

May 3, 2022

The Honorable Catherine Cortez Masto
United States Senate
313 Hart Senate Office Building
Washington, DC 20510

The Honorable Lisa Murkowski
United States Senate
522 Hart Senate Office Building
Washington, DC 20510

Dear Senators Cortez Masto and Murkowski:

On behalf of our physician and medical student members, the American Medical Association (AMA) is writing in support of S. 2874, the “Indian Health Service Health Professions Tax Fairness Act of 2022.” This bill would amend the Internal Revenue Code to exclude payments made under the Indian Health Service Loan Repayment Program (IHS LRP) and certain amounts received under the Indian Health Professions Scholarships Program (IHPSP) from gross income payments.

The AMA believes that the cost of medical education should never be a barrier to the pursuit of a career in medicine. However, medical education remains the most expensive post-secondary education in the United States. Nearly 75 percent of medical school graduates have outstanding medical school debt, with the median amount being \$200,000.¹ This number will only continue to significantly increase as the cost of medical school steadily rises. In fact, for first-year students in 2020-2021, the average cost of attendance increased from the prior year for public medical schools by 10.3 percent, making it likely that medical students will have to carry even larger student loans in the future in order to graduate.² However, reducing medical student indebtedness would promote diversity within medicine and may contribute to a reduction in the shortage of physicians. According to surveys by the Association of American Medical Colleges, underrepresented minorities cited cost of attendance as the top deterrent to applying to medical school.³ Additionally, “financial barriers are a commonly cited reason for American Indian or Alaska Native students not pursuing or staying in medical school.”⁴ As such, it is important to strengthen loan repayment and scholarship programs so that medical students can begin and finish their medical school training.

This legislation would improve the IHPSP by excluding from gross income amounts received under the program, thereby allowing this program to qualify under section 117(c), which currently provides that the exclusion for qualified scholarships and qualified tuition reductions does not apply to any amount received by a student that represents payment for teaching, research, or other services by the student required as a condition for receiving the scholarship or tuition reduction. Additionally, this bill would strengthen the IHS LRP by updating section 108(f)(4) to include the IHS LRP, which would ensure that gross income would not include any loan repayment amount received under IHS LRP. This change would

¹ <https://www.aamc.org/system/files/2020-07/2020%20GO%20All%20Schools%20Summary.pdf>.

² <https://www.aamc.org/data-reports/reporting-tools/report/tuition-and-student-fees-reports/>.

³ Grayson, M. S., Newton, D. A. and Thompson, L. F. (2012), Payback time: the associations of debt and income with medical student career choice. *Medical Education*, 46: 983–991.

⁴ <https://www.healthaffairs.org/doi/10.1377/hlthaff.2020.02289>.

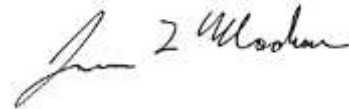
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align the benefits provided under IHS LRP with those received under the National Health Service Corps loan repayment program.

This change would not only make the Indian Health scholarship and LRP programs equitable to other similar federal programs, it would also likely encourage more practitioners to care for American Indians and Alaska Natives. American Indians and Alaska Natives are disproportionately affected by many chronic conditions, including heart disease, cancer, diabetes, and stroke, as well as unintentional injuries (accidents).⁵ American Indians and Alaska Natives are three times as likely as white individuals to be diagnosed with diabetes and to receive late or no prenatal care.⁶ Additionally, American Indians and Alaska Natives have a lower life expectancy than their white counterparts.⁷ This is only compounded by high provider staff shortages serving these populations: the “overall vacancy rate for providers—physicians, nurses, nurse practitioners, certified registered nurse anesthetists, certified nurse midwives, physician assistants, dentists, and pharmacists—was 25 percent” within the IHS.⁸ As such, it is imperative to strengthen programs that not only support diversifying our health care work force but also help to provide much needed medical care to our underserved American Indian and Alaska Native populations.

The AMA is committed to identifying long-term strategies to mitigate the debt burden of medical students and believes that the Indian Health Service Health Professions Tax Fairness Act of 2022 is a positive step towards ensuring the financial solvency and well-being of our young physicians and guaranteeing that American Indians and Alaska Natives are provided with the health care that they need. The AMA commends your ongoing commitment to this important issue, and we look forward to working with you to further advance this legislation.

Sincerely,



James L. Madara, MD

⁵ <https://minorityhealth.hhs.gov/naahm/health-disparities/>.

⁶ Id.

⁷ <https://www.minorityhealth.hhs.gov/omh/browse.aspx?lvl=3&lvlid=62>.

⁸ <https://www.gao.gov/products/gao-18-580>.