



Rural health workforce and graduate loans

Federal loan programs strengthen the health services workforce nationwide by creating conditions in which students from every community, including rural backgrounds, can access medical school. The reconciliation bills in Congress propose cuts to the following programs, which would have detrimental impacts to the future rural health workforce.

GRAD PLUS LOANS:

Grad PLUS loans help pay for graduate school costs not covered by other financial aid. Many medical students and other health professions rely on Grad PLUS loans to help with tuition and living expenses.

Starting July 1, 2026:

Grad PLUS loans will no longer be available to new borrowers.

Lifetime caps will be established for direct unsubsidized loans:

- Graduate students: \$100,000 total federal debt, \$20,5000 per year.
- Professional students (such as MDs): \$150,000 total, \$50,000 per year.
- Aggregate cap across all federal loan programs: \$200,000 per borrower.

The proposed borrowing caps will not cover the average cost of attendance for medical students nationally. Blocking new borrowers will force students to take private sectors loans, introducing financial challenges with higher interest rates, or disincentivize students from entering medical school.

\$268,476

Average cost to attend 4-year public med school ¹

\$363,836

Average cost to attend 4-year private med school ¹

1.8 M

Med school students depend on grad plus loans ¹

\$ 2B

Annual dollar borrowing amount from med students ¹

PUBLIC SERVICE LOAN FORGIVENESS:

PSLF allows borrowers working for nonprofit or government organizations to eliminate their student debt in as little as 10 years.

Starting July 1, 2026:

Medical and dental internships and residencies will no longer qualify for PSLF credit. This applies to borrowers without graduate school loans by June 30, 2025.

To maintain PSLF eligibility for residencies, students must borrow a Grad PLUS or unsubsidized grad loan before July 1, 2025.

63%

of graduating medical students indicated they planned to enter a loan-forgiveness program ²

88%

of medical students pursuing loan forgiveness plans indicated they intended to pursue PSLF ²



By increasing the financial burden of student loans, this provision incentivizes practice in higher paying specialties, and may reduce matching to primary care residencies, increasing rural workforce shortages. ¹

References:

- <https://www.aamc.org/news/proposed-changes-federal-student-loans-could-worsen-doctor-shortage>
- <https://www.aamc.org/data-reports/students-residents/report/graduation-questionnaire-gq>

<https://www.ruralhealth.us/advocate>

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