



# How Hospitals are Helping Employees Tackle Medical School Debt

BY GEORGIO BANTOS



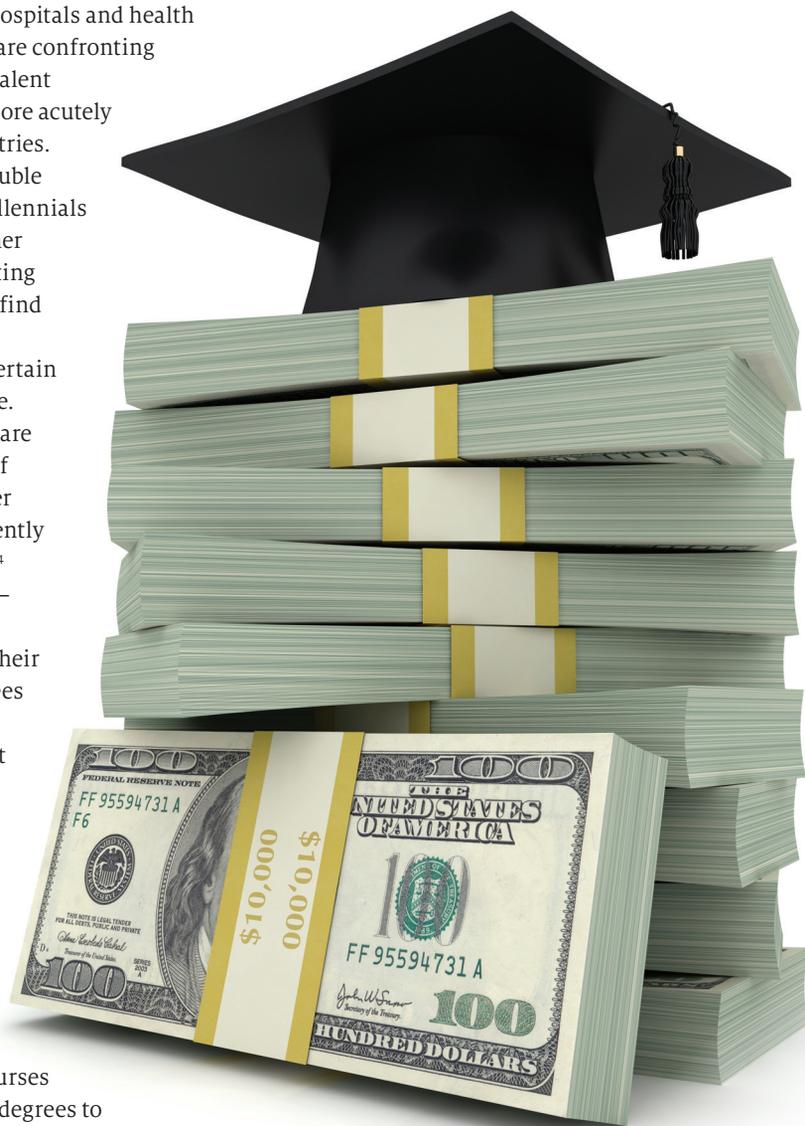
College graduates today are faced with an overwhelming amount of student loan debt — with the first payment often due just a few months after gaining employment. Recent college graduates carry an average debt of \$37,172<sup>1</sup>, which is hurting our economy in major and unexpected ways.

And this startling figure is just for undergrad programs. When you look at post-graduate studies — particularly medical school — the debt can seem insurmountable. Students who graduated from medical schools in 2015 had an average debt of nearly \$183,000<sup>2</sup>. That amount could take a lifetime to pay off.

For employers, this is a major concern. With debt like this, employees will be less likely to take part in other benefits programs because they don't have the cash flow available for 401ks and other plans. It also forces employees to reconsider getting additional education, which in turn puts a strain on your organization's future potential. According to a recent EdAssist survey of Americans with student loan debt, nearly half (49 percent) of respondents agreed that debt has stopped them from pursuing valuable jobs in specialized fields, such as medicine. In fact, 19 percent said they would like to be doctors and 15 percent would like to be nurses if it weren't for the burden of loans.<sup>3</sup>

We know many hospitals and health care organizations are confronting their own share of talent challenges, often more acutely than in other industries. Most are having trouble hiring qualified millennials to prepare for boomer retirements, recruiting those with hard-to-find skills and retaining employees after a certain point in their tenure.

As hospitals prepare for the retirement of experienced Boomer nurses — who currently make up 53 percent<sup>4</sup> of working nurses — administrators are already looking to their millennial employees to take over the frontlines of patient care. Compounded by the fact that the Health and Medicine Division of the National Academies of Sciences (HMD) recommends hospitals increase the proportion of nurses with baccalaureate degrees to 80 percent by 2020<sup>5</sup>, hospitals need



to be proactive about identifying qualified employees to fill this staffing gap, and finding ways to stand out from their peers to attract them.

After the recruiting is done, hospitals must immediately go into retention mode. In 2014, the median job tenure for workers aged 20 to 24 was shorter than 16 months. For those aged 25 to 34, it was three years<sup>6</sup>. With the high cost tied to employee turnover — the median cost of turnover for most jobs is about 21 percent of an employee's annual salary<sup>7</sup> — employers are looking for ways to help retain their existing staff.

Many organizations have begun to look at programs that resolve their talent challenges and help employees free up cash to invest in their futures and company programs: student loan assistance.

What is student loan assistance? In its most basic form, student loan assistance means that a company agrees to start making payments against an employee's student debt. By doing this, you're helping that employee reduce the risk of default, shorten the length of the loan and feel more confident about the future. In addition, you're also increasing the value of your other benefits, like retirement plans, because you're helping to free up cash flow. Student loans are such an obstacle for many graduates that alleviating some of that burden can create a positive domino effect.

Student loan-repayment programs have multiple benefits: they are a nice enhancement to a base compensation, they set organizations apart from competitors, and they provide a valuable attraction tool. By appealing to millennials, they also pave the way for well-defined career tracks for young nurses and transfer of knowledge within the organization. According to our survey, 47 percent of people with debt are looking for student loan repayment benefits in a new job<sup>8</sup>.

### Attract and retain employees

Memorial Hermann Health System, a not-for-profit health system in southeast Texas, launched a program in July 2015 to help its employees pay down their student loans by contributing

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money toward monthly payments. With the competitive job market for clinical professionals, Memorial Hermann sees this as a way to attract new talent and retain its employees.

"We started our loan repayment program with a goal of attracting registered nurses (RNs) with three to five years of experience, a proficiency level that is in high demand these days with the wave of retirements currently happening among Boomer nurses," said Lori Knowles, vice president of human resources at Memorial Hermann Health System. "The response we have received from employees has been nothing but positive. As an organization, we are always telling both current and prospective employees that Memorial Hermann is dedicated to growth and development. By rolling out this program, employees see us putting our money where our mouth is."<sup>9</sup>

"Houston is a very competitive health care market," said Ann Hollingsworth, vice president of compensation, benefits and HRIS at Memorial Hermann. "We know that to recruit the top graduating clinical students, we need to continue offering compelling benefits to differentiate us from our peers. With the amount of debt degree-holding individuals are facing today — particularly those with masters and doctoral degrees — we felt it was right from a recruitment and retention perspective to help ease this burden for our employees."<sup>10</sup>

Given the extremely high cost of education and the already staggering \$1.3 trillion in loan debt across the United States, student loans will continue to be a concern for employees and employers alike. This is particularly true in the health care

industry, where advanced degrees and continuing education are essential in achieving high standards of patient care and patient outcomes.

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