

Testimony before the United States House of Representatives  
Committee on Small Business

Hearing on “The Doctor is Out. Rising Student Loan Debt and the  
Decline of the Small Medical Practice.”

June 12, 2019

Statement of Sandra Norby, PT, DPT  
Chief Executive Officer, HomeTown Physical Therapy, LLC

On behalf of  
The American Physical Therapy Association (APTA)  
Private Practice Section of APTA

**Chairwoman Velazquez, Ranking Member Chabot, and Members of the House  
Committee on Small Business:**

My name is Dr. Sandra Norby, and I am a physical therapist and CEO of HomeTown Physical Therapy in Des Moines, Iowa. On behalf of the American Physical Therapy Association (APTA), and the Private Practice Section of APTA, I thank you for the opportunity to provide testimony on the impact that rising student loan debt has on small practices, the local economy, and by extension the local community. Today I will share with you my perspective on how small medical practices, including physical therapy clinics, struggle to recruit and retain good talent—and the significant role that student loan debt plays in that challenge.

**Background**

My small business consists of 5 clinics in Iowa, located in communities with populations ranging from 500 to 9,000. When we opened our doors 13 years ago, we named our business “Home Town Physical Therapy” because it represented our desire not only to be a part of the local economy and community, but also to hire individuals who had grown up in Iowa’s small towns—hometown people who had gone away to school, earned their degrees and developed expertise, but who wanted to be able to come back to their hometown to practice. We know that when someone who grew up locally is able to return, they often do so with the intent of giving back to the community in a variety of ways—as a little league coach, sitting on the board of a local nonprofit or town council, or as a member of the local Kiwanis chapter, for example.

Practicing in small rural communities, as I do, my colleagues and I are often the only physical therapists in the local area. We do our best to meet the therapy needs of our communities; in some cases hiring an additional physical therapist would be the only way to truly achieve that goal. The combined financial constraints of the salaries we can afford to pay and what early-career doctors of physical therapy need to make in order to pay down their student loans can often be a roadblock. The compensation offered in urban and suburban areas are usually higher,

covering more than the cost of living and student loan payments. Additionally, most physical therapy schools are in big cities, and most people want to continue to live in cities and have access to all that they offer. The result is that we private practice owners have a hard time recruiting physical therapists to rural communities.

One of my clinics is in Lake Mills, Iowa, not far from the district of Congresswoman Finkenauer, who sits on this committee. A recent graduate from the Mayo Clinic College of Physical Therapy and Rehabilitation (which is in the district of Congressman Jim Hagedorn, who also sits on this committee) is engaged to marry a farmer who lives 15 minutes outside of Lake Mills. They plan to live and work on that farm, but she is struggling to find a job locally that will compensate her enough so that she can also pay her student loans. My clinic in that town is in high demand; but not high enough to pay a second (or additional) full-time physical therapist. We are currently in negotiations to determine whether or not I could bring her on board and pay her enough of a salary to cover her loans.

The challenges that I face as a practice owner in rural Iowa are not unique. Along with being CEO of HomeTown Physical Therapy, I also serve as president of the Private Practice Section (PPS) of the American Physical Therapy Association. The Private Practice Section comprises 4,019 physical therapists nationwide who own, operate, or work in a private practice setting. As I have spoken to my fellow private practice owners from across the country, they too have spent many sleepless nights worrying about their practice and the patients they serve—can they maintain their staff with declining reimbursement? How will they recruit and fill vacant positions? Will they ever be fully staffed, or are 80-hour work weeks going to be the norm forever?

Being a small-practice owner, I knew the risks and opportunities of starting a small business, and the variables—many out of my control—that come into play when running a small practice in a rural area. But one variable stands out that continues to have a growing impact on the ability to recruit and retain staff and keep my business open—the impact of student loan debt.

## **Education and Student Debt**

Over the years, I have found my work as a physical therapist to be rewarding and fulfilling. Physical therapists play a unique role in society in prevention, wellness, fitness, health promotion, and management of disease and disability by serving as a dynamic bridge between health and health services delivery for individuals across the age span. While physical therapists are experts in rehabilitation and habilitation, we also have the expertise and the opportunity to help individuals improve overall health and prevent the need for avoidable health care services.

