

# Student Loan Repayment Programs



## AAFP Position

The AAFP supports the expansion of the primary care workforce to ensure that all Americans have access to a primary care, patient-centered medical home. Debt incurred by pursuing medical training is a barrier to addressing access challenges. Research has shown that loan forgiveness or repayment programs directly influence physician practice choice. The rising level of educational debt disproportionately

affects underrepresented and low-income students and limits their representation in the health workforce. To address these workforce challenges, **the AAFP supports efforts to reduce the debt burden incurred by physicians, including medical school educational loan forgiveness programs and low-interest loan programs for family medicine residents and practicing physicians.**

## Federal Efforts

Per the Association of American Medical Colleges (AAMC) 2022 Medical School Graduation [Questionnaire](#), 69.1% of medical school students graduate with debt and the median medical school debt was reported at \$200,000. For those in medical debt, 49% stated that they planned on entering a loan forgiveness program.

Passed by Congress in 2007, the **College Cost Reduction and Access Act (CCRAA)** authorized the **Public Service Loan Forgiveness (PSLF) program**. The PSLF program allows loan forgiveness for individuals, including physicians, after 10 years of “public service” to incentivize practice in non-profit settings. Of the 44.9% of students who planned on entering a loan forgiveness program, 79.3% identified the PSLF program as the program they planned on entering. Due to high demand in the PSLF program, Congress appropriated \$700 million to temporarily expand the program in 2018.<sup>1</sup>

Unfortunately, of the **54,184** completed requests for the temporary program, only **661**, or one percent of applicants, were approved, spending only \$27 million of the \$700 million appropriated. **Over 70%** of those requests were denied because the borrower had not submitted a PSLF application, with the remaining requests being denied because the borrower had not yet made 120 qualifying payments or had no qualifying federal loans.

### **Additional challenges in the PSLF program include:**

- defining what constitutes a “public service job”
- determining what constitutes a “qualifying payment”
- the effects of loan consolidation on qualifying payments
- the challenges of administering the program in coordination with the Department of Education, loan services, and borrowers.<sup>2</sup>



The median annual tuition for medical students now **exceeds \$32,000 at public medical schools and \$50,000 at private institutions**. The resulting increase in student debt has emerged as a significant barrier to physicians who want to enter the primary care profession.

## **National Health Service Corps**

The **National Health Service Corps (NHSC)** offers **loan repayment assistance to support health care clinicians who work in a health professional shortage area (HPSA)**. Under the program, licensed primary care providers may earn up to **\$50,000** towards student loans for a two-year commitment at an approved area that has a health professional shortage. The participants must serve as a primary care medical, dental, or mental/behavioral health clinician and can choose to serve longer for additional loan repayment support.

The NHSC also offers a State Loan Repayment Program, which provides cost-sharing grants to states to assist them in funding loan repayment programs for primary care providers

working in HPSAs in their state. However, states must opt into this program; therefore, requiring matching funds from the state and administration of the program by a state agency.

According to the AAMC’s State and Federal Repayment, Loan and Scholarship database, there are **72 different programs in 22 different states and DC operating under the NHSC’s state loan repayment program**. The AAMC’s searchable database includes various types of debt relief programs including loan repayment, loan forgiveness, and scholarship programs. Loan repayment programs are also available through the armed services.


# Student Loan Repayment Programs

The [American Rescue Plan](#) provided an additional \$800 million in funding for NHSC loan forgiveness and scholarship programs. In 2021, Senator Dick Durbin introduced the Strengthening America's Health Care Readiness Act ([S. 54](#)), [supported](#) by the AAFP, which would authorize a further \$5 billion in funding for the NHSC for fiscal year 2021 in order to address workforce shortages and health disparities highlighted by the COVID-19 pandemic. The AAFP [endorsed](#) the Student Loan Forgiveness for **Frontline Health Workers Act (H.R. 2418)** introduced by Representative Carolyn Maloney which would forgive outstanding private and federal loans for healthcare workers who treated patients with COVID-19.


The Academy also [endorsed](#) the **COMMUNITIES Act (H.R. 4185)**, introduced by Representative Bobby Rush, which would institute **100% loan repayment** under the NHSC Loan Repayment Program if a primary care clinician commits to serving in an eligible underserved community for five years. Finally, the AAFP [urges](#) Congress to pass the **Resident Education Deferred Interest (REDI) Act (S.704)** to allow medical residents to defer their student loans interest free during residency, and the AAFP recommends that the interest on medical student loans be deductible on federal tax returns.

## State Efforts


Most programs serve as incentives to recruit physicians to rural areas. Some states, by contrast, have programs specifically tailored to address urban health care shortages, including [Minnesota's Urban Physician Loan Forgiveness Program](#), which requires participants to actively practice for three years in an urban community in Minneapolis or St. Paul.



**33 states**  
and Washington, D.C. offer  
medical loan forgiveness  
for physicians.




**Arizona** passed [legislation](#) in 2021 that builds upon its existing loan repayment program for primary care physicians and other practitioners who practice in rural federally designated HPSAs or medically underserved areas and agree to provide a sliding fee scale for medically uninsured patients. Applicants working in an Indian Health Service facility are not required to provide a sliding fee scale. Physicians can receive up to \$65,000 towards their student loans per year for the first two years of service and \$35,000 for subsequent years. Also in 2021, Delaware enacted a [bill](#) to create a loan repayment program for new primary care providers who work in underserved areas and accept Medicaid and Medicare patients. Providers would have been able to receive up to \$50,000 a year for a maximum of four years.



**Iowa** has two separate programs – the [Primary Care Recruitment and Retention Endeavor \(PRIMECARRE\)](#) and the Rural Iowa Primary Care Loan Repayment Program.

The PRIMECARRE offers full-time family physicians \$50,000 per year in return for a two-year practice commitment working in a public or non-profit site located in a HPSA. The Rural Iowa Primary Loan Repayment Program provides \$40,000 per year in loan repayment incentives to individuals that practice in specified locations with a five-year commitment. The program is limited to students who attend the Des Moines University College of Osteopathic Medicine or the University of Iowa Carver College of Medicine.



More recently, **Mississippi** enacted [legislation](#) to establish the Accelerate Mississippi Physician Residency and Fellowship Start-Up Grant Program to create new or increasing capacity in existing physician residency and fellowship programs in hospitals. Tennessee also enacted [HB 1281](#) in 2023, the bill establishes a family medicine student loan repayment grant program to incentivize physicians in residency training to provide medical health services in health resource shortage areas following completion of their training.

<sup>1</sup> U.S. Government Accountability Office. (2019). "Public Service Loan Forgiveness: Improving the Temporary Expanded Process Could Help Reduce Borrower Confusion." Web.

<sup>2</sup> Hegji A. (2018). "The Public Service Loan Forgiveness Program: Selected Issues." Congressional Research Service. Web.