

Resident Education Deferred Interest (REDI) Act of 2019

Background:

The Association of American Medical Colleges (AAMC) predicts that there will be a projected physician shortfall of as many as 121,300 physicians by 2030. Increasing medical student debt may be a significant contributing factor for this potential shortfall as it has increased 123.4 percent from a mean of \$87,297 in 1992 (adjusted to 2017 dollars) to \$195,000 in 2017.

Seventy-five percent of the graduating class of 2017 reported leaving medical school with student loan debt. The mean amount of debt carried by radiology residents in 2016 was \$185,490, the second highest among their physician specialty peers, exceeded only by emergency medicine. (JAMA)

Student debt is an issue that impacts all physicians and dentists, and passage of the REDI Act, introduced by Reps. Brian Babin (R-TX), Paul Gosar (R-AZ), Andy Harris (R-MD), Bill Posey (R-FL) and Steve Stivers (R-OH), will provide medical and dental residents some relief by halting the accrual of interest on graduate student loans during residency.

Issue:

Currently medical and dental residents accrue interest on their graduate loans while they are in school and residency even if they qualify for deferment or forbearance -- the two options available for residents who seek to halt payments on their student loans during residency.

Radiology residents, who typically pursue at least one year-long fellowship after their four year residency, are particularly susceptible to interest accruing on their student loans while they are continuing their education. For example, an average radiology resident who has accumulated \$300,000 in school loans after completing medical school will pay more than \$75,000 of additional interest over those four years at the current average graduate loan interest rate of six percent.

At a time when the United States needs to provide additional incentives to avoid a physician shortfall in the near future, halting the accrual of interest during residency through the enactment of H.R. 1554 will relieve some of the financial burdens of pursuing a career in medicine/dentistry by providing significant savings for young physicians.

Congressional Recommendations:

House: Cosponsor H.R.1554, the REDI Act. Include H.R. 1554 in the next Medicare-related legislation considered by Congress.

Senate: Introduce companion legislation in the Senate.