

Statement



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Young Physician Indebtedness and Health Professional Loan Repayment Programs

Presented by

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Good Morning Councilmember Catania and distinguished members of the Council. My name is Raj Sabharwal, Associate Director of Educational Research and Evaluation at the Association of American Medical Colleges. The AAMC represents the nation's 125 accredited allopathic medical schools, over 400 major teaching hospitals and health systems, and 94 academic and scientific societies representing over 100,000 faculty members, as well as the nation's 67,000 medical students and 104,000 residents.

Recent increases in medical student tuition and high levels of graduating student indebtedness are a matter of great concern to the medical education community. Data from the AAMC's annual Medical School Graduation Questionnaire show that in 1984, 87% of public medical school students had incurred medical school debt, and the median amount for those who had debt was \$22,000. For private medical schools, 90% had debt and the median amount was \$27,000. While the percentage of 2005 graduates from both public and private medical schools reporting medical school debt has decreased slightly (to 85%), the median amounts for those who have debt have increased enormously, to \$115,000 for public school graduates and \$150,000 for private school graduates. It should also be noted that the amount of debt reported by medical school graduates varies

from none at all to over \$420,000. If educational debt continues to rise at current rates and physicians' incomes continue to barely keep pace with inflation, there is realistic concern for the future affordability of medical education.

The demographics of the medical student population have changed significantly over the past several decades. Fifty years ago, medical students were typically white, unmarried, male, and recent college graduates. Today's medical students are almost equally male and female and many students are married and have families. Today's students represent a broader range of ages and racial and ethnic self-descriptions. This diverse student population also faces a broad range of financial challenges in paying for their medical education, and "one size fits all" financial aid strategies are neither appropriate nor effective.

The AAMC supports creative means for financial aid programs for medical students on the local, state, and national levels. These programs should be specifically related to efforts to address the health care needs of society. Such activities include new state-funded and federal loan repayment and forgiveness programs involving service in medically under-served areas, and expansion of existing programs to a broader range of medical specialties to reflect fully the unmet needs of under-served populations

Indebted students should consider fully those loan repayment and forgiveness avenues available to them as a means of reducing their level of indebtedness while also providing much needed medical services to underserved populations and, thus, fulfilling the social contract between medicine and society.

The challenges associated with rapidly rising educational costs and debt affect health professions other than medicine, and indeed all of higher education. Failure to adequately address these challenges could have serious implications for the health of the nation if they impede the supply of health care professionals or diversity within the health professions.

In closing, I would like to refer you to the March 2004 AAMC Report "Medical School Tuition and Young Physician Indebtedness" and the March 2005 report "Medical Education Costs and Student Debt". Both reports include additional details on these topics and are available on the AAMC's website. <http://www.aamc.org/studentdebt/>

Thank you for the opportunity to testify before you today. I would be happy to answer any questions you might have.