. According to the authors, a third of 2017 graduates who borrowed money for medical school report planning to use the program.

Recently, the program has been threatened with elimination by Congress and the Trump administration, with little guidance about the fate of current borrowers.

A U.S. House of Representatives proposal makes borrowers after July 1, 2019 ineligible for the program—and leaves unclear whether borrowers pursuing federal loans prior to that time will be grandfathered in. Further muddying the waters, the Department of Education retroactively reversed certifications for some lawyers working in nonprofit institutions, and indicated that certifications are now temporary and subject to final approval by them.

It's what the authors call an "unnecessary uncertainty" that deserves clarity and swift decisions. "Physicians are trained to handle uncertainty but that does not excuse leaving new physicians facing uncertainties that can be easily resolved," they wrote. "Even as we consider new approaches toward financing training for public service, we should insist on clarity for those who have already pursued it."

The program is not without its problems, including issues such as insufficient cost estimates.

While it could help the mounting problem of educational debt in America, the designers of the program may have been thinking more about lower paid public school teachers and not have anticipated how many higher paid physicians would be eligible and how the long years of training would increase the proportion of physician debt relieved from the program. "It's structured to encourage borrowers to minimize current loan repayment to maximize eventual loan forgiveness," says Asch. "That's a strategy that could work out well for physicians and other borrowers," he added, "but it's also a risky one—one that could lead young physicians to accumulate even more debt as they delay paying off loans."

Physicians pursuing higher earning specialties with typically longer training, such as neurosurgery, also end up responsible for less of their debt repayment than physicians pursuing lower earning specialties with typically shorter training, such as family medicine. "That probably was not an intended consequence of the program's structure, but it's nevertheless a perverse outcome, given recognized shortages and relatively low pay in primary care fields compared to subspecialties," says Justin Grischkan, MD, the lead author of the study and a resident physician in Internal Medicine at the Massachusetts General Hospital in Boston.

Still, expunging the program, rather than fixing it, would not only worsen educational debt, it may also prevent people from entering the medical workforce. "Physicians who are planning to use the program are more likely to graduate with higher debt, receive less scholarship support and come from backgrounds with lower parental income" Grischkan says. As more medical students come from high-income backgrounds that can support their education without debt (nearly one third of graduates), overall debt is further concentrated among those with the most need, the authors said.

"A medical degree is increasingly out of reach of many who might contribute to a workforce more responsive to diverse national needs," the authors wrote. Ending that program "may remove a financial support critical to national interests."

The authors estimate annualized costs for the program at around $1 billion for physician medical education. Ending it could redirect that $1 billion more efficiently toward health care workforce goals, but it's more plausible that those funds would go elsewhere, they said. "A flawed program may be better than none at all."

Provided by Perelman School of Medicine at the University of Pennsylvania