

Resident Education Deferred Interest Act (REDI) (H.R. 1202 and S. 704): Relief for Medical and Dental Graduates

By Evon Rose, OTD, OMS-IV

The Resident Education Deferred Interest Act (REDI) (H.R. 1202 and S. 704) is a bill that was most recently re-introduced by Representative Brian Babin, D.D.S of Texas and Representative Chrissy Houlahan of Pennsylvania in the U.S. House of Representatives on February 27, 2023, and by Senator Jacky Rosen of Nevada in the U.S. Senate on March 8, 2023. Congress has shown bipartisan support and the bill has received endorsement from multiple professional organizations. This bill would allow borrowers to defer student loan payments and student loan interest while completing their medical residency or dental internship training. The passage of this bill would provide aid to thousands of medical and dental professionals during their years of required post-graduate training by decreasing the interest accrued on their student loan principle and by relieving the pressure of making payments on their loans until they are able to earn a higher salary. By reducing the total cost of medical education, residents could apply more focus during their training, enjoy greater financial freedom, and may face fewer barriers to practicing in areas with critical needs, such as rural and underserved communities.

The current options for handling student loans in residency include repayment, deferment, forbearance and forgiveness. After the initial six-month grace period following graduation has ended, residents are considered to be employed, and are therefore required to make monthly student loan payments based on their income. If monthly payments cannot be made, one may apply for deferment of their monthly payments for reasons such as full-time school attendance, unemployment and economic hardship. If found ineligible for deferment, another option is forbearance, which if granted, serves as the final measure of relief before entering default or delinquency. Although monthly payment relief may be granted if applications for these options are approved, the student loan interest will continue to accrue. Forgiveness programs often require years of contracted service and include enlistment in branches of the U.S. Military, the Public Service Loan Forgiveness (PSLF) program, service in the Department of Veteran's Affairs, Indian Health Service, or programs on an institutional-basis.

Entering residency is a daunting step in any young physician's journey. As the chapter of medical school closes, incoming residents look ahead to the next set of challenges: growing responsibility, specialized training, relocating, aspiring for a semblance of work-life balance, and addressing their student loan debt. The average medical student graduates carrying \$200,000-250,000 in student loans; however, this can vary greatly pending on the cost of prior education received in order to begin medical school. The federal student loan interest rates for 2023-2024

range from 5.5%-8.0% interest based on loan type, and are adjusted each year on July 1. Residency training in duration of three to seven years is required to obtain board certification in the United States. The average salary for residents ranges from \$50,000-75,000 per year, based on location, training year and specialty. Since residents typically work 80 hours per week, the hourly pay rate ranges from \$12-18 per hour. Although there are opportunities for “moonlighting” for higher pay to supplement their income, this is program-dependent, in addition to their mandatory duty hours, and only available after they have completed their first year of training. Because the long path through medical school and residency is typically completed between the ages of 30-40, many medical residents have to manage life events such as marriage, family planning and purchasing a home during these training years.

As I head into my fourth year at UIWSOM and apply to residency this fall, the relief the REDI Act would bring myself and my peers is acutely pertinent. However, until Congress acts, I can only support this proposed bill for my future colleagues, as they and generations of doctors to come deserve a future career with REDI in place. The American Medical Association, American Osteopathic Association, American Dental Association, and many specialty groups have released statements in support of the REDI Act. This bill has been re-introduced in Congress, and needs to garner support to be put into action and provide relief for thousands of medical and dental professionals. To voice your support for this initiative, please contact your representatives and senators, and raise awareness with your colleagues via social media platforms. Below are links to several statements available for distribution.

AMA (from 2022 version of bill): <https://searchlf.ama-assn.org/letter/documentDownload?uri=%2Funstructured%2Fbinary%2Fletter%2FLETTERS%2F2022-2-18-Letter-to-Rosen-and-Boozman-re-REDI-Act.pdf>

AOA: <https://osteopathic.org/wp-content/uploads/Redi-act.pdf>

ADA: <https://www.ada.org/en/advocacy/legislative-action-center/student-loan-reform>

Multi-Society Support: <https://searchlf.ama-assn.org/letter/documentDownload?uri=%2Funstructured%2Fbinary%2Fletter%2FLETTERS%2F2022-3-1-Signed-On-Letter-re-Physician-Dentist-Coalition-letter-to-House-REDI-Act-Sponsors.pdf>

Link to Bill: <https://www.congress.gov/bill/118th-congress/house-bill/1202?q=%7B%22search%22%3A%5B%22%22%5D%7D&s=1&r=1>

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2. Interest Rates and Fees for Federal Student Loans. Federal Student Aid. Accessed June 27, 2023. <https://studentaid.gov/understand-aid/types/loans/interest-rates>
3. Managing medical student-loan repayment. American Medical Association. December 27, 2022. Accessed June 27, 2023. <https://www.ama-assn.org/medical-residents/medical-residency-personal-finance/managing-medical-student-loan-repayment>
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