

RESOLUTION 46-08A

Title: Michigan Medical Student Debt Crisis

Introduced by: Laura R. Chromy for the Medical Student Section

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Referred to: Reference Committee E

House Action: Adopted

Whereas, MSMS policy states that adequate financial aid systems should be available for financially needy medical students (policy established prior to 1990), and

Whereas, MSMS policy opposes mid-year or retroactive increases in tuition for students of medical and related health professional schools in the state of Michigan (Res50-HOD03A), and

Whereas, the state's medical schools have experienced exorbitant increases in tuition above the national average over the last four years; as follows: University of Michigan resident 16 percent, non-resident 19 percent; Michigan State University resident 27 percent, non-resident 27 percent; Wayne State University resident 52 percent, non-resident 47 percent; national public resident 20 percent, non-resident 11 percent; national private resident 14 percent, non-resident 13 percent, and

Whereas, in addition to tuition, there is also considerable personal debt and opportunity cost for medical students who are in school for four years, followed by an additional three to nine years of training, and

Whereas, medical students increasingly must rely on student loans to compensate for increases in tuition, fees, cost of living, and other expenses,¹ and

Whereas, medical students are at a significant salary disadvantage when they begin loan repayment during residency¹ compared to other professionals, nurses, physical therapists, and most others, and

Whereas, loan repayment options have become stricter, which impacts medical and other professional students more than most students in the fact that the Department of Education has indicated that it intends to continue the

abolishment of loan payment deferment options for economic hardship (20/220 pathway) during residency as of July 1, 2009², which means that residents will be making loan payments of at least \$1,400/month on an average \$160,000 debt over a 25-year repayment plan or roughly 50 percent of post-tax income based on \$40,000 resident annual salary; interest rates on student loans have increased from three percent to seven percent APR within the last two years; current laws allow only one loan consolidation after graduation, which means that residents cannot reconsolidate if interest rates are to drop back down in the future; and if residents defer interest payments during residency, the accumulated interest approximates an additional year of tuition based on seven percent APR on an average student debt of \$160,000 for three years, and

Whereas, overall medical student debt, not just tuition, is increasing at seven percent per year, while physician incomes are increasing at only three percent per year,³ and

Whereas, the Association of American Medical Colleges uses these trends to project that graduates today pay an average of 12-15 percent of their after-tax income to student debt, while graduates in 2033 will be paying almost 30-50 percent of their after-tax income to student debt,³ and

Whereas, statewide medical student survey results sent to all medical students with a 40 percent response rate (N=1,229) indicate that: our average graduating Michigan medical student debt is \$155,500 versus the national average of \$120,000 public schools to \$160,000 in private schools; more than 45 percent of Michigan medical students indicate that debt is important or very important in their choice of specialty, which is much higher than three percent reported in young physicians in 1991⁴; Michigan medical students indicate considerable interest in debt relief measures such as scholarships or loan repayment programs in exchange for practicing in the state, and similar programs have already been implemented with greater repayment values in other states with up to \$150,000 possible⁵ compared to our Michigan Essential Health Provider Program/SLRP with \$25,000 possible for two years service; and Michigan medical student debt has become the MSMS Student Section's most important advocacy issue in the coming year, and

Whereas, the current situation puts graduating Michigan medical students in a financial crisis to meet their loan obligations on a resident's salary, and projections suggest that the best and brightest candidates will be financially discouraged from pursuing a career in medicine, especially in primary care, and

Whereas, these financial difficulties will dissuade premedical students, especially those from diverse backgrounds, from entering the profession at a time when our state is projected to have a physician shortage; therefore be it

RESOLVED: That MSMS pursue immediate debt relief for medical students at the statewide level by advocating for tuition freezes upon matriculation at state medical schools, pursuing scholarship and loan repayment options for students who stay to train and practice in the state, and continue to advocate at the state and national level for medical student debt relief; and be it further

RESOLVED: That the Michigan Delegation to the AMA ask the AMA to pursue long-term solutions to the student debt crisis by hiring an economic consulting firm to analyze the feasibility of novel solutions¹ including; 1) competency-based curriculums that shorten the length of undergraduate education and medical school, 2) work-study opportunities, 3) paid rotating internships for fourth-year students who have passed initial licensing exams and have the training equivalents of mid-level providers, 4) financial investment funds that match parental savings, 5) relief for dual degrees not covered by the National Institute of Health, 6) pursuit of government Medicare funding for undergraduate medical education funding, and 7) implementing international medical student tuition models, among other viable options.

WAYS AND MEANS COMMITTEE FISCAL NOTE: NONE

¹ Widge, Alik, et. al. Final Draft of the Report of the American Medical Association, Medical Student Section, Task Force on Medical Student Debt 2003. Figure 1.

² American Medical Association, Medical Student Section, Governmental Relations Advocacy Fellow Report dated March 12, 2008 after Department of Education's 3rd rule-making session, final regulations are pending for public comment in the next few months.

³ Association of American Medical Colleges. Medical School Tuition and Young Physician Indebtedness. October 2007.

⁴ Baker LC, Barker DC. Factors associated with the perception that debt influences physicians' specialty choices. *Academic Medicine*. 1997 72:1088-109.

⁵ Widge, Alik, et al. pg 10 and pg 20.