Features

Chroniques

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Financial troubles abound for new US medical grads

Milan Korcok

In brief

MILAN KORCOK REPORTS ON THE FINANCIAL PROBLEMS FACING MEDICAL STUDENTS IN THE US, who often face staggering debt loads upon graduation.

En bref

MILAN KORCOK PARLE DES PROBLÈMES FINANCIERS DES ÉTUDIANTS EN MÉDECINE AUX É.-U., qui se retrouvent souvent avec d'énormes dettes à la fin de leurs études.

American medical students have always been an altruistic lot, but are the huge debt loads now associated with attending medical school going to keep some of them from pursuing altruistic goals?

Some American medical educators are already concerned that students are piling up more debt than they can handle in the face of a rapidly changing medical environment, and they know that some students will be in serious financial trouble before their careers are even launched. Dr. Donald Kassebaum, vice-president of the Division of Educational Research and Assessment for the Association of American Medical Colleges (AAMC), recently reported that "students may be throwing caution to the winds in the more favourable climate for borrowing, ignoring indicators of changing practice opportunities and [lower] incomes ahead."

In 1995, says the AAMC, 80% of American medical students were in debt when they graduated, with an average debt load of $100 188 (all monetary figures in this article have been converted to Canadian funds): $84 500 for graduates of public (state-run) schools, and $123 171 for private-school graduates.

The problems aren't limited to the US. As a Newfoundland medical student noted recently (*CMAJ*; 157:559-62), "All our decisions are being forced by the money right now. . . . It sort of clouds over and monopolizes everything. Every decision you make is limited by what you can do financially."

There's no question that students' debt load is increasing. In 1985 only 9.6% of American students had debts of $108 000 or more; a decade later, that has risen to 33%. For students attending private medical schools, the increase has been even more dramatic. By 1995 more than 47% of these students had debts of $108 000 or more, and 33% had debts of at least $145 000. (About 40% of American medical students attend private schools.)

One reason for this difference is the higher tuition fees found at private schools. In 1995, graduates of publicly funded schools paid an average of $47 527 in tuition over 4 years. Their total estimated average cost of attendance (tuition, fees, books, supplies, equipment and living expenses) was $128 915. Private school graduates paid an average of $129 624 in tuition fees over 4 years, and their total costs over 4 years were $212 915. Those numbers make Canada's tuition costs seem a relative bargain.

Higher costs south of the border contribute to some truly stunning debt loads, with one Chicago doctor owing $411 000 (see sidebar). Are the potential debt loads combining with other factors to scare US students away from pursuing a medical

career? The indicators conflict. Medicine's attractiveness as a career seemed to dip in the late 1980s — in 1989–90 there were only 27 000 applicants for 17 000 openings, for a ratio of about 1.6:1; by 1996–97, however, almost 47 000 applicants were competing for 17 385 spaces. The resulting ratio of 2.7:1 was the same as in the mid-1970s. Since then, however, there has been a levelling off, with the number of applicants dropping by almost 3000 students in 1997.

A coveted career?

Whether this signals a trend remains to be seen. Kassebaum is convinced medicine remains a coveted career in the US, and he doesn't think the motives for entering medical school are any different from 25 years ago. "They are still largely based on altruism, a desire to help patients. Our annual medical student surveys still show basically the same hierarchy of motivations."

In fact, he says, medical careers must be highly coveted. Otherwise, why would so many outstanding students still seek them given the "negative effects now operating in practice and the time and cost of undertaking a medical career"?

If motivations have remained relatively constant, the face of the American student population has changed dramatically. In the mid-1960s, 93% of American medical students were men and 97% were non-Hispanic whites. Today, more than 40% are women and 31% belong to racial- or ethnic-minority groups, although Hispanics, mainland Puerto Ricans and American Indians still remain "seriously under-represented."

The accumulation of debt by women, older and minority students, and other candidates who may be less affluent has led to speculation that new doctors may gravitate to higher paying specialties that would allow them to retire their debt more quickly. This has yet to happen. Since 1993, when efforts to produce more family physicians began, the generalist specialties have proved attrac-

Shortage of physicians means UK to train more MDs

Students wanting to pursue medical careers in the UK are now paying for the privilege. Until 1990, medical students here were able to get a frugal but adequate maintenance grant from the government, with the amount based on parental income. From 1990 to 1999 they could still get a grant of up to £2000 a year and were allowed to borrow up to £2400 from a government-funded agency, the Student Loans Company (SLC). From 1999 on, however, the students will have to live entirely on borrowed money.

And that's not the only bad news. Tuition fees for UK students were paid by the government until this summer, but from now on they will have to find the fees — £1000 a year. As for loans, the SLC lends money at a rate pegged to inflation, so graduates repay the same amount in real terms as they have borrowed; the current inflation rate is 3.5%. Graduates are expected to start repaying once they are earning more than 85% of the average national income, currently £16 000 annually, and have up to 7 years to repay.

