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American Association of Oral and Maxillofacial Surgeons

White Paper

Student Debt and Loan Repayment

The average U.S. student loan debt has increased significantly over the last decade, and it is now the second-highest consumer debt category after mortgages.[1] Medical and dental school costs have increased significantly over the same time period. Recent data show the average tuition and fees for first-year medical students in 2023-24 was $49,534 at public institutions and $61,528 at private institutions, compared to $41,163 and $48,805, respectively, in 2013-14. This represents a 20 percent increase for medical students at public institutions and a 26 percent increase for those at private institutions over the 10-year period.[2] The average tuition and fees for first-year dental students in 2023-24 was $59,886 at public institutions and $84,842 at private institutions, compared to $44,625 and $62,099, respectively, in 2013-14. This represents a 34 percent increase for dental students at public institutions and a 36 percent increase for those at private institutions during the same time period.[3]

Educational debt also consistently exceeded income for most healthcare professionals, including dentists, between 2017 and 2022, and dentists had the highest debt-to-income ratios.[4] Oral and maxillofacial surgeons (OMSs), who require postgraduate education and training, face greater financial burdens. A 2024 survey of OMSs who completed residency within the last five years found 75 percent of OMSs entered the workforce with more than $300,000 in student debt, while 67 percent had monthly payments more than $2,000 upon residency completion.[5]

Further, educational debt plays a large role in postgraduate career planning; this has implications for OMS patients, the country's healthcare system, the future of the specialty and the nation's economy. According to the American Dental Education Association (ADEA), more than half of dental school seniors graduating in 2016 said the perceived impact of educational debt influenced their decision to go into private practice immediately after graduation rather than pursuing careers in public service, academia or research.[6] Survey results comparing OMSs who completed residency in 2010 through 2012 and those who completed residency in 2017 or 2018 revealed increases in the percentage of respondents who said student debt impacted the type of practice they went into as well as their decision to start a family or buy a home.[7] Meanwhile, 72 percent of recent OMS graduates surveyed in 2024 said their debt impacted where or how they practiced. More specifically, debt dissuaded OMSs from academia and underserved areas, in favor of corporate practice and lucrative geographic areas.[8] Such decisions leave patients in underserved areas without access to care and the specialty at risk of too few faculty to train future OMSs and researchers. Additionally, OMSs with large student debt burdens may feel discouraged from buying a home, starting a family or buying into a practice – all of which contribute economically to their respective communities.

Halt Interest Accrual and Capitalization While in Forbearance or Deferment

The federal government allows residents to qualify for loan deferment or forbearance while they are in residency. This means they are not obligated to make loan payments during this period. Because all graduate loans are unsubsidized, however, borrowers continue to accrue interest on their loans during the deferment/forbearance period. OMSs undergo a four-year or six-year residency program. A borrower with $350,000 in unsubsidized student loans after completing dental school will accrue more than $90,000 of additional interest during the subsequent four years in residency at the current average graduate loan interest rate of 6 percent. Furthermore, under current law, interest is capitalized when a borrower exits deferment, which means that the accrued interest is added to the borrower's principal balance resulting in a levy of additional interest upon the accrued interest itself, after deferment. The American Association of Oral and Maxillofacial Surgeons (AAOMS) supports legislation that would halt the accrual and capitalization of interest while loans are in forbearance or deferment for qualified residents and interns.

Capping Loan Payments and Income-Based Repayment Models

Capping student loan payments at a reasonable percentage of a borrower's current salary and using income-based repayment (IBR) models can decrease the chances of a borrower becoming delinquent or defaulting on their loan(s). AAOMS recommends IBR models also include provisions to ensure additional interest does not accrue during repayment so the interest does not outpace repayment and cause a net increase in a borrower's balance despite making timely monthly payments.

Loan Forgiveness

Many existing student loan forgiveness programs for OMSs choosing careers in public service and research are either insufficient or not applicable. For example, the federal Public Service Loan Forgiveness Program (PSLF)[9] requires a 10-year service commitment, combined with 10 consecutive years of repayment before forgiveness of the remaining loan balance is triggered. Additionally, finding employment that meets the criteria for the PSLF program is challenging for healthcare professionals, particularly dentists. As a result, few OMSs are able to take advantage of this program.[10] Several Title VII programs exist that require a shorter service commitment to qualify for forgiveness. However, they are largely limited to primary and pediatric medicine and dentistry. Medical and dental specialists, such as OMSs, are not eligible for those programs.[11]

It is the position of AAOMS that student loan repayment programs offering loan forgiveness to borrowers for practicing in underserved areas – or for having a percentage of their practice dedicated to serving underserved populations – should grant forgiveness earlier in the repayment process and include medical and dental specialties. This would alleviate OMS borrowers' concerns about inadequate income while working in underserved areas or academic settings, expand the number of qualifying positions available to OMSs and likely entice more OMSs to participate in such programs.

Fixing and Refinancing Student Loan Interest Rates; Consolidating Loans

Many OMSs with immense student loan debt have multiple student loans that each accrue interest at high rates. On average, these rates fall between 6 to 8 percent. Some of these loan rates are variable, declining or increasing based on market forces outside borrower control. In such cases, it is often the accrued interest that makes repayment overwhelming. AAOMS supports student loan repayment reforms that guarantee 1) fixed student loan interest rates, 2) the capacity to refinance high interest rates (including multiple refinancing opportunities over the duration of the loan's repayment) and 3) the ability to consolidate multiple (including private) loans. Fixed interest rates prevent borrowers from paying interest amounts they likely had not intended to agree to at their loan's outset. In addition, the ability to consolidate multiple loans and refinance the interest rate allows borrowers to repay loans more quickly and easily. OMS borrowers who avoid unpredictable interest rates and multiple loan repayments are more likely to practice in underserved areas, render pro bono services and offer an expanded scope of procedures and enhanced patient care. They also are more likely to buy a home, have children and help stimulate the national economy.

Tax Deductions on Student Loan Interest

The federal government presently allows student loan borrowers whose income does not exceed a certain threshold to deduct a maximum of $2,500 from their taxes each year due to the interest that accrued over that duration on their student loan(s).[12] However, this deduction is not sufficient to equitably offset most OMS borrowers' debt burden. This is compounded by the fact that many OMS student loans have extraordinarily high interest rates. For these reasons, AAOMS supports allowing OMS borrowers to claim a greater, and thus more impactful, tax deduction on their student loan interest.

Conclusion

To better control healthcare costs and ensure access to well-qualified healthcare providers, it is essential to reduce the student loan debt burden these providers face as they enter the workforce. Reforming student loan debt and expanding federal healthcare professional loan repayment programs would promote a more robust healthcare system, encourage providers to serve in underserved areas and positively impact OMS patient care, the future of the specialty and the nation's economy.

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