

Medical Student and Resident Debt Relief

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BCMA Position

1. The provincial and federal governments should raise the annual medical student loan limits to an amount adequate to cover medical school tuition, fees, text books, medical equipment, transportation, and living expenses. This amount should be revised annually to reflect changes in tuition rates and the cost of living.
2. The provincial and federal governments should defer principal and interest payments and provide interest-free status on government student loans for medical residents until they complete their residency training.
3. The provincial government, in conjunction with the BCMA, should revise the current loan reduction program or offer a new interest rate reduction program for new general practitioners and specialists who commit to practising in BC.

Background

Becoming a physician in British Columbia requires between 9 to 15 years of post-secondary education. Medical schools require that applicants complete at least 3 years of an undergraduate program, most being admitted with a 4-year Bachelor's degree. After completing a 4-year medical degree, physicians must undergo a further 2 to 7 years of residency training, depending on the area of specialisation. During this residency period, they train under the supervision of fully-licensed physicians through the post-graduate department of a Canadian university to which they pay yearly student fees. At the end of residency, they must pass licensing exams to enter independent practice.ⁱ

Following university tuition deregulation in the 1990s, medical school tuition increased significantly and is now considerably higher than for the majority of other higher-education programs. Most medical students must take out student loans to cover the costs of their education. The maximum student loan permissible in BC – ranging from \$10,880 to \$15,040 depending on the year of studyⁱⁱ – does not even cover tuition costs (\$15,766/year in 2011-12). In addition, there are also supplemental fees, supplies, and expenses.ⁱⁱⁱ As a result, many medical students must also apply to commercial financial institutions for professional student loans or lines of credit.

Upon graduation from medical school, medical residents in BC must begin repayment on the principal and interest of their government loans while continuing their post-graduate training. A 2006 survey found that the average

Canadian resident owed \$1,978 per month in debt repayment and graduated with an average debt load above \$158,000.^{iv} While residents are compensated for their work and earn \$48,565 for their first year of residency in BC,^v the average debt payment consumes almost 50% of pre-tax income, meaning that many residents continue to go into debt during their residencies – often taking other types of loans to cover interest on existing loans. The Canadian and American bodies that accredit medical schools stipulate that “Medical schools should have mechanisms in place to minimize the impact of direct educational expenses on student indebtedness.”^{vi}

Analysis and Recommendations

Several surveys have concluded that the magnitude of student debt is now affecting who applies to medical school and what areas of practice they choose.^{vii,viii,ix} The increasing cost of Canadian medical school tuition over the past two decades has resulted in a higher proportion of medical students who come from families with much higher household incomes than the average Canadian, creating issues of equity and accessibility.^x

BC needs to ensure that we have medical students from a variety of socioeconomic backgrounds.

Debt load also influences which specialty a student will choose and where they will choose to practise (e.g., rural vs. urban, in-province vs. out-of-province vs. internationally) contributing to the decline of interest in office-based family practice.^{xi,xii} In the 2007 National Physician Survey, 48% of Canadian medical students

said their debt level influences their specialty choice. While students should carry some of the cost burden of their education, it should not influence a student's professional decisions, which it currently does in BC.^{xiii}

While the BC loan forgiveness program currently exists to ease the debt burden on new graduates willing to practise in underserved communities, the forgiveness program is limited in amount and only covers BC student loans, not helping graduates with their lines of credit. Further, Family Physicians For BC (FP4BC), a short-term program that recruits new family physician graduates to underserved communities, only has limited spaces remaining. The BCMA is encouraged by the federal government's commitment in Budget 2011 to forgive up to \$40,000 in Canada Student Loans for new GPs who provide health care in rural and remote regions, starting in 2012-13.

The BCMA puts forward the following three recommendations:

1. The provincial and federal governments should raise the annual medical student loan limits to an amount adequate to cover medical school tuition, fees, text books, medical equipment, transportation, and living expenses. This amount should be revised annually to reflect changes in tuition rates and the cost of living.

Currently the annual limit available to BC medical students, which is lower than any other province except Quebec, does not cover medical school tuition costs. Increasing the medical student loan limit would also help accommodate the medical students' unique expenses, enable them to avoid large commercial lines of credit, and recognize the high cost of living that University of British Columbia medical students and residents face while in Vancouver and traveling to other locations for residency rotations.

2. The provincial and federal governments should defer principal and interest payments and provide interest free status on government student loans for medical residents until they complete their residency training.

BC requires government student loan repayment and does not provide interest-free status during residency training. Medical residents should be viewed as though they are still in school because they are required to pay UBC registration fees in order to be enrolled in their post-graduate medical education requirements. BC currently lags behind Ontario, Quebec, Alberta, Saskatchewan, PEI, and Newfoundland, which

recognize residents as students and grants them relief from interest payments and loan repayment until their completion of residency training. Newfoundland has completely eliminated interest on all of its student loans and allows deferral of principal for up to 54 months.

3. The provincial government, in conjunction with the BCMA, should develop and implement an interest rate reduction program for new physicians who commit to practising in BC.

Although limited loan reduction programs exist in BC, they do not offer solutions for every specialty. The BC loan forgiveness program, which pardons the BC student loans if one works for 3 years in rural BC, fails to address lines of credit. There are several successful loan forgiveness programs in other provinces,^{xiv} and the possibility exists that physicians trained in BC may move out of province to follow these financial incentives and ease the burden of their debt.

References

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ⁱⁱⁱ University of British Columbia, Faculty of Medicine. http://www.med.ubc.ca/students/MD_Undergraduate_Resources_and_Support/financial_assistance/expenses.htm (Accessed August 22, 2011)

^{iv} Canadian Association of Internes and Residents. *Implications of Medical Student Debt Load: Survey Results*. January 2007.

^v Association of Faculties of Medicine of Canada. *Canadian Medical Education Statistics 2010*, volume 32.

^{vi} Liaison Committee on Medical Education, *Functions and Structure of a Medical School*, June 2008

^{vii} BCMA Member Survey, 2005 (Internal Document).

^{viii} Canadian Association of Internes and Residents. 2007.

^{ix} National Physician Survey. *Medical Student Results*. 2007.

^x Kwong JC, Dhalla IA, Streiner DL, Baddour RE, Waddell AE & IL Johnson. *Effects of rising tuition fees on medical school class composition and financial outlook*. CMAJ 2002; 166: 1023-8

^{xi} Kwong JC, Dhalla IA, Streiner DL, Baddour RE, Waddell AE & IL Johnson. *A comparison of Canadian medical students from rural and nonrural backgrounds*. Can J Rural Med. 2005; 10: 36-42

^{xii} Rosenblatt, R. Andrilla, M. *The Impact of U.S. Medical Students' Debt on Their Choice of Primary Care Careers: An Analysis of Data from the 2002 Medical School Graduation Questionnaire* Acad Med. 2005; 80:815-819.

^{xiii} National Physician Survey. 2007.

^{xiv} James Murtagh & Associates. *FPs4BC: Recruiting Doctors to Family Practice in BC*. October 26, 2008.