However, the gradual changeover from student grants to student loans has not deterred students from pursuing medical careers. Last year, 9377 applicants sought a place in medical schools in the UK, and 49% (4577) were successful; the latter students were, of course, the crème de la crème of our school leavers. Sixteen women applied for every 15 men, and 50% of them were successful, compared with 45% of men. A decade ago, 7691 students applied and, again, 49% (3824) were accepted.

UK medical schools also accepted 450 overseas candidates last year, a 73% increase when compared with the 260 foreign students accepted a decade ago; they have to support themselves and pay tuition fees totalling £17 000 pounds a year. The matter of UK-versus-overseas medical students and doctors looks set to become a political issue, because the British Medical Association (BMA) announced in July that last year more than half of country's new doctors were recruited abroad. There were 3920 full registrations of new doctors who had completed their pre-registration year, and 5538 registrations from doctors trained overseas.

The government recently announced that the UK needs another 7000 physicians, a number the BMA says was "plucked from the air." Still, the government says it intends to train another 1000 doctors a year for the next 7 years. If so, this is good news for some of the UK school leavers who have the right qualifications but cannot find a place to study.

It is widely accepted that the number of medical school places is limited so that UK-trained doctors need never be out of a job. I asked a BMA's press officer if she knew of anyone who would admit this on record. Silly question! "I doubt it," came the reply. — © *Caroline Richmond,* London

tive to students even though they provide less income than elite specialties like cardiac surgery.

However, Kassebaum notes that about 20% of private school graduates heading into surgical and subspecialties cite debt as a strong motivator for their choices. Generally, though, the current linkages between debt load and specialty choice are not compelling.

US goes public with list of health care's deadbeats

With US medical graduates facing an increasing debt load because education costs, some have found themselves in deep trouble. A recent announcement by Health and Human Services (HHS) secretary Dr. Donna Shalala indicates how deep these troubles can run. Last January the US government became so fed up with being ignored by doctors and other health professionals who have refused to repay their government-guaranteed Health Education Assistance Loans (HEAL) that it released the names of 1402 professionals who were being disqualified for payment by Medicare or Medicaid. They have also been referred to the Department of Justice for possible litigation and enforced collection.

The HHS publicized all the names and the amounts owed on the Internet (**www.defaulteddocs.dhhs.gov**) and during its first 7 weeks the site attracted more than 40 000 visitors. The site, and supporting information from HHS, indicates that defaulters now owe more than $155 million in educational debt through the HEAL program alone. Of the 1402 defaulters, 737 were chiropractors, who accounted for more than $72 million in bad debts. Significantly, the list does not include more than 1000 defaulters who have begun to make satisfactory arrangements to repay their loans.

Some of the debts are world class. Not only does a Chicago physician owe $411 000, but an osteopath in Hawaii was in hock to the government for $430 000. In fact, 17 health care professionals owe between $362 000 and $435 000 each.

The Internet nudge may "encourage" some repayments, because it allows casual browsers to search the site by name, state of last known residence, discipline and school of graduation. And it offers the kind of information that newspapers love.

Altruism, not money!

It appears that today's young students have accepted that medicine won't provide the same financial benefits as in the past. Each year the AAMC surveys first-year students and new graduates. The 1996 results indicate that the most powerful motivators for entering the profession were intellectual challenges, the chance to educate patients, the opportunity to make a difference and the chance to exercise social responsibility. High incomes appeared to be a minor motivator — 81% of first-year students felt that medicine will not be as financially rewarding as it used to be.

However, there are some interesting clues that altruism and "wanting to make a difference" may not be popular factors in the real world. Most observers agree that the place where American doctors can really make a difference is in rural areas and small towns, yet only 6.7% of 1996 graduates intended to practise there — an astounding number because 15.6% of the responding graduates came from rural areas or small towns. More than two-thirds of 1996 graduates wanted to live in cities with at least 50 000 residents, with 25% preferring cities of 500 000 or more.

So what does the future hold for American medical students. Dr. Robert Jones, director of institutional and policy studies at the AAMC, does not see much relief ahead for students caught in the current money crunch. He says the curriculum reform movement under way in the US and Canada "offers little solace to those concerned with mitigating the costs of medical student education" because it will still cost between $104 000 and $135 000 per medical student per year to cover all faculty and other costs related to a single student's undergraduate education.

"Only by a net reduction of the medical school curriculum might costs truly be reduced," says Jones. But he says that won't happen. "The medical knowledge base continues to increase, as does the range of information and skills required of medical students."

Even the most motivated students do not have a divine right to be physicians, and in time economic realities may dampen some students' passionate desires. For the time being, though, they just keep on coming, and debt be damned. ?