

Financing Options for Every Stage of Your Medical Career

By Josh Haldeman, VP of Commercial Lending, Clark County Credit Union

At every stage of a medical career, there are opportunities that may require additional funds and financial backing to make dreams a reality. Whether you are a recent graduate or an experienced practitioner looking to expand, it is wise to know what options are available when it comes to financing equipment, expansion or real estate. Let's take a look at the different stages of a medical career and see how smart financing can make all the difference:

Recent Graduates

Recent medical school graduates, with student loans looming on the horizon, typically decide between joining an existing practice to gain experience and starting their own practice right out of school.

Some recent graduates have family investors or other financial support and are able to secure loans for real estate and equipment, even without a lot of assets. Others will need good credit scores and secured debt tied to real assets to get the necessary loans. A creditworthy co-signer can also help a recent graduate get the equipment and office space they need to get started. SBA financing may be another option to help you get started.

In addition, student loans can also be rolled into other loans as well to improve credit ratings and offer more opportunities for secured loans in the future.

Open a New Practice

It is important to be very clear on the real start up costs required to open a new medical practice. Will you buy or lease your office space, build something new or buy an existing building and retrofit it for medical use? Don't forget the attorney, accountant and consultant fees. Other expenses include specialized equipment, computers, medical records software, office furniture and disposable supplies such as gloves, gauze and bandages. Regardless of which option you choose, it's important to have additional liquidity on hand as things always tend to cost more than calculated regardless of how precise you may have budgeted. Working capital needs may be greater than anticipated, or the lighting fixtures took you over budget. There are always hidden costs that need to be planned for.

Buy an Existing Practice

Another option to consider is joining a practice that's growing, or taking over for a doctor who is retiring. Purchasing an existing patient list or buying into a partnership will both require financing, but may have less risk given the established nature of the practice. A secured loan tied to assets would most likely be required for this type of investment. However, beware of patient runoff whenever purchasing a practice.

Expand Your Current Practice

Adding an additional location to a growing medical practice or adding updated equipment can help a business compete in a crowded medical community. Owners may be able to borrow against the real estate equity in the existing practice, or borrow to purchase new equipment. Lines of credit may be needed to help manage payroll and additional rent until collections are able to catch up with billing. Unsecured options including credit cards should be used sparingly and only for smaller purchases like new practice management software or small equipment purchases. Remember that long-term debt is better used to buy the practice or the property and installment loans are better for equipment costs.

Comparison Shop

Make sure to shop around with multiple financial institutions for the best rates and terms for real estate loans. Medical loans are a competitive business and it pays to check all of your options. Credit unions often offer lower rates with more generous terms, even for those with credit challenges.

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