

Financing

Health Professional School

The high cost of attending medical, dental, and veterinary school can be intimidating—with graduate debt averaging over \$180,000. However, if you educate yourself about financing options and available resources, and practice good financial management, you can prepare for the financial commitment that will be required.

THE COST OF APPLYING

The expense of a medical education begins with the application process. Have a frank discussion with your family regarding their level of support early in the process, as it may affect your decisions moving forward.

Costs involved in applying include the primary and secondary (supplementary) applications, standardized test fees, preparation materials for the standardized test, interview attire and travel to interviews. Costs will vary based on number of applications, type of test preparation, and location and number of interviews.

To defray costs of applications, students may apply for fee assistance via the [AAMC Fee Assistance Program](#) (MD), [AACOMAS fee waiver](#) (osteopathic medicine, DO) and [ADEA Fee Assistance Program](#) (Dental).

THE COST OF HEALTH PROFESSIONS SCHOOL

Cost of attendance is based on tuition and fees as well as educational expenses (e.g., books, equipment, health insurance) and living expenses (e.g., housing, transportation, food).

In 2015-16, the median costs for an entering allopathic (MD) medical student were as follows:

	Public, in-state	Private
Median Tuition & Fees	\$36,453	\$57,472
Median Cost of Attendance	\$59,026	\$80,753
Median 4-yr Cost of Attendance for class of 2015	\$240,351	\$314,203

Source: [AAMC Debt Fact Card](#)

Of MD students in the class of 2016, 76% graduated with education debt, with a mean debt of \$189,165. In 2016, DO students reported an average debt of just over \$240,000¹, and dental students in 2014 on average owed over \$261,000².

The [AAMC Medical School Admission Requirements](#) (MSAR) lists the cost of attendance for each US and Canadian allopathic medical school, the average graduate indebtedness and the percent of enrolled students receiving aid. The same information is available for osteopathic medical schools in the [AACOM College Information Book](#), and cost of attendance is available for dental schools in the [ADEA Guide to Dental Schools](#).

¹ [AACOM Graduating Student Survey](#)

² [ADEA Go Dental Website](#)

APPLYING FOR FINANCIAL AID

Each school will have its own process for filing for financial aid. Some will present this information clearly on their website, during a presentation on your interview day, or in follow-up information provided by email. At any point in the process (even before you are admitted), you are welcomed to contact financial aid officers to discuss your financial situation and clarify financial aid processes.

Many schools will ask you to complete the [Free Application for Federal Student Aid \(FAFSA\)](#) and some schools may have institution-specific forms, as well. To apply via the FAFSA, you will need your tax return, W-2 statements, bank statements, investment records, and (possibly) parental/guardian financial information. Professional school students are considered independent of their parents/guardians, but some sources of aid may only be available to you if you report your parent/guardian information on the FAFSA. Consult with financial aid officers to determine whether you should report this information.

Based on the financial information reported via FAFSA and/or school-specific forms, an Expected Family Contribution (EFC) will be calculated.

UNDERSTANDING YOUR AID AWARD

After you have filed for financial aid, each school will send you an aid award. Financial aid is awarded based on the formula:

$$\frac{\begin{array}{r} \text{Cost of Attendance (tuition, fees, educational + living expenses)} \\ - \text{Expected Family Contribution} \end{array}}{\text{Financial Need}}$$

Your award may include a number of types of assistance. You can choose to accept or deny any of the types of funds offered:

- Institutional Gift Aid: money that does not need to be paid back. Gift aid may be in the form of scholarships and grants, which may be need- and/or merit-based.
- Institutional Loans: some medical schools administer their own loan programs.
- Federal Aid: most federal aid is in the form of loans, which will need to be paid back, with interest. Types of aid include:
 - *Non-subsidized Federal Direct Loans*. Interest on these loans begins to accrue from the date that it is disbursed. The maximum amount for professional students is \$20,000-\$40,000 per year, depending on the school.
 - *Federal Work-Study*. Most medical students will not have time to participate in work-study.
 - *Direct Grad PLUS Loans* carry a higher interest rate and may be offered to credit-worthy students if their need exceeds the direct loan maximums.
 - *Federal Perkins Loans* carry a lower interest rate than direct loans, and are offered to students with “exceptional” financial need.
 - [Primary Care Loan for Medical Students](#). The U.S. Department of Health and Human Services (HHS) offers this need-based low-interest loan to medical students interested in primary care. Students who borrow through this program are required to complete a residency and practice in primary care until the loan is repaid. Participation in and eligibility requirements for this loan program vary from school to school.
 - [Loans for Disadvantaged Students \(LDS\)](#) & [Health Profession Student Loan \(HPSL\)](#). HHS programs that provide long-term, low-interest-rate loans to full-time, financially needy students from disadvantaged backgrounds, at participating schools.
 - [Scholarships for Disadvantaged Students](#). HHS program that provides funds directly to participating schools, who then make scholarships available for full-time, financially needy students from disadvantaged backgrounds.

ADDITIONAL SOURCES OF AID: EXTERNAL FUNDS

Other forms of aid will not be included in your award letter from the school, but are sources that you may use to supplement what has been offered. Some forms of aid may be funds provided upfront to pay for your expenses, including:

- **State Aid:** Some states have funding opportunities available to state residents, some of which are linked from the [AAMC website](#). Contact your state medical society to investigate opportunities.
- **Private or Commercial Alternative Loans:** These loans are often less desirable than federal loans, as they have variable interest rates and fees, and less favorable repayment terms. Students can take out private loans to cover the costs of residency and relocation as well. Consult with financial aid officers to weigh your options.
- **Outside Scholarships:** It would be wise to seek additional scholarship opportunities outside of your school, from organizations that you, family members, or friends belong to, such as fraternities and sororities, civic clubs, unions, or religious groups. Also, take the time to search for other scholarships awarded by private sponsors, which are often based on specific criteria such as practice area, place of residence, special talents, or membership in an under-represented group. Free scholarship search engines are available online; beware of services that cost money or guarantee scholarship awards. Two credible and free search engines are *FastWeb Scholarship Search* (www.fastweb.com) and *Scholarships.com Search* (www.scholarships.com/scholarships-for-graduate-students). Medical schools may list external funding opportunities on their financial aid webpages. Obtaining outside scholarships may affect the amount of aid awarded by the school.

