



June 12, 2019

The Honorable Nydia Velazquez
Chair
House Committee on Small Business
2361 Rayburn HOB
Washington, DC 20515

The Honorable Steve Chabot
Ranking Member
House Committee on Small Business
2069 Rayburn HOB
Washington, DC 20515

Dear Chairwoman Velazquez & Ranking Member Chabot:

On behalf of the American Association of Oral and Maxillofacial Surgeons (AAOMS), I thank you for holding today's hearing entitled "The Doctor is Out. Rising Student Loan Debt and the Decline of the Small Medical Practice." AAOMS has serious concerns about the future of our specialty should the student debt crisis continue to grow and become even more unsustainable. Thank you for raising awareness about this important issue. We look forward to working with you to ease the student debt burden on our nation's health care providers.

Oral and maxillofacial surgery (OMS) residents must complete a minimum four-year, hospital-based residency in addition to their undergraduate and dental degrees. Nearly 40 percent also earn a medical degree or complete a fellowship-training program. This extended residency program can lead to unsustainable debt loads after graduation and during residency. A recent survey of OMS residents revealed that more than half of our residents who were surveyed expect to have \$300,000 or more in student loan debt by the time they complete residency. A quarter of those anticipate \$500,000 or more in debt. In addition, 76 percent have student loans with an interest rate of 6 percent or more, which continues to compound even if loans are in deferment or forbearance. More than 50 percent indicated their debt is a determining factor for where and how they practice, potentially deterring decisions to practice in rural or underserved areas or join the academic or research communities instead of private practice.

The debilitating cost of repayment undoubtedly influences financial decisions and choices of young OMSs and impacts the broader economy. Nearly 40 percent stated their debt has influenced their decision to start a family and 50 percent delayed buying a home. We believe a smart solution for Congress to pursue to help curtail the student debt crisis for medical and dental students can be found in HR 1554, the "Resident Education Deferred Interest (REDI) Act." The legislation – introduced by Rep. Brian Babin – would allow for deferment on student loan payments for those training in medical or dental residencies. During that deferment period, no interest would accrue. The bill has garnered widespread bipartisan support, and we believe it provides a common-sense approach to curtailing student debt by not penalizing medical and dental students during their residency.

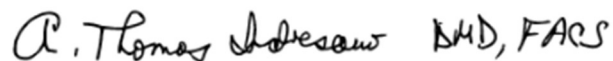
Those who undertake several years of residency with very low pay are often unable to begin repaying student debt immediately. As a result, they qualify to have their payments halted during residency through the deferment or forbearance processes, but they continue to accrue interest that is added to their balance. The REDI Act would save physicians and dentists in residency thousands of dollars in interest. Providing interest accrual relief during residency also would make the concepts of opening practices in underserved areas or entering faculty or research more attractive and affordable to residents.

This legislation is needed because due to passage of the Balanced Budget Act of 2011, graduate students are no longer eligible for federal subsidized Stafford loans. Therefore, 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 due to their inability to make payments. An OMS going through a four-year residency program who averages \$350,000 in unsubsidized student loans after completing dental school at the current average graduate loan interest rate of 6 percent will pay more than **\$90,000 of additional interest over those four years of residency**. This figure will climb for the nearly 40 percent of OMSs enrolled in programs that allow them to obtain both a dental and a medical degree.

AAOMS strongly endorses the REDI Act and thanks the Committee for bringing the issue of medical and dental student loan debt the attention it deserves. There is no question that if Congress does not act to curtail student debt among healthcare professionals, we will see a decline in small medical and dental practices, faculty physicians and dentists and rural and underserved area providers.

Please contact Jeanne Tuerk, manager of the AAOMS Department of Governmental Affairs, at 800-822-6637 or jtuerk@aaoms.org for additional information.

Sincerely,

A handwritten signature in black ink that reads "A. Thomas Indresano DMD, FACS". The signature is written in a cursive style.

A. Thomas Indresano, DMD, FACS
AAOMS President