THE AMERICAN JOURNAL of MEDICINE®

A Service Commitment to Fund Your Medical Education

Student debt continues to explode, decreasing the attractiveness of a career in Medicine.[1] The average US medical student graduates with about $190,000 in student loans,[2] and many are even further in hock. The average Doctor of Osteopathic Medicine (DO) graduates even deeper in the hole, with $240,000 of student loans.[3] Or, marry another medical student and double your debt in 1 day. One option to avoid this crushing debt load is to have the military finance your medical education in exchange for a service commitment. The details are beyond the scope of this Commentary, and numbers have been rounded for ease of comparison. Our goal is to discuss the general pros and cons of this option.

Debt is financial slavery. Such an onerous debt load has pervasive, and potentially perverse, effects, aside from just having to repay it. The Federal Reserve notes that student debt affects major life choices, such as getting married and buying a home.[4] Many of the current generation have a somewhat more casual attitude toward debt than their grandparents and great grandparents had. Most studies suggest that debt has some influence on the choice of specialty, location, and style of practice, and whether one enters academia or private practice.[5] Whether it does or not, common sense suggests that no one can ignore hundreds of thousands of dollars of debt.

The majority of those who choose the military option participate in the Health Professions Scholarship Program (HPSP), where full tuition and fees are covered at a civilian allopathic or DO school. They receive a $20,000 signing bonus, a monthly stipend, health insurance, and owe the Service 1 year of active duty for each year of med school funded. About one-eighth attend the Uniformed Services University of the Health Sciences (USUHS). They receive no signing bonus, but are active duty, receive a higher stipend and a housing allowance, health insurance for themselves and their dependents, and owe the Service 7 years active duty.

We will assume the military and civilian students start med school with the average college grad debt of $37,000. While in med school, the college loans continue to accumulate interest, so the military student graduates med school with about $44,000 of student loans. The HPSP students often save enough to graduate med school with more in savings than their student loans; they have a positive net worth. The savings of the USUHS students can approach 6 figures. Compare this with the allopathic and DO grads, who have $190,000 and $240,000 of student loans, respectively, and little or no savings.

The average civilian physician makes $50,000-$60,000 per year during training. The average military resident makes $10,000-$20,000 more per year. Say the civilian physician saves $75,000 during their 5 years of training. The military physician could easily save $100,000, while their previous savings continue to compound. During training, the military physician's student loans have grown to $55,000. Unfortunately, the allopathic and DO's much larger student debt also continues to compound, and has ballooned to $240,000 and $300,000. For practical purposes, this negates most or all of their savings. When training periods are over, the physician who has taken a military commitment can have a net worth, assets minus liabilities, of at least $100,000. The nonmilitary allopathic physician is still about $200,000 in the hole, a difference of $300,000. The civilian DO is even further behind.

It will be 3-5 years before the civilian physician has a positive net worth, and—at least—another 5 years before the student loans are repaid. Compounded at 7% per year, the $100,000 of savings of the military physician at the completion of their training has grown to about $1,000,000 by age 65.

The military physician makes in the mid-$100,000s. For simplicity, let's say $150,000. This increases to the upper $100,000s, say $175,000, after 5 years. The average civilian physician makes $250,000 per year. Some of the specialists, subspecialists, and harder-working physicians make significantly more. But many Primary Care physicians, who are often female, make less than the average, the same or a little more than the military physicians.[6]

Will the civilian physician ever catch up to their military contemporary?

Funding: None.

Conflict of Interest: None. The views expressed in this article are those of the authors and do not necessarily reflect the position or policy of the Department of Defense or the United States Government.

Authorship: Both authors had access to the data and a role in writing the manuscript.

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https://doi.org/10.1016/j.amjmed.2017.08.013

What are the potential negatives of a military-funded medical education?

1. The quality of education is not one of them. The USUHS is an excellent medical school. Those in the HPSP path can attend any medical school. The medical schools find these students desirable. The government pays full tuition and fees, allowing medical schools to allocate their resources to the civilian students.
2. The military determines their allocation of Residency positions, with an emphasis on Primary Care, General Surgery, and Emergency Medicine. Overall, the potential specialty and sub-specialty choices are not significantly different between civilian and military. This may seem a slight negative, but considering that very few on the first day of medical school know what specialty they will pursue, it is not an important issue.
3. Physicians are deployed according to the military's needs. This is the government's payback for the half-million dollars invested in your medical education. Some locations are more desirable, some less. No matter where a physician is stationed, they get to "see the world" on Uncle Sam's nickel.

In summary:

1. A Service commitment is an advantageous way to fund your medical education. This advantage will continue to widen as medical schools increase tuition faster than the rate of inflation.
2. The less the student's personal and family resources, the more desirable the military option.
3. The more expensive the school, the more advantageous it is to take a Service commitment. Because DO tuition and debt are higher, more DO students choose the military option.
4. The higher-paying the subspecialty, the less advantageous, but only in the long run, to take a Service commitment. Likewise, very few know when they start med school what course they will pursue.
5. The lower-paid physicians, such as Primary Care, especially those in the lower half of the income scale, who are often female, will find a Service commitment to their distinct advantage.
6. We have shown that every year the completion of a physician's training is delayed results in the loss of $250,000 of potential earnings.[7] The later a student starts med school after age 22, the more attractive is a Service commitment, because they have less time to catch up.
7. One of us (RMD) started medical school in 1973. If we were starting today, we would take the military option in an instant. With few exceptions, the civilian physicians will never catch up.
8. The intangibles cannot be ignored. You, and your children and grandchildren, will be rightly proud of serving your country, a feeling that invariably increases with time. You know you did your part.

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