All PTs must earn a degree from an accredited physical therapist doctoral program before taking and passing a national licensure exam that permits them to practice. Physical therapists are educated through doctoral programs accredited by the Commission on Accreditation in Physical Therapy Education. State licensure is required in each state in which a PT practices. The doctoral education programs for PTs are comprehensive and prepare physical therapists to meet the needs of society.

However, this rigorous educational preparation, as for most highly skilled health care professionals, comes at a significant financial cost. According to the results of a 2017 survey<sup>1</sup> of the PT profession, 43% of PTs had undergraduate debt, and 87% had PT school debt. On average, students had \$107,000 for PT program debt alone, and \$124,000 for undergraduate and PT program debt combined. For those with loan debt, 33% indicated that it affected where they practice, and 32% indicated that it impacted the type of practice they sought. The median current full-time annual income for PTs at their primary position was \$70,000, with 24% reported having other paid employment in addition to their primary position. That financial burden manifests itself in a number of ways beyond just salary requirements. In some cases one employer might be more appealing than another because the health care premium paid by the employer is more comprehensive. That could be the margin for the employee who needs to pay their student loans. Additionally, as small-business owners, we cannot afford to give sign-on bonuses like larger

---

<sup>1</sup> American Physical Therapy Association Student Debt Survey 2017.

hospitals can. These are just a few examples of the hurdles we face as small-business owners trying to recruit talented physical therapists to join our clinics and care for our communities.

The burden of student debt also impacts the urban-rural divide. The Bureau of Labor Statistics notes that many physical therapists live in urban and suburban areas, creating maldistribution of physical therapists throughout the country. This exodus from rural areas is particularly acute among new grads, who are leaving rural areas due the impact of student debt. In the January 28, 2019, Federal Reserve Issue Brief <sup>2</sup> titled “Rural Brain Drain: Examining Millennial Migration Patterns and Student Loan Debt” the authors’ key findings were that individuals with student loan debt are less likely to remain in rural areas than are those without it. Furthermore, individuals in the highest quartile of outstanding student loan balances are the most likely to leave rural areas. Within the period of study, rural individuals who move to metro areas fare better than those who stay in rural areas across several financial and economic measures, including student loan delinquency rates and balance reduction.

Student debt does not impact existing small businesses only; it also extends to the formation and growth of *future* small businesses. Researchers at the Federal Reserve Bank of Philadelphia and Pennsylvania State [studied](#)<sup>3</sup> the relationship between student debt and small-business formation and found “a significant and economically meaningful” link: more student debt led to fewer small businesses being formed. I have spoken to many new PT grads who dream of opening up their own small practice someday but fear that those dreams will not become reality, as taking on small-business loans in addition to their existing student debt is simply not possible.

Finally, student debt is also impacting the ability of smaller practices to recruit graduates who reflect the diverse patient population that we serve. The impact of student debt on under-

---

<sup>2</sup> Tabit PJ, Winters J. Rural Brain Drain: Examining Millennial Migration Patterns and Student Loan Debt. US Federal Reserve. *Consumer & Community in Context*. 2019; January 28.

<sup>3</sup> Ambrose BW, Cordell L, Ma S. The Impact of Student Loan Debt on Small Business Formation. *SSRN*. 2015; July 15. <http://dx.doi.org/10.2139/ssrn.2417676>.

represented individuals in the profession—whether those of ethnic or racial minorities, or with disabilities, or from disadvantaged backgrounds—continues to be a major concern. The desire and determination of small practices to be inclusive and reflective of our patients is met by the stark reality of the burden that student debt disproportionately has on underrepresented individuals entering the profession.