ADDITIONAL SOURCES OF AID: SERVICE REPAYMENT PROGRAMS

Some programs fund your education upfront, and others offer loan forgiveness based on your service. Application to the following programs should be considered carefully as enrollment involves significant commitment and can control choice of geographic location or practice area.

- **Armed Forces Health Professions Scholarship Program.** The [Army](#), [Navy](#), or [Air Force](#) will cover tuition, living expenses, and other educational costs associated with medical and dental school; the student repays this scholarship with service during school and after graduation. Apply no later than the spring before enrollment. Search for “HPSP” on the Army, Navy, or Air Force website.
- **National Health Service Corps (HRSA).** Program designed for those committed to providing primary health care in underserved communities (medical and dental). They cover most school-based costs (tuition, fees, living stipend, books). Upon completion of training, the graduate practices in an underserved community for 2-4 years.
- **Disadvantaged Health Professions Faculty Loan Repayment Program (HRSA).** Encourages physicians from disadvantaged backgrounds to serve on health professions school faculty.
- **Indian Health Services Loan Repayment Program (IHS).** Provides loan repayment in exchange for commitment to American Indian / Alaska Native health program sites.
- **NIH Loan Repayment Programs (www.lrp.nih.gov).** The National Institutes of Health offer several programs, one group where the student promises to do research and the other where the student commits to doing service. Areas of interest include health disparities, basic clinical research, pediatrics, HIV/AIDS, contraception and infertility, and clinical research for individuals from disadvantaged backgrounds. Commitments vary from two to three years.
- **Loan Repayment/Forgiveness & Scholarship Programs (http://services.aamc.org/fed_loan_pub/index.cfm).** Many loan forgiveness programs are offered at the state level, and they do come and go depending on budgetary issues. The AAMC’s searchable database is the most comprehensive and current for both state and federal offerings.

FOR MORE INFORMATION

- **Profession-Specific Starting Points**
 - **Medical:** *Financial Information, Resources, Services, & Tools* (<https://students-residents.aamc.org/financial-aid/article/first-fact-sheets/>). AAMC's FIRST guide for prospective and current medical students on financing their education. Includes Medloans organizer/calculator. DO students can also reference the AACOM's Financial Aid resources (<http://www.aacom.org/become-a-doctor/financial-aid>).
 - **Dental:** *Financing Your Dental Education* (www.adea.org/publications/Pages/OfficialGuide.aspx). Chapter 4, "Financing a Dental Education," of the *ADEA Official Guide to Dental Schools*.
 - **Veterinary:** *Paying for a Veterinary Medical Education, the Association of American Veterinary Colleges* (<http://aavmc.org/>).
- *The Smart Student Guide to Financial Aid* (www.finaid.org). Popular website with information about loans, scholarships, military aid programs, links to online aid applications, loan repayment calculator, and financial aid contribution estimator.
- *The Free Application for Federal Student Aid* (www.FAFSA.ed.gov). The FAFSA application is used to determine eligibility for government funded financial aid. Schools will be requesting that you (and most likely your parents) complete this form (available January 1st) as part of the application process. You should complete FAFSA as soon as possible, entering the codes on the form for the schools to which you have applied. Do not wait until you have admissions decisions from your schools.
- *Department of Education's Student Guide* (<http://studentaid.ed.gov>). Information on federal student aid resources (such as Stafford, Direct, Primary Care, and Perkins loans), the application process, eligibility requirements, and standard award amounts.
- *Health and Human Services Financial Aid programs* (<http://www.hrsa.gov/>). HHS offers a number of scholarship and loan programs for health professional students.
- *Access Group* (<http://www.accessgroup.org/>). Originally a servicer of private educational loans, Access now has useful additional information and tools for a student's financial planning.

ADDITIONAL CONSIDERATIONS

Budget

Once you matriculate at a health professional school, there will be costs in addition to tuition and fees: health insurance, rent, utilities, books, and food. It is also important to accrue savings or other resources for emergencies, such as unforeseen medical or dental bills not covered by insurance or child care costs. In the end, careful budgeting will be essential to having the money you need when you need it and to minimizing future debt. The AAMC provides [basic information about budgeting](#).

Citizenship

Most federal sources of aid (and a significant portion of school-funded aid) are available only to U.S. citizens, nationals, and permanent residents, and eligible non-citizens (<https://studentaid.ed.gov/sa/eligibility/non-us-citizens>). Some private loans, such as [Global Education Management Services](#), will allow international students to borrow funds, often with a U.S.-citizen co-borrower. If you are an ineligible non-citizen, begin considering your financial options early in your college years. Investigate your potential schools' financial aid policies on assistance.

Canadian students do not qualify for U.S. Department of Education federal student assistance programs, but can apply for federal and provincial loans through the Government of Canada. Information is available on the [CanLearn](#) website, the [Ontario Student Assistance Program \(OSAP\)](#) website, and [Global Education Management Services](#).

Credit Score

Some sources of loans will be dependent on being "credit-worthy," which is determined by your credit score. Periodically check your credit by requesting a free credit report at www.annualcreditreport.com. Learn more about the importance of credit and how to check your credit at [the Access Group](#).

Updated February 2017