Disability Insurance Research Document
Prepared by Heather Gibbons-Doig, MD
January, 9 2006

Personal Account

When I awoke early on the morning of March 29, 2005, after a relatively quiet night on-call for an obstetrics and gynecology resident, I was having difficultly seeing myself in the bathroom mirror. After washing my face and cleaning my glasses, my eyesight did not improve and I realized that I had lost the central vision in my right eye. I felt extremely disoriented, nauseated, and scared. It was very difficult rounding on my patients and getting through morning report before I went home post-call. At first, I thought I had a temporary visual problem, which would resolve after I got some sleep. I had been ill with a violent, viral gastroenteritis over the previous couple days, and I was exhausted and very dehydrated. However after multiple ophthalmology appointments and uncomfortable tests over the next couple days, my worst fears were realized. My retinal specialist informed me that I had suffered a severe retinal hemorrhage secondary to myopic degeneration. In other words, I had developed abnormal vessel growth in my macula over time due to stress on the retina caused by near-sightedness. It was these abnormal vessels that hemorrhaged from the force of vomiting during my viral illness. My doctor also told me that I would probably never regain my central vision in the affected eye despite the latest, cutting-edge treatments and that it could progress. I learned this devastating news just a week before my wedding.

Over the next seven months, I underwent uncomfortable tests and treatments to try to stop the vessels from bleeding and prevent progression. I received painful, anxiety-provoking injections into my right eye every 5-6 weeks and intravenous administration of a light-sensitive chemotherapeutic agent combined with a cool laser treatment to my eye every 2-3 months. I was unable to perform operations for about six weeks and it was difficult for me to read for almost six months. This was a very emotional time for me, as you can imagine. Fortunately, despite my poor prognosis, I did recover and my visual acuity has greatly improved. I still have an annoying blind spot and multiple floaters, but I am able to perform my job and daily activities without disability.

I am sharing my story because I want to impress upon you how important disability insurance is and how vital it is to protect your investments. Good health is essential to functioning well in our field, and as we all know health problems occur even in healthy people who take excellent care of themselves. I wish I had applied for disability insurance before my visual problems began. My student loan debt is very high, and I wanted to protect my investments and ensure that I had a way to pay back my loans if I ever became disabled. I had every intention of applying for disability insurance before I graduated. However, I was very healthy, and I put it off. I even had the contact information of the disability insurance broker on my desk at home. Now that I do have disability insurance, I am not able to get coverage for my vision. Therefore, if I have visual problems in the future and I am unable to operate because of my condition, I will have to find other means in order to pay off my remaining student loan debt. I obtained disability insurance even though I have this exclusion rider for my vision because I still want to protect myself and my investments against all the other health problems that could occur at any time. Don't wait like I did, get protection now.

Protect Your Career & Investments

Becoming a doctor is an expensive career path. In this day and age, college and medical school tuition is rising, doctors accumulate unthinkable debt, medical liability insurance premiums are skyrocketing, and health maintenance organizations have strict rules on reimbursement for medical services. Since we live in a highly litigious society, we are members of a stressful, demanding profession which has a high risk for disabilities, we have a relatively high earning potential, and we usually desire to acquire expensive assets, we need to protect ourselves, our families, our careers and our investments. We need to have a back up plan in case we become disabled and cannot earn a high paying physician salary anymore. In other words, we can't afford not to have Disability Insurance.

What you should know about repaying your student loans.

"You must repay your loans on time (including interest, insurance, or origination fees) even if you don't finish your education, get a job, or feel satisfied with the education you receive." (www.salliemae.org)

If you borrowed through federal education loan programs and are having trouble repaying your loans, you may be eligible for temporary relief of repayment through a deferment or forbearance. During deferment and forbearance, interest continues to accrue on your loans. This interest is added to the amount you owe and must be repaid. There is an exception for subsidized Stafford Loan borrowers in that the federal government pays the interest for students who qualify for particular deferments.

Under certain circumstances, the federal government will usually cancel a portion of an educational loan. This practice is called **Loan Forgiveness**. The following are some examples of how to qualify.

- Perform volunteer work in specific organizations: AmeriCorps. Peace Corps, VISTA (Volunteers in Service to America);
- Perform military service;
- Teach or practice medicine in certain types of communities; or,
- Meet other criteria specified by the forgiveness program.

