

August 14, 2008

The Honorable Margaret Spellings
U.S. Department of Education
Attention: Ms. Nikki Harris
1990 K Street, NW, Room 8033
Washington, D.C. 20006-8502

**RE: Comments to the Department of Education (ED) proposed rule on the
*Federal Perkins Loan Program, the Federal Family Education Loan Program, and
the William D. Ford Federal Direct Loan Program, 34 CFR Parts 674, 682, and
685 (July 1, 2008); Docket ID ED-2008-OPE-0009***

Dear Madam Secretary:

The undersigned organizations appreciate the opportunity to submit the following comments on the proposed rule that would amend the federal student loan program regulations in accordance with the “College Cost Reduction and Access Act” (CCRAA) (Public Law 110-84). We thank you for your leadership on this issue and commend you for maintaining the debt-to-income ratio (“20/220 pathway”) of the economic hardship loan deferment through July 1, 2009, which is the effective date of the new income-based repayment program (IBR). Under the Higher Education Act (HEA), the Secretary has discretion to establish additional eligibility criteria for economic hardship deferments through regulation. We urge you to reinstate the 20/220 pathway permanently or provide an equivalent funding mechanism for loan deferments so that medical residents continue to have an option to postpone loan payments, without facing financial penalties, during a crucial time in their training.

As you know, medical residents rely on the 20/220 pathway to help defray their high debt burden. Helping medical students finance their education and assisting medical students, resident physicians, and young physicians to better manage their high debt burden are top priorities for our organizations.

High medical student debt, averaging \$140,000 in 2007, is a significant hardship throughout the loan repayment period, particularly during the three to eight years of training in medical residency programs. The average first-year stipend for medical residents is less than \$45,000 and can be especially challenging for medical residents who pursue their training in urban areas where the cost of living is high. The high debt burden that many medical graduates face may influence their career choices. Borrowers with high loan debt may be deterred from entering public health service, practicing medicine in underserved areas, starting a career in medical education or research, or practicing primary care medicine. In addition, loan deferment programs like the 20/220 pathway are vital for ensuring that health care professionals represent the diverse makeup of the general population, and are available to communities across the country, particularly those in underserved areas.

There is a growing consensus that the U.S. faces a future shortage of physicians. The latest report from the Council on Graduate Medical Education (COGME) forecasts a shortage of 85,000 physicians by the year 2020. As we address the predicted physician workforce shortage, we must take into account the number of years it takes for fully trained physicians to enter the workforce. Upon completion of medical school, it takes an additional 3 to 7 years of graduate training so the medical training pipeline could last between 7 to 11 years after college. Moreover, our growing and aging population will significantly impact the U.S. physician supply as baby boomers begin to enter the Medicare program in 2012. Complicating student debt burden repayment could further deter students from pursuing a career in medicine, which could adversely affect our nation's access to care in the coming years.

Under the CCRAA and this proposed rule, effective July 1, 2009, medical residents will be eligible for the IBR, which caps loan repayments of participating borrowers at 15 percent of their income that exceeds 150 percent of the poverty line for the borrowers' family size. Unfortunately, the IBR does not offer medical residents the option to postpone loan repayment during their initial years of residency. Rather, medical residents wishing to postpone repayment have no alternative other than entering forbearance, during which interest accrues on their entire federal loan portfolio.

We are committed to working with you and Congress to take the necessary regulatory and legislative steps to reinstate the 20/220 pathway permanently or provide an equivalent funding mechanism for loan deferment that will enable medical students and residents to better manage their high debt burden during their residency.

Sincerely,

American Academy of Child and Adolescent Psychiatry
American Academy of Dermatology Association
American Academy of Family Physicians
American Academy of Hospice and Palliative Medicine
American Academy of Otolaryngology – Head and Neck Surgery
American Academy of Pediatrics
American Association of Clinical Urologists
American Association of Colleges of Osteopathic Medicine
American Association of Neurological Surgeons
American College of Cardiology
American College of Emergency Physicians
American College of Obstetricians and Gynecologists
American College of Neuropsychopharmacology
American College of Osteopathic Internists
American College of Osteopathic Surgeons
American College of Physicians
American College of Radiology

American College of Surgeons
American Gastroenterological Association
American Geriatrics Society
American Medical Association
American Medical Student Association
American Osteopathic Academy of Orthopedics
American Osteopathic Association
American Psychiatric Association
American Society for Clinical Pathology
American Society for Metabolic and Bariatric Surgery
American Society of Nephrology
American Society for Reproductive Medicine
American Society for Therapeutic Radiology and Oncology
American Society of Anesthesiologists
American Society of Hematology
American Society of Pediatric Nephrology
American Society of Plastic Surgeons
Association of Academic Health Centers
Association of American Medical Colleges
College of American Pathologists
Congress of Neurological Surgeons
Heart Rhythm Society
National Hispanic Medical Association
Society for Cardiovascular Angiography and Interventions
Society for Vascular Surgery
Society of Hospital Medicine
Society of Thoracic Surgeons
The Endocrine Society

Medical Association of the State of Alabama
Alaska State Medical Association
Arizona Medical Association
Arkansas Medical Society
California Medical Association
Colorado Medical Society
Connecticut State Medical Society
Medical Society of Delaware
Medical Society of the District of Columbia
Florida Medical Association Inc
Medical Association of Georgia
Hawaii Medical Association
Idaho Medical Association
Illinois State Medical Society
Indiana State Medical Association

Infectious Diseases Society of America
Iowa Medical Society
Kansas Medical Society
Kentucky Medical Association
Louisiana State Medical Society
Maine Medical Association
MedChi, The Maryland State Medical Society
Massachusetts Medical Society
Michigan State Medical Society
Minnesota Medical Association
Mississippi State Medical Association
Missouri State Medical Association
Montana Medical Association
Nebraska Medical Association
Nevada State Medical Association
New Hampshire Medical Society
Medical Society of New Jersey
New Mexico Medical Society
Medical Society of the State of New York
North Carolina Medical Society
North Dakota Medical Association
Ohio State Medical Association
Oklahoma State Medical Association
Oregon Medical Association
Pennsylvania Medical Society
Rhode Island Medical Society
South Carolina Medical Association
South Dakota State Medical Association
Tennessee Medical Association
Texas Medical Association
Utah Medical Association
Vermont Medical Society
Medical Society of Virginia
Washington State Medical Association
West Virginia State Medical Association
Wisconsin Medical Society
Wyoming Medical Society