### **The Impact of the Opioid Crisis on Rural Small Practices and Public Health**

The challenges that small practices face in rural areas in recruiting and retaining providers has been highlighted by the current opioid crisis. According to the Centers for Disease Control and Prevention, rural Americans are more vulnerable to prescription painkiller abuse and overdoses, and the rate of opioid-related overdose deaths in nonmetropolitan counties is 45% higher than in metro counties. There is a critical need for increased access to nonpharmacological options for the prevention, treatment, and management of pain. However, recruiting therapists, especially those who have expertise in the prevention and management of pain, is a challenge, given the competition from higher-paying salaries offered in urban and suburban areas.

### **Recommended Policy Solutions**

There is no easy fix or silver bullet to the complex problem of student debt. The physical therapy profession is currently exploring options and ideas for new models of education to meet the needs of future students of physical therapy and their patients. In addition, APTA is committed to providing resources and information to help students, prospective students, and recent grads make the best financial decisions possible when it comes to their education. In 2017 APTA launched its Financial Solutions Center to help those in the physical therapy profession deepen their knowledge of education debt and finances.

However, there are 2 immediate policy solutions that APTA and the Private Practice Section strongly support that would alleviate the burden of student debt on small practices' ability to recruit and retain recent grads.

First is enactment of H.R. 2802, the Physical Therapist Workforce and Patient Access Act of 2019. This bipartisan legislation, introduced by Reps Diana DeGette (D-CO) and John Shimkus (R-IL), would allow physical therapists to participate in the National Health Service Corps (NHSC) Loan Repayment Program. I am grateful for the opportunity to thank Chairwoman Velazquez in person for her co-sponsorship of this legislation.

The NHSC addresses the health needs of more than 11.4 million underserved individuals across the nation. The program allows for the placement of certain health care professionals in areas designated as a health care professional shortage area (HPSA). In exchange for serving at least 2 years in these areas, eligible health professionals are provided up to \$50,000 toward the cost of their education. Loan repayment awards are made based on the HPSA score of the site and on the loan repayment program participant's characteristics—their dedication to serving the primary care needs of their patients. The NHSC has not only served as a pipeline for providers in underserved areas but has successfully retained many of its providers. For example, in 2018 nearly 80% continued to practice in a HPSA for at least 1 year after their service commitment ended.

Currently, there is no rehabilitative care component in the NHSC, and physical therapists are not eligible to participate in the program. My daughter is currently studying to be a doctor of osteopathic medicine; she is planning to use the NHSC loan repayment program so that she may practice in a rural area. I am truly excited for her and for the community she will serve, but I must admit that I am also jealous because physical therapists are not able to participate in the program.

I believe that including physical therapists in the NHSC Loan Repayment Program will improve functional outcomes and save costs by increasing access to critical rehabilitation services. Adding physical therapists to the NHSC will also ensure that individuals in underserved communities have access to nonpharmacological options for the prevention, treatment, and management of pain. If I were able to advertise that my clinic was in a HPSA and that the recruit would be eligible for the NHSC loan repayment program, I am sure I would be a more appealing

employer.

Second, APTA along with the American Occupational Therapy Association and the American Speech-Language-Hearing Association, are committed to ensuring that we are recruiting providers who reflect the diversity of the patient populations we serve, while addressing student debt. Legislation will soon be introduced in the House to provide student scholarships or stipends for individuals underrepresented in the professions of physical therapy, occupational therapy, audiology, and speech-language pathology, including racial and ethnic minorities and those from disadvantaged backgrounds.

Policy solutions that assist practices in recruiting and retaining graduates with student debt for rural Iowa, and other rural and underserved communities, makes sense for small business, while also improving public health, whether it be increasing access to nonpharmacological options for pain management, preventing and treating injuries from falls in older adults, ensuring that pediatric patients with development disabilities get the care and service that they need, or providing rehab for the injured farmer who just needs to get back to work.

### **Conclusion**

I truly appreciate the committee's interest in addressing the student loan burden of providers who are willing and eager to be a part of the engine of the local economy—working in a small business—and practice in rural and underserved areas. Your efforts can go a long way toward improving access to care. I look forward to working with the committee, and I am happy to answer any questions you may have.