Tomorrow's Doctors, Tomorrow's Cures®

From Classroom to Clinic: How Grad PLUS Loans Support the Physician Workforce Patients Rely On

Investing in medical education is an investment in access to high-quality health care for all. Federal loan programs strengthen the health services workforce nationwide by creating conditions in which students from every community can access medical school, if they aspire to.

Direct PLUS loans (Grad PLUS) are federal loans that graduate and professional students can use to finance higher education. Typically, medical student borrowers with federal loans start with Direct Unsubsidized loans, which have a lower interest rate but also come with a total cap. As such, they do not finance the entire cost of attendance (COA), or the total estimated expenses a student can expect to incur while attending medical school, including tuition and fees, housing, books, supplies, transportation, loan fees, and other required expenses.

To subsidize the rest of their COA, **many students from a variety of economic backgrounds use the federal loan program Grad PLUS** because of its many benefits that the private market cannot offer, such as:

- The ability to borrow up to the COA
- Fixed interest rates that last the life of loan
- Access to federal loan benefits, such as mandatory residency forbearance and deferment options
- The ability for payments to be based on borrowers' income rather than loan balance through the Income-Driven Repayment plans, allowing medical students to manage their loans during residency
- Eligibility for forgiveness through the Public Service Loan Forgiveness (PSLF) program

Maintaining and strengthening the Grad PLUS program is essential to ensuring that future health care professionals can access the funding they need to pursue their education and ultimately provide access to high-quality care for all patients.

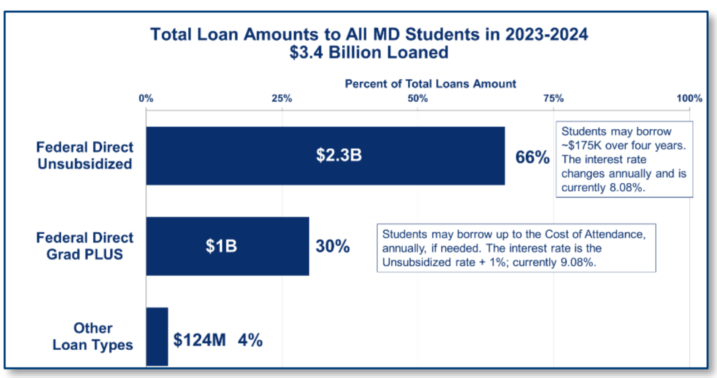


Figure 1: 2023-2024 LCME Part I-B Student Financial Aid Questionnaire. Interest rates from Federal Student Aid site.

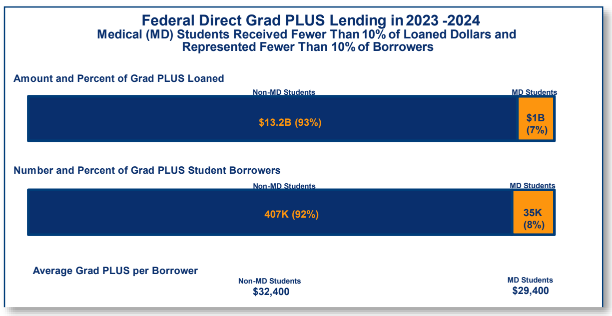
Grad PLUS: A worthwhile investment in the health care workforce

- **Supports rural health care access:** Federal lending programs are especially helpful to rural students, who are more likely to practice in their local communities.
- **Delinquency among medical students is rare:** The commensurate earning potential allows individuals pursuing a career in medicine the financial means to effectively manage and repay their student loan obligations, especially when compared to other professions.
- **The government earns money from loan interest:** Grad PLUS borrowers, including medical students, pay higher interest rates than undergraduates, leading to higher returns for every dollar borrowed over the lifetime of repayment.

A Small Share of Loans with a Big Impact

Medical student Grad PLUS borrowing is **less than 10% of all PLUS borrowing**. Despite being a small proportion of total borrowing**, almost half of MD students rely on the Grad PLUS program** and borrow more than $1B in Grad PLUS annually.