The US Department of Health and Human Services offers loan forgiveness programs through the **National Health Service Corps** which offers loan forgiveness to physicians who agree to practice for a set number of years in areas that lack adequate medical care (including remote and/or economically depressed regions).

The US National Institutes of Health's **NIH Loan Repayment Programs** repays up to $35,000/year of student loan debt for US citizens who are conducting clinical medical research.

For more information on student loan forgiveness, please visit the following link: http://www.finaid.org/loans/forgiveness.phtml

What you should know about repaying your student loans if you become disabled.

The repayment of student loans, in the event you become disabled, depends on several factors*.

- The type of loans you have, federal versus private.
- The years you borrowed your loans.
- The length of time you are disabled, temporary versus long-term.
- The extent of your disability, partial versus total.
- Whether you are deemed able or unable to work in your current or any job by a physician.

Temporary Disability

In the U.S., if you become temporarily totally disabled, you may be eligible for a *Temporary Total Disability* deferment of your federal student loans. The only student loans considered for this type of deferment are Federal Stafford, Federal SLS, Federal Consolidation, or Federal PLUS loan. This deferment has a maximum duration of three years.

Eligibility is determined by the following criteria:

- You must be unable to work and earn money or attend school for at least 60 days while recovering from an injury or illness.
- You must be unable to secure or continue full-time employment because your spouse or dependent requires at least 90 days of continuous nursing or care.
- Your request cannot be based on a condition that existed before you applied for this loan, unless your condition has deteriorated substantially.
- Your request cannot be based on an uncomplicated pregnancy.
- Your physician or your spouse's or dependent's physician must re-certify the temporary total disability every six months.
- At least one of the borrower's loans must have been dispersed before July 1, 1993.

Borrowers whose first loan was disbursed on or after July 1, 1993, are not eligible for the *Temporary Total Disability* deferment. However, borrowers in this situation who become temporarily totally disabled may be eligible for an *Economic Hardship* deferment.

For more information, please visit www.salliemae.com.

Permanent Disability

If you borrowed through U.S. federal education loan programs, you may be eligible for total loan forgiveness if you are *totally permanently disabled* and deemed by a physician as **unable to work and earn money at any job**.

If you borrowed through private loan programs, the terms of repayment vary. Some lenders have policies on loan forgiveness, similar to the federal education loan programs, if the borrower becomes permanently disabled. However, other private lenders do not. In some instances, even if the borrower dies and he/she did not have a cosigner on the loan, the lender will try to obtain payment from the borrower's estate.

In Canada, if you have a permanent disability and you are experiencing financial hardship repaying previous Ontario Student Loans, Canada Student Loans, or Canada-Ontario Integrated Student Loans due to the disability, you may qualify for the Government of Ontario's *Medical Loan Forgiveness Program* and/or the Government of Canada's *Permanent Disability Benefit*. For more information, please visit http://osap.gov.on.ca/eng/not_secure/repay.htm.

These benefits are similar to the U.S federal education loan programs' benefits. However, there is a subtle, but important, difference in the eligibility requirements. In order to be diagnosed as permanently disabled in the Canadian program, they state that borrowers must have a disability that substantially

reduces their earning capacity for their lifetime. However, in the U.S. programs, the disability must be so serious that the borrower **must not be able to work** or earn money.

* This information is based on lenders from the US and Canada.

Other Important Information

Average College Student Loan Debt

A recent study by the National Center for Education Statistics (1) shows that about 50% of recent college graduate have student loans, with an average student loan debt of $10,000. The average cost of college increases at twice the rate of inflation; the College Board (2) estimates that public school costs an average of about $13,000 a year and private schools costs $28,000. (http://www.studentdoc.com/student-loan-debt.html)

Average Medical School Student Loan Debt

An excellent resource is the AAMC document March 2004 prepared by Paul Jolly, PhD entitled *Medical School Tuiton and Young Physician Indebtness*. According to this paper, in the year 2003, 81-85% of medical school students have student loan debt and the median amounts for those who have debt are $100,000 for public school medical students and $135 for private school medical students. To view the entire paper, the link is as follows:
https://services.aamc.org/Publications/showfile.cfm?file=version21.pdf&CFID=226919&CFTOKEN=1409d0b-d38e2e81-2adf-40b8-8a5d-be35af8b8309