Public Service Loan Forgiveness Participation Among US Medical Graduates Pursuing a Career In Neurology

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Introduction

- The Public Service Loan Forgiveness (PSLF) program was established in 2007 as a means for public sector employees to pursue educational loan forgiveness.
- Under the program, graduates are offered complete loan forgiveness after 120 qualifying monthly payments while employed at public or nonprofit institutions, which includes payments made during residency for physicians.

Objective

- We sought to evaluate trends in loan forgiveness participation among US medical graduates pursuing a career in neurology and examine the financial implications of the program.

Methods

Data Source: Association of American Medical Colleges Graduation Questionnaire

- We assessed trends in planned loan forgiveness participation among US medical graduates indicating pursuit of a career in neurology using a census of over 50,000 graduating medical students.
- We estimated the average neurologist’s loan repayment and forgiveness amounts under the PSLF program using financial modeling based on academic salary, residency length and income, and average US medical education debt ($175,000). Financial data were adjusted to 2014 US dollars.

Key Findings

Loan Forgiveness Participation:

- 2.6% (n=1,299) of US medical graduates were identified as pursuing a career in neurology.
- Among graduates choosing neurology, 21.0% (n=55) intended to use a loan forgiveness program in 2010 compared to 39.4% (n=69) in 2014 (P<0.001).
- The increase was largely due to rises in intended participation in PSLF, which grew from 13.7% (n=36) of graduates in 2010 to 27.5% (n=69) in 2014 (P<0.001).

PSLF Repayment and Forgiveness

- For a 2014 graduate with average debt pursuing a general neurology career as an employee of a nonprofit hospital for at least 10 years, the federally funded program will forgive an estimated $164,000 in loans after making an estimated $123,000 in repayment.
- Within the PSLF program there is zero marginal cost of debt in excess of $125,000 for a graduate pursuing neurology (i.e., forgiveness increases without increases in repayment).
- The estimated cost of Public Service Loan Forgiveness for 2014 graduates pursuing neurology: $11.3 million.

Conclusion

- The Public Service Loan Forgiveness program may provide incentive to indebted trainees to pursue work in a nonprofit hospital or seek an academic career, and is increasingly used among US graduates pursuing neurology and many other specialties.

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