If Grad PLUS loans were eliminated, unmet student need would potentially require private lending. Private loans can deter students from pursuing a medical education, **especially those from rural and underserved environments who may face additional barriers to receiving financing**, because they require co-signers and could have higher interest rates. The elimination of Grad PLUS would only amplify challenges for medical students to finance their medical education.



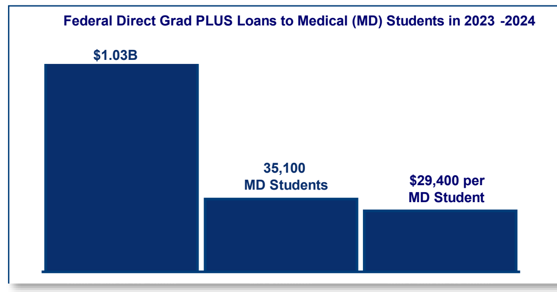
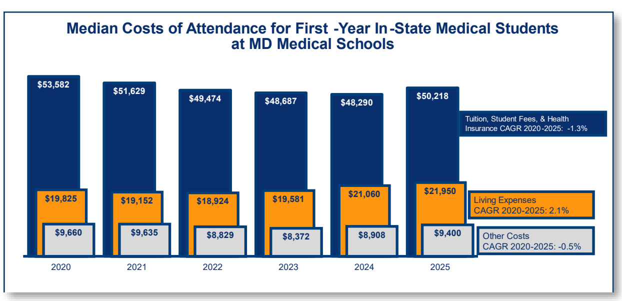


Figure 2: 2023-2024 LCME Part I-B Student Financial Aid Questionnaire. College Board "Trends in College Pricing and Student Aid 2024."
Figure 3: 2023-2024 LCME Part I-B Student Financial Aid Questionnaire. Interest rates from Federal Student Aid site.

Cost-of-Living Expenses Drives Increasing COA

As Congress considers policies to lower the cost of attendance of higher education, it's critical to remember that **tuition is not the driver of recent increases in medical school COA.** Over the last three years, **medical school COA increased solely due to cost-of-living expenses,** which increased at an annual rate roughly 2% higher than inflation. Eliminating federal lending programs will not fix the challenge of inflation-driven increases in living expenses that are largely outside of a medical school's control.



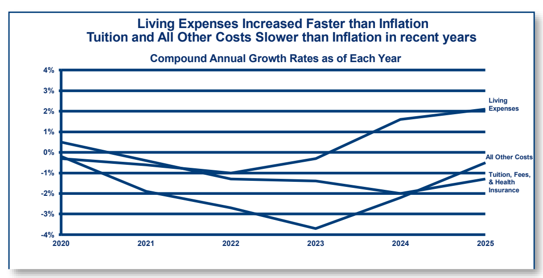


Figure 4: Tuition and Student Fees Questionnaire, 2015-2016 to 2024-2025. Inflation adjusted via U.S. Bureau of Labor Statistics Consumer Price Index (CPI-U).
Figure 5: Tuition and Student Fees Questionnaire, 2015-2016 to 2024-2025. Inflation adjusted via CPI-U. CAGR = Compound Annual Growth Rate.

Item	Total Cost of Attendance (COA)	Tuition, Student Fees, Health Insurance	Living Expenses	All Other Costs
Median Value for 2019 -20 (Adjusted to 2025 Dollars)	$86,150	$53,582	$19,825	$9,660
Median Value for 2024 -25 (Actual Dollars)	$83,723	$50,218	$21,950	$9,400
Average Annual Growth Rate over last six years, adjusting for inflation	- 0.6%	- 1.3%	**2.1%**	- 0.5%

Figure 6: Tuition and Student Fees Questionnaire, 2019-20 to 2024-25. Inflation adjusted via CPI-U. CAGR = Compound Annual Growth